



Public Service Pensions and Judicial Offices Act 2022

2022 CHAPTER 7

PART 1

PUBLIC SERVICE PENSION SCHEMES

CHAPTER 4

GENERAL

Employer cost cap

92 Amendments relating to employer cost cap

- (1) Section 12 of PSPA 2013 (employer cost cap) is amended in accordance with subsections (2) to (9).
- (2) After subsection (1) insert—
 - “(1A) Subsection (1) must be complied with before the end of the period of one year beginning with the day on which the scheme’s first valuation under section 11 is completed.”
- (3) For subsection (2) substitute—
 - “(2) A reference in this section to “the employer cost cap” of a scheme under section 1 is a reference to the rate set by virtue of subsection (1) in relation to the scheme.”
- (4) In subsection (3)—
 - (a) after “cap” insert “of a scheme under section 1”;

Status: This is the original version (as it was originally enacted).

- (b) after “set” insert “, and the changes in the cost of such a scheme are to be measured,”.
- (5) In subsection (4)—
- (a) in paragraph (a), for “the cap” substitute “the employer cost cap of the scheme”;
- (b) in paragraph (b)—
- (i) for “subsequent valuations” insert “the second or any subsequent valuation”;
- (ii) for “the cap” substitute “the employer cost cap of the scheme”;
- (c) in paragraph (c)—
- (i) for “the extent to which” substitute “whether and if so to what extent”;
- (ii) for “of this section” substitute “mentioned in paragraph (b)”;
- (d) after paragraph (c) insert—
- “(d) that the data, methodologies and assumptions that are to be used for the purposes mentioned in paragraph (b) are to relate, to any extent, to—
- (i) the growth in the economy, or any sector of the economy, of the United Kingdom or any part of the United Kingdom,
- (ii) the growth in earnings of any group of persons over any period, or
- (iii) the rate of inflation (however measured) over any period.”
- (6) After subsection (4) insert—
- “(4A) The power to give directions by virtue of subsection (4)(d) is not affected by any statement made before 27 May 2021 by the Treasury, or any Minister of the Crown, relating to the data, methodologies and assumptions that are, or are not, to be used for the purposes mentioned in subsection (4)(b).”
- (7) In subsection (5)(a) for “(and any connected scheme)” substitute “(determined, if and so far as provided for by virtue of subsection (4)(c), taking into account the costs of any connected scheme)”.
- (8) In subsection (6), in the opening words—
- (a) for “the scheme” substitute “a scheme under section 1”;
- (b) for “the margins” substitute “either of the margins specified under subsection (5)(a)”.
- (9) After subsection (7) insert—
- “(7A) Treasury directions may specify the time at which any increase or decrease of members’ benefits or contributions that is provided for under subsection (6) is to take effect.
- (7B) Treasury directions may require that provision contained in scheme regulations under subsection (6) permits steps to be—
- (a) agreed by virtue of paragraph (a) of that subsection, or
- (b) determined by virtue of paragraph (b) of that subsection,

only after the scheme actuary has certified that the steps would, if taken, achieve the target cost for the scheme.

(7C) Treasury directions under subsection (7B) may specify—

- (a) the costs or changes in costs that are to be taken into account, or
 - (b) the data, methodologies and assumptions that are to be used,
- for the purposes of determining whether any steps would, if taken, achieve the target cost for the scheme.

(7D) In subsection (7B) “the scheme actuary”, in relation to a scheme under section 1, means the actuary who carried out, or is for the time being exercising actuarial functions in relation to, the valuation under section 11 by reference to which it has been determined that the costs of the scheme have gone, or may go, beyond either of the margins specified under subsection (5)(a).”

(10) Section 12 of PSPA(NI) 2014 (employer cost cap) is amended in accordance with subsections (11) to (19).

(11) After subsection (1) insert—

“(1A) Subsection (1) must be complied with before the end of the period of one year beginning with the day on which the scheme’s first valuation under section 11 is completed.”

(12) For subsection (2) substitute—

“(2) A reference in this section to “the employer cost cap” of a scheme under section 1 is a reference to the rate set by virtue of subsection (1) in relation to the scheme.”

(13) In subsection (3)—

- (a) after “cap” insert “of a scheme under section 1”;
- (b) after “set” insert “, and the changes in the cost of such a scheme are to be measured”.

(14) In subsection (4)—

- (a) in paragraph (a), for “the cap” substitute “the employer cost cap of the scheme”;
- (b) in paragraph (b)—
 - (i) for “subsequent valuations” insert “the second or any subsequent valuation”;
 - (ii) for “the cap” substitute “the employer cost cap of the scheme”;
- (c) in paragraph (c)—
 - (i) for “the extent to which” substitute “whether and if so to what extent”;
 - (ii) for “of this section” substitute “mentioned in paragraph (b)”;
- (d) after paragraph (c) insert—
 - “(d) that the data, methodologies and assumptions that are to be used for the purposes mentioned in paragraph (b) are to relate, to any extent, to—
 - (i) the growth in the economy, or any sector of the economy, of the United Kingdom or any part of the United Kingdom,

Status: This is the original version (as it was originally enacted).

- (ii) the growth in earnings of any group of persons over any period, or
- (iii) the rate of inflation (however measured) over any period.”

(15) After subsection (4) insert—

“(4A) The power to give directions by virtue of subsection (4)(d) is not affected by any statement made before 27 May 2021 by the Department of Finance, or any other department, relating to the data, methodologies and assumptions that are, or are not, to be used for the purposes mentioned in subsection (4)(b).”

(16) In subsection (5)(a), for “(and any connected scheme)” substitute “(determined, if and so far as provided for by virtue of subsection (4)(c), taking into account the costs of any connected scheme)”.

(17) In subsection (6), in the opening words—

- (a) for “the scheme” substitute “a scheme under section 1”;
- (b) for “the margins” substitute “either of the margins specified under subsection (5)(a)”.

(18) After subsection (7) insert—

“(7A) Directions given by the Department of Finance may specify the time at which any increase or decrease of members’ benefits or contributions that is provided for under subsection (6) is to take effect.

(7B) Directions given by the Department of Finance may require that provision contained in scheme regulations under subsection (6) permits steps to be—

- (a) agreed by virtue of paragraph (a) of that subsection, or
- (b) determined by virtue of paragraph (b) of that subsection,

only after the scheme actuary has certified that the steps would, if taken, achieve the target cost for the scheme.

(7C) Directions under subsection (7B) may specify—

- (a) the costs or changes in costs that are to be taken into account, or
- (b) the data, methodologies and assumptions that are to be used,

for the purposes of determining whether any steps would, if taken, achieve the target cost for the scheme.

(7D) In subsection (7B) “the scheme actuary”, in relation to a scheme under section 1, means the actuary who carried out, or is for the time being exercising actuarial functions in relation to, the valuation under section 11 by reference to which it has been determined that the costs of the scheme have gone, or may go, beyond either of the margins specified under subsection (5)(a).”

(19) In subsections (3), (4), (5), (8), (9) and (10) omit “and Personnel”.