

HM Treasury

**Jamie Mortimer
Treasury Officer of Accounts**



**Parliament Street
London SW1P 3AG**

DAO(GEN) 8/97

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Dear Accounting Officer

RATES OF CHARGE FOR PENSION COSTS

This letter notifies the revised rates of accruing superannuation liability charges (aslcs) which will come into effect from 1 April 1998 following review by the Government Actuary. It also notifies of changes in financial responsibility for new awards of injury benefit and of personal injury compensation. This letter updates the guidance set out in DAO(GEN)7/95 of 27 September 1995.

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 1998 using the revised rates. The revised rates should also be used from 1 April 1998 where PCSPS members are seconded to an outside employing body, and when making cost comparisons under market testing.
3. 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

4. PFO/97/1 issued by the Cabinet Office, Office of Public Service on 25 July 1997 consulted departments and agencies on the recommendations of the Government Actuary for revised rates of accruing superannuation charge from 1 April 1998, following decisions to replace grade by salary as the basis of the aslc and to bring forward the triennial review of charges. PFO/97/1 also proposed that employers should be responsible for the cost of injury compensation in respect of injuries sustained on or after 1 April 1998.

Revised rates of aslc

5. The recommendations of the Government Actuary were accepted. The revised rates of aslc which will apply from 1 April 1998 are therefore as follows:

Band 1	£14,000 and under	12 per cent
Band 2	£14,001 to £29,000	13.5 per cent
Band 3	£29,001 to £50,000	16.5 per cent
Band 4	£50,001 and over	18.5 per cent
Prison Officers with accrued rights (pre-Fresh Start)		20.5 per cent

6. Assignment to salary bands will be on the basis of the individual's basic pay including all regularly occurring pensionable emoluments (eg RRA, ADP, audit and other job related allowances) received each month, multiplied by 12. In the case of weekly paid staff, assignment will be on the basis of weekly pay multiplied by 52.2. The amount payable will be calculated by applying the rate for the band to total pensionable earnings, including arrears, one-off lump sums and other irregular pensionable emoluments.

Injury compensation

7. PCSPS employers will assume financial responsibility for the cost of injury benefit provided under section 11 of the PCSPS, and for the cost of personal injury compensation to be provided under arrangements shortly to be added to the Civil Service Compensation Scheme. Financial responsibility will be assumed in respect of injuries sustained on or after 1 April 1998.

8. Employers should pay personal injury compensation direct to the beneficiary as the compensation takes the form of a single one-off lump sum payment. OPS will make available through Paymaster, and without charge, opportunities for payment of on-going injury benefit allowances, provided that costs are recovered immediately by direct debit from an account held with Paymaster or, where an account is not held, the department agrees to reimburse the Civil Superannuation Vote immediately.

Enquiries

9. Any enquiries about the arrangements for the calculation and payment of aslcs should be addressed to Mike Lever, Civil Service Pensions Division, Office of Public

Service, telephone 01256 846398 (GTN 1439 6398). Any enquiries about the use of aslc rates in calculating pensions costs for the purposes of assessing fees and charges should be addressed to the departmental fees and charges co-ordinator. Any enquiries about the changes in financial responsibility for the cost of injury benefit should be addressed to Dominic Rowley, Civil Service Pensions Division, Office of Public Service, telephone 01256 846570 (GTN 1439 6570).

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