



The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment and Savings) Directions 2019

The Treasury make the following Directions in exercise of the powers conferred on them by sections 11(2) and 12(3) of the Public Service Pensions Act 2013^(a).

Citation and entry into force

1. These Directions may be cited as the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment and Savings) Directions 2019, and come into force the day after the day on which they are made.

Amendment of the 2014 Directions

2. The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 are amended as follows.

Amendment of Part 1

3. In direction 2 (interpretation)—

(a) at the appropriate places insert—

““corrected employer contribution rate” means the contribution rate calculated in accordance with direction 43A;”

““employer contribution correction cost” means the contribution rate calculated in accordance with direction 42;”

““preliminary valuation” means a valuation carried out in accordance with Part 3 of these Directions as they were in force prior to 14 February 2019;”

““uncorrected employer contribution rate” means the contribution rate calculated in accordance with direction 29;”;

(b) omit the definition of “cost cap cost of the scheme”;

(c) in the definition of “cost cap fund”, omit the words from “, used to determine” to “contribution rate.”;

(d) in the definition of “cost cap future service cost”, for “cost cap cost of the scheme” substitute “employer contribution correction cost”;

(e) in the definition of “cost cap past service cost”, for “cost cap cost of the scheme” substitute “employer contribution correction cost”;

(f) omit the definition of “employer contribution rate”;

(g) omit the definition of “employer cost cap”;

(h) in the definition of “implementation period”, before “employer contribution” insert “uncorrected”;

(i) in the definition of “notional assets”, before “employer contribution” insert “uncorrected”;

- (j) in the definition of “proposed employer cost cap”, for “direction 53” substitute “a preliminary valuation”;
- (k) omit the definition of “relevant old scheme”;
- (l) in the definition of “valuation report”, for “23” substitute “22”;
- (m) in the definition of “valuation results”, for “directions 22 and 23; and” substitute “direction 22;”.

Amendment of Part 2

- 4.** In direction 3 (meaning of “a scheme”), omit paragraph (2).
- 5.**—(1) In direction 22(f) (contents of the valuation report: employer contribution rates), before “employer contribution” insert “uncorrected”.
 - (2) After direction 22(f), insert—
 - “(g) the corrected employer contribution rate calculated in accordance with direction 43A.”.
- 6.** Omit direction 23 (contents of the valuation report: cost cap).
- 7.** In direction 25 (notional assets)—
 - (a) in the definition of “A”, omit paragraph (b);
 - (b) in the definition of “B”, omit paragraph (b);
 - (c) in the definition of “C”, omit paragraph (b);
 - (d) in the definition of “D”, omit paragraph (b).
- 8.** In direction 26 (information about the notional assets)—
 - (a) omit sub-paragraph (1)(b);
 - (b) omit sub-paragraph (2)(b).
- 9.**—(1) In the heading to direction 29 (employer contribution rate), for “Employer” substitute “Uncorrected employer”.
 - (2) In direction 29(1), before “employer” insert “uncorrected”.
 - (3) Omit directions 29(2) to (4).
- 10.**—(1) In the section heading before direction 30 (prior value of the cost cap fund), for “cost cap of the scheme” substitute “employer contribution rate correction”.
 - (2) In direction 30(1)(b)(ii), omit the words “of the scheme” to “cost cap”.
 - (3) Omit direction 30(2).
- 11.** For direction 31(1) (cost cap contribution yield), substitute—
 - “31.—(1) For the first valuation of the scheme the cost cap contribution yield must be calculated, to the nearest 0.1% of pensionable pay, as the contribution yield expected from member contributions to the scheme during the implementation period.”.
- 12.**—(1) In direction 32(2) (cost cap fund contribution rate)—
 - (a) before “employer cost cap” insert “proposed”;
 - (b) omit the words “in accordance with Part 3 of these Directions”.
 - (2) Omit directions 32(3) and (4).
- 13.** In direction 33(1) (cost cap income), omit sub-paragraph (b).
- 14.** In direction 34(1) (cost cap benefits paid), omit sub-paragraph (b).

15. In direction 35 (cost cap net leavers liabilities)—
- (a) in the definition of “A”, omit paragraph (b);
 - (b) in the definition of “B”, omit paragraph (b);
 - (c) omit direction 35(2)(f); and
 - (d) omit direction 35(3).
16. In direction 36(1) (cost cap notional investment returns), omit sub-paragraph (b).
17. Omit direction 38 (change in value of the cost cap fund).
18. In direction 39 (cost cap liabilities), omit paragraph (2).
19. In direction 40(4) (cost cap future service cost), for “relevant old scheme” substitute “relevant existing scheme”.
- 20.—(1) For the heading to direction 42 (cost cap of the scheme), substitute “Employer contribution correction cost”.
- (2) In direction 42, for “cost cap cost of the scheme” substitute “employer contribution correction cost”.
21. In direction 42A (cost cap difference), omit “in accordance with direction 53”.
22. Omit direction 43 (cost cap analysis).
23. After direction 43, insert—
- “Corrected employer contribution rate**
- 43A.** The corrected employer contribution rate must be calculated in accordance with direction 29, except that the calculation should assume that the accrual rate set in scheme regulations made under section 1 of the 2013 Act has been adjusted from 1 April 2019 to the extent necessary for the employer contribution correction cost to be equal to the target cost of that scheme.”
24. In direction 44 (application of part 2 to local government workers), omit paragraph (2).
25. In direction 47 (application of part 2 to new public body pension schemes)—
- (a) omit direction 47(3);
 - (b) in direction 47(4)(f), for “cost cap of the scheme” substitute “employer contribution correction cost”.

Amendment of Part 3

26. Part 3 (employer cost cap) is omitted.

Amendment of Schedules

27. Schedule 1 (connected schemes) is omitted.
28. Schedule 3 (preliminary valuation) is omitted.

Savings

29.—(1) Notwithstanding the amendments made by these Directions, the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 continue to apply to the same effect as they had on 14 February 2019—

- (a) in relation to a preliminary valuation of a scheme providing benefits to—
 - (i) members of the judiciary;

(ii) employees of the Secret Intelligence Service or the Security Service; or

(iii) members of the National Assembly for Wales; and

(b) to the extent necessary to carry out any calculations in accordance with Part 2 of those Directions as amended.

(2) In this Direction, a 'preliminary valuation of a scheme' means a valuation carried out in accordance with Part 3 of the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 as they had effect on 14 February 2019.

Signed

A handwritten signature in blue ink, appearing to read 'CS', with a long horizontal flourish extending to the right.

14 February 2019

Conrad Smewing
Director, Public Spending
for Her Majesty's Treasury