



HM Treasury

The Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2024

Made - - - - 20th March 2024

Coming into force - - 21st March 2024

The Treasury make the following Directions in exercise of the powers conferred by sections 23(3)(b), 27(1), (3) and (4), 29(6), 59(3)(b), 62(1), (3) and (4), 82(3)(b), and 85(1), (3) and (4) of the Public Service Pensions and Judicial Offices Act 2022(a).

In accordance with sections 27(4), 62(4) and 85(4) of that Act, these Directions are made after consultation with the Government Actuary.

Citation, commencement, extent and application

1.—(1) These Directions may be cited as the Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2024.

(2) These Directions come into force on 21st March 2024.

(3) These Directions extend to England and Wales, Scotland and Northern Ireland.

(4) These Directions apply in relation to—

- (a) Chapter 1 schemes,
- (b) judicial schemes, and
- (c) local government schemes.

(5) Terms used in these Directions are defined as in the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022, save where otherwise indicated.

Amendment of the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022

2. The Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022 are amended as follows.

Amendment of Table of Contents

3. In Part 2 of the Table of Contents—

- (1) for “Chapter 2” in the second place that it occurs substitute “Chapter 3”;
- (2) for “Chapter 3” substitute “Chapter 4”; and
- (3) for “Chapter 4” substitute “Chapter 5”.

(a) 2022 c. 7.

Amendment of Part 1: Introductory

4. In direction 2, in the appropriate place insert—
““FA 2009” means the Finance Act 2009(a); and
“Public Sector Transfer Club” means the arrangements contained in the Public Sector Transfer Club memorandum(b) issued by the Cabinet Office, as amended from time to time;””.

Amendment of Part 2: Chapter 1 schemes (schemes other than judicial schemes and local government schemes)

5. In direction 6(5)(b), after “person” in the place it first appears insert “(or another registered pension scheme in respect of that person)”.

6. In direction 9, after paragraph (6)(c) insert—
“(ca) where, by reason of the operation of section 2(1) of PSPJOA 2022, a member has—
(i) incurred a penalty pursuant to Schedule 56 of the FA 2009; or
(ii) interest pursuant to section 101 of the FA 2009,
the sum of that penalty and interest minus any amounts of underpaid annual allowance charge or lifetime allowance charge relating to an out-of-scope tax year;”.

7. In direction 14—
(a) in paragraph (5)—
(i) after “Save where paragraph (4)” insert “or paragraph (5A)”, and
(ii) after “pay an amount to a person” insert “or another registered pension scheme”;
(b) after paragraph (5) insert—
“(5A) Subject to paragraph (5B), where a scheme manager is required to pay an amount to a person or another registered pension scheme in the circumstances described in direction 15(18A) and where the Public Sector Transfer Club does not apply in relation to that payment—
(a) interest must be calculated as simple interest which accrues from day to day, and
(b) subject to paragraph (6), the rate of interest to be applied must be the rate fixed, for the time being, by section 17(1) of the Judgments Act 1838(c) and, in Scotland, the rate fixed, for the time being, by section 9 of the Sheriff Courts (Scotland) Extracts Act 1892(d).

(5B) At the end of the period of 28 days beginning with the day on which the scheme manager provides to a person, a person’s personal representative or another registered pension scheme a transferred out remediable service statement pursuant to direction 6(2)—

- (a) interest must be calculated as compound interest which accrues from day to day, and
(b) the rate of interest to be applied must be the NS&I Equivalent Savings Rate for the time being.”; and
(c) in paragraph (7)(b), for “such interest rate for the time being as determined and published by the Treasury periodically” substitute “such interest rate for the time being as applies to a Direct Saver account offered by National Savings & Investments (NS&I), as determined by NS&I(e)”.

8. In direction 15, after paragraph (18) insert—

(a) 2009. c. 10.
(b) The latest version of the memorandum came into force on 1 October 2023 and can be viewed by following the link: <https://www.civilservicepensionscheme.org.uk/media/4x1ji4cc/club-memorandum-29september2023.pdf>
(c) 1838 c. 110. Section 17(1) was amended by S.I. 1998/2940; there are other amending instruments but none is relevant.
(d) 1892 c. 17. Section 9 was substituted by S.I. 1975/948 and amended by S.I. 1993/769.
(e) The interest rate applicable to a Direct Saver account is currently published on the NS&I website and can be viewed by following the link: <https://www.nsandi.com/historical-interest-rates>

“(18A) Where the scheme manager is required to pay an amount in respect of remediable service not covered by the Public Sector Transfer Club to the appropriate person, or another registered pension scheme in respect of the appropriate person, under scheme regulations made by virtue of section 21(1)(a) PSPJOA 22 (see direction 6(5)), interest must be calculated on that amount from the date on which the rights in respect of remediable service were transferred out of the Chapter 1 scheme to the date on which the amount is paid.”.

9. In direction 18(2), for “11(4)(a) or (b)” substitute “11(5)(a) or (b)”.

10. In direction 20—

(a) in paragraph (2), at the beginning insert “Unless paragraph (2A) of this direction applies,”; and

(b) after paragraph (2) insert—

“(2A) The requirement in direction 20(2) does not apply in respect of any scheme for the payment of pensions and other benefits to or in respect of the armed forces (as defined in Schedule 1 of the PSPA 2013).”.

Amendment of Part 3: Chapter 2 schemes (judicial schemes)

11. In direction 26—

(a) in paragraph (4)(c), after “and the member is unable to recover the amount of the overpaid” insert “annual allowance charge or”;

(b) after paragraph (4)(c) insert—

“(ca) where, by reason of the operation of section 2(1) of PSPJOA 2022, a member has—

(i) incurred a penalty pursuant to Schedule 56 of the FA 2009; or

(ii) interest pursuant to section 101 of the FA 2009,

the sum of that penalty and interest minus any amounts of underpaid annual allowance charge or lifetime allowance charge relating to an out-of-scope tax year;”;

(c) at the end of paragraph (4)(e) omit “or”;

(d) after paragraph (4)(f) insert—

“; or

(g) where, by reason of a 2015 scheme election being made or being treated as made by virtue of section 44(1) or 47(2) of PSPJOA 2022 respectively (which have the effect set out in section 45(2) to (5)), a member with remediable service in an employment or office that is mixed service has not received tax relief amounts in respect of pension contributions made in an out-of-scope tax year, an amount equivalent to those tax relief amounts”; and

(e) in direction 28(7) in subparagraph (b), for “such interest rate for the time being as determined and published by the Treasury periodically” substitute “such interest rate for the time being as applies to a Direct Saver account offered by National Savings & Investments (NS&I), as determined by NS&I(a)”.

Amendment of Part 4: Chapter 3 schemes (local government schemes)

12. In direction 34—

(a) at the end of paragraph (4)(a) omit “or”; and

(b) after paragraph 4(b) insert—

“; or

(c) where, by reason of the operation of section 2(1) of PSPJOA 2022, a member has—

(a) The interest rate applicable to a Direct Saver account is currently published on the NS&I website and can be viewed by following the link: <https://www.nsandi.com/historical-interest-rates>

- (i) incurred a penalty pursuant to Schedule 56 of the FA 2009; or
- (ii) interest pursuant to section 101 of the FA 2009,

the sum of that penalty and interest minus any amounts of underpaid annual allowance charge or lifetime allowance charge relating to an out-of-scope tax year.”.

13. In direction 38—

- (a) omit paragraph (3); and
- (b) in paragraph (6)(b), for “such interest rate for the time being as determined and published by the Treasury periodically” substitute “such interest rate for the time being as applies to a Direct Saver account offered by National Savings & Investments (NS&I), as determined by NS&I(a)”.

14. Omit direction 43.

Signed

Amanda Milling
Scott Mann

20th March 2024

Two of the Lords Commissioners of His Majesty’s Treasury

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