

1 August 2014

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MINUTES OF THE 158th MEETING OF THE CENTRAL ADVISORY COMMITTEE ON PENSIONS AND COMPENSATION (CAC) HELD ON 16 JULY 2014

Present	Anna Soubry MP	Minister of State for Defence Personnel, Veterans and Welfare (DPWV)	Chair
	Air Cdre Garry Tunnicliffe	Head of Remuneration, MOD	
	Jon Parkin	Head of Defence Business Services Veterans UK, MOD	
	Col (Retd) Tony Phillips	Veterans Advisory & Pensions Committee (VA&PC)	
	Maj (Retd) Paul Kingham	Veterans Advisory & Pensions Committee	
	Col (Retd) Hugo Fletcher	Forces Pension Society (FPS)	
	Irene Wills	War Widows' Association (WWA)	
	Brig (Retd) Barry Le Grys	BLESMA	
	Nick Donovan	Royal British Legion (RBL)	
	Lt Col (Retd) Peter Poole	Combat Stress	
	Prof Sir Anthony Newman Taylor	Independent Medical Expert Group (IMEG)	
	Dr Anne Braidwood	CDP Senior Medical Adviser, MOD	
	Andrew Bates	Rem AFC, MOD	
	John McCullagh	Rem AFPS, MOD	
	Gp Capt Justine Morton	Rem FAFPS, MOD	
	Capt Chris Skidmore	Royal Navy Pay Colonel	
	Col John Ridge	Army Pay Colonel	
	Gp Capt Rich Paul	Royal Air Force Pay Colonel	
	Smita Mehta	Rem AFC, MOD	Observer
	Angela Owen	Rem AFC, MOD	Sec
Apologies	Maj Gen (Retd) John Moore-Bick	FPS	
	Sue Freeth	RBL	
	Cathy Walker	Naval Families Federation	
	Kim Richardson	SSAFA	

Ser	Decisions	Action
1.	Item 1 – Chairman's Opening Comments: a. Min(DPWV) welcomed members, including newcomers Irene Wills, WWA, and Barry Le Grys, BLESMA.	
2.	Item 2 – Minutes of the 157th Meeting: a. The minutes of the last meeting were approved by the Committee.	
3.	Item 3 – Matters Arising from Previous Minutes: The following actions from the last meeting on 10 December 2013 were noted: a. Pension Aggregation. Would be covered under agenda Item 4	

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	<p>b. Armed Forces Independence Payment. Would be updated at agenda Item 7</p> <p>c. Armed Forces Compensation Scheme and War Pensions Scheme statistics on the number of compensation claims received. Would be updated at agenda Item 11</p>	
4.	<p>Item 4 – Pension Aggregation:</p> <p>a. John McCullagh advised that work was progressing to finalise implementation of the change to compensate those affected by the break in service issue. It was intended to send letters to the affected group (those between Jan 11 – Dec 13) during the Summer. He was working with Veterans UK to ensure a joined-up approach to communications. The intent was that scheme members would not be any worse off. Formal confirmation of its implementation was awaited from the Treasury. Jon Parkin confirmed that Veterans UK was trying to keep a window open for those who had yet to be notified.</p>	Action: Rem AFPS to clarify communication approach.
5.	<p>Item 5 – Pensions for Life:</p> <p><u>War Widows Association</u></p> <p>a. Irene Wills (WWA) highlighted that the campaigns by War Widows Association and the Forces Pensions Society were two different campaigns. There were around 4,000 War Widows that potentially were affected by the provisions of the War Pensions Scheme (WPS). Her argument focused on the disadvantage for these widows given that their husbands had died as a result of their service.</p> <p>b. She contended that if these remaining widows were to remarry, the money recovered from them would not be additional money as there was no certainty over the timing of any re-marriage or cohabitation. John McCullagh explained that in costing the schemes actuaries had factored in that some pensions would be surrendered; therefore, there would be an additional funding requirement.</p> <p>c. Min(DPWV) said that while there had been a time previously under the occupational pension scheme that husbands could choose which pension they wished to opt for, the same could not be said of the WPS. Min(DPWV) was grateful for the arguments.</p> <p>The <u>VA&PC</u> highlighted that they fully supported the WWA case.</p> <p><u>Forces Pension Society</u></p> <p>d. Hugo Fletcher (FPS) pointed out that although the WWA had a separate case, both campaigns concern the disadvantage to widows. He made reference to the Armed Forces Covenant. He said that widows under the Armed Forces Pension Scheme (AFPS) 75 had followed the flag and in doing so were unable to follow a career of their own. He said that the literature that the MOD had issued regarding the two schemes (AFPS 75 and AFPS 05) advised that change to the new scheme (AFPS 05) might not be for all. He also argued that not all spouses would have been consulted by their partners.</p> <p>e. Min(DPWV) gave the example of the widows of policemen who were killed or injured in the line of their duty, who had to surrender their pensions on re-marriage, with no option to keep it – illustrating the retrospection risk. During the discussion a disparity emerged between</p>	Action: Rem AFPS to liaise with DBS on numbers of surrendered pensions and advise Min(DPWV).

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	<p>figures quoted by FPS and MOD for the number of scheme members who had surrendered their pensions each year on remarriage.</p> <p>f. The Minister asked officials to confirm what the legal advice said. It was noted that the Government had obtained combined legal advice from MOD and Treasury lawyers which had stated that it was not illegal to change the schemes, but that to do so could introduce different degrees of risk of challenge from other groups. Col (Retd) Fletcher said that the FPS had obtained its own legal advice. Min(DPWV) asked if FPS would share this. Col (Retd) Fletcher also discussed the recent Northern Ireland case (they had recently changed the rules for widows) and argued that the implications for the law would be same here as it was there. John McCullagh advised that Northern Ireland had had to raise their own funding locally in support of the changes.</p> <p>g. Col (Retd) Fletcher also advanced the argument that there was a MOD cost attached to administering the surrender of these pensions. He also stated that the current rules encouraged non-compliance.</p> <p>The <u>RBL</u> highlighted their support for both campaigns.</p> <p>h. Min(DPWV) informed the CAC that these campaigns were being considered at the highest level.</p>	
6.	<p>Item 6 – Armed Forces Pension Scheme 15: Governance:</p> <p>a. Gp Capt Justine Morton updated the Committee on the Pensions Governance process and the pension board rules and regulations. She briefly outlined the board construct and explained that it would be made up of an equal number of scheme and employer representatives. Advice detailing the proposed Governance structure for the Pension scheme had been submitted to the Defence Secretary. Approval should be finalised within the next couple of weeks. Air Cdre Garry Tunnicliffe confirmed that the next CAC meeting would be the last one to have responsibility for pensions. WPS was a compensation scheme and thus would remain with the CAC.</p> <p>b. The Pension calculator had been a major success, and had received an award. Benefit information statements would be provided to each active scheme members by the next CAC, which was a legislative requirement under AFPS 15.</p> <p>c. A video explaining the new Armed Forces Pension Scheme 15 had been finalised and would be available in the Autumn..</p>	
7.	<p>Item 7 – War Pension Mobility Supplement (WPMS) Update:</p> <p>a. Barry Le Grys (BLESMA) commented that the rules under the WPS lacked clarity on how to qualify for a mobility supplement. The WPS and AFCS treated lower limb amputees differently. The numbers concerned were small, being around 39 individuals. BLESMA would like to see more harmony between the War Pensions Mobility Supplement and AFCS Armed Forces Independence Payment (AFIP).</p>	

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	<p>b. Andrew Bates confirmed that Remuneration were working together with BLESMA. The considerations included the extent to which such a change would be retrospection: whether the comparison between AFIP and WPS was a like-for-like comparison; he said that Remuneration was working to conclude consideration of this by the Autumn. Min(DPWV) was keen for this work to be expedited as soon as possible.</p>	<p>Action: Remuneration AFC to advise Min(DPWV) by September.</p>
8.	<p>Item 8 – Mesothelioma Progress Report:</p> <p>a. Andrew Bates was invited to report on the progress on Mesothelioma. He outlined the cause of the disease, and how it presents itself many years after exposure and once diagnosed. The short life expectancy meant in many cases of occupational exposure the employer or his/her insurer had gone out of business. As individuals in these circumstances had no other recourse, the Government had introduced the Mesothelioma Act (2014) under which claims for compensation in the form of a lump sum could be made.</p> <p>b. Veterans were not eligible to claim a lump sum under the Mesothelioma Act because their employer was known. Veterans who were diagnosed were awarded compensation under the WPS. Widows and dependants would receive a pension under the same scheme.</p> <p>c. The Royal British Legion had written to the Minister to suggest that the lump sum paid under the Mesothelioma Act highlighted a monetary disadvantage for ex-service sufferers, especially those who were widowed, divorced or single. Min(DPWV) replied to acknowledge RBL's concerns and had asked the Department to review its statutory no-fault compensation arrangements for Mesothelioma sufferers. She also requested that IMEG advise on whether provisions of the WPS and AFCS are adequate in respect of Mesothelioma.</p> <p>d. Prof Sir Anthony Newman Taylor (IMEG) confirmed that IMEG had been approached for medical advice and a meeting had been arranged on 24 July to discuss this. He hoped to provide advice by September.</p> <p>e. Mr Bates informed CAC members that a paper was currently being prepared by officials to include this work. It would be discussed with RBL in due course. Nick Donovan (RBL) said that he was grateful for the consideration being given to the matter.</p>	
9.	<p>Item 9 – Independent Medical Expert Group (IMEG):</p> <p>a. Prof Sir Anthony Newman Taylor informed the Committee that IMEG had met three times since the last CAC meeting. Their work had included further consideration of :</p> <ul style="list-style-type: none"> - Non-freezing cold injury - Hearing loss 	

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	<ul style="list-style-type: none"> - Long term consequences of limb amputation - Recognised diseases – diabetes mellitus and testicular cancer <p>and to this had been added;</p> <ul style="list-style-type: none"> - Mesothelioma <p>b. Prof Newman Taylor informed the Committee that the IMEG website was now live and contained information on:</p> <ul style="list-style-type: none"> - Report on ‘Infectious diseases on recent deployed service’. - The new descriptors and tariff awards along with other tariff changes and footnotes recommended in the May 2013 IMEG Report and in legislation since 7 April 2014. - 2014/15 IMEG Forward Work programme and meeting agendas. <p>c. A visit to the Defence the Medical Rehabilitation Centre at Headley Court in March had been extremely helpful. The disabling effects and compensation for musculoskeletal conditions and injuries were raised, as was the functional and employability consequences of loss of limb compared with retention of a seriously damaged limb.</p> <p>d. Min(DPWV) thanked the IMEG for their work and looked forward to their further advice and recommendations.</p>	
10.	<p>Item 10 – DBS Veterans UK Update:</p> <p>a. Jon Parkin advised that the intake of AFCS claims had risen by 18% this year. Also that encouragingly processing time for WPS cases had been reduced from 19 days last year to 10 days in 2014/15 to date.</p> <p>b. He also briefed members on DBS’s Veterans UK Operational Improvements as follows :</p> <ul style="list-style-type: none"> - New helpline number and extended hours of operation - Working with Combat Stress and The Samaritans - Ombudsman services were now offered to the public - On going work to improve processes for claimants to inform DBS Vets UK when they were no longer eligible for a pension 	<p>Action: Sec to send DBS Veterans UK Operational Update to members.</p> <p><u>Afternote:</u> The report was circulated on 18 July.</p>
11.	<p>Item 11 – Any Other Business:</p> <p>a. 2015 Review of the Armed Forces Compensation Scheme: Andrew Bates updated members on the 2015 review of the Armed Forces Compensation Scheme. He reminded them that the Minister wrote to CAC in January this year to inform them of the Department’s intention to carry out the review. He thanked members for their contributions, confirming that officials were working through these. In the Autumn, the Remuneration division would be planning the resources required for the review, which it was planned would take place after the new Parliament sits.</p> <p>b. Veterans Advisory and Pensions Committee (VA&PC): Andrew Bates reminded members of the reason for the decision to change the name of the War Pension Committees to the Veterans</p>	

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	<p>Advisory and Pensions Committee, which had been made in recognition of their extended remit to incorporate both the War Pension Scheme and the Armed Forces Compensation Scheme.</p> <p>The amendment was taking longer than initially thought, as the legal basis for the War Pension Committee was linked to the Social Security Act (1989), which might require a change to the Primary Legislation. Officials were working with lawyers to implement the change via the Armed Forces Bill (2015). The name change likely would need to coincide with the introduction of the Armed Forces Act (2015), which would come into force in Autumn 2016. The VA&PC representatives said that broadly they were aware of this necessity.</p> <p>c. Indexation of Armed Forces Compensation Scheme payments: Nick Donovan said that RBL had tasked actuaries to look into indexation of payments under the AFCS to compare the position between CPI and RPI.</p>	
10.	<p>Item 10 – Date of Next Meeting:</p> <p>a. The date of the next meeting would be circulated to members in due course (probably December 2014).</p>	

Angela Owen
Secretary to the CAC