

AEA Technology Pensions – Response to HC870 page 26

In the light of the enquiry of the PAC into AEAT Pensions in 2023 (HC 1005) following on from a NAO report (HC 1169), that committee concluded that:

“The people who transferred their accrued pension benefits to AEA Technology on privatisation, based on incomplete information from government, lost money as a result.”

In the W&P SC report “Defined Benefit Pension Schemes”, it states “*The Government should report back to us by the summer recess on how it intends to ensure an adequate means of redress for AEAT pension scheme members.*” (HC144 page 51; 26th March 2024)

In a meeting of the W&P SC under the Chairmanship of Sir Stephen Timms on 10.1.24, the then Pensions Minister, Paul Maynard MP said that he had “*instructed his officials to consult with the Cabinet Office*” to try to determine that AEAT Pensioners have adequate means of redress.

However, in HC 870 (page 26), the Government has ignored the first two conclusions of the PAC report

- 1) The people who transferred their accrued pension benefits to AEA Technology (AEAT) on privatisation, based on incomplete information from government, ended up losing money as a result.**
- 2) AEAT pension scheme members have been passed from one part of government to another, with no department taking overall responsibility for their complaints.**

.....just accepting the third one.

- **As we expected, the DWP response in Recommendation 23 in HC 870, merely repeats their evasive and misleading statements from the past, which have already been discredited by NAO, PAC and W&P SC.**
- **There is no justification for their final statement that “*There are no plans to offer specific redress to AEAT members*”, which is contrary to the W&PSC’s considered recommendation.**
- **The financial regulator would not allow a financial services company to behave in this way. Why should the government set lower standards for itself?**

| What DWP said | The Facts |
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| There have been various investigations over the last ten years, and complaints on this matter have been considered previously by relevant government bodies. | This is totally erroneous, as will be examined in more detail below. |
| ...as well as a determination on the case brought to the Pensions Ombudsman (TPO) | From bitter experience we have discovered that investigation of the AEAT pension case does not fall within the remit of any Ombudsman. <ul style="list-style-type: none"> • TPO <u>refused</u> to investigate, saying it was outside their remit, on the basis of the Limitations Act (1980) long-stop timescale of 15 years, which was exceeded from privatisation in 1996 to the pre-pack administration in 2012. It was only in 2013 when we discovered that the guarantee we had been led to believe was in place for our pensions was missing. • PHSO refused to investigate, saying it was outside of their remit, on the basis that the benefits were |

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| | transferred from the Public Sector, even though we did not have access to a Whitley Council. |
| Whilst it is noted that the W&PSC supported the PAC's recommendations., it will be for the response to the PAC to consider whether routes of appeal against Parliamentary and Health Service Ombudsman or TPO decisions are clearly articulated for the general public. | As from the above, the law would need to be changed for either PO or PHSO to investigate the case. A PHSO-backed attempt to do this through the mechanism of a "10 minute private members bill" by Ed Vaizey MP (2019) and David Johnston MP (2021) have consistently been blocked by Government. |
| There have been two Parliamentary Adjournment Debates, one in 2015 and another in 2016. | The two adjournment "debates" (Westminster Hall) led by Sir Geoffrey Clifton Brown (2015) and Sir Oliver Letwin (2016) were very brief and timed out by the then Pensions Ministers (Sir Steve Webb and Richard Harrington respectively) and therefore were neither complete or conclusive. |
| The issue has also received detailed consideration by the relevant government departments. | When challenged, no government department has been able to provide details of these reports considering the matter and have not been able to justify their statements in the light of our rebuttals. <ul style="list-style-type: none"> • No independent investigation has ever taken place prior to the NAO in 2023 (who found in our favour). • NAO investigation and PAC hearing were clear that AEAT pensioners had received incomplete information from Government that had caused them to lose money. • The W& P select committee agreed, as did previous pensions minister, Paul Maynard MP, who instructed his officials to consult with the Cabinet office on a route for redress for AEAT pensioners. |
| The AEAT case is extremely complex and spans the responsibility of several departments. As stated in the Government response to the PAC report, this matter has been extensively investigated. There are no plans to offer specific redress to AEAT members. | As stated above, the case is straightforward - essentially concerning the B&T department and the Treasury, who were responsible for the original privatisation and for UKAEA and their Pension Scheme. The Government netted some £228M in 1996 from the sale, and retained some £200M from the transferred UKAEA benefits, reducing this to £148M. The DWP has been put up by the Government to "front" their responses, but has no real involvement or authority to respond. When we consulted a Pensions Barrister (Keith Rowley KC) in 2018, he agreed that we had a strong case, but should not pursue it because of the Limitations Act. DWP refusal to offer any redress is therefore not only immoral, but directly opposed to the PAC recommendations and a previous Minister's agreement to devise such a means. |

The AEAT pension case is not complicated, it is simple Government wrongdoing that could be corrected using a route to redress by such means as either:

- 1) The government purchases a bulk annuity. Cost ~ £45M + historic compensation of £30M (2012 – 2025).
- 2) The pension scheme members re-join the UKAEA pension scheme. Precedent: people recently readmitted to the (parallel) AWE scheme.

Olly Glover MP's parliamentary question to the previous Pensions Minister Emma Reynolds MP.

"AEA Technology pensioners have, collectively, lost millions of pounds from their pensions, despite being told that they would be "no less favourable" following privatisation of their pension scheme in 1996. The Public Accounts Committee found that they 'received inadequate information from government, and lost money as a result.' Will the minister provide a clear timescale for redress for AEAT pensioners in this unique case, as promised by a previous pensions minister?"

...should have described progress to this end. However, the new Minister (Torsten Bell MP), ignored this and instead turned the meeting around to seeking individual case studies.

Sad to say, it follows their strategy of 'Delay, Deny until they die'.

In a number of contemporary instances, people were persuaded by missing or misleading information to take financial decisions to their disadvantage:

- Mortgage endowments in the 1980s & 1990s
- Payment protection Insurance (PPI) in 1990s and 2000s
- British Steel pension scheme members in 2010s

As a result, millions of these people received compensation, if the risks of the financial products they chose were not explained to them at the time. Although in these cases, private companies provided the bad information, why does the government set itself lower standards than those which apply to the private sector?

When the National Bus Company was privatised in the late 1980s, the government retained the pension scheme surplus. In 1996, the Pensions Ombudsman ruled that the government had unlawfully taken the money and that it should be repaid. After a further 11 years, the £356M surplus was distributed to the members of the scheme.

We find it difficult to understand how the Government's mis-representation of the facts aligns with Keir Starmer's commitment for the Government to be the catalyst for a changed culture in the public sector, improve transparency and accountability, change the culture of defensiveness in the public sector and make sure the public is truly at the heart of the public sector (keynote to civil servants 8 July 2024).

We therefore ask the W&PSC to reconsider our case and insist that the DWP honour your previous recommendation as to *"how it [DWP] intends to ensure an adequate means of redress for AEAT pension scheme members"*. Further information is available at www.aeatechnologypensions.co.uk.

Yours sincerely,



Dr A D Turner

AEAT Pensions Campaign