



HM Treasury

The Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2025

Made - - - - 28th April 2025

Coming into force - - 30th April 2025

The Treasury make the following Directions in exercise of the powers conferred by sections 23(3)(b), 27(1), (3) and (4), and 129(9) of the Public Service Pensions and Judicial Offices Act 2022(a).

In accordance with section 27(4) of that Act, directions 6 and 7 of these Directions are made after consultation with the Government Actuary.

Citation, commencement, extent and application

1.—(1) These Directions may be cited as the Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2025.

(2) These Directions come into force on 30th April 2025.

(3) These Directions extend to England and Wales, Scotland and Northern Ireland.

(4) These Directions apply in relation to Chapter 1 schemes(b).

(5) Terms used in these Directions are defined as in the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022.

Amendment of the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022

2. The Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022(c) are amended as follows.

Amendment of Part 2: Chapter 1 schemes (schemes other than judicial schemes and local government schemes)

3. In direction 4, in paragraph (7)(b)(ii)—

(a) for “no” substitute “a”; and

(b) after “made” insert “at the discretion of the scheme manager”.

4. In direction 9, after paragraph (6)(ca) insert—

“(cb) where, by reason of the operation of section 2(1) of PSPJOA 2022, a member has—

(i) incurred an unauthorised payment charge or an unauthorised payment surcharge pursuant to section 208 or 209 of FA 2004; and

(a) 2022 c. 7.

(b) As defined in section 33(1) of the Public Service Pensions and Judicial Offices Act 2022.

(c) The Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022 were amended by the Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2024.

- (ii) where an unauthorised payment surcharge has been incurred, that surcharge has not been discharged under section 268 of FA 2004,

the amount of the unauthorised payment charge and any unauthorised payment surcharge.”

5. In direction 12, in paragraph (5)(b)—

- (a) for “no” substitute “a”; and
- (b) after “made” insert “at the discretion of the scheme manager”.

6. In direction 14, in paragraph (4)—

- (a) after “15(3)(b),” insert “or (3A),”;
- (b) at the end of subparagraph (a) omit “and”;
- (c) at the end of subparagraph (b) omit “.” and insert “, and”;
- (d) after subparagraph (b) insert—

“(c) in respect of direction 15(3)(b), (6)(b), (7)(b), (15)(b) or (17)(b) the amount on which interest is to be calculated must include any interest already accrued under direction 15(3)(a), (6)(a), (7)(a), (15)(a) or (17)(a) respectively;”.

7. In direction 15—

- (a) in paragraph (1)—
 - (i) before “Where” insert “Subject to paragraphs (1A) and (2),”; and
 - (ii) after “overpaid” insert “or underpaid”;
- (b) after paragraph (1) insert—

“(1A) For the purposes of paragraph (1), in calculating the amount on which interest is to be paid the scheme manager may first deduct any income tax amount (or, where such income tax amount is unknown, may estimate the income tax amount and make a deduction accordingly).”;

- (c) in paragraph (2), after “overpaid” insert “or underpaid”;
- (d) in paragraph (2)(a)—
 - (i) after “pension year” in each instance insert “or tax year”; and
 - (ii) after “overpaid” in each instance it occurs insert “or underpaid”;
- (e) in paragraph (2)(b) —
 - (i) after “overpaid” insert “or underpaid”; and
 - (ii) after “overpayment” insert “or underpayment”;
- (f) in paragraph (3), for “on that amount” substitute “on such amount falling due on or before the date 28 days after a remediable service statement is first issued”;
- (g) after paragraph (3) insert—

“(3A) Where the scheme manager is required to pay an amount to a beneficiary under section 14(4) of PSPJOA 2022, interest must be calculated on such amount falling due after the date 28 days after a remediable service statement is first issued from the dates that the pension benefits were underpaid or overpaid to the date of payment.”;

- (h) in paragraph (4)—
 - (i) after “first underpaid” insert “(or first overpaid, in the event that there has been a sequence of overpaid pension benefits then underpaid pension benefits resulting overall in the beneficiary having been underpaid pension benefits)”; and
 - (ii) at the end insert “(or the date of payment if earlier)”;
- (i) in paragraph (8)—
 - (i) after “first overpaid” insert “(or first underpaid, in the event that there has been a sequence of underpaid contributions then overpaid contributions resulting overall in the relevant member having overpaid contributions)”; and

- (ii) at the end insert “(or the date of payment if earlier)”;
- (j) in paragraph (9), before “Where” insert “Subject to paragraph (10A),”;
- (k) in paragraph (10), before “For” insert “Subject to paragraph (10A),”;
- (l) in paragraph (10)(a), after “pension year” in each instance insert “or tax year”;
- (m) after paragraph (10) insert—

“(10A) any reference in paragraph (9) or (10) to underpaid contributions should be taken to include overpaid contributions where there has been a sequence of overpaid contributions and underpaid contributions resulting overall in the relevant member having underpaid contributions.”;

 - (n) in paragraph (11), after “Where” insert “Subject to paragraph (12A),”;
 - (o) in paragraph (12), before “For” insert “Subject to paragraph (12A),”;
 - (p) in paragraph (12)(a), after “pension year” in each instance insert “or tax year”;
 - (q) after paragraph (12) insert—

“(12A) any reference in paragraph (11) or (12) to overpaid contributions should be taken to include underpaid contributions where there has been a sequence of underpaid contributions and overpaid contributions resulting overall in the relevant member having overpaid contributions”;

 - (r) in paragraph (13), before “Where” insert “Subject to paragraph (14A),”;
 - (s) in paragraph (14), before “For” insert “Subject to paragraph (14A),”;
 - (t) in paragraph (14)(a), after “pension year” in each instance insert “or tax year”;
 - (u) after paragraph (14) insert—

“(14A) any reference in paragraph (13) or (14) to underpaid contributions should be taken to include overpaid contributions where there has been a sequence of overpaid contributions and underpaid contributions resulting overall in the relevant member having underpaid contributions”;

 - (v) in paragraph (16)—
 - (i) after “first overpaid” insert “(or first underpaid, in the event that there has been a sequence of underpaid contributions then overpaid contributions resulting overall in the relevant member having overpaid contributions)”;
 - (ii) at the end insert “(or the date of payment if earlier)”;
 - (w) in paragraph (18)—
 - (i) after “first overpaid” insert “(or first underpaid, in the event that there has been a sequence of underpaid voluntary contributions then overpaid voluntary contributions resulting overall in the relevant member having overpaid voluntary contributions)”;
 - and
 - (ii) at the end insert “(or the date of payment if earlier)”;
 - (x) in paragraph (21)—
 - (i) after subparagraph (a) insert—

“(aa) “income tax amount” means the amount by which any income tax that would have been levied on the beneficiary pursuant to the Income Tax Acts (as defined in section 831 of the Income and Corporation Taxes Act 1988) had that beneficiary not been underpaid pension benefits is greater than the amount of any income tax that was levied, and estimated “income tax amounts” should be construed accordingly;”

 - (ii) after subparagraph (c) insert—

“(d) “relevant tax year” has the same meaning as in section 16(9) of PSPJOA 2022.”.

Signed

28th April 2025

Jeff Smith
Vicky Foxcroft
Two of the Lords Commissioners of His Majesty’s Treasury