



DAO(GEN) 7/95

27 September 1995

Dear Accounting Officer

RATES OF CHARGE FOR PENSION COSTS

This letter notifies the revised rates of accruing superannuation liability charges (aslcs) for non-industrial and industrial staff which will come into effect from 1 April 1996 following the triennial review by the Government Actuary of the charges. It also informs departments, agencies and other bodies covered by the Principal Civil Service Pension Scheme (PCSPS) of the outcome of consultation on the replacement of grade by salary as the basis of the banded rates for non-industrial staff. This letter updates the guidance set out in DAO(GEN)8/94 of 1 August 1994.

Action

2. Employing departments and other bodies are asked to contact their payroll centres to authorise the calculation and payment of aslcs payable from 1 April 1996 using the revised rates. The revised rates should also be used from 1 April 1996 where PCSPS members are seconded to an outside employing body, for calculating the costs and charges for the provision of services and when making cost comparisons, as under market testing.
3. Recipients should note the decision to replace grade by salary as the basis of the aslc with effect from 1 April 1997. A further announcement will be made as soon as the detailed arrangements have been finalised.
4. Departments should ensure that copies of this letter are made available to their agencies and non-departmental public bodies which participate in the PCSPS.

Background

5. PFO/95/2 issued by the Treasury on 5 June 1995 informed departments and agencies of the recommendations of the Government Actuary for revised rates of accruing superannuation charge from 1 April 1996, following the triennial review of charges. It invited comments on the revised rates, and on the proposal to replace grade by salary as the basis of the aslc and the timing of the change.

Revised rates of aslc

6. Departments accepted the recommendations of the Government Actuary. The revised rates of aslc which will apply from 1 April 1996 are therefore as follows:

Non-industrial staff

Band 1:	Administrative Officer (or equivalent)	11 per cent
Band 2:	EO to SEO	13.5 per cent
Band 3:	Grades 7 to 5	17.5 per cent
Band 4:	Grade 4 and above	19.5 per cent

Industrial staff 13 per cent

Prison Officers with reserved rights 21 per cent

Move to salary banding

7. Following consultation with their payroll centres, departments agreed the proposal to move to salary banding for non-industrial staff. Most departments expressed the wish for the change to be implemented from 1 April 1997. The change will therefore be brought in on that date. Comments made on the changes proposed in PFO/95/2 are being considered. Final details of the revised arrangements will be developed in consultation with payroll centres and others over the next three months. A further announcement will be made in January 1996.

Enquiries

8. Any enquiries about the arrangements for the calculation and payment of aslcs should be addressed to Owen Collins, Civil Service pensions Division, Office of Public Service, telephone 01256 846398 (GTN 1439 6398). Any enquiries about the use of aslc rates in calculating pension costs for the purpose of assessing fees and charges should be addressed to the departmental fees and charges co-ordinator. All other enquiries should be addressed to departments' normal contact points in Treasury expenditure teams.

Yours sincerely

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