



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ



GOVERNMENT WHIPS' OFFICE
HOUSE OF LORDS
LONDON SW1A 0PW

House of Lords
London
SW1A 0PW

6th October 2021

Dear colleagues,

PUBLICATION OF AMENDING DIRECTIONS TO COMPLETE 2016/17 VALUATIONS

1. In advance of the Lords Committee Stage of the Public Service Pensions and Judicial Offices Bill (the Bill) on 11 October, we are writing to inform you that the Government has today signed and published The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions 2021 ('the Amending Directions'). The Government hopes that the publication of the Amending Directions and subsequent completion of scheme valuations should provide certainty to schemes and members regarding the outcome of the 2016 valuation process.

2. The Amending Directions make changes to The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 in order to allow schemes to complete the cost control element of the 2016 valuation process. In particular, following the Government's decision in July 2020 to un-pause the process, the Amending Directions set out in detail how the McCloud / Sargeant remedy should be taken into account for the purposes of completing scheme valuations. The process for completing these scheme valuations does not incorporate any of the reforms to the cost control mechanism set out in the Government's consultation response published on 4 October, which will only apply to future valuations.

3. Further detail on the content of the Amending Directions, including the Government's objectives for deciding how to allow for the McCloud / Sargeant remedy in the valuations and how these have been reflected in policy decisions are available on gov.uk, as part of the formal consultation with the Government Actuary.



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4. Schemes are now expected to complete their 2016/17 scheme valuations in accordance with the Directions (as amended by the Amending Directions). If, following the confirmation of final results, any schemes have breached the floor of their employer cost cap, they can commence rectification proceedings. The Government has already announced that any breaches of the ceiling of a scheme's employer cost cap will be waived and has communicated this to schemes and stakeholders; this waiver will be implemented in primary legislation with retrospective effect through the Bill.

5. This letter will be deposited in the Libraries of the House.

Yours sincerely,

Rt Hon Simon Clarke MP

Viscount Younger of Leckie