

Summary of JCS Meeting – 2nd October 2008

Attendees:

Karen Cadman, Julia Wood, Nick Nash and Ian Bass (Secretary) (Official Side)
Alan Maloney (PCS), Neil Walsh (Prospect) and Naomi Cooke (Industrials) (Trade Union Side)

Apologies: Charles Cochrane (CCSU), Rob O'Neill (FDA), John Allison (FDA) and Jim Dawson (POA)

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| Item 1 | <u>Minutes from Previous Meeting (7th May 2008)</u> The Trade Union Side agreed the minutes of the meeting held on 7 th May 2008. |
| Item 2 | <u>Matters Arising from Minutes of Previous Meeting</u> <u>Upper Tier Ill Health Retirement – Use of Provisional Awards</u> The Official Side said they discussed the use of provisional awards with the scheme medical adviser at their annual meeting in August 2008. Provisional ill health awards were introduced as part of classic plus and premium. The scheme medical adviser said there have been no instances where they have given a provisional award and could not foresee any circumstances where it would be used in the future. The contract is currently being retendered. The use of provisional awards will be considered under the new contract. <u>Buying Added Years Whilst on a Career Break</u> At the last meeting the Official Side agreed to send out further guidance on an EPN. The Official Side confirmed EPN 224 was issued on 8 th September 2008. <u>Cost Sharing</u> At the last meeting both sides agreed to arrange a separate meeting to discuss cost sharing. The Official Side said the Cabinet Office Minister, Tom Watson, met Trade Union representatives on 16 July 2008. Following that meeting, letters have been exchanged between the Minister and the Trade Union Side. The Official Side said scheme amendments have been laid before Parliament in September 2008 to introduce a framework for cost-sharing and capping. An EPN and Pension reform newsletter #4 has now been issued and will cover cost-sharing and the introduction of the Governance Group. The Trade Union Side commented on this. |

Amendment Schemes

The Official Side confirmed an EPN will be issued shortly outlining the amendments which have been laid. This EPN has been reviewed by the Trade Union Side.

Two issues: injury benefit and compensation will be incorporated into the next amendment scheme. The injury benefit amendment was held back to give more time to ensure drafting around "pension age" was robust. Rule 1.6 of CSiBS has references to "pension age" and "retiring on age grounds" which the Official Side feels should be made consistent and tie up with revised definition.

The Official Side said that, as the Compensation scheme does not yet provide for employers to make awards to nuvos members, these should be forwarded to Civil Service Pensions. The Official Side had secured Treasury's agreement to make ex-gratia payments as a temporary measure until the new CSCS scheme is introduced.

Action – The Official Side to pass to the Trade Union Side a copy of proposed changes.

Classic Plus Members in Child Support Agency in Dudley – Contribution Issues

At the last meeting the Official Side confirmed that three members were affected by Child Support Agency's failure to tell their payroll in 2002 to increase contributions to 3.5% of salary after the members had chose to join classic plus. Two individuals are active members and the other is deferred. The active members are now paying the correct contributions at the rate of 3.5% and the Child Support Agency has agreed to pay the shortfall of employee contributions backdated to October 2002. The Trade Union Side thanked the Official Side for resolving this issue.

Voluntary Service Overseas – Rule Change VSO to Buy Added Pension

At the last meeting the Official Side agreed to commission a rule change to permit a third party to buy added pension for members who took up voluntary service overseas. The Official Side said the scheme amendment has now been laid. Guidance will be issued imminently in the PC and EPN for the amendment scheme.

The Official Side said they were making a further small adjustment as if the rule was drafted on the basis that any added pension bought by a third party would not count against the member's limit to buying added pension. The limit will in fact apply, albeit it would only affect a small number of individuals.

Opting Out

At the last meeting the Official Side agreed to write to the Trade Union Side

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| | <p>on Trade Union issues. The Trade Union Side confirmed they received the letter in May 2008.</p> <p><u>Website</u></p> <p>At the last meeting the Official Side said they intended to put the JCS minutes on their website. The Official Side said there had been problems with updating the current site and that it is currently undergoing a redesign. The new site will include the JCS minutes.</p> <p><u>CELTEC</u></p> <p>The Trade Union Side asked for an update on CELTEC. The Official Side said as far as they were aware there are no outstanding compensation payments to those affected by the CELTEC judgement.</p> <p>At the last meeting the Official Side said they intended to include in a future amendment scheme a Ministerial discretion to enable those affected by the judgement to receive PCSPS benefits if their period of “secondment” had in fact been PCSPS service. The Official Side said they were still awaiting advice from T/Sol how we address the pensions issues relating to the CELTEC judgement.</p> |
| <p>Item 3</p> | <p><u>Partial Retirement</u></p> <p>The Trade Union Side raised a concern that one employer was seemingly unaware of partial retirement and asked if this was symptomatic of a wider problem. The Official Side said they were not aware of problems with any other employers. The Official Side said Tom Watson had written to the Trade Union Side on 23rd July 2008 to say partial retirement had been well received by staff and employers and 1400 members are now working on partial retirement terms with another 750 applications in the pipeline.</p> <p>The Trade Union Side were also concerned members can only take the partial retirement option once and could this option be extended two or more times. The Official Side confirmed partial retirement can only be taken once but the member could further reduce their hours if they wished (subject to agreement with their employer). Such a reduction may affect any abatement. The Trade Union Side raised a concern that some members do not understand the abatement part of the partial retirement calculation.</p> <p>Action - The Official Side agreed this request can be recorded as an issue for future consideration.</p> <p>The Trade Union Side asked whether the abatement rules may be changed. The Official Side said relaxing abatement rules would have an effect on cost sharing. The abatement rule has a “policing” role to control costs which means no other restrictions have to be applied</p> <p>Action - The Official Side asked the Trade Union Side whether they could</p> |

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| | <p>keep a log of enquiries around partial retirement and pass to the Official Side for consideration.</p> <p>Action – The Trade Union Side asked if partial retirement could be retained on the agenda for the next JCS meeting.</p> |
| <p>Item 4</p> | <p><u>Money Purchase – Update on Issues</u></p> <p>At the last meeting the Official Side agreed to copy the Hewitt report to the Trade Union Side. This was sent on 24th June 2008. It was also agreed the Official Side would send copies of the Property Fund letters to the Trade Union Side. These were sent on 9th July 2008.</p> <p><u>Web Based Scheduling</u></p> <p>The Official Side said almost 100% of non Logica payrolls are now using this method of submitting schedules to the money purchase providers. Logica is in the 4th month of the trial and approximately 40% of employers using Logica as their payroll providers are taking part in the trial. Logica are having a consortium meeting on 3 October to discuss roll out of web based scheduling for those employers not currently taking part in the trial. So far feedback from Logica has been positive. The Official Side said they hope all payrolls would have adopted web based scheduling by the next meeting.</p> <p><u>Scottish Widows</u></p> <p>The Official Side said Scottish Widows are closing a number of funds on 13th October 2008 to rationalise their products, 4 CSAVCS funds and 1 partnership fund are affected. The Official side will be notifying CSAVCS members affected by the closures and inform them of the replacement funds recommended by Hewitt. All monies will be transferred over to the replacement funds on 13 October {note money will now transfer from 13th October}.</p> <p>Action - The Official side will share the member letter with the Trade Union Side shortly.</p> <p>The Official Side said Scottish Widows have already informed Partnership members of the replacement fund. The Official Side will be writing to members affected informing them that they may wish to consider an alternate replacement fund recommended by Hewitt as a nearer match to the closed fund.</p> <p>Action - The Official side will share the member letters with the Trade Union Side.</p> <p>The Official Side said Scottish Widows is raising the partnership annual management charge for new investors from 1 October 2008 to 0.6%, bringing them into line with other providers. Existing members will not be affected. Application forms sent out on or before 30 September 2008 and returned before the end of December 2008 will give the member the right to retain the</p> |

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| | <p>pre 1 October 2008 annual management charge of 0.37%. Scottish Widows literature is currently being amended to reflect the change.</p> <p>Scottish Widows also plan to raise the annual management charge on the CSAVCS to 0.6% from 1 January 2008; again this brings the charges in line with other providers and will not affect existing AVC investors.</p> <p>The Official Side confirmed there are no changes to the charges of the other providers.</p> <p><u>Current Financial Situation</u></p> <p>The Official Side have discussed the current financial situation with Hewitt who have no particular concerns with the security of the AVC and partnership providers. Hewitt said they will continue to monitor the situation and will give the Official Side a full report shortly.</p> <p>Action – The Official Side agreed to send the Trade Union Side a copy of Hewitt’s report.</p> <p>The Official Side said that Money Purchase issues will be included on Governance Group agendas.</p> |
| <p>Item 5</p> | <p><u>Retendering Medical Advice Contract</u></p> <p>The Official Side said four applications were received by the deadline of 26th September 2008. Visits will take place during October and the interviews/presentations will take place during November. An independent doctor and employer representative will help in assessing the bids. The final decision will be taken by end November.</p> |
| <p>Item 6</p> | <p><u>CSCS</u></p> <p><u>ET Cases</u></p> <p>At the last meeting the Official Side agreed to provide the Trade Union Side with a summary of the cases they were aware of. The Trade Union Side acknowledged receipt of the list of non-union supported cases which they are currently reviewing.</p> <p>The Official Side provided feedback on the recent ET case where the tapering of the lump sum element of CER compensation was judged unlawful, but the calculation of the enhanced pension/ACP was judged to be lawful.</p> <p>The Official Side plan to make interim changes (separate from the planned CSCS reforms) to deal with the main age discrimination issues. This will be on a cost neutral basis. There are three main strands: tapering, over age 60 and under age 50.</p> <p>The Trade Union Side asked whether tapering decision applies to inefficiency.</p> |

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| | <p>The Official Side said they didn't apply.</p> <p>The Official Side asked for an urgent meeting with the Trade Union Side to discuss proposed interim changes. The Trade Union Side agreed to this. The Official Side said they will prepare proposal within 2 weeks.</p> <p>Action – The Official Side to prepare a proposal within 2 weeks and to arrange a meeting with the Trade Union Side.</p> |
| <p>Item 7</p> | <p><u>Review of PCSPS Administration</u></p> <p>The Official Side will shortly be asking Treasury to review the Business Case. Subject to the Business Case being agreed, Permanent Secretaries will be asked to make a final decision.</p> <p>Action – The Trade Union Side requested a note so they can tell their representatives what is happening. The Official Side agreed to circulate a note.</p> |
| <p>Item 8</p> | <p><u>Any Other Business</u></p> <p><u>APACs Charging for Pension Sharing Work</u></p> <p>The Official Side said the charges APACs make for work they do for members wanting to pension share have not increased since May 2004. The APAC Board discussed the issue, agreeing they should all increase their charges from a future date. Pension sharing charges will rise in line with compound RPI accumulated from 1 June 2004 to 31 March 2008, and then automatically by RPI annually thereafter.</p> <p>A valuation date of on or after 31 March 2009 would attract the revised charge. The Trade Union Side noted the proposed change.</p> <p><u>New Entrant Issues</u></p> <p>The Official Side said a number of cases have been identified where employers have incorrectly put members into premium or classic. A HR Directors Bulletin has been issued advising HR Directors that they should check that their processes are robust for dealing with pension aspects of recruitment. The Official Side said they will be asking for greater assurance from Accounting Officers that the above action has been taken.</p> <p>The Trade Union Side asked about the scale of the problem. The Official Side said that this was an isolated problem and the majority of new entrants were being put into the correct scheme.</p> <p>The Official Side have also made APACs and St Ives aware of the problem and asked for greater care in issuing packs.</p> <p><u>Governance</u></p> |

The Official Side said they have now received nominations from both the Trade Union Side and Civil Service employers for their representatives on the Governance Group. The Group is scheduled to hold its first meeting on 21 October and will meet quarterly thereafter. Confirmation of the meeting details has been sent out on 2nd October to nominees.

Initial discussions will focus familiarisation, training and roles and responsibilities, including reporting. Hewitt will advise on actuarial issues as and when required.

Admitted Body Status

The Trade Union asked to keep this on the agenda in July 2006. They have confirmed this subject can be removed from the agenda for future meetings.

Injury Benefit for Scheduled 1 Bodies

The Trade Union Side asked whether injury benefit covers all Schedule 1 bodies. The Official Side confirmed it does.

Added Pension for Members and Dependents

The Trade Union Side said that during reform discussions they asked whether members could buy added pension for themselves or dependents and whether this could be discussed at a later date.

Action – The Official Side agreed this request can be recorded as an issue for future consideration.

Incorrect Estimates

The Trade Union Side said they were concerned about the number of incorrect estimates. The Official Side said calculations involving members with a mixture of capped and uncapped service were processed manually as Penserver couldn't do this. Also in some compensation awards the APAC was omitting previous service. The Official Side said errors were rare and said APACs were currently undertaking a big exercise in data cleansing. The Trade Union Side said they were asking members to contact their employer if they feel an error had occurred. The Official Side stressed the need for members to check their annual benefit statement.

WPS Debt 1972/1973

The Trade Union Side asked how members with a WPS debt for the contribution holiday from 1st June 1972 to 31st May 1973 could repay the debt

Action – The Official Side agreed to investigate.

CETV – Non Club Transfer

The Official Side said the law changed on 1st October 2008. For public sector schemes one regulation was introduced on 1st October and the second regulation introduced on 13th October. The Official Side has therefore decided to suspend transfer activity for the period from 1st October to 13th October 2008. An EPN and APAC letter has been issued to advertise to employers and APACs. The Official Side said this would have minimal impact.

Date of Next Meeting

The next meeting will be held on 6th May 2009.

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