**Pensions Action Group**

**Members’ Fact Sheet**

**July 2024**

Please feel free to use any of the information below but when writing to your MP. We would prefer you do not just copy and paste the whole document as its effectiveness will be reduced if the Minister receives the same or similar letters from everyone

1) The Pensions Action Group (PAG),  is a voluntary organisation made up entirely of workers who lost their pensions due to scheme closures before 2004.

PAG represents over 120,000 ordinary workers and their dependents who, through no fault of their own, found themselves without the Defined Benefit occupational pensions that they had paid for over their working lives when their schemes closed.

It originally had nearly 150,000 members but sadly over 28,000 of these have since died, leaving their widows or widowers with a reduced amount of an already reduced pension.

2) The Government had told people that these pensions were safe and guaranteed, irrespective of whatever happened to our sponsoring companies. That proved to  be not true.

3) Some of the reasons the pension schemes failed were:

a) Their wealth had been seriously eroded by the removal of tax relief on dividends, which was accelerated by Gordon Brown who removed approximately £5billion per year from the funds. Despite Conservative pledges to do so,  this damage has not been reversed.

b) Gordon Brown reduced the Minimum Funding Requirement (MFR), against actuarial advice, resulting in companies paying less into their schemes and being allowed to operate with larger shortfalls. Effectively the MFR was worth less than 50% of a pension expectation should a scheme fail.

c) The larger MFR shortfalls had to be shown on  Company balance sheets which affected their credit ratings, leading to withdrawal of funding and banking support, and the eventual collapse of many companies, and their pensions schemes.

d) At the same time the Government was  ignoring Article 8 of the EU Insolvency Directive which would have provided a suitable safety net for any funds that closed.

4) Other important Government failings were:

a) Continuing to deny the need for a safety net even after a successful legal challenge in the European Court in Luxembourg in 2004. This left  workers whose schemes had closed between 1998 and 2004 stranded without their pensions, and in many cases, without their jobs

b) Its refusal to change its stance even after it lost a UK High Court appeal hearing and a Judicial Review.

c) Rejecting the Pensions Ombudsman  Report ‘Trusting in the Pensions Promise’ in 2006, which found the Government guilty of maladministration and recommended that redress be made.

d) Disregarding the Pensions Advisory Select Committee which recommended that restitution should be made.

5) FAS

After a strong campaign, supported by the unions, the media and many MPs the Government finally relented and introduced the Financial Assistance Scheme, followed by the Pensions Protection Fund, which now administers the FAS.

However, the initial FAS scheme was very weak and gave little, or no, help to most workers.

The PAG campaign continued and resulted in many improvements in 2007 but still fell short of what was needed

It’s headline ‘90% compensation’ has always been false, as it never included all the benefits of the retirement plans and the restrictions within FAS reduce the overall awards to less than 50% of the  expected, and paid for, pension.

Probably the biggest factor causing this is that FAS does not provide the same  indexation provisions  that  the  schemes we paid for provided.

FAS provides no indexation at all for any pre April 1997 pensionable service.

This is important as  the long serving workers in the companies which closed mostly around 2000  had served most of their years prior to 1997. The result is that FAS has left most of them with no inflation protection at all

We are not talking about rich pensioners. The average FAS  award is approximately £4500 per annum

It should also be noted that  the residual funds from our collective schemes, some £1.9billion, were quietly absorbed by the Treasury under Gordon Brown, rather than being ring fenced and invested to provide further FAS improvements.

6) The Works and Pensions Select Committee Report

On 26th March 2024  the cross-party Works & Pensions Select Committee, chaired by the former Labour Pensions Minister Sir Stephen Timms, published a report which  investigated the future of Defined Benefit Pension Schemes. It  also looked at the operations and ongoing suitability of both FAS and the PPF.

Richard Nicholl and Terry Monk, representing the members of the PAG, alongside Neil Walsh from the Prospect Union, and Roger Sainsbury from the Deprived Pensioners Association were called to give evidence to the Committee.

Unfortunately the early general election prevented any  official response to the report, despite  several positive meetings and communications with the PAG and the then Pensions Minister Paul Maynard, it now seems that the report will just gather dust unless specific action is taken.

Here is the link to the Report: <https://committees.parliament.uk/publications/44035/documents/218268/default/>

The main recommendations with regards to FAS included:

PARAGRAPH 161. Financial Assistance Scheme (FAS) members are likely to have more of their service before 1997, so are particularly likely to be affected by non-indexation of pre-1997 benefits. Any improvements for PPF members should also apply to FAS members. Given the age of many FAS members, the Government should legislate as a matter of urgency to provide indexation on FAS compensation for pre-1997 rights, where their schemes provided for this, funded by the taxpayer. The Government should review the Financial Assistance Scheme, including looking at the case for removing other discrepancies in FAS compensation, compared to the PPF, such as the continued application of the compensation cap and lack of interest on arrears.

We are now asking for the government to urgently examine this WPSC Report, and not  waste the time and taxpayer’s money that has been spent on it. Paul Maynard informed us that the DWP had been evaluating the costs of improvements to the current FAS, so that work by the DWP staff has also presumably been done and will be immediately available to the new Pensions Ministers.

The DWP has spent many millions of Pounds of taxpayers’ money over the last few years in DWP staff and legal costs trying to avoid the improvements needed to improve FAS and attempting to defend expensive Judicial Reviews.

We hope the new government will view our case positively

7) Recent Political Quotes

 Liz Kendall pledged her support for pensioners, and that of the Labour Party in her recent remarks on TV  and where she stated in her Open Letter dated 26th May 2024: *“Your pension is that foundation of your retirement and offers you stability. You have worked hard and contributed, knowing you’re your pension will be there for you in later life”.*

She added: *“With Labour, we will never put your pension or* *Britain’s finances at risk ….giving you the peace of mind you need to get on and enjoy the years ahead”.*

Pre election statement from Sir Keir Starmer

*“Your pension is the foundation of your retirement and offers you stability. You’ve worked hard and contributed, knowing your pension will be there for you in later life.*

*But after 14 years of the Tories, and the division and chaos that has ensued, the promise of security in retirement is now more precarious than ever.*

*With Labour, we will never put your pension at risk.*

*I am determined to do to Westminster what I have done to the Labour Party and drag government back into the service of working people”.*

*“I know how much Britain’s older generations have contributed to our country and the debt that is owed to them.*

*They worked hard and paid their taxes.****Always done the right thing***

*I know how much of a struggle it’s been in recent times. Prices have gone up in the shops, energy bills have rocketed and Tory tax rises mean a record number of pensioners are now paying income tax….*

*I’ll never betray Britain’s pensioners as Rishi Sunak has.*

*I will always ensure Britain’s retirees get the security and respect they deserve”.*

(Open letter to all voters, and letter to pensioners, July 2024)

Sir Keir Starmer's maiden speech in Downing Street on July 5th, as Prime Minister:

***“…people doing the right thing, working harder every day, recognised at moments like this before, yet, as soon as the cameras stop rolling, their lives are ignored. I want to say clearly to those people – not this time.”***

Members of the PAG are all working people who mostly stayed with one employer for the majority of their working lives. We all did the right thing and saved for our retirements, only to find that the safety net was not there as promised, and that the current safety net has holes in it that need repairing, and quickly!

Further information

Further background to our 22 year long campaign can be found on our website, [www.pensionstheft.org](http://www.pensionstheft.org/) and/or by reading Alex Brummer’s excellent book ‘The Great Pensions Robbery’.

Our campaign will continue until full justice is achieved.