HM Treasury

The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014

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

PART 1: GENERAL

Citation and entry into force

1. These Directions may be cited as the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014, and come into force on the date that they are signed.

Interpretation

2. In these Directions:

"analysis of the demographic experience" means an assessment across the scheme membership of changes experienced by scheme members which impact on their expected benefits (such as career breaks, leaving pensionable service, retirement, ill health and death) that can be assessed from data held by the scheme;

"closing date" means:

(a) in relation to an existing scheme, the date specified in section 18(4) of the 2013 Act;

(b) in relation to a public body pension scheme, the date determined by the public authority responsible for that scheme as the date after which no benefits are to be provided for service after that date, under section 31(2) of the 2013 Act or otherwise;

"cost cap benefits paid" means an amount of money representing benefits debited from the cost cap fund, calculated in accordance with direction 34;

"cost cap cost of the scheme" means the contribution rate which is compared against the employer cost cap at the first and each subsequent valuation of a scheme and which reflects the cost of the scheme, calculated in accordance with direction 42;

"cost cap fund" means a notional amount of money, used to determine the cost cap cost of the scheme and the cost cap fund contribution rate, calculated in accordance with direction 37;

"cost cap fund contribution rate" means the contribution rate calculated in accordance with direction 32;

"cost cap future service cost" means the element of the cost cap cost of the scheme that reflects future service costs calculated in accordance with direction 40;

"cost cap income" means an amount of money representing income credited to the cost cap fund, calculated in accordance with direction 33;

(**a**) 2013 c. 25.

"cost cap liabilities" means the liabilities of a scheme which are compared against the cost cap fund to calculate the cost cap past service cost, calculated in accordance with direction 39;

"cost cap net leavers liabilities" means liabilities relating to benefits accrued in a connected scheme by some members who during a stated period have left pensionable service or re-joined pensionable service, calculated in accordance with direction 35;

"cost cap notional investment returns" means a notional amount of money added to the cost cap fund of a scheme representing the growth of the cost cap fund over time, calculated in accordance with direction 36;

"cost cap past service cost" means the element of the cost cap cost of the scheme that reflects past service costs stemming from the cost cap fund, calculated in accordance with direction 41;

"effective date", in respect of a particular valuation, means the date determined in accordance with direction 6;

"employer contribution rate" means the contribution rate calculated in accordance with direction 29;

"employer cost cap" has the same meaning as in section 12 of the 2013 Act;

"implementation date", in respect of a valuation, means a date determined in accordance with direction 7;

"implementation period", in respect of a particular valuation, means the period following a valuation in which the employer contribution rate as assessed by that valuation is assumed to be paid for the purposes of valuing a scheme, determined in accordance with direction 8;

"inter-valuation period" means:

(a) for a scheme which provides benefits to local government workers, the period of three years before the effective date; or

(b) in any other case, the period of four years before the effective date;

"normal contributions" means contributions that members and employers are required to pay in respect of a member's scheme membership;

"notional assets" means a notional amount of money representing the assets of the scheme used to calculate the employer contribution rate;

"notional investment returns" means a notional amount of money added to the notional assets of a scheme representing the growth of the notional assets over time;

"pension commencement lump sum" has the meaning given by paragraph 1 of Part 1 of Schedule 29 to the Finance Act 2004(**a**);

"proposed employer cost cap" means the contribution rate calculated in accordance with direction 53;

"relevant old scheme" has the meaning given in directions 48 and 52;

"SCAPE discount rate" means the Superannuation Contributions Adjusted for Past Experience discount rate used to assess the value of benefits accrued and accruing in a public service pension scheme in order to calculate valuation results;

"scheme actuary" means the actuary for the time being appointed in accordance with direction 4;

"the 2013 Act" means the Public Service Pensions Act 2013;

"valuation" means a valuation carried out under section 11 of the 2013 Act, unless otherwise stated;

"valuation report" means the report prepared by the scheme actuary in accordance with directions 21 to 23;

(**a**) 2004 c.12

"valuation results" means the numerical values stated in the valuation report in accordance with directions 22 and 23; and

Except where otherwise provided, any term in these Directions defined in the 2013 Act has the same meaning as in the 2013 Act.

PART 2: VALUATIONS

A “Scheme”

Meaning of “a scheme”

3.—(1) In Part 2 of these Directions, reference to a “scheme” means a scheme made under section 1 of the 2013 Act and any connected scheme, valued together as if they were a single scheme.

(2) For the purposes of a valuation of a scheme made under section 1 of the 2013 Act, scheme regulations may not except schemes listed in Schedule 1 from being connected schemes.

Scheme Actuary

Scheme Actuary

4.—(1) An actuary, referred to in these Directions as the “scheme actuary”, must be appointed to carry out a valuation of the scheme.

(2) The scheme actuary must be, in the view of the responsible authority, appropriately qualified to carry out a valuation of the scheme.

5. The scheme actuary must carry out a valuation of the scheme and prepare a valuation report.

Dates and Periods

Effective date

6.—(1) The first valuation of a scheme must have an effective date–

(a) in relation to a scheme providing benefits to local government workers in Scotland, of 31st March 2017;

(b) in relation to a new public body pension scheme, which is a date fixed by the public authority responsible for the scheme as the effective date of the first valuation; and

(c) in all other cases, of 31st March 2016.

(2) The second, and each subsequent, valuation of a scheme must have an effective date which is–

(a) in the case of scheme providing benefits to local government workers, three years later than the effective date of the first (or subsequent) valuations; and

(b) in all other cases, four years later than the effective date of the first (or subsequent) valuations.

Implementation date

7. The implementation date must be a date, to be specified by the responsible authority, no more than three years and one day after the effective date.

Implementation period

8. The implementation period must be the period of–

(a) in the case of a scheme providing benefits to local government workers, three years from the implementation date; and

(b) in all other cases, four years from the implementation date.

Data

Membership and other data

9.—(1) The scheme actuary must specify–

(a) before carrying out the first valuation of the scheme, the scheme membership data in relation to the closing date of the connected schemes; and

(b) before carrying out the first and each subsequent valuation of the scheme, the scheme membership data and any other data, in relation to the effective date;

that they require to carry out the valuation and prepare the valuation report.

(2) The responsible authority must designate a person to be responsible for ensuring that the data specified by the scheme actuary in accordance with paragraph (1) is provided to the scheme actuary.

(3) The person designated in accordance with paragraph (2) can be the responsible authority, the scheme manager, or any other person or body in a position to ensure that the specified information is provided.

(4) The scheme actuary must use the scheme membership data and other data provided to them to calculate the valuation results.

(5) In respect of a scheme established for local government workers in England and Wales, the responsible person must ensure that the data provided to the scheme actuary is adjusted as if no member has made an election under regulation 10 of the Local Government Pension Scheme Regulations 2013(**a**).

Methodology and assumptions

10. When calculating the valuation results, the scheme actuary must use the methodology and assumptions set out in directions 11 to 19, unless any contrary intention is specified in these Directions.

Projected unit methodology

11.—(1) The scheme actuary must use the projected unit methodology to calculate the valuation results.

(2) When using the projected unit methodology, benefits must be attributed to periods of service in accordance with the requirements of International Accounting Standard 19: Employee Benefits.

Other methodology and assumptions

12. The scheme actuary must calculate contribution yields in accordance with directions 28 and 31 in respect of members' and employers' normal contributions only.

13. The scheme actuary must calculate–

(a) contribution rates in accordance with directions 27(1)(a) and (c); and

(b) the cost cap past service cost in accordance with direction 41;

on the assumption that these contribution rates will be payable for 15 years from the dates indicated in those directions.

14.—(1) When calculating the valuation results, the scheme actuary should, in relation to any period in respect of which an order has been made under section 59 of the Social Security

(**a**) S.I. 2013/2356

Pensions Act 1975(**a**) to increase the rate of official pensions within the meaning of the Pensions (Increase) Act 1971(**b**), use the rate of increase of official pensions provided by that order.

(2) When that rate of increase of official pensions has not been set by order, the scheme actuary must assume that the rate is–

(i) 2.7% on 7th April 2014;

(ii) 2.2% on 6th April 2015;

(iii) 2.1% on 11th April 2016; and

(iv) 2% on the first Monday in each tax year subsequently;

15. When calculating the valuation results, the scheme actuary should assume that the price measure revaluations of career average re-valued earnings under section 9 of the 2013 Act are the same as the rates of increases determined under direction 14.

16. When calculating the valuation results, the scheme actuary should assume that the earnings measure revaluations of career average re-valued earnings under section 9 of the 2013 Act is–

(a) 3.4% on 11th April 2016;

(b) 3.6% on 10th April 2017;

(c) 3.7% on 9th April 2018;

(d) 3.7% on 8th April 2019; and

(e) 4.75% on the first Monday in each tax year subsequently.

17. When calculating the valuation results, the scheme actuary should assume that the rate of public service earnings growth is–

(a) 1.8% during the calendar year ending on 31st March 2013;

(b) 0.5% during the calendar year ending on 31st March 2014;

(c) 1.5% during the calendar year ending on 31st March 2015;

(d) 2% during the calendar year ending on 31st March 2016;

(e) 2.5% during the calendar year ending on 31st March 2017;

(f) 3% during the calendar year ending on 31st March 2018;

(g) 3% during the calendar year ending on 31st March 2019; and

(h) 4.75% during each calendar year from 1st April 2019.

18. When calculating the valuation results, the scheme actuary must also assume that:

(a) the SCAPE discount rate during each calendar year ending on the 31st March is the assumed rate of increases awarded by order made under section 59 of the Social Security Pensions Act 1975 to official pensions within the meaning of the Pensions (Increase) Act 1971, in the April immediately following 31st March of the year in question, compounded with 3%;

(b) the post-retirement mortality rates of scheme members will change in accordance with the changes in mortality rates published by the Office for National Statistics as part of the 2012 principal population projections for the United Kingdom;

(c) no members of a scheme providing benefits to local government workers in England and Wales ever have, or ever will, make an election under regulation 10 of the Local Government Pension Scheme Regulations 2013;

(d) the state pension age–

(i) for a male member born before 6th December 1953 will be 65;

(ii) for a female member born before 6th April 1950 will be 60;

(**a**) 1975 c.60
(**b**) 1971 c.56

(iii) for a female member born on any day in the period set out in the first column of the table below, will be attained at the date set out in the second column of that table–

Born on	*Date state pension age attained*
6th April 1950 to 5th May 1950	6th May 2010
6th May 1950 to 5th June 1950	6th July 2010
6th June 1950 to 5th July 1950	6th September 2010
6th July 1950 to 5th August 1950	6th November 2010
6th August 1950 to 5th September 1950	6th January 2011
6th September 1950 to 5th October 1950	6th March 2011
6th October 1950 to 5th November 1950	6th May 2011
6th November 1950 to 5th December 1950	6th July 2011
6th December 1950 to 5th January 1951	6th September 2011
6th January 1951 to 5th February 1951	6th November 2011
6th February 1951 to 5th March 1951	6th January 2012
6th March 1951 to 5th April 1951	6th March 2012
6th April 1951 to 5th May 1951	6th May 2012
6th May 1951 to 5th June 1951	6th July 2012
6th June 1951 to 5th July 1951	6th September 2012
6th July 1951 to 5th August 1951	6th November 2012
6th August 1951 to 5th September 1951	6th January 2013
6th September 1951 to 5th October 1951	6th March 2013
6th October 1951 to 5th November 1951	6th May 2013
6th November 1951 to 5th December 1951	6th July 2013
6th December 1951 to 5th January 1952	6th September 2013
6th January 1952 to 5th February 1952	6th November 2013
6th February 1952 to 5th March 1952	6th January 2014
6th March 1952 to 5th April 1952	6th March 2014
6th April 1952 to 5th May 1952	6th May 2014
6th May 1952 to 5th June 1952	6th July 2014
6th June 1952 to 5th July 1952	6th September 2014
6th July 1952 to 5th August 1952	6th November 2014
6th August 1952 to 5th September 1952	6th January 2015
6th September 1952 to 5th October 1952	6th March 2015
6th October 1952 to 5th November 1952	6th May 2015
6th November 1952 to 5th December 1952	6th July 2015
6th December 1952 to 5th January 1953	6th September 2015

6th January 1953 to 5th February 1953	6th November 2015
6th February 1953 to 5th March 1953	6th January 2016
6th March 1953 to 5th April 1953	6th March 2016
6th April 1953 to 5th May 1953	6th July 2016
6th May 1953 to 5th June 1953	6th November 2016
6th June 1953 to 5th July 1953	6th March 2017
6th July 1953 to 5th August 1953	6th July 2017
6th August 1953 to 5th September 1953	6th November 2017
6th September 1953 to 5th October 1953	6th March 2018
6th October 1953 to 5th November 1953	6th July 2018
6th November 1953 to 5th December 1953	6th November 2018

;

(iv) for male and female members born on any day in the period set out in the first column of the table below, will be attained at the date set out in the second column of that table–

Born on	*Date state pension age attained*
6th December 1953 to 5th January 1954	6th March 2019
6th January 1954 to 5th February 1954	6th May 2019
6th February 1954 to 5th March 1954	6th July 2019
6th March 1954 to 5th April 1954	6th September 2019
6th April 1954 to 5th May 1954	6th November 2019
6th May 1954 to 5th June 1954	6th January 2020
6th June 1954 to 5th July 1954	6th March 2020
6th July 1954 to 5th August 1954	6th May 2020
6th August 1954 to 5th September 1954	6th July 2020
6th September 1954 to 5th October 1954	6th September 2020

;

(v) for male and female members born after 5th October 1954, but before 6th April 1960, will be 66;

(vi) for male and female members will increase to 67 as set out in the following table–

Born on	*State pension age*
6th April 1960 to 5th May 1960	66 years and 1 month
6th May 1960 to 5th June 1960	66 years and 2 months
6th June 1960 to 5th July 1960	66 years and 3 months
6th July 1960 to 5th August 1960	66 years and 4 months
6th August 1960 to 5th September 1960	66 years and 5 months

6th September 1960 to 5th October 1960	66 years and 6 months
6th October 1960 to 5th November 1960	66 years and 7 months
6th November 1960 to 5th December 1960	66 years and 8 months
6th December 1960 to 5th January 1961	66 years and 9 months
6th January 1961 to 5th February 1961	66 years and 10 months
6th February 1961 to 5th March 1961	66 years and 11 months
6th March 1961 to 5th April 1977	67

;

(vii) for male and female members born on any day in the period set out in the first column of the table below, will be attained at the date set out in the second column of that table–

Born on	*Date state pension age attained*
6th April 1977 to 5th May 1977	6th May 2044
6th May 1977 to 5th June 1977	6th July 2044
6th June 1977 to 5th July 1977	6th September 2044
6th July 1977 to 5th August 1977	6th November 2044
6th August 1977 to 5th September 1977	6th January 2045
6th September 1977 to 5th October 1977	6th March 2045
6th October 1977 to 5th November 1977	6th May 2045
6th November 1977 to 5th December 1977	6th July 2045
6th December 1977 to 5th January 1978	6th September 2045
6th January 1978 to 5th February 1978	6th November 2045
6th February 1978 to 5th March 1978	6th January 2046
6th March 1978 to 5th April 1978	6th March 2046

;

(viii) for male and female members born after 5th April 1978, will be 68;

(e) when a scheme member, in relation to the whole or part of a scheme–

(i) is entitled to choose to surrender pension for a pension commencement lump sum at a rate of £12 of lump sum for every £1 of pension surrendered;

(ii) is not entitled to a pension commencement lump sum the amount of which is fixed by scheme regulations;

the scheme actuary must assume that the member will surrender 15% of their pension for a lump sum, in the whole or any relevant part of the scheme as appropriate; and

(f) when a scheme member is entitled in any part of a scheme to surrender pension for a pension commencement lump sum at a rate other than £12 of lump sum for every £1 of pension surrendered, paragraph (e) of this direction does not apply.

19. All other assumptions used by the scheme actuary, other than those detailed in directions 11 to 18, must–

(a) be determined by the responsible authority, having obtained advice from the scheme actuary;

(b) be determined following such consultation of such persons (or representatives of persons) as the responsible authority considers appropriate;

(c) be the responsible authority's best estimates and not include margins for prudence or optimism;

(d) be determined with regard to–

(i) previous valuation assumptions (made in accordance with these Directions or otherwise);

(ii) the analysis of demographic experience prepared in accordance with direction 20;

(iii) relevant data from any other source (including relevant data that becomes available after the effective date);

(iv) any emerging evidence about historic long term trends;

(v) any emerging evidence that may illustrate long term trends expected in the future;

(e) include assumptions about–

(i) new entrant profiles;

(ii) mortality rates;

(iii) age retirement rates;

(iv) to the extent that direction 18(e) does not apply, commutation;

(v) rates of early and late retirements;

(vi) rates and severity of ill health retirements;

(vii) members' dependants;

(viii) resignations;

(ix) members opting out from and re-joining the scheme; and

(x) promotional earnings increases.

Analysis of the demographic experience

20.—(1) Where the scheme membership data is sufficient for the scheme actuary to carry out a robust analysis of the demographic experience of the scheme, then the valuation report must include a summary of that analysis of the demographic experience up to the effective date covering the following aspects–

(a) new entrant profiles;

(b) mortality rates;

(c) age retirement rates;

(d) rates of early and late retirements;

(e) rates and severity of ill health retirements;

(f) resignations and opt outs;

(g) rates of re-joining service;

(h) promotional earnings increases;

(i) members dependants;

(j) take up of commutation options; and

(k) any other aspects that the scheme actuary considers to be relevant.

(2) For each aspect listed at paragraph (1), where the scheme membership data is not sufficient for the scheme actuary to carry out a robust analysis of that aspect, then the valuation report must include a statement to this effect.

(3) When carrying out the analysis, the scheme actuary must consider the demographic experience of the scheme over the inter-valuation period.

(4) When carrying out the analysis, the scheme actuary may consider the demographic experience of the scheme over a period of time before the effective date of the valuation, specified by the responsible authority.

The valuation report

Contents of the valuation report: information about the scheme and data

21. The valuation report prepared by the scheme actuary must include–

(a) information regarding the scheme membership used to carry out the valuation, including a summary of–

(i) scheme membership and other data used;

(ii) the checks carried out on the data by the scheme actuary, and the limitations of those checks; and

(iii) any adjustments or projections made to the data by the scheme actuary, the approach used in making them, and the rationale for them;

(b) a statement of the average age of the scheme members in pensionable service at the effective date;

(c) a statement that the valuation results have been calculated in accordance with the requirements as to data, assumptions, and methodology specified by these Directions;

(d) a summary of the regulations, directions, and professional standards relating to the valuation;

(e) a summary of the main provisions of the scheme (with a separate summary for the main provisions of the scheme made under section 1 of the 2013 Act and those of any connected scheme);

(f) an analysis of the demographic experience carried out in accordance with direction 20;

(g) a statement of the assumptions used by the scheme actuary in preparing the report, including–

(i) a summary of the assumptions adopted for each of the assumptions determined by the responsible authority under direction 19;

(ii) a statement of how regard has been had to the matters listed in direction 19(d) when determining the assumptions adopted for each of the assumptions determined by the responsible authority under direction 19(e);

(iii) an illustration of the main sensitivities of the valuation results to the assumptions;

(h) a summary of any other liability of the scheme that the responsible authority has told the scheme actuary that it considers to be relevant; and

(i) any other matters that the scheme actuary considers to be relevant.

Contents of the valuation report: employer contribution rates

22. The valuation report prepared by the scheme actuary must also include a statement of–

(a) the liabilities of the scheme as at the effective date calculated in accordance with direction 24;

(b) the notional assets of the scheme calculated in accordance with direction 25;

(c) the information about the notional assets of the scheme required by direction 26;

(d) the contribution rates calculated in accordance with direction 27;

(e) the contribution yields calculated in accordance with direction 28; and

(f) the employer contribution rate calculated in accordance with direction 29.

Contents of the valuation report: cost cap

23. The valuation report prepared by the scheme actuary must also include–

(a) a statement of:–

(i) the prior value of the cost cap fund as calculated in accordance with direction 30;

(ii) the cost cap contribution yield calculated in accordance with direction 31;

(iii) the cost cap fund contribution rate calculated in accordance with direction 32;

(iv) the cost cap income calculated in accordance with direction 33;

(v) the cost cap benefits paid calculated in accordance with direction 34;

(vi) the cost cap net leavers liabilities calculated in accordance with direction 35;

(vii) the cost cap notional investment returns calculated in accordance with direction 36;

(viii) the cost cap fund calculated in accordance with direction 37;

(ix) the change in value of the cost cap fund required by direction 38;

(x) the cost cap liabilities calculated in accordance with direction 39;

(xi) the cost cap future service cost calculated in accordance with direction 40;

(xii) the cost cap past service cost calculated in accordance with direction 41;

(xiii) the cost cap cost of the scheme calculated in accordance with direction 42; and

(b) a cost cap analysis carried out in accordance with direction 43.

The valuation report: employer contribution rate

Liabilities as at effective date

24.—(1) The scheme actuary must prepare a statement of the liabilities of the scheme, from the scheme membership and other data supplied to them, having applied the methodology and assumptions set out in these Directions.

(2) For the purposes of this direction, the liabilities of the scheme must include:

(a) any right or entitlement to present or future benefits that has accrued under the scheme rules to or in respect of a member of the scheme (including a pension credit member);

(b) any right or entitlement to present or future benefits that has accrued under the scheme rules to or in respect of any other person; and

(c) any other liability of the scheme that the responsible authority considers to be relevant.

Notional assets

25.—(1) The value of the notional assets at the effective date must be set as equal to:

$$(A+(B-C))+D$$

where–

A is–

(a) for the first valuation of a scheme, the notional assets value set out in Schedule 2 relevant to the scheme;

(b) for the second and subsequent valuation of a scheme, the notional assets as at the effective date of the previous valuation of the scheme;

B is–

(a) for the first valuation of a scheme, the income received by the scheme from the date set out in Schedule 2 to the effective date;

(b) for the second and subsequent valuation of a scheme, the income received by the scheme during the inter-valuation period;

C is–

(a) for the first valuation of a scheme, the benefits paid from the scheme from the date set out in Schedule 2 to the effective date;

(b) for the second and subsequent valuation of a scheme, the benefits paid from the scheme during the inter-valuation period;

D is–

(a) for the first valuation of a scheme, notional investment returns on the notional assets of the scheme from the date set out in Schedule 2 to the effective date, including notional investment returns on income received less benefits paid from the date set out in Schedule 2 to the effective date; and

(b) for the second and subsequent valuation of a scheme, notional investment returns on the notional assets of the scheme during the inter-valuation period, including notional investment returns on income received less benefits paid during the inter-valuation period.

(2) The income received by the scheme for the purposes of the calculation at paragraph (1) must include, but is not limited to, employer contributions, employee contributions and incoming transfer values.

(3) The benefits paid by the scheme for the purposes of the calculation at paragraph (1) must include, but are not limited to, benefits paid to pensioners and dependants and outgoing transfer values.

(4) The notional investment returns of the scheme for the purposes of the calculation at paragraph (1) must be calculated–

(a) for each calendar year ending on 31st March up to and including the calendar year ending on 31st March 2011, using the rate of increases awarded by order made under section 59 of the Social Security Pensions Act 1975 to official pensions within the meaning of the Pensions (Increase) Act 1971 in the April immediately following the year in question, compounded with 3.5%; and

(b) for each calendar year ending on 31st March after the calendar year ending on 31st March 2011, using the rate of increases awarded by order made under section 59 of the Social Security Pensions Act 1975 to official pensions within the meaning of the Pensions (Increase) Act 1971 in the April immediately following the year in question, compounded with 3%.

(5) For the purposes of paragraph (4), for any time when there is no increase awarded by order made under section 59 of the Social Security Pensions Act 1975 to official pensions within the meaning of the Pensions (Increase) Act 1971 as a result of the price inflation index used to calculate increases to official pensions being zero or a negative figure, the figure of the price inflation index must be used.

Information about the notional assets

26.—(1) The valuation report must also state the notional assets of the scheme–

(a) for the first valuation of the scheme, as at the date shown in Schedule 2 relevant to the scheme; and

(b) for the second and subsequent valuations of the scheme, as at the effective date of the previous valuation.

(2) The valuation report must also contain an analysis of any change in the valuation of the notional assets–

(a) for the first valuation of a scheme, between the relevant date in Schedule 2 and the effective date; and

(b) for the second and any subsequent valuation of the scheme, during the inter-valuation period.

(3) The analysis in paragraph (2) must include–

(a) income received during that period;

(b) benefits paid during that period; and

(c) notional investment returns during that period.

Contribution rates

27.—(1) The valuation report must state, to the nearest 0.1% of pensionable payroll–

(a) the contribution rate, payable from the implementation date, required to meet the difference between the liabilities of the scheme calculated in accordance with direction 24 and the notional assets calculated in accordance with direction 25;

(b) the contribution rate, payable from the effective date to the implementation date; required to cover the expected costs of benefits accrued and accruing by members between the effective date and the implementation date;

(c) the contribution rate, payable from the implementation date, required to meet the difference between–

(i) the contributions that would have been received from members and employers had they jointly paid the contribution rate at sub-paragraph (b); and

(ii) the normal contributions expected to be paid by members and employers;

between the effective date and the implementation date; and

(d) the contribution rate required to cover the expected cost of benefits accrued by members during the implementation period.

(2) For the purposes of determining the contribution rate in paragraph (1)(a) for a scheme providing benefits to members of the armed forces, liabilities and notional assets in relation to members of connected schemes who began to draw their benefits before 1st April 2001 must be ignored, and the calculations under directions 24 and 25 adjusted accordingly.

Contribution yields

28. The valuation report must state, to the nearest 0.1% of pensionable payroll, the contribution yield expected from–

(a) member contributions to the scheme between the effective date and the implementation date;

(b) employer contributions to the scheme between the effective date and the implementation date; and

(c) member contributions to the scheme during the implementation period.

Employer contribution rate

29.—(1) The employer contribution rate must be calculated as–

$$(A+B+C)-D$$

where–

A is the contribution rate stated in accordance with direction 27(1)(a);

B is the contribution rate stated in accordance with direction 27(1)(c);

C is the contribution rate stated in accordance with direction 27(1)(d); and

D is the contribution yield expected from member contributions to the scheme stated in accordance with direction 28(c).

(2) Where a scheme makes provision for employers to pay normal contributions at a single rate within that scheme, the responsible authority must confirm whether or not that rate is equal to the employer contribution rate calculated in accordance with paragraph (1).

(3) Where a scheme makes provision for employers to pay normal contributions at different rates, the responsible authority, having taken advice from the scheme actuary, must confirm whether or not the average of those contributions during the implementation period, expressed to the nearest 0.1% of pensionable pay, is expected to be equal to the employer contribution rate calculated in accordance with paragraph (1).

(4) The requirements in paragraphs (2) and (3) do not apply where–

(a) the scheme is a scheme in relation to local government workers; or

(b) the cost cap cost of the scheme identified in the valuation report is outside the margins set around the employer cost cap by Treasury regulations made under section 12(5) of the 2013 Act.

The valuation report: cost cap cost of the scheme

Prior value of the cost cap fund

30.—(1) For the first valuation of a scheme, the prior value of the cost cap fund must be a statement of the opening balance of the cost cap fund, calculated as follows–

(a) the opening balance of the cost cap fund must be set equal to the liabilities of the scheme as at the closing date of the connected scheme in respect of scheme members in pensionable service at that date;

(b) the liabilities in sub-paragraph (a) must be calculated using–

(i) the methodology set out in these Directions;

(ii) the same assumptions used to calculate the employer contribution rate in a preliminary valuation of the scheme carried out under Part 3 of these Directions to set a cost cap; and

(iii) the membership data as at the closing date of the connected scheme.

(2) For the second and each subsequent valuation of a scheme, the prior value of the cost cap fund must be the value of the cost cap fund as calculated at the previous valuation.

Cost cap contribution yield

31. The valuation report must state, to the nearest 0.1% of pensionable payroll, the contribution yield expected from member contributions to the scheme during the implementation period.

Cost cap fund contribution rate

32.—(1) For the first valuation of the scheme, the cost cap fund contribution rate must be calculated, to the nearest 0.1% of pensionable payroll, as–

$$A - B$$

where–

A is the contribution rate required to cover the expected costs of the benefits accruing to members of the scheme from the closing date of the connected scheme to the effective date; and

B is the member contributions to the scheme between the closing date of the connected scheme and the effective date.

(2) A and B in paragraph (1) must be calculated using the methodology, data and assumptions used to calculate the employer contribution rate in a preliminary valuation of the connected scheme that has been used to set the employer cost cap in accordance with Part 3 of these Directions.

(3) For the second and subsequent valuations of the scheme, the cost cap fund contribution rate must be calculated, to the nearest 0.1% of pensionable payroll, as–

$$(A + B) - C$$

where–

A is the contribution rate required to cover the expected costs of the benefits accruing to members of the scheme during the inter-valuation period;

B is the cost cap past service cost calculated in accordance with direction 41 in the previous valuation of the scheme; and

C is the member contributions to the scheme during the inter-valuation period.

(4) A and C in paragraph (3) must be calculated using the methodology, data and assumptions used to calculate the employer contribution rate in the previous valuation of the scheme.

Cost cap income

33.—(1) The cost cap income must be calculated as–

(a) for the first valuation of a scheme, the income received between the closing date of the connected scheme and the effective date; and

(b) for the second and subsequent valuations of a scheme, the income received during the inter-valuation period.

(2) The income received for the purposes of paragraph (1)–

(a) must include, but is not limited to, employer contributions, employee contributions and incoming transfer values; and

(b) in respect of employer contributions, must be adjusted to the amount that would have been received had all employers contributed at the cost cap fund contribution rate during the relevant period.

Cost cap benefits paid

34.—(1) The cost cap benefits paid must be calculated as–

(a) for the first valuation of a scheme, the benefits paid between the closing date of the connected scheme and the effective date; and

(b) for the second and each subsequent valuation of a scheme, the benefits paid during the inter-valuation period.

(2) For the purposes of paragraph (1), the benefits paid–

(a) must include, but are not limited to, benefits paid to pensioners and dependants and outgoing transfer values; and

(b) must exclude any benefits paid which relate to benefits accrued in the connected scheme.

Cost cap net leavers liabilities

35.—(1) The cost cap net leavers liabilities must be calculated as–

$$A - B$$

where–

A is the value of liabilities relating to benefits accrued in any connected scheme and relating to–

(a) for the first valuation, members who are in pensionable service at the closing date of the connected scheme, and who have ceased to be in pensionable service between that closing date and the effective date;

(b) for the second and subsequent valuations, members who are in pensionable service at the start of the inter-valuation period, and who have ceased to be in pensionable service during the inter-valuation period;

B is the value of liabilities relating to benefits accrued in any connected scheme and relating to–

(a) for the first valuation, members who are in pensionable service at the effective date, who had re-joined the scheme between the closing date and the effective date and had maintained continuity of employment; and

(b) for the second and any subsequent valuation, members who are in pensionable service at the end of the inter-valuation period, who had re-joined the scheme during the inter-valuation period and had maintained continuity of employment.

(2) When calculating the cost cap net leavers liabilities of a scheme in respect of members whose individual liabilities contribute to those net liabilities, the scheme actuary must–

(a) in respect of a member who has ceased pensionable service, calculate the liability at the time when pensionable service has ceased and before any benefits have been paid to that member or his dependants;

(b) in respect of a member who by leaving pensionable service became entitled to surrender pension for a pension commencement lump sum, calculate the liability assuming the member surrendered the same proportion of pension for pension commencement lump sum as the assumption adopted for such surrender in the valuation;

(c) in respect of a member who has re-joined pensionable service, calculate the liability at the point of re-joining, and ignore any benefits that have come into payment in respect of that member; and

(d) in respect of a member who remains in pensionable service but has begun to draw some of their benefits, deem the member to have left pensionable service in respect of that proportion of their benefits that they are drawing.

(3) Paragraph 3 of Schedule 7 to the 2013 Act applies in determining whether a member has retained continuity of employment for the purposes of this direction.

Cost cap notional investment returns

36.—(1) The cost cap notional investment returns must be calculated–

(a) for the first valuation of a scheme, to represent the growth of the cost cap fund between the closing date of the connected scheme and the effective date; and

(b) for the second and subsequent valuations of a scheme, to represent the growth of the cost cap fund during the inter-valuation period.

(2) For the purposes of paragraph (1), when calculating notional investment returns during a period–

(a) the scheme actuary must make allowance for the cost cap income added to the cost cap fund, and for the cost cap benefits and the cost cap net leavers liabilities deducted from the cost cap fund;

(b) for each calendar year ending on 31st March, the notional investment returns must be calculated by using the rate of increases awarded by order made under section 59 of the Social Security Pensions Act 1975 to official pensions within the meaning of the Pensions (Increase) Act 1971 in the April immediately following 31st March of the year in question, compounded with 3%; and

(c) for any time when there is no increase awarded by order made under section 59 of the Social Security Pensions Act 1975 to official pensions within the meaning of the Pensions (Increase) Act 1971 as a result of the price inflation index used to calculate increases to official pensions being zero or a negative figure, the figure of the price inflation index must be used.

Cost cap fund

37. The value of the cost cap fund as at the effective date must be calculated as–

$$A + (B - (C + D)) + E$$

where–

A is the prior value of the cost cap fund, calculated in accordance with direction 30:

B is the cost cap income, calculated in accordance with direction 33;

C is the cost cap benefits paid, calculated in accordance with direction 34;

D is the cost cap net leavers liabilities calculated in accordance with direction 35; and

E is the cost cap notional investment returns calculated in accordance with direction 36.

Change in value of the cost cap fund

38.—(1) The valuation report must include an analysis of the change in value of the cost cap fund–

(a) for the first valuation of a scheme, between the closing date of any connected scheme and the effective date; and

(b) for the second and any subsequent valuation of a scheme, during the inter-valuation period.

(2) That analysis must include–

(a) the cost cap income;

(b) the cost cap benefits paid;

(c) the cost cap net leavers liabilities; and

(d) the cost cap notional investment returns.

Cost cap liabilities

39.—(1) The cost cap liabilities must be calculated as–

$$A + B$$

where–

A is the value of liabilities of the scheme as at the effective date which relate to the benefits accrued in any connected scheme by members who are in pensionable service at the effective date; and

B is the value of liabilities relating to benefits that have accrued in the scheme made under section 1 of the 2013 Act.

(2) The valuation report must also state–

(a) the value of liabilities of the scheme as at the effective date which relate to the benefits accrued in any connected scheme by members who are in pensionable service at the effective date; and

(b) the value of liabilities relating to benefits that have accrued in the scheme made under section 1 of the 2013 Act.

Cost cap future service cost

40.—(1) The cost cap future service cost must be calculated, to the nearest 0.1% of pensionable payroll, as the contribution rate required to cover the expected cost of benefits accrued by members of the scheme during the implementation period.

(2) For the purpose of calculating the contribution rate in paragraph (1), the assumptions specified in direction 14 must be adjusted so that the assumed rate of increase is 2% on 11th April 2016.

(3) For the purpose of calculating the contribution rate in paragraph (1), the assumptions specified in direction 16 must be adjusted so that the assumed earnings measure revaluations of career average re-valued earnings under section 9 of the 2013 Act is–

(a) 4.75% on 11th April 2016;

(b) 4.75% on 10th April 2017;

(c) 4.75% on 9th April 2018; and

(d) 4.75% on 8th April 2019.

(4) For the purpose of calculating the contribution rate in paragraph (1), the assumptions specified in directions 18(e), 18(f) and 19 must be adjusted as if no members of the scheme;

(a) have any benefits accrued in any connected scheme; and

(b) have any entitlement to exceptions made under sections 18(5) to (7) of the 2013 Act.

(5) For the purpose of calculating the contribution rate in paragraph (1), the expected cost of benefits accrued by members of the scheme during the implementation period should be determined as if no members of the scheme have any entitlement to exceptions made under sections 18(5) to (7) of the 2013 Act.

Cost cap past service cost

41. The cost cap past service cost must be calculated as–

$$A - B$$

where–

A is the cost cap liabilities calculated in accordance with direction 39; and

B is the cost cap fund calculated in accordance with direction 37;

stated to the nearest 0.1% of pensionable payroll, as a (negative or positive) contribution rate payable from the effective date.

Cost cap cost of the scheme

42. The cost cap cost of the scheme must be calculated as–

$$(A + B) - C$$

where–

A is the cost cap future service cost, calculated in accordance with direction 40;

B is the cost cap past service cost calculated in accordance with direction 41; and

C is the cost cap contribution yield calculated in accordance with direction 31.

Cost cap analysis

43. The valuation report must state, to the nearest 0.1% of pensionable payroll–

(a) the difference between the employer cost cap and the cost cap cost of the scheme; and

(b) an analysis of the difference between the employer cost cap and the cost cap cost of the scheme, identifying and quantifying any noticeable differences caused by–

(i) a change in the average age of members;

(ii) a change in the average normal pension age of members (whether resulting from a change in state pension age or otherwise);

(iii) a change in the expected member contribution yield; and

(iv) scheme experience or a change in assumptions relating to–

(aa) new entrant profiles;

(bb) mortality rates;

(cc) rates of age retirement;

(dd) rates of early and late retirements;

(ee) rates and severity of ill health retirements;

(ff) resignations and opt outs;

(gg) rates of rejoining service;

(hh) general earnings growth until 31st March 2019;

(ii) promotional earnings increases;

(jj) members dependants;

(kk) take up of commutation options; and

(ll) any other relevant reason.

The valuation report: special applications

Application of Part 2 to local government workers

44.—(1) In relation to a first valuation of a scheme providing benefits to local government workers, Part 2 of these Directions applies with the following modifications–

(a) in direction 25, A is the value of the liabilities as at the effective date, calculated in accordance with direction 24;

(b) in direction 25, B, C, and D are zero;

(c) direction 26(1)(a) does not apply;

(d) direction 26(2)(a) does not apply;

(e) directions 27(1)(b) and (c) do not apply;

(f) directions 28(a) and (b) do not apply; and

(g) in direction 29, B is zero.

(2) In relation to the second and subsequent valuations of a scheme providing benefits to local government workers, Part 2 of these Directions applies with the following modifications–

(a) references to employer contributions assume that the rate at which all employers had made employer contributions during the inter-valuation period had been at the employer contribution rate disclosed at the previous valuation;

(b) directions 27(1)(b) and (c) do not apply;

(c) directions 28(a) and (b) do not apply; and

(d) in direction 29, B is zero.

Application of Part 2 to fire and rescue workers in Scotland

45. In relation to a first valuation of a scheme providing benefits to fire and rescue workers in Scotland, Part 2 of these Directions applies as if in direction 25, B includes notional employer contributions, assumed to be paid between 1 April 2009 and 31 March 2010–

(a) in respect of the existing scheme established by the Firefighters' Pension Scheme Order 1992, insofar as the Order applies to fire and rescue workers in Scotland, at a rate of 27% of pensionable pay; and

(b) in respect of the existing scheme established by the Firefighters' Pension Scheme (Scotland) Order 2007, at a rate of 14.7% of pensionable pay.

Application of Part 2 to members of police forces in Scotland

46. In relation to a first valuation of a scheme providing benefits to members of police forces in Scotland, Part 2 of these Directions applies as if in direction 25, B includes notional employer contributions, assumed to be paid between 1 April 2009 and 31 March 2010–

(a) in respect of the existing scheme established by the Police Pensions Regulations 1987, insofar as the Regulations apply to members of police forces for Scotland, at a rate of 26% of pensionable pay; and

(b) in respect of the existing scheme established by the Police Pensions (Scotland) Regulations 2007, at a rate of 26% of pensionable pay.

Application of Part 2 to new public body pension schemes

47.—(1) In relation to a valuation of a new public body pension scheme, Part 2 of these Directions applies with the following modifications–

(a) references to a "scheme under section 1 of the 2013 Act" refer to the new public body pension scheme (and references to a "scheme" pursuant to direction 3 are construed accordingly);

(b) references to "scheme regulations" refer to the rules of the new public body pension scheme; and

(c) references to a "responsible authority" refer to the public authority which established the new public body pension scheme.

(2) In relation to a first valuation of a new public body pension scheme, Part 2 of these Directions applies with the following modifications–

(a) in direction 25, A is the value of the liabilities as at the effective date, calculated in accordance with direction 24;

(b) in direction 25, B, C and D are zero;

(c) direction 26(1)(a) does not apply;

(d) direction 26(2)(a) does not apply;

(e) directions 27(1)(b) and (c) do not apply

(f) directions 28(a) and (b) do not apply; and

(g) in direction 29, B is zero.

(3) In relation to the second and subsequent valuations of a new public body pension scheme, Part 2 of these Directions applies with the following modifications–

(a) references to employer contributions assume that the rate at which all employers had made employer contributions during the inter-valuation period had been at the employer contribution rate disclosed at the previous valuation;

(b) directions 27(1)(b) and (c) do not apply;

(c) directions 28(a) and (b) do not apply; and

(d) in direction 29, B is zero.

PART 3: EMPLOYER COST CAP

Setting the employer cost cap.

48.—(1) The rate of the employer cost cap set in scheme regulations made under section 1 of the 2013 Act must be equal to the proposed employer cost cap calculated in a preliminary valuation of the relevant old scheme, carried out in accordance with directions 50 to 53.

(2) The relevant old scheme in respect of each group of persons listed in the first column of the table in Schedule 3 is the corresponding existing scheme or schemes set out in the second column of that table.

Comparison with the employer cost cap

49.—(1) At the first and each subsequent valuation of a scheme, the scheme actuary must compare the cost cap cost of the scheme identified in the valuation report to the employer cost cap.

(2) Where the cost cap cost of the scheme has gone beyond the margins on either side of the employer cost cap specified in Regulations made under section 12(5) of the 2013 Act, the scheme actuary shall notify the responsible authority.

Preliminary valuation

50. A preliminary valuation for the purposes of these Directions is a valuation which–

(a) is carried out by a person appointed by the scheme to act as actuary for the scheme;

(b) is a valuation of the relevant old scheme ;

(c) assumes that the benefit structures and transitional arrangements set out in the proposed new scheme listed in the third column of the table in Schedule 3 will be put into place at the relevant date listed in the fourth column of that table;

(d) is carried out using the data, methodology and assumptions set out in directions 9 to 19, so far as they are applicable to directions 24 to 29 and 44 to 46;

(e) has a valuation report which includes the information and data set out in direction 21;

(f) has a valuation report which includes the information about employer contribution rates set out in direction 22, calculated in accordance with directions 24 to 29, and 44 to 46, as if–

(i) the preliminary valuation was the first valuation;

(ii) the effective date was–

(aa) in relation to an existing scheme providing benefits to local government workers in England and Wales, 31st March 2013;

(bb) in relation to an existing scheme providing benefits to local government workers in Scotland, 31st March 2014;

(cc) in all other cases, 31st March 2012;

(iii) the implementation date was–

(aa) in relation to an existing scheme providing benefits to local government workers in England and Wales, 1st April 2016;

(bb) in relation to an existing scheme providing benefits to local government workers in Scotland, 1st April 2017;

(cc) in all other cases, 1st April 2015;

(iv) the implementation period was calculated according to direction 8;

(v) direction 29(2), (3) and (4) does not apply; and

(g) has a valuation report which states the proposed employer cost cap in accordance with direction 53.

Preliminary valuation: modification of references

51. For the purpose of undertaking the preliminary valuation, directions 9 to 19, 21 to 22, 24 to 29 and 44 to 46 are to be read as if–

(a) references to a "responsible authority" are references to the public authority responsible for the relevant old scheme;

(b) references to a "scheme", "regulations under section 1 of the 2013 Act", and a "connected scheme" are references to the relevant old scheme, subject to the assumption in direction 50(c);

(c) references to a "scheme actuary" are references to the person appointed in accordance with direction 50(a); and

(d) references to a "valuation report" are references to the valuation report prepared in accordance with directions 50(e) to (g).

Preliminary valuation: new public body pension schemes

52.—(1) Direction 48 applies to a new public body pension scheme as if–

(a) in paragraph (1), the reference to regulations made under section 1 of the 2013 Act is a reference to the rules establishing the new public body pension scheme, made under section 31(7) of the 2013 Act or under other powers in accordance with section 30(1)(e) of the 2013 Act; and

(b) in paragraph (2), the relevant old scheme is the connected scheme to the new public body pension scheme.

(2) Direction 49(2) applies to the valuation of a new public body pension scheme as if the reference to a responsible authority is a reference to the public authority responsible for the scheme

(3) Directions 50(b) and (c) apply to the valuation of a new public body pension scheme as if–

(a) the persons listed in the first column of the table in Schedule 3 are the members or proposed members of the new public body pension scheme;

(b) the existing scheme listed in the second column of the table in Schedule 3 is the connected scheme to the new public body pension scheme;

(c) the benefit structures and transitional arrangements set out in the proposals for the new public body scheme for those persons are listed in the third column of the table in Schedule 3, and

(d) the relevant date listed in the fourth column of the table in Schedule 3 is the date at which it is proposed that the proposed members of the new public body pension scheme become active members of the new public body pension scheme.

(4) Directions 50(d) and (f) and direction 51 apply to the valuation of a new public body pension scheme as if the references to directions 44 to 46 are read as a reference to direction 47.

(5) Directions 50(f)(ii) and (iii) apply to the valuation of a new public body pension schemes as if–

(a) the effective date is the date fixed by the public authority responsible for the scheme as the effective date of the valuation; and

(b) the implementation date is a date fixed by the public authority responsible for the scheme as the implementation date of the valuation, which may be a date 3 years and 1 day after the effective date.

(6) The references to a relevant old scheme in direction 53 apply to the valuation of a new public body pension scheme with the modifications in paragraphs (1) and (2) of this direction.

Proposed employer cost cap

53.—(1) The valuation report for the preliminary valuation produced in accordance with direction 50(g) must state, to the nearest 0.1% of pensionable payroll, the proposed employer cost cap, being–

$$A - B$$

where–

A is the contribution rate required to cover the expected cost of benefits accrued by members of the relevant old scheme during the implementation period; and

B is the contribution yield expected from normal member contributions to the relevant old scheme during the implementation period.

(2) Subject to paragraphs (5) and (6), A and B in paragraph (1) shall be calculated as if the relevant old scheme was subject to the assumption in direction 50(c).

(3) For the purpose of calculating A in paragraph (1), the assumptions specified in direction 14 must be adjusted so that the assumed rate of increase is 2% on 11th April 2016.

(4) For the purpose of calculating A in paragraph (1), the assumptions specified in direction 16 must be adjusted so that the assumed earnings measure revaluations of career average re-valued earnings under section 9 of the 2013 Act is–

(a) 4.75% on 11th April 2016;

(b) 4.75% on 10th April 2017;

(c) 4.75% on 9th April 2018; and

(d) 4.75% on 8th April 2019.

(5) For the purpose of calculating A in paragraph (1), the assumptions determined in directions 18(e), 18(f) and 19 must be adjusted as if no members of the relevant old scheme have any–

(a) benefits accrued in any connected scheme; and

(b) entitlement to exceptions made under sections 18(5) to (7) of the 2013 Act.

(6) For the purpose of calculating A in paragraph (1), the expected cost of benefits accrued by members of the relevant old scheme during the implementation period should be determined as if no members of the relevant old scheme have any entitlement to exceptions made under section 18(5) to (7) of the 2013 Act.

Signed

Julian Kelly
Director, Public Spending
for Her Majesty's Treasury

11th March 2014

SCHEDULE 1: CONNECTED SCHEMES

Scheme under section 1 of the 2013 Act in respect of	**Existing schemes which are connected schemes**
Civil servants	The Principal Civil Service Pension Scheme made on 19 November 1974, as amended
The judiciary	Pensions provided for holders of judicial office under: 1. The County Courts Act (Northern Ireland) 1959 2. The Resident Magistrates' Pension Act (Northern Ireland) 1960 3. The Sheriffs' Pensions (Scotland Act 1961 4. The Lands Tribunal and Compensation Act (Northern Ireland) 1964 5. The Superannuation (Miscellaneous Provisions) Act (Northern Ireland) 1969 6. The Rent Act 1977 7. The Judicature (Northern Ireland) Act 1978 8. The Judicial Pensions Act 1981 9. The Judicial Pensions and Retirement Act 1993
Local government workers (England and Wales)	The scheme established in the Local Government Pension Scheme Regulations 2013, in respect of those parts of the Regulations that are not deemed to be a scheme made under section 1 of the 2013 Act by section 28 of that Act
Local government workers (Scotland)	The schemes established by: 1. The Local Government Pension Scheme (Scotland) Regulations 1998, as preserved by the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008. 2. The Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008. 3. The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008.

Teachers (England and Wales)	The scheme established by the Teachers Pensions Regulations 2010
Teachers (Scotland)	The scheme established by the Teachers' Superannuation (Scotland) Regulations 2005
Health service workers (England and Wales)	The scheme established by: 1. The National Health Service Pension Scheme Regulations 1995 2. The National Health Service Pension Scheme Regulations 2008
Health service workers (Scotland)	The scheme established by: 1. The National Health Service Superannuation Scheme (Scotland) Regulations 2011 2. The National Health Service Superannuation Scheme (2008 section) (Scotland) Regulations 2013
Fire and rescue workers (England)	The schemes established by: 1. The Firefighters' Pension Scheme Order 1992, insofar as this Order applies to fire and rescue workers in England 2. The Firefighters' Pension Scheme (England) Order 2006
Fire and rescue workers (Wales)	The schemes established by: 1. The Firefighters' Pension Scheme Order 1992, insofar as this Order applies to fire and rescue workers in Wales 2. The Firefighters' Pension Scheme (Wales) Order 2007
Fire and rescue workers (Scotland)	The schemes established by: 1. The Firefighters' Pension Scheme Order 1992, insofar as this Order applies to fire and rescue workers in Scotland 2. The Firefighters' Pension Scheme (Scotland) Order 2007
Members of police forces (England and Wales)	The schemes established by: 1. The Police Pensions Regulations 1987, insofar as these Regulations apply to members of police forces for England and Wales 2. The Police Pensions Regulations 2006

Members of police forces (Scotland)	The schemes established by: 1. The Police Pensions Regulations 1987, insofar as these Regulations apply to members of police forces for Scotland 2. The Police Pensions (Scotland) Regulations 2007
Members of the armed forces	The schemes established by: 1. The Gurkha Pension Scheme established by Royal Warrant dated 19th December 1949 2. The Gibraltar Regiment Ordinance 1998 3. The Armed Forces Pension Scheme Order 2005 4. The Reserve Forces Pension Scheme Regulations 2005 5. The Armed Forces Early Department Payments Scheme Order 2005 6. The Army Pensions (Armed Forces and Pension Scheme 1975 And Attributable Benefits Scheme) (Amendment) Warrant 2010 7. The Naval And Marine Pensions (Armed Forces Pension Scheme 1975 And Attributable Benefits Scheme) Order 2010 8. The Air Force (Armed Forces Pension Scheme 1975 And Attributable Benefits Scheme) Order 2010 9. The Reserve Forces (Full Time Reserve Service Pension Scheme 1997) Regulations 2010 10. The Reserve Forces Non Regular Staff (Pension and Attributable Benefits Schemes) Regulations 2011

SCHEDULE 2: NOTIONAL ASSETS FOR FIRST VALUATION

Scheme in respect of	**Notional Asset Value**	**Date**
Civil servants	£97,700,000,000	31st March 2007
The judiciary	£1,170,000,000	31st March 2005
Teachers (England and Wales)	£115,782,000,000	31st March 2004
Teachers (Scotland)	£13,030,000,000	31st March 2005
Health service workers (England and Wales)	£123,713,000,000	31st March 2004
Health service workers (Scotland)	£12,405,000,000	31st March 2004
Fire and rescue workers (England)	£13,500,000,000	31st March 2007
Fire and rescue workers (Wales)	£724,000,000	31st March 2007
Fire and rescue workers (Scotland)	£1,891,000,000	31st March 2009
Members of police forces (England and Wales)	£59,400,000,000	31st March 2008
Members of police forces (Scotland)	£7,130,000,000	31st March 2009
Armed Forces	£64,435,000,000	31st March 2005

SCHEDULE 3: PRELIMINARY VALUATION

Valuation in respect of	**Existing schemes**	**Proposed new schemes**	**Relevant date**
Civil servants	The Principal Civil Service Pension Scheme made on 19 November 1974, as amended	The Principal Civil Service Pension Scheme Proposed Final Agreement, 9th March 2012	1st April 2015
The judiciary	Pensions provided for holders of judicial office under: 1. The County Courts Act (Northern Ireland) 1959 2. The Resident Magistrates' Pension Act (Northern Ireland) 1960 3. The Sheriffs' Pensions (Scotland Act 1961 4. The Lands Tribunal and Compensation Act (Northern Ireland) 1964 5. The Superannuation (Miscellaneous Provisions) Act (Northern Ireland) 1969 6. The Rent Act 1977 7. The Judicature (Northern Ireland) Act 1978 8. The Judicial Pensions Act 1981 9. The Judicial Pensions and Retirement Act 1993	The Judicial Pension Reform Written Ministerial Statement, 5th February 2013	1st April 2015
Local government workers (England and Wales)	The scheme established in the Local Government Pension Scheme Regulations 2013, in respect of those parts of the Regulations that are not deemed to be a scheme made under section 1 of the 2013 Act by section 28 of that Act	The Local Government Pension Scheme Joint Statement, 31st May 2012 The Local Government Pension Scheme Regulations 2013, insofar as these Regulations are deemed to be a scheme made under section 1 of the 2013 Act by section 28 of that Act	1st April 2014
Local government workers (Scotland)	The schemes established by: 1. The Local Government Pension Scheme (Scotland) Regulations 1998, as preserved by the Local Government	The draft Local Government Pension Scheme (Scotland) Regulations 2014, 6th January 2014, insofar as these Regulations are deemed to be a scheme made under section	1st April 2015

	Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008. 2. The Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008. 3. The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008.	1 of the 2013 Act by section 28 of that Act	
Teachers (England and Wales)	The scheme established by the Teachers Pensions Regulations 2010	The Teachers' Pension Scheme Proposed Final Agreement in England and Wales, 9th March 2012	1st April 2015
Teachers (Scotland)	The scheme established by the Teachers' Superannuation (Scotland) Regulations 2005	The Scottish Teachers Pension Scheme 2015 Framework Document, 20th December 2013	1st April 2015
Health service workers (England and Wales)	The scheme established by: 1. The National Health Service Pension Scheme Regulations 1995 2. The National Health Service Pension Scheme Regulations 2008	The NHS Pension Scheme Proposed Final Agreement in England and Wales, 9th March 2012	1st April 2015
Health service workers (Scotland)	The scheme established by: 1. The National Health Service Superannuation Scheme (Scotland) Regulations 2011 2. The National Health Service Superannuation Scheme (2008 section) (Scotland) Regulations 2013	The NHS Scotland Proposed 2015 Pension Scheme Framework Document, 6th August 2013	1st April 2015
Fire and rescue workers (England)	The schemes established by: 1. The Firefighters' Pension Scheme Order 1992, insofar as this Order applies to fire and rescue workers in England 2. The Firefighters' Pension Scheme (England) Order 2006	The Firefighters' Pension Scheme in England Proposed Final Agreement, 24th May 2012	1st April 2015
Fire and rescue workers (Wales)	The schemes established by: 1. The Firefighters' Pension Scheme Order 1992, insofar as this Order applies to fire and rescue workers in Wales	The Firefighters' Pension Scheme in England Proposed Final Agreement, 24th May 2012, as if it applied to fire and rescue workers in Wales	1st April 2015

	2. The Firefighters' Pension Scheme (Wales) Order 2007		
Fire and rescue workers (Scotland)	The schemes established by: 1. The Firefighters' Pension Scheme Order 1992, insofar as this Order applies to fire and rescue workers in Scotland 2. The Firefighters' Pension Scheme (Scotland) Order 2007	The Scottish Firefighters' Pension Scheme Scotland 2015 Framework Document, 13th November 2013	1st April 2015
Members of police forces (England and Wales)	The schemes established by: 1. The Police Pensions Regulations 1987, insofar as these Regulations apply to members of police forces for England and Wales 2. The Police Pensions Regulations 2006	The Police Reform Design Framework in England and Wales, 4th September 2012	1st April 2015
Members of police forces (Scotland)	The schemes established by: 1. The Police Pensions Regulations 1987, insofar as these Regulations apply to members of police forces for Scotland 2. The Police Pensions (Scotland) Regulations 2007	The Police Pension Scheme Scotland 2015 Framework Document, 5th September 2013	1st April 2015
Members of the armed forces	The schemes established by: 1. The Gurkha Pension Scheme established by Royal Warrant dated 19th December 1949 2. The Gibraltar Regiment Ordinance 1998 3. The Armed Forces Pension Scheme Order 2005 4. The Reserve Forces Pension Scheme Regulations 2005 5. The Armed Forces Early Department Payments Scheme Order 2005 6. The Army Pensions (Armed Forces and Pension Scheme 1975 And Attributable Benefits Scheme) (Amendment) Warrant 2010 7. The Naval And Marine Pensions (Armed Forces	The new Armed Forces Pension Scheme: Final Agreement, 16th October 2012	1st April 2015

	Pension Scheme 1975 And Attributable Benefits Scheme) Order 2010 8. The Air Force (Armed Forces Pension Scheme 1975 And Attributable Benefits Scheme) Order 2010 9. The Reserve Forces (Full Time Reserve Service Pension Scheme 1997) Regulations 2010 10. The Reserve Forces Non Regular Staff (Pension and Attributable Benefits Schemes) Regulations 2011		