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STATUTORY INSTRUMENTS

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**2014 No. 575**

**PUBLIC SERVICE PENSIONS**

**The Public Service Pensions  
(Employer Cost Cap) Regulations 2014**

<i>Made</i>	- - - -	<i>10th March 2014</i>
<i>Laid before the House of Commons</i>	- - - -	<i>11th March 2014</i>
<i>Coming into force</i>	- -	<i>1st April 2014</i>

The Treasury, in exercise of the power conferred on them by section 12(5) of the Public Service Pensions Act 2013<sup>(1)</sup>, make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Public Service Pensions (Employer Cost Cap) Regulations 2014, and come into force on 1st April 2014.

**Interpretation**

2. In these Regulations, a “relevant scheme” means a defined benefits scheme (and any connected scheme) to which section 12 of the Public Service Pensions Act 2013 applies.

**Specified margins**

3. The cost of the relevant scheme must remain within the following margins—
- (a) an upper margin, being a rate of 2 percentage points above the employer cost cap of the scheme; and
  - (b) a lower margin, being a rate of 2 percentage points below the employer cost cap of the scheme.

**Target cost**

4. For cases where the cost of a relevant scheme exceeds the upper margin set out in regulation 3, or falls below the lower margin set out in regulation 3, the target cost will be the same as the employer cost cap of the scheme.

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(1) [2013 c. 25](#).

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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Signed

10th March 2014

*Mark Lancaster*  
*Sam Gyimah*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Section 12 of the Public Service Pensions Act 2013 (“the Act”) requires defined benefits pension schemes to set a rate, expressed as a percentage of pensionable earnings of scheme members, to be used to measure changes in the cost of the scheme and in connected schemes (defined in that section as the ‘employer cost cap’). The employer cost cap is then used to help regulate and stabilise the costs of the defined benefits pension scheme.

Section 12 of the Act directly applies this requirement to defined benefits pension schemes made using the power in section 1 of the Act. Section 30(1)(e) of the Act also applies this requirement to new public body defined benefits pension schemes, whether they are established under section 31(7) of the Act or under other powers.

These Regulations provide that the specified margins in which scheme costs must remain, before corrective action is taken to rebalance the costs of the scheme, are set at 2 percentage points above and below the employer cost cap.

They further provide that the target cost of a scheme, for cases where the cost would otherwise go beyond these margins, is the same as the employer cost cap. The target cost is the rate to which the costs of the scheme must return as a result of any corrective action.

An impact assessment has not been produced for this instrument as no significant impact on the costs of business or the voluntary sector is foreseen.