Paul Maynard MP

Minister for Pensions

Caxton House

Tothill Street

London

SW1H 9NA

(via email)

xx February 2024

Dear Paul,

**Follow-up re evidence to select committee re AEAT Pension Scheme and PPF compensation**

I am writing to follow up on two issues that you said you were looking into in your recent oral evidence to the Work and Pensions Committee.

You referred to discussions between DWP and Cabinet Office officials about providing an adequate means of redress for the members of the AEA Technology Pension Scheme.

You also told the committee that you commissioned an extensive piece of work on indexing PPF compensation in respect of pension accrued before April 1997.

Many Prospect members are affected by these issues and are appreciative of the attention you are giving to them.

I am writing to make a number of points about our members’ perspective on these issues, that I hope you can take into consideration when deciding on next steps.

**AEA Technology Pension Scheme**

There is general agreement that AEA Technology Pension Scheme members:

(1) Suffered significant pension losses, and

(2) Have never had their complaints about these losses properly investigated.

In its report[[1]](#footnote-1) on this issue, the Public Accounts Committee recommended that:

“The government should ensure that members’ complaints about the AEAT pension case can be independently reviewed, for example by a relevant ombudsman.”

This is not a radical or sweeping recommendation, it is surely the least that any citizen in this position should be able to count on.

The Treasury’s response[[2]](#footnote-2) to this recommendation was that it “cannot respond further on this matter as changing the remit of an ombudsman would be a policy matter”.

You subsequently corresponded[[3]](#footnote-3) with the Chair of the select committee about this issue and noted that the Pensions Ombudsman can now consider complaints about GAD.

However, this power is not retrospective and does not provide for proper consideration of the AEA Technology Pension Scheme members’ complaints.

I do not underestimate the effort required to resolve this issue. However, I think it would be useful to lean on the work that has already been done on this.

Over the years, various constituency MPs (such as Oliver Letwin, Ed Vaizey and David Johnston) have considered this issue and proposed legislation that would address it.

This has taken the form of draft amendments to Government Bills and Private Member Bills.

The general thrust of the proposed legislation has been to authorise the Parliamentary and Health Service Ombudsman to investigate these losses.

In the Public Accounts Committee’s oral evidence session, the representative of the PHSO indicated they would be content to investigate if given these powers.

Unfortunately, time is rapidly running out to resolve this issue. I urge you to consider the solution that your colleagues have previously proposed.

The draft legislation to implement this solution is very simple, if given the necessary Parliamentary time it would be very likely to get widespread support.

**Pension Protection Fund Compensation**

Prospect’s evidence[[4]](#footnote-4) to the select committee on this issue made a number of points:

1. The lack of indexation has caused real hardship for PPF and FAS members at a time of very high inflation. It is particularly devastating for those whose entire compensation relates to pre-April ’97 accruals, as they have been getting no increase at all.
2. PPF data shows that women and older members are disproportionately impacted by this issue.
3. The PPF’s funding position is very strong (and has been improving). It would be possible to take measures to improve the indexation of compensation in respect of pre-April ’97 accruals, while also continuing to reduce the PPF levy.

Since this evidence was submitted, the PPF have provided the select committee with further data[[5]](#footnote-5) showing that improvements to indexation of compensation were affordable.

Not only would improving PPF compensation not have any cost to the Exchequer, it would actually slightly increase receipts as much of the extra compensation would be taxable.

We welcome the extra consideration you are giving to this issue and urge you to take action to tackle the real financial distress that many PPF (and FAS) members are currently experiencing.

**Summary**

Prospect members greatly appreciate the work you are undertaking on these issues. I would be happy to address any queries you might have about the points made in this letter.

Yours sincerely,

**GARRY GRAHAM**

Deputy General Secretary

1. [AEA Technology Pension Case (parliament.uk)](https://committees.parliament.uk/publications/40324/documents/196957/default/) [↑](#footnote-ref-1)
2. [Treasury Minutes – Government Response to the Committee of Public Accounts on the Fifty-fifth to the Sixtieth reports from Session 2022-23 (parliament.uk)](https://committees.parliament.uk/publications/41569/documents/204877/default/) [↑](#footnote-ref-2)
3. [Treasury Minutes – Government Response to the Committee of Public Accounts on the Fifty-fifth to the Sixtieth reports from Session 2022-23 (parliament.uk)](https://committees.parliament.uk/publications/41569/documents/204877/default/) [↑](#footnote-ref-3)
4. [committees.parliament.uk/writtenevidence/120560/pdf/](https://committees.parliament.uk/writtenevidence/120560/pdf/) [↑](#footnote-ref-4)
5. [committees.parliament.uk/publications/42573/documents/211663/default/](https://committees.parliament.uk/publications/42573/documents/211663/default/) [↑](#footnote-ref-5)