



Government  
Actuary's  
Department

From the Government Actuary  
Martin Clarke

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Julian Kelly  
Director General, Public Spending and Finance

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*By email only*

[www.gov.uk/gad](http://www.gov.uk/gad)

13 February 2015

Dear Julian

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

Thank you for your letter of earlier today explaining a proposed amendment to the Directions and asking for my professional opinion on them.

### **Comments on proposed amendment**

I have considered the proposed amendment and it is my opinion that;

- the revised Directions should deliver the underlying policy intention described in your letter of earlier today
- the proposed amendment will lead to Directions which better deliver the underlying policy intent - because it resolves significant issues that are now known to have arisen owing to some deficiencies in the data used at a previous valuation
- after these proposed amendments come into force, the Directions will continue to be;
  - in the round and to a significant degree, in line with the Treasury's principles for the valuations and the operation of the employer cost cap mechanism
  - in the round, technically complete and coherent

### **Valuation data quality**

I note, and welcome, your commitment to work with Departments to consider how work to improve data quality might best be taken forward. It will be important to take this work forward swiftly to ensure that any resulting data improvements are captured at the next round of valuations.

### **Third party disclaimer**

I understand HM Treasury intend to publish this letter. Third parties cannot place reliance on this letter and, in general, third parties with an interest in actuarial matters should seek their own actuarial advice where appropriate. This letter should be read in conjunction with the previous consultations with the Government Actuary on the Directions.

Yours sincerely

[Redacted signature]

**Martin Clarke**  
**Government Actuary**