

**MINUTES OF THE 154th MEETING OF
THE CENTRAL ADVISORY COMMITTEE (CAC) ON PENSIONS AND
COMPENSATION**

Wednesday 18 April 2012 – HR24 MOD – Main Building at 1030hrs

Present:

Minister (DPWV) (Chairman)
Lt Col Jerome Church (Retd)
Ros Campbell
Lt Cdr David Marsh (Retd)
Professor Sir Anthony Newman Taylor

Jeff Garrett
Dr Anne Braidwood
Jon Parkin
Philip Gould (Secretary)

Apologies received from:

Sue Freeth
Cathy Walker
Kim Richardson
AVM Tony Stables (Retd)
Cdre Andrew Cameron (Retd)
Maj Gen John Moore-Bick (Retd)
Jim Keating

In Attendance:

Manmeet Gill
Gp Capt Ian Pollitt
Duncan Haigh
Gp Capt Richard Paul
Capt Kevin Hood
Lt Col Mark Pomroy
Alan Nisbet

1. CHAIRMAN'S OPENING COMMENTS

1.1 Minister(DPWV) welcomed members to the 154th meeting of the Committee, reminding them that a number of papers for discussion in relation to certain agenda items had been circulated in advance of the meeting.

2. MINUTES OF THE 153rd MEETING

2.1 The minutes of the last meeting were approved by the Committee.

3. MATTERS ARISING FROM THE PREVIOUS MINUTES

3.1 David Marsh (FPS) informed the Committee that the action to draft a 'Pensions for Life' paper for consideration by the CAC was still ongoing, and the paper will be produced in due course.

3.2 Minister(DPWV) stated that the four remaining action points from the previous meeting would be covered by items later on in the agenda.

4. CAC REVIEW

4.1 Minister(DPWV) reminded members of the background to the review of CAC, and that it was necessary as part of a wider Government review of all Non-Departmental Public Bodies (NDPB). At the last meeting, members expressed broad agreement to the conclusions of a report recommending that the CAC continue as a NDPB.

4.2 Minister(DPWV) explained that since that time the Cabinet Office has announced a review of the classification criteria for advisory bodies and that until that matter is resolved the review will not be completed. Minister (DPWV) reassured members however that if a classification other than NDPB was deemed appropriate for the Committee this would not affect the CAC's function or role.

4.3 Minister(DPWV) sought members' views on the revised Terms of Reference for the Committee which were circulated ahead of the meeting. Professor Newman Taylor commented that the reference to the appointment of Chairman of the Independent Medical Expert Group (IMEG) should reflect that post-Boyce it now provides advice in relation to the Armed Forces Compensation Scheme (AFCS).

4.4 Subject to this change the Committee agreed to the revised Terms of Reference.

5. PENSIONS ISSUES

SPVA Administration

5.1 Jon Parkin (SPVA) responded to a number of issues in relation to SPVA administration that John Moore-Bick (FPS) had raised prior to the meeting. These concerned production of pension forecasts, annual allowance and pension award letters.

5.2 With regard to the production of pension forecasts, Jon Parkin stated that the successful bidder for the SPVA's future IT project has promised greater functionality as a whole for the IT system and whilst pension forecasts had not been discussed yet it was hoped this functionality would allow SPVA to improve performance in this area.

5.3 Jon Parkin stated that SPVA continued to adopt a proactive approach when informing individuals they were approaching the annual allowance threshold (the amount of additional payments that serving personnel can make into their pension each year without incurring a tax charge). Currently SPVA provide statements only for those who reach the limit. SPVA had a target to issue such statements to all individuals by 2013.

5.4 On the lack of detail in pension award letters, Jon Parkin agreed there was room for improvement especially concerning how individual figures were arrived at. He added that the letters will be looked at as part of a review recently commissioned by SPVA's Chief Executive.

Means Test on Remarriage

6.1 David Marsh outlined to the Committee a request he made at the last meeting, that the Department consider ending the means test for reinstating pensions on remarriage under the Armed Forces Pension Scheme (AFPS).

6.2 David Marsh explained that when a widow/er surrenders their pension on remarriage it is only reinstated following the end of that subsequent relationship, if the

widow/er passes a means test. He added that removal of the means test would bring AFPS provision in line with that for war widow/ers in the War Pensions Scheme (WPS).

6.3 Duncan Haigh (AFPS AHd) reported that consideration of this matter was still ongoing. He explained that removal of the means test would be complex, as the effect on other public sector schemes would have to be considered and there would be retrospection issues requiring HM Treasury approval.

6.4 Duncan Haigh stated there were around 50 cases considered each year, of which about 30 were rejected. He agreed to produce a progress report on the issue ahead of the next meeting.

6.5 Ros Campbell (WWA) asked whether it was possible to obtain figures of the number of war widow/ers under the WPS who have lost their pension on remarriage.

AP01 Duncan Haigh to produce a progress report on the means test issue ahead of the next CAC meeting.

AP02 Philip Gould to seek to identify the number of war widow/ers between 1973 and 2005 who have lost their war widow/ers pension on remarriage.

Accrued Rights

7.1 Gp Capt Ian Pollitt (Future AFPS AHd) explained that HM Treasury have agreed that pension benefits earned in existing schemes up to the implementation date of the new AFPS scheme will be protected. Gp Capt Pollitt stated that those benefits will be based on final salary and rank at the point of exit. David Marsh welcomed this statement.

7.2 Gp Capt Pollitt added that an internal Defence Instruction Notice explaining accrued rights had been issued, together with a number of worked examples covering different scenarios, based on the most recent pension codes.

Commutation

8.1 Gp Capt Pollitt stated that members of AFPS 75 who leave service after the introduction of the new AFPS, and qualify for an immediate pension from the scheme will still be entitled to apply for commutation as part of their accrued rights. Details of how this would work was subject to agreement with HM Treasury.

Future AFPS Update

9.1 Gp Capt Pollitt gave an update to the Committee on the work of the Future AFPS team. He explained that the initial consultation opened on 29 March, and as of 18 April, over 3000 responses had been received to an online questionnaire. He stated that his team have continued with their extensive programme of briefings to units in the UK and abroad.

9.2 Gp Capt Pollitt outlined the future timetable, explaining that regular meetings were being held with HM Treasury on the cost ceiling for the scheme and its overall design. Gp Capt Pollitt was hopeful that a demanding deadline of late May will be met, enabling the formal publication of the Outline Scheme Design (OSD) to be made in June.

9.3 Gp Capt Pollitt stated that following publication of the OSD, a further period of consultation would take place, with final agreement thereafter, and ahead of the laying of a service pensions bill in the autumn.

9.4 Summing up, Gp Capt Pollitt spoke about the design principles for the scheme: meets operational requirements; Hutton complaint; a more affordable scheme; maintaining its relative value when compared to other schemes; and simpler and more transparent.

9.5 Minister(DPWV) asked about the responses to the consultation and presentations. Gp Capt Pollitt stated that individuals seemed well informed due to the proactive approach taken to explain the proposals. He added that different groups had different views, largely driven by their age and prospects, but he felt there was a broad consensus to the view that individuals will have to work longer before getting a pension, and that choice was important in relation to Early Departure Payments.

9.6 Minister(DPWV) thanked Gp Capt Pollitt for the update.

10. COMPENSATION ISSUES

AFCS Awareness Video

10.1 Manmeet Gill (AFCS AHd) introduced a new AFCS awareness video clip which will be added to the range of communication products developed for the scheme since the Lord Boyce review.

10.2 Manmeet Gill explained that the review had highlighted a lack of awareness, particularly amongst younger service personnel, of the scheme's existence, with many only being aware after they have been injured. She added that the DVD will be played at training events and pre-deployment briefs. A preview at Headley Court attended by younger injured personnel and social workers had met with a very positive response.

10.3 After the viewing, Minister(DPWV) agreed with the importance of communicating to younger service personnel. He thanked RBL and Combat Stress for their support in the making of the DVD.

Independent Medical Expert Group Update

11.1 Professor Sir Anthony Newman-Taylor updated the Committee on the work of the IMEG. He stated that the Group had met once since the last CAC meeting, and had

also visited Headley Court.

11.2 Professor Newman Taylor explained that the IMEG's main focus had been on mental health and hearing loss issues. On mental health he stated that the Group had reviewed relevant literature, including taking evidence from in-service consultant advisers in both psychiatry and clinical psychology. The Group would assess whether mental health disorders require a separate chapter in the compensation scheme.

11.3 On hearing loss, Professor Newman Taylor advised that the main issue was to examine the scientific evidence in respect of the thresholds applied to MOD compensation schemes. He added that of particular importance are those of young age affected by hearing loss and the lack of published studies as to the impact in later life.

11.4 Professor Newman Taylor stated that the Group expected to produce reports on these issues by the end of June.

11.5 Professor Newman Taylor stated that the visit to Headley Court enabled IMEG members to hear at first hand the concerns of injured service personnel. He added that the visit was very valuable in helping to inform future recommendations and he was struck by the courage shown and had great respect for those with very serious injuries that he had met.

11.6 Thanking Professor Newman Taylor for the update, Minister(DPWV) seconded his words on injured personnel.

11.7 Capt Kevin Hood (Pay Cols) speaking on behalf of Kim Richardson (FFF) sought assurance that the IMEG will become an established formalised body. Manmeet Gill explained that discussions with the Cabinet Office were ongoing, but as with the CAC itself, the review of the classification criteria for advisory bodies had led to a delay in resolving this. She added that a six month extension for the Group had been agreed and it was hoped that in that in the interim a permanent solution can be found.

11.8 Minister(DPWV) stated his support for the Group which provides very valuable support in examining areas of interest to the AFCS.

Post meeting note: the Minister for the Cabinet Office has written to Minister(DPWV) increasing the six month extension until the end of 2012.

AFCS Boyce Uplift Progress

12.1 Jon Parkin reported on an action he undertook at the last CAC meeting to update the group on progress SPVA have made with revisiting AFCS awards in light of the recommendations of the Boyce review. Jon Parkin stated that of over 12000 cases, just 54 remain to be completed and the June 2012 target will be met.

Impact of Welfare Reform

13.1 Minister(DPWV) explained that the Government's plans for Welfare Reform aimed to make the welfare system less complex, fairer, and more affordable. He added that there was recognition however that injured service personnel should not suffer as a result and the Armed Forces Covenant made clear that those who serve should suffer no disadvantage.

13.2 Manmeet Gill reminded the Committee that a paper had been circulated for discussion ahead of the meeting asking members for views on the principle that ex-service personnel should access the welfare system as UK citizens.

13.3 There was little support for a bespoke approach for service and ex-service personnel, and Sue Freeth (RBL) (who was unable to attend the meeting) commented in writing that this would be contrary to the principles of the Armed Forces Covenant.

13.4 Members were asked their views on ex-service personnel being reassessed for new benefits, such as Personal Independence Payments (PIP) the planned replacement for Disability Living Allowance, and the possibility that whilst the most seriously injured may be protected others may lose out.

13.5 Jerome Church (BLESMA) acknowledged that the issue was complex. He felt that whilst some younger injured personnel were managing well, their long term prospects were more uncertain. He added that in future it might be the case that those covered under the WPS, with its system of supplementary allowances covering care needs, will access advantages that AFCS claimants cannot.

13.6 Sue Freeth wrote that for the most seriously injured lifelong PIP awards should be made, but she added that it may be inevitable that some injured personnel lost out on PIP whilst others gained.

13.7 Minister(DPWV) stated that he would be meeting with Lord Freud on 1 May, primarily to discuss disregards in Universal Credit (a new benefit to be introduced next year, replacing current means tested benefits and tax credits for working age people). Minister(DPWV) stated he would take this opportunity to outline committee members' views on Welfare Reform.

Amending AFCS Tariff

14.1 Manmeet Gill explained that a paper was produced ahead of the meeting following a request from Tony Stables (COBSEO) to discuss how amendments to the AFCS tariff could be addressed.

14.2 Manmeet Gill summarised how the tariff works and that if a claim for which no appropriate descriptor exists was accepted, a temporary award was made, ahead of legislative amendment to the scheme. Manmeet Gill then added that the amendment process allowed time for consultation with interested groups, including the CAC.

14.3 Jerome Church stated that it would be useful if the process were made more formal via the Terms of Reference for the CAC, a point also made in writing by Tony Stables, in his response to the paper.

AP03 Philip Gould to issue revised Terms of Reference taking into account comments at para 4.3 above and on the AFCS tariff.

15. AOB

15.1 Ros Campbell asked if there had been any progress in respect of DWP's review of Bereavement Benefits. Manmeet Gill stated that DWP had provided assurance that those currently in receipt of Bereavement Benefits would not be affected by any changes and that following the end of their initial consultation they would be developing firmer proposals in due course.

15.2 David Marsh offered thanks to SPVA for their handling of an overpayments issue that had come to light concerning those in receipt of pension credit.

15.3 Capt Kevin Hood, on behalf of Kim Richardson, highlighted a recent spike in concerns expressed by the parents of severely injured personnel who had felt they were often isolated and left out of decision making. Kim Richardson would aim to gather more data on this issue.

15.4 Jon Parkin agreed that this was a valid point, however he cautioned that there were difficulties with regard to pension and compensation decisions, and data protection does not allow different parties to see evidence used.

16. DATE OF NEXT MEETING

16.1 The date of the next meeting will be circulated to members in due course.

Philip Gould
Secretary to the CAC
24 May 2012