



Julian Kelly
Director General, Public Spending and Finance

From the office of Trevor Llanwarne, Government Actuary

By email only

T 020 7211 2620
E trevor.llanwarne@gad.gov.uk

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www.gov.uk/gad

Dear Julian

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

Thank you for your letter of 6 August 2014 explaining some proposed amendments to the Directions and asking for my professional opinion on these proposed amendments.

This letter should be read in conjunction with our previous correspondence between 22 February 2013 and 24 February 2014 which informed the Directions which you signed on 11 March 2014.

I have considered the three groups of proposed amendments. On group A it is my opinion that the revised Directions should deliver the underlying policy intention described in your letter of 6 August 2014.

Groups B and C appear to amend legislative references to address issues about the interaction of the various pieces of legislation that provide the framework for valuations. I have no reason to believe that these amendments do not deliver the policy intentions described but suggest you take legal advice on these matters to ensure they do deliver your policy intentions.

I can confirm that none of these changes affect my view that the Directions do, in the round and to a significant degree, meet the Treasury's principles for the valuations and the operation of the employer cost cap mechanism, and in the round are technically complete and coherent.

I understand HM Treasury intend to publish this letter. Third parties cannot place reliance on this letter without making such a request and, in general, third parties with an interest in actuarial matters should seek their own actuarial advice where appropriate.

Yours sincerely

Trevor Llanwarne CB
Fellow of the Institute of Actuaries
Government Actuary