

**JOINT COMMITTEE ON SUPERANNUATION  
MINUTES OF THE MEETING HELD ON 27 SEPTEMBER 2010**

**Present**

**Official Side (OS)**

Karen Cadman

Peter Spain

Sandie Woods (minutes)

**Trade Union Side (TUS)**

Alan Maloney

John Allison

Neil Walsh

Rob O'Neill

Chris Haswell

Naomi Cooke

**1. Apologies**

1.1 Apologies were received from Mike Watkins (OS).

**2. Minutes of the meeting of 25 May 2010**

2.1 The minutes were agreed.

**3. Matters arising from the meeting of 25 May 2010**

3.1 (Item 2.1, CES/CER Estimate query). OS confirmed that the CES/CER issue of PenServer using reckonable service instead of qualifying service was resolved in the April 2009 PenServer Phase 19 Release. TUS asked for confirmation that a check of all members' records was carried out to see if any other members had been affected. OS said that they would ask MyCSP for confirmation. **Action OS.**

3.2 (Item 2.2, Ill health retirement). An outstanding Action Point from the May meeting, OS were to supply TUS with the numbers on the incidence of upper and lower tier ill health retirement. OS did confirm that the recent valuation work showed that there was a 60/40 split between upper and lower. **Action OS.**

3.3 (Item 2.3, CELTEC). OS updated TUS with the CELTEC position. It had been thought that an amendment being made to deal with a separate issue would cover the CELTEC changes. However this is not now the case OS said that they would be raising the issue with HMT and will keep TUS informed. **Action OS.**

3.4 (Item 3.2, Scheme Management Board). OS had supplied TUS with details of the SMB membership. TUS asked how the non executive members had been selected. OS confirmed that the posts were advertised and the successful members had a wealth of pensions' experience. OS went on to say that the SMB was working very well.

#### **4. Pension sharing on divorce**

4.1 TUS had asked why PCSPS implemented pension sharing orders by making former spouses pension credit members instead of simply giving them a CETV. Calculation in this way meant that both the pension credit and the pension debit has an annual pension increase up to and continuing on after benefits are in payment. TUS went on to say that the scheme booklet, "*Pensions and divorce, dissolution or annulment – A brief guide for classic, classic plus, nuvos and premium members*" is not very clear on this, and it frequently came as a surprise to the debit member.

4.2 OS explained that the calculation of the benefits of a member who is subject to a pension sharing order is governed by:

- Rules of the PCSPS,
- Pension (Increase) Act 1971, and
- Welfare Reform and Pensions Act 1999

OS agreed that the information in the scheme booklet could be clearer and that they had asked MyCSP to review the wording of the leaflet. TUS asked what MyCSP's timescales were. **Action OS.**

4.3 OS said that the majority of IDR cases covering pension sharing on divorce were due to divorce lawyers not understanding the scheme rules. TUS asked for a rough number of pension sharing cases. **Action OS.**

#### **5. Partial retirement**

5.1 TUS asked what the timetable was for, the previously minuted, review of partial retirement policy. OS said that in the current circumstances this was not a priority and that any review would not be likely before 2011.

5.2 TUS mentioned that they were getting an increasing number of cases where members are being given wrong calculations and many months later receiving demands for overpayments. TUS asked if OS were satisfied that their instructions to employers are adequate. OS were unsure if this was specific to a particular employer and APAC that had had problems in the past and that these were now coming to light. TUS agreed to give specific case details so that OS could arrange for investigations. **Action TUS.**

5.3 TUS commented that the partial retirement leaflet does not mention that contribution refunds to unmarried members can in some cases impact on their pension. OS asked TUS write direct to Karen Cadman with case details. **Action TUS.**

## 6. CPI Indexation

6.1 OS confirmed that the Pensions Increase Order will be laid in January/February, but that the CPI rate will be announced by HM Treasury in mid October.

6.2 TUS asked when the suspension on processing CETVs would be lifted. OS said that the revised factors had been received, and automated calculations are on track to be up and running by the end of October. OS went on to say that they had instructed MyCSP to commence manual calculations (though issued with a health warning) for those divorce cases with an imminent court date. OS went on to confirm that club transfers remain unaffected.

6.3 TUS said that there would be a number of potential claims on contractual grounds for individual members who had taken out Added Years/Added Pension. OS said that they had no contingency plans should this happen.

6.4 TUS stated that the change to CPI impacts on nuvos members more than any others. TUS wanted to know if there had been any discussion on recalculating the accrual rate. OS said that there had not, but recommended that TUS address any questions direct to Cabinet Office Reward.

## 7. Tax Relief

7.1 OS confirmed that HM Treasury had liaised with Reward before they issued their consultation document. OS went on to confirm there were ongoing meetings with Treasury. OS has submitted some calculations showing estimated impact of the proposals and agreed to share the numbers with TUS. **Action OS.**

7.2 OS confirmed that although any changes to the annual allowance could have tax implications for Upper Tier III health, there were no immediate plans to change the scheme rules.

7.3 TUS expressed concern that the tax implications for FER/CER were not recognised in the consultation document. OS recommended that TUS write directly to Reward with any concerns that they had.

7.4 OS said that there had been talks with MyCSP about the need to communicate any tax changes and the subsequent impacts to members, especially the possibility of the need to complete a tax return.

7.5 TUS asked when HM Treasury were likely to publish their recommendations. OS said that there had been delays, and it was likely to now be the end of October.

7.6 OS informed TUS that MyCSP has just started an impact assessment of any changes, however the timing of completion is dependent upon Treasury's final recommendations. OS said that the assessment will incorporate any cost implications on administration.

## **8. Actuarial Review**

8.1 OS said that the valuation is currently on schedule, subject to getting confirmation from HMT on the impact of the change to CPI. There are two sets of assumptions, one scheme specific drawing upon experience of the scheme. The other is a HM Treasury compiled, set of common assumptions.

8.2 OS said that the Governance Group has made its initial recommendations on the scheme specific assumptions. Any final recommendations can not be sent to the Cabinet Office until the Group has had the opportunity to look at the Treasury common assumptions. The Group has to make its final submission to Cabinet Office by 28 February 2011.

8.3 TUS expressed concern regarding discount rates and how they impact upon contribution rates. OS confirmed that all scheme discount rates are set by HM Treasury, but that the scheme rules state that any changes will not affect member contribution rates.

## **9. Any other business**

9.1 TUS said that they were hearing rumours that benefit statements, in particular nuvos, were being delayed. TUS asked if this was a technical issue or tied in with the change to CPI. OS confirmed that the delays were due to a software problem and not CPI. The software problem was caused by employers/payroll suppliers attempting, incorrectly, to retrospectively amend closed year data. MyCSP wrote to employers in EPN 262 informing them of the issue. MyCSP will be writing to employers again very soon to update them on the position and remind them of their responsibility to notify members of any delays.

9.2 TUS expressed a concern regarding the number of cases where employers have moved straight to inefficiency procedures before considering ill health retirement. OS said that this is an employment matter and not pension related.

9.3 TUS asked if there was any information regarding the review ordered by Francis Maude regarding the timings of the implementation of the new delivery organisation. OS suggested that should the TUS need a formal update that they write to Phil Bartlett (MyCSP).

9.4 OS asked TUS how they thought the transition had gone so far. TUS said that they had had no queries or cases that concerned the changes.

9.5 After general discussion, OS confirmed that there would not be representatives from MyCSP at JCS meetings.

## **10. Date of next meeting**

10.1 The next meeting is planned for Tuesday 15 February in Basingstoke, though this could either be brought forward, or a further meeting held, to discuss any issues following the Hutton enquiry into public sector pensions.

10.2 It was agreed that dates would be arranged for 2011 meetings. **Action OS.**

**Cabinet Office**  
**Scheme Management Executive**  
**27 September 2010 Action Points**

<b>Action point</b>	<b>Para</b>	<b>Status</b>
OS to liaise with MyCSP to confirm that a member record trawl was carried out to ensure that no other members were affected by the PenServer error of using reckonable service instead of qualifying service.	3.1	Closed – OS to MyCSP (Paul Johnson) Mike Mordecai
OS to supply TUS with the numbers on the incidence of upper and lower tier ill health retirement.	3.2	Closed – OS to MyCSP (Eve Borsey)
OS to notify TUS of the outcome of talks with HMT regarding the status of TEC transfers.	3.3	Open – OS (Colin Hennem)
OS to tell TUS the timescales for the changes to the divorce leaflet.	4.2	Closed - OS to MyCSP (John Lawrenson)
OS to notify TUS of the numbers of pension sharing cases.	4.3	Open – OS to MyCSP (Paul Johnson) Mike Mordecai dealing
TUS to supply OS with specific case details regarding partial retirement overpayments for investigation.	5.2	Open – TUS (PCS)
TUS to write to Karen Cadman regarding their concerns about the impact contribution refunds has on partial retirement.	5.3	Open – TUS (FDA)
OS to share with TUS the numbers in the tax calculation paper submitted to HM Treasury.	7.1	Open – OS (Karen Cadman)
Dates to be arranged for the 2011 JCS meetings.	10.2	15/02/2011 Basingstoke 04/05/2011 FDA, London 25/07/2011 Basingstoke 25/10/2011 Prospect, London