



**Report of the meeting of the Public Service Pensioners' Council representatives
and HM Treasury official Paul Kirk
Friday 29 June 2012, National Union of Teachers HQ, Hamilton House**

Present: Paul Kirk, (HM Treasury, Public Service Pensions Reform Team), Andrew Morris (PSPC), John Amos (Civil Service Pensioners' Alliance), David Kippest (UNISON), Nick Kirby (PSPC), Anita Brown (PSPC).

Mr Morris explained that the meeting with the Treasury had been requested by the PSPC in order that pensioner organisations could outline their views with respect to scheme governance issues. The Treasury were consulting with the TUC on future scheme governance; the PSPC felt that it would be useful to ensure that consideration was given to pensioner representation and that the Treasury was fully aware of the activities of pensioner organisations. The PSPC had liaised with the TUC prior to requesting the meeting.

Governance Structures

Mr Kirk stated that he was a member of the team responsible for implementing policy as laid out in chapter six of the 'Hutton' Independent Public Service Pensions Commission report on public service pensions, which dealt with scheme governance. Mr Kirk confirmed that the Treasury had met with the TUC and that the TUC would soon be considering a consultation "options" paper which covered aspects such as pension boards, governance and administration. Mr Kirk stated that there would be a Public Service Pensions Bill this year. It would not be overly prescriptive, but would include a core consistent framework for public service schemes, including independent scrutiny and Pensions Boards to oversee scheme administration.

Mr Kirk said that the intention was to move towards something akin to a private sector style model of trustee arrangements adapted for the circumstances of public service schemes, although the details were still being considered. Pension Boards could be accountable to an independent regulator and the responsible Secretary of State. Duties for members of Pension Boards would have to be similar to fiduciary duties. The issue of member representation was a central issue. Mr Kirk explained that nomination or election processes had not been explored and that 'one size fits all' was not achievable.

Mr Morris outlined the history and current activities of the PSPC and its constituent member organisations which included pensioner organisations and retired member sections of trade unions, covering virtually all public service schemes. Mr Morris explained the operation of the Teachers' Pensions Action Forum (TPAF), which scrutinised the administration of the Teachers' Pension Scheme. TPAF was comprised of teacher trade union representatives, the Department for Education and Capita, who were responsible for the administration of the scheme. There were also two representatives of serving and retired members but their isolation from other members meant that largely they could only offer their own perspective. The PSPC were concerned that board trustees may find it difficult to represent or communicate with retired members if they weren't a representative of a retired member organisation/trade union or in contact with them. He concluded that representation was most effective via membership organisations.

Mr Amos agreed stating that the civil service pension scheme had pensioner representation during consultation and he felt the arrangements in place had been successful.

Mr Kippest asked if Pension Boards would need FSA approval. Mr Kirk stated that Lord Hutton had considered how boards could be overseen. It was still under consideration as to whether the Pension Regulator was the correct body to oversee scheme governance. Dr Kirby highlighted the role of regulation in making sure scheme contributions were paid on time – a concern given greater fragmentation of employers. Mr Kirk stated that the legal duties of employers within schemes would be examined.

Member Services

Mr Kippest noted that scheme administration standards varied in the LGPS as it was a national scheme individually administered by each local authority. Mr Morris noted that communication to scheme members by scheme administrators was sometimes a cause for concern. Pensioners could have different concerns and needs to those of active members which increased the importance of communication with and involving pensioner organisations. Mr Kirk agreed and stated the aim was to bring all schemes to a level standard for communication and then look to raise the standard. Mr Amos noted that career average schemes would require different administration standards such as more regular status updates for members. He stated that the civil service scheme provided a good example of communication with members. He also drew attention to the issue of management standards such as the length of time taken to resolve a query.

Mr Morris noted that the notionally funded schemes nevertheless included substantial actual member assets in the form of the various AVC schemes. Dr Kirby stated that Prudential which operated the teachers' scheme AVC contract produced jointly branded member communications with Teachers' Pensions. Mr Morris said that Prudential had a rigorous reporting regime to the DfE and teacher unions and that this was an important requirement.

Future Consultation Arrangements

Mr Kirk stated that Lord Hutton was concerned about consultation arrangements for schemes although any prospective scheme changes would have a limited effect on retired members. He stated that his concern was more about future scheme governance. Mr Morris stated that on matters relating to benefit structures etc, the PSPC like the TUC, would like arrangements to replicate collective bargaining arrangements as far as possible.

Mr Kirk summarised the discussion and concluded that he would be happy to liaise with the PSPC throughout the parliamentary process for the Public Service Pensions Bill. He would find the liaison with the PSPC a useful addition to formal procedures. He confirmed that the PSPC would be welcome to respond to the options paper once it was circulated via the TUC.

Mr Morris restated, in response, that the PSPC and its constituents covered all schemes (NHS, teachers, police officers and fire fighters) with the exception of that for the judiciary. He stated that the PSPC would submit views in writing on the consultation "options paper" but hoped it would be able to request another meeting should the necessity arise. Mr Morris emphasised that he hoped that the meeting had demonstrated that structures exist that permit representative voices from pensioner organisations to be secured.