



Department for
Communities and
Local Government

Jeff Houston
Secretary to the Shadow Scheme Advisory
Board
Local Government House
Smith Square
London
SW1P 3HZ

Our Ref:
Your Ref:

23 February 2015

Dear Jeff,

EMPLOYEE CONTRIBUTION BANDS AND RATES

Thank you for your letter of 6 February about proposed changes to the 2013 Scheme regulations to maintain an employee contribution yield of 6.5%. I have seen the data and advice commissioned from GAD and agree with the Shadow Board's recommendation that for 2015/16, the employee contribution bands and rates should remain as they are in the 2013 Regulations until 1 April 2015 when they will be increased by applying the CPI escalator as set out in Regulations 9(4) and (5) of the 2013 Regulations..

You also recommended that we should amend the 2013 Regulations to provide that changes made to bands and rates are not based on the sole criterion of CPI indexation. I would not rule this out as a possibility and suggest that we discuss this in more detail later in the year. If such a change is justified and Ministers are minded to make this change, we would of course need to consult and obtain Treasury consent before amending the 2013 Regulations.

Although the CPI escalator for 2015/16 has yet to be published, on advice from GAD, I am happy for you to publish the table shown in your letter to give software providers and other interested parties an early warning of what the new tariff table will look like from 1 April. However, any communication should make clear that the table is provisional and subject to the publication of the 2015/16 Revaluation Order.

Yours sincerely,

Chris Megainey

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