



Ministry of Housing,
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Dear Roger,

Thank you for your letter of 8 February 2019 concerning the LGPS scheme advisory board's (SAB's) cost control process.

Please be assured that I understand your disappointment at the circumstances which have led to the pausing of the Government's cost control process for public service pension schemes. Nevertheless the uncertainty generated by ongoing court proceedings following the December 2018 judgment of the Court of Appeal means it is not currently possible to assess the value of the current public service pension arrangements with any certainty. A suspension of the cost control mechanism allows time for the courts to reach a final decision of the legality of the schemes' transitional protections before the mechanism can be finalised.

I am grateful to you and your colleagues on the SAB for the decision you have taken to pause your cost control process as well. Clearly, the uncertainty generated by the ongoing court proceedings will apply equally in relation to the SAB's calculations on the costs of the Local Government Pension Scheme (LGPS) and we welcome the consistency your decision provides.

As set out in the Chief Secretary to the Treasury's written statement of 30 January 2019, the value of public service pensions will not be reduced as a result of this suspension. If the Government is unsuccessful in court, employees will be compensated in a way that satisfies the judgment. If the Government is successful, the Government's cost control process will resume and, as you make clear in your letter, you would intend to resume your cost control process too.

I would also like to thank you for the communication you sent to LGPS administering authorities and local pension boards on the pausing of cost control and the new employee contribution bands which will apply from April 2019. Your leadership within the LGPS community on these important issues is highly valued and my officials will continue to work with the SAB Secretariat on these matters in the months ahead.

RISHI SUNAK MP

