

Written evidence submitted by AEA Technology Pension Campaign Steering Group to the Pension Services Public Bill Committee (PSB41)

Issue 1,

What Happened to us

“The people who transferred their accrued pension benefits to AEA Technology on privatisation, based on incomplete information from government, lost money as a result”.

“The former civil servants who transferred their pensions to AEA Technology (AEAT) when it was privatised were badly informed by government at the time, with some losing considerable sums, and have not been treated well in trying to get their complaints heard.”

Public Accounts Committee¹ 2023

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1. This submission is made on behalf of a group of former members of the AEA Technology Pension Scheme who have suffered significant financial loss since AEAT went into pre-pack administration in November 2012 and the pension scheme subsequently entered the PPF. Our campaign is NOT however, about PPF benefits but about the information we received, and what was omitted, to inform our pension choices at privatisation. We were allowed a window of only 40 calendar days.
 2. We now receive compensation from the PPF which is currently about 40% less than the pensions we paid for, and falling. About 1000 surviving members are affected. Some have lost well over £100,000 and their combined loss is about £100M.

“I have made it absolutely clear that the Government have no intention whatever of selling employees short. Their terms and conditions and pension rights will be fully protected.”

Richard Page MP, Atomic Energy Authority Bill, House of Commons Hansard, 2/5/1995

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3. Most employees (90%) were persuaded by government assurances and - in particular - by a *unique Note*² from the Government Actuary's Department, to transfer the benefits we had earned in the public sector with UKAEA into the new company pension scheme on privatisation in 1996.

¹ Committee of Public Accounts, AEA Technology Pension Case, HC 1005 (14 June 2023)

² Transfers from the UKAEA superannuation schemes to the AEA Technology pension scheme. Note by the Government Actuary's Department on the options available in respect of accrued UKAEA benefits. Peter Noonan November 1996

We were assured³ that if we transferred our total benefits, these would be identical to those we would have received from the UKAEA scheme² (para 2.2.4), 4.

4. We were not told that:
- while the UKAEA scheme included a Treasury-backed guarantee, the new scheme lacked an equivalent undertaking.
 - that the requirement of the Atomic Energy Authority Act 1995 that the new scheme should be 'no less favourable' than the UKAEA scheme, did not include scheme security
 - that the government would not be transferring to the AEAT pension scheme a sum equal to the employer's contribution, even though members had been told that this contribution was essential to the funding of the UKAEA scheme⁵
5. Had this occurred in the private sector, the Financial Services Ombudsman would have awarded compensation^{6,7}.

"Scheme members have raised complaints with government but have been passed from pillar to post. Nobody in government has taken overall responsibility for the case. There has been no independent review because the relevant ombudsman services have said they cannot investigate the information given to members in 1996" PAC 2023.

6. The government has repeatedly dismissed our campaign ⁸
7. Our case is not within the remit of any ombudsman⁹, so for a decade there was no independent investigation.

³ In our evidence to the National Audit Office (NAO) in 2022, we detailed the many assurances about the security of our pensions which we received from government at the time of privatisation. We also detailed the many shortcomings of the unique Government Actuary's Note which purported to outline *"the main factors to take into consideration in deciding whether or not to transfer accrued UKAEA Scheme benefits"*.

⁴ Tim Eggar MP (Minister for Energy and Industry) Second Reading of the Atomic Energy Authority Bill: HC Deb 14 March 1995 vol 256 cc699-785

⁵ We have recently submitted evidence to NAO and PAC showing that the pension sum transferred at privatisation was equal approximately to the employees' contributions up to that point. Had the proper sum been transferred into the AEAT scheme at privatisation, it would not have been in deficit in 2012 and would not have been wound up. An IFA has endorsed our evidence, but NAO's remit does not permit them to investigate 'actuarial decisions' so this point has not been independently investigated by a statutory body. Thus far, GAD has not been able to provide any justification for the reduced sum transferred.

⁶ Compensation awarded by the FoS is not subject to the Limitations Act

⁷ An experienced IFA submitted evidence to PAC⁷ (ATC0018) pointing out that *"Back then, as now, the industry regulator would insist that any differences between schemes should be clearly and simply spelled out so that any lay person could understand it. Omitting this on issues as important as scheme security is inexcusable. I could not, and still cannot see how such an omission cannot but be judged as a failure of "duty of care" towards my client."*

⁸ PHSO Letter (PA-201691/0142) from Andrew Riley to Dr Christopher Benson (17/8/2015) PHSO obliged DWP to apologise for causing confusion over who in government is responsible, but this has continued.

⁹ Ombudsmans' investigations of our case are prevented by legislative limitations to the remits of the Pensions Ombudsman and the Parliamentary Ombudsman (PHSO). However, the thorough, independent report by NAO should now be sufficient.

8. However, in 2022/23 the National Audit Office (NAO) investigated and published their factual report on AEAT Pensions¹⁰. This informed a hearing by the Public Accounts Committee (PAC).
9. PAC decided that we had received bad information from government and that we lost money as a result.¹
10. The Government's response to the PAC report was published in a Treasury Minute¹¹. They disagreed with the PAC's recommendations, describing them as 'a policy matter'.
11. On policy, the Chief Secretary to the Treasury subsequently announced on Radio 4 "*Where it's clear that compensation is required for people, the government has taken action*". Appendix 1 quotes some recent relevant government policy statements.

"The Government should report back to us by the summer recess on how it intends to ensure an adequate means of redress for AEAT pension scheme members."

Work and Pensions Committee 2024

12. The Work and Pensions Committee also investigated AEAT Pensions, and its 2024 report¹² called on the government to provide redress.
13. Despite this, DWP said in its 2025 response to the WPC report¹³ "*There are no plans to offer specific redress to AEAT members*". They gave no valid justification for this position (they simply repeated old assertions which had already been discredited by NAO, PAC and/or WPC). Our critique of the current DWP position is given in Appendix 2.
14. More information is available in accessible form at www.aeatechnologypensions.co.uk

¹⁰ Pensions transferred to AEA Technology when it was privatised (HC1169, 3rd March 2023)

¹¹ Treasury Minutes, Government Response to the Committee of Public Accounts, CP 921 (August 2023)

¹² Defined Benefit Pension Schemes (HC 144,) page 51 & Conclusions and Recommendations 23 (26 March 2024)

¹³ Defined Benefit Pension Schemes: Government Response HC 870 (April 2025)

Proposed Amendment

15. This situation can be resolved **at no cost to public finances**, as follows:
16. When the AEA Technology pension scheme entered the PPF, the PPF received £286M. After allowing for the ‘compensation’ which PPF has paid to former AEAT members, and for the returns PPF has achieved on its investments, the PPF currently holds about £500M attributable to the AEAT scheme.
17. The amount that pensioners have lost so far is about £43M (the difference between AEAT pension and PPF payments, in 2025 money). The estimated present cost (NPV) of future full payments is about £138M.
18. An amendment to the Bill could change the PPF rules in the specific, unique case of AEA Technology scheme, using a tiny part of their £14Bn reserves to:
 - Allow AEAT pension scheme members to leave the PPF, and
 - Refund the pension payments they have already lost (~£43M), ensuring that the tax treatment of the refund is fair¹⁴; and
 - Make provision for future payments equal to those promised by the AEAT pension scheme.
19. The latter could be done in a number of ways
 - Members could be permitted to rejoin the UKAEA scheme at a cost of ~£138M, or
 - A bulk annuity could be purchased, or
 - Lump sums could be paid to members
20. The total cost of these combined arrangements would be about £180M, which is much less than the £500M held by PPF and attributable to the AEAT scheme.
21. We note that
 - The PPF holds all the information needed to calculate how much each individual has lost and how much they stand to lose in the future.
 - In 2013, one year after we discovered our problem, the government introduced its “Fair Deal for Pensions”¹⁵. This “*ensures that public sector employees transferring to private sector organizations retain access to their existing public sector pension scheme*”.
 - In 2022 the government reinstated the guarantee of Atomic Weapons Establishment (AWE) pensions. That scheme has many parallels with the UKAEA and AEAT schemes.

¹⁴ Tax payable should not be greater than if the sum had been paid as annual amounts

¹⁵ PU 1571 Fair Deal for staff pensions staff transfer from central government (October 2013)

Questions

These are some questions which the Public Bill Committee could ask:

- Q1. Why not support this amendment? It has no impact on public finances. It uses a tiny proportion of PPF assets (much less than those attributable to the AEAT pension scheme), and it rights a wrong, restoring AEAT pensioners to the position they deserve to be in.
- Q2. Based on a thorough, independent investigation by NAO, two select committees have agreed that AEAT Pensioners should receive compensation for the misleading GAD advice on AEAT Pensions at privatization in 1996. Why has the Government not accepted their recommendations?
- Q3. The Chief Secretary to the Treasury recently said¹⁶ *“Where it’s clear that compensation is required for people, the government has taken action”*. Why has this not happened in this case?
- Q4. The Treasury is responsible for GAD ^{17 18}. Why not accept responsibly for GAD’s failures in this case¹⁹?
- Q5. When AWE workers were brought back under MoD management, their pension scheme was given a Crown Guarantee²⁰. Is there any reason why AEAT pensioners should not be readmitted to the UKAEA scheme?

¹⁶ See Appendix 1 A1.3

¹⁷ As explained above, GAD produced the unique, misleading and incomplete Note which informed our pension choices. In the private sector, a failure to clearly explain a change in pension security will result in an award of compensation by the financial ombudsman. Why can GAD get away with this?

¹⁸ Although GAD was portrayed to pension scheme members as ‘independent of government’, GAD played several roles for the government in the privatisation. The NAO report confirmed this.

¹⁹ Not only the misleading information on pension options in the GAD Note, but also the recommendation to keep the employer’s contributions to the UKAEA scheme, rather than transfer it to the new AEAT scheme.

²⁰ It is also relevant that in 2013, shortly after the AEA Technology scheme closed, the government introduced the “Fair Deal for Pensions” for those being privatised.

Appendix 1

Current government policy regarding compensation

- A1.1. DWP's current position is going against the express wishes of the Prime Minister, the Chief Secretary to the Treasury, and two Select Committees, by continuing to deny us the fair route to redress promised by the previous pensions minister. Their reply to the Work and Pensions select committee recommendations on AEA Technology pensions simply repeats old untruths and evasions which have already been dismissed by this committee and by the Public Accounts Committee.
- A1.2. The Prime Minister, Sir Keir Starmer, in a keynote speech on 8th July 2024 called on the civil service to *"Improve transparency and accountability - change the culture of defensiveness in the public sector that has denied families the justice they deserve - make sure the public is truly at the heart of the public sector"*.
- A1.3. On 15th January 2025 Darren Jones, Chief Secretary to the Treasury, told BBC's Today programme *"I personally have worked for many years on tackling injustice whether it's the PO scandal or others. Where it's clear that compensation is required for people, the government has taken action"*.
- A1.4. On 8th July 2025 Gareth Thomas, Minister at the Department for Business and Trade, told the Post Office Horizon enquiry *"if another such scandal happens, the Government must be set up to offer trusted redress from the very start"*
- A1.5. As the Treasury Minute¹¹ (para 2.3) on AEAT pensions stated *"the government's 2013 Fair Deal [for Pensions] policy means that the specific circumstances of this case would not happen again, as in cases of privatisation the pensions would now be expected to remain in public sector schemes."* By implication, they are saying it should not have happened to us!

Appendix 2

The DWP's current position on AEAT pensions

- A2.1. The W&P SC report "Defined Benefit Pension Schemes" states "*The Government should report back to us by the summer recess on how it intends to ensure an adequate means of redress for AEAT pension scheme members.*" (HC144 page 51; 26th March 2024)
- A2.2. In HC 870 (page 26), DWP has ignored this recommendation and the first two conclusions of the PAC report:
- *The people who transferred their accrued pension benefits to AEA Technology (AEAT) on privatisation, based on incomplete information from government, ended up losing money as a result.*
 - *AEAT pension scheme members have been passed from one part of government to another, with no department taking overall responsibility for their complaints.*
- A2.3. We note that:
- The DWP position expressed in HC870 merely repeats their evasive and misleading statements from the past, which have already been discredited by NAO, PAC and W&P SC.
 - DWP give no justification for their final statement that "*There are no plans to offer specific redress to AEAT members*"
 - In response to letters from MPs questioning the DWP's position, the current pensions minister has made further erroneous claims, and still not offered a justification.
 - The financial regulator would not allow a financial services company to behave in this way. Why should the government set lower standards for itself?
 - As DWP has said, they were not responsible for the information employees received when AEA Technology was privatised. It is not clear why they now act as spokesperson for the government. Business and Trade (formerly DTI) and the Treasury were responsible for the privatisation and for UKAEA and their Pension Scheme. The Treasury is responsible for GAD.
- A2.4. In the following tables we compare what DWP said with the facts!

A2.5. What DWP said in HC270

	What DWP said in HC270	The Facts
A	There have been various investigations over the last ten years, and complaints on this matter have been considered previously by relevant government bodies.	This is totally erroneous, as will be examined in more detail below.
B	...as well as a determination on the case brought to the Pensions Ombudsman (TPO)	<p>From bitter experience we have discovered that investigation of the AEAT pension case does not fall within the remit of any Ombudsman.</p> <ul style="list-style-type: none"> • TPO <u>refused</u> to investigate, saying it was outside their remit, on the basis of the Limitations Act (1980) long-stop timescale of 15 years, which was exceeded from privatisation in 1996 to the pre-pack administration in 2012. It was only in 2013 when we discovered that the guarantee we had been led to believe was in place for our pensions was missing. • PHSO refused to investigate, saying it was outside of their remit, on the basis that the benefits were transferred from the Public Sector, even though we did not have access to a Whitley Council.
C	Whilst it is noted that the W&PSC supported the PAC's recommendations, it will be for the response to the PAC to consider whether routes of appeal against Parliamentary and Health Service Ombudsman or TPO decisions are clearly articulated for the general public.	As from the above, the law would need to be changed for either PO or PHSO to investigate the case. A PHSO-backed attempt to do this through the mechanism of a "10 minute private members bill" by Ed Vaizey MP (2019) and David Johnston MP (2021) have consistently been blocked by Government.
D	There have been two Parliamentary Adjournment Debates, one in 2015 and another in 2016.	The two adjournment "debates" (Westminster Hall) led by Sir Geoffrey Clifton Brown (2015) and Sir Oliver Letwin (2016) were very brief and timed out by the then Pensions Ministers (Sir Steve Webb and Richard Harrington respectively) and therefore were neither complete nor conclusive.

	What DWP said in HC270	The Facts
E	The issue has also received detailed consideration by the relevant government departments.	<p>When challenged, no government department has been able to provide details of these reports considering the matter and have not been able to justify their statements in the light of our rebuttals.</p> <ul style="list-style-type: none"> • No independent investigation has ever taken place prior to the NAO in 2023 (who found in our favour). • NAO investigation and PAC hearing were clear that AEAT pensioners had received incomplete information from Government that had caused them to lose money. • The W& P select committee agreed, as did previous pensions minister, Paul Maynard MP, who instructed his officials to consult with the Cabinet office on a route for redress for AEAT pensioners.
F	The AEAT case is extremely complex and spans the responsibility of several departments. As stated in the Government response to the PAC report, this matter has been extensively investigated. There are no plans to offer specific redress to AEAT members.	<p>As stated above, the case is straightforward.</p> <p>The Government netted some £228M in 1996 from the sale, and retained some £200M from the transferred UKAEA benefits, reducing this to £148M. The DWP has been put up by the Government to “front” their responses, but has no real involvement or authority to respond.</p> <p>When we consulted a Pensions Barrister (Keith Rowley KC) in 2018, he agreed that we had a strong case, but should not pursue it because of the Limitations Act. DWP refusal to offer any redress is therefore not only immoral, but directly opposed to the PAC recommendations and a previous Minister’s agreement to devise such a means.</p>

A2.6. The pensions minister Torsten Bell subsequently replied to several MPs who wrote to him questioning the DWP response. He made a number of further incorrect statements, as follows:

	What the pensions minister said to MPs	The Facts
G	<p>Since AEAT's insolvency, scheme members have complained to various Government departments and ombudsman services including the Department for Work and Pensions, the PPF Ombudsman, the Parliamentary and Health Service Ombudsman and the Pensions Ombudsman.</p> <p>Three main areas of concern have been raised: (i) that members' concerns have not been fully investigated; (ii) that an information note provided by the Government Actuaries Department (GAD) was misleading; (iii) that the level of compensation paid by the PPF is lower than the expected value of members' pensions. None of these complaints have been upheld, even if we can all understand the disappointment felt by AEAT pensioners.</p>	<p>This statement is factually incorrect in its entirety.</p> <p>No independent investigation of the AEAT pension case was undertaken before we initiated the NAO report leading to the PAC hearing (HC1005). There were NOT ten years of investigations as the Government claims.</p> <p>The PAC report upheld our case: its first two conclusions were as quoted in our Evidence above.</p>
H	<p>The law was changed in 2013 so that people transferring from the public to the private sector retain their public sector pension by default. This means that the situation that AEAT members found themselves in will not be repeated.</p>	<p>This is irrelevant to AEAT pensioners, unless they are permitted to rejoin the UKAEA scheme, but it is a tacit admission by the Government that its previous regulations treated AEAT pensioners unfairly.</p>
J	<p>A particular area of concern raised in relation to the AEAT pension case, and indeed more generally, has been the lack of inflation protection for PPF compensation.</p>	<p>Our case is not about PPF compensation, except that it determines how much we have lost.</p>
K	<p>The minister also implied that settling our case would have implications for the public finances</p>	<p>It would cost a tiny fraction of the current PPF reserves to settle our case.</p> <p>The GAD Note, and therefore our case, is unique. It would not open the door to other claims.</p>

August 2025