

# **Submission to Pension Bill 255 to the Scrutiny Committee on behalf of myself Peter Weston**

## **Introduction**

Firstly I am very encouraged by the government's approach to making the bill a cross party issue which increases the possibility of a balanced outcome. We are at our best when we have cross party consensus. I am grateful for the opportunity to inform the Committee of the history and events of my Atos/Sema pension Scheme and the nature of my grievance.

The next sections cover my grievance and the background and brief history of the Atos/Sema Scheme. Finally I make a request that any amendment should be unambiguous for a change to provide indexation for the pre-97 element of my pension years.

## **My Grievance**

I have not been awarded a discretionary increase on the pre-97 element of my pension for 21 years. This element represents 75% of my pension from Atos/Sema. This means I have been effectively on the same terms as the Pension Protection Scheme for that period. The difference between flat pensions and indexed pensions is of the order of 25-30% over the term of the pension.

**I am requesting that there is a straightforward amendment to the current bill to provide mandatory increases for the pre-97 element of my pension.**

## **Background and History**

My investment in the pension scheme (Atos/Sema) represents a lifetime's effort. It was the largest investment I have ever made.. In Appendix A I have listed the significant events over the Scheme's history. Since Atos took responsibility for the Scheme the company has not increased the pre-97 element of pensions in payment except for an increase in 2004 under Frank Jones(CEO of UK operation), compensatory increase in 2008 due to change in Trust Deed and compensatory increase in 2017 due to switch from RPI to CPI. On all other 21 occasions, Atos has refused to grant increases requested by the Trustee.

The idea of the Scheme seemed straightforward to me. Both the company and I would contribute into a fund which upon maturity would provide my pension which I believed would cover for the effects of inflation. In practice I believe the situation has become a legal quagmire. As an example I have included a press release from the Trustee's lawyer Appendix B which demonstrates the complexities involved in the merger of my scheme with three others. It involved over 20 lawyers from the Trustee's legal team and included the release of Scottish Legal Partnerships (SLP) which had been deployed in 2014 as part payment to recover the then deficit.

It is extremely expensive to engage lawyers to even understand the legal situation. I have attached in Appendix C an article by Claire Rankin of Osborne Clarke which demonstrates the legal complexity of the situation. As Ms Rankin points out "Scheme rules are key. Whether these pensioners are at the mercy of their former employers will depend upon the scheme rules". This is my experience and was demonstrated by the change of RPI to CPI in

2017 when the Trustee agreed with Atos to change from using the RPI to CPI reducing the liabilities by 49m pounds. I had no idea in 1988 when I agreed to transfer my previous investment to the new scheme. All members of staff were encouraged to make the change with very little advice on the need to examine the Trust Deed in detail.

I am concerned about the proposal to return surplus to employers. Especially when they are in a position to optimise payments from the Scheme to members via discretionary increases. In my experience of Atos they will simply get out their financial models and decide when is the opportune moment to make a request after calculating mortality rates etc.

**Conclusion.**

It is because of my experience, over 21 years, of the legal situation that I am requesting a straightforward change granting mandatory increases to correct the unintended consequence of 1997 legislation which has resulted in significant consequences for my pension where the majority of my service was before 1997.

If the committee is interested I am happy to present orally my experience of Atos/Sema Scheme.

Thank you for considering my request.

Peter Weston  
31 August 2025

## Appendix A - Events in Atos/Sema Pension over a period of 37 Years

Year	Major Events in Sema/Schlumberger/Atos Pension Scheme
1988	New government approved scheme. There was a big internal campaign to encourage employees to join the new Scheme and I signed up. There was a previous scheme which all staff belonged to. This was formed circa 1971 and I believe was a condition of employment. All funds in previous Scheme were transferred to the New Scheme. The Scheme Rules had a indexation clause which was at the discretion of the Company for pensions in payment. This was not the case for deferred members whose linkage was linked to RPI.
1989	
1990	
1991	
1992	
1993	
1994	Sema took Pension Holiday
1995	I think that this was the first year that someone retired (Arthur Forster)
1996	Discretionary Increase Awarded
1997	Pension Act makes it law for mandatory increases for post 97 service
	Gordon Brown scrapped dividend tax credit reducing pension fund returns
	Discretionary Increase Awarded
1998	Discretionary Increase Awarded
1999	Discretionary Increase Awarded
2000	Discretionary Increase Awarded
	I retired
2001	Schlumberger acquired Sema
	Discretionary Increase Awarded
2002	Discretionary Increase Awarded

2003	Discretionary Increase awarded. Atos acquired Schlumbergersema and responsibility for Pension Scheme. As part of the process an allowance of circa 108m (amount not disclosed by either Atos or the Trustee) was negotiated for the deficit in the Scheme. Atos therefore had full knowledge of the deficit situation and thus Caveat Emptor should apply.
2004	Last discretionary increase which was approved by the UK Chief Exec, Frank Jones (deceased), who was chair of the Trustee Board
2005	Atos SE Appoints Pensions Expert to (Jean-Francois Gavanou) to manage pensions
	Trustee requests increase. Atos refuses to grant an increase
2006	Atos removes pre 97 element from Actuarial calculations. Members not informed of change.
	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
2007	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
	Closure of Scheme to future accrual. Active members consulted. Deferred and Pensioner members not consulted.
2008	Atos SE summarily sacked Leni Vincent who was the chair of the Trustee board.
	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
	New Deal' introduced for active staff members of the closed scheme. Pensioners awarded a special one-off 5% increase on their pre-97 element. Increases clause removed from deed and replaced by use augmentation clause.
2009	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
2010	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
2011	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
	Purchase of Siemens. formation of Atos 2011 pension scheme
2012	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
2013	Trustee requests increase to pre-97 element. Atos refuses to grant the

	increase
2014	Recovery plan based on SLP valued at 94m pounds. SLP based on loan note by Atos SE.
	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
2015	Trustee requests increase to pre-97 element. Atos refuses to grant the increase
2016	Trustee requests increase. Atos refuses to grant the increase
2017	Removal of trustee board including member elected trustee directors. Professional trustee company appointed as sole Trustee.
	Atos and Trustee agree on a change in the index used from RPI to CPI. Compensation awarded of 1.2% increase on post-97 pension. Reduction in deficit of 49m due to change from RPI to CPI
2018	Trustee requests increase. Atos refuses to grant the increase
2019	Trustee requests increase. Atos refuses to grant the increase
	Atos and Trustee agree to merge three funds, all in deficit, into one. This is at the request of Atos. Atos paid 198m in Worldline Shares less 157m on the surrender of the 2014 SLP. New Scheme formed Atos 2019. DEficit in Scheme after three Scheme merger 21m.
2020	Trustee requests increase. Atos refuses to grant the increase
	Atos and Trustee agree to merge fourth scheme Atos 2011 into the 2019 scheme. Atos 2011 in surplus at time of merger. 2019 in surplus after merger circa 97m pounds
2021	Trustee requests increase. Atos refuses to grant the increase
2022	Trustee requests increase. Atos refuses to grant the increase
	Actuarial Review produced. Due to parlous state of Atos finances both in the UK and SE, the Technical Provisions are amended to mean a new recovery plan is required which targets 2032 to be in balance. Deficit calculated to be 130m mainly due to changing the parameters of the Technical Provision Calculation.
2023	Trustee requests increase. Atos refuses to grant the increase
2024	Trustee requests increase. Atos refuses to grant the increase
2025	Trustee requests increase. Atos refuses to grant the increase

## **Appendix B - Press Release by CMS (Trustee's Lawyer) on the Merger of three Schemes in 2019**

International law firm CMS has advised the pension scheme trustee for global technology company, Atos, on the significant merger of three existing schemes into a new £1bn pension scheme and new funding arrangements.

The 18-month process required close collaboration between various teams who advised on contribution deferral arrangements, bank guarantees, a parent company guarantee, complex funding arrangements routed via Scottish limited partnerships and investment transition. Unusually, part of the deal also included a £198m upfront cash contribution to the new merged scheme by way of acquisition and subsequent sale of shares in a French Listed Company through another Scottish Limited Partnership.

The CMS team was led by Pensions partner Kate Richards and included a large cross-practice team including: Chris Ransom, Simon Evans, Richard Gibson, Elaine He, Alexander Waters, Tasmin Patel, Megan Davies, Alex Nicklin and Angus Maudslay (Pensions); David Day, Riz Rahman and Julia Czaplinska-Pakowska (Corporate); Alasdair Steele (Equity Capital Markets); Andrew McLean (Real Estate Finance); Colin Lawrie, Piotr Klaskala, Matt Nortcliff, Karl Bradford and Nicole Chua (FIRA); and Ash Saluja, Pippa Tasker, Tom Callaby, Nicholas Cottrell, and Lindsay Concannon (Financial Services).

Kate Richards comments: "We are delighted to have supported our longstanding client on this landmark matter. Drawing on our market-leading expertise across Pensions, Corporate, Real Estate, Funds and Financial Services, we were able to deliver a single port-of-call to the Atos trustee and complete this complicated transaction within our client's tight timescales."

Chris Martin of Independent Trustee Services Limited, trustee of the scheme said "We are delighted to have concluded the successful scheme merger and to have significantly improved the security of members' benefits. The complexity of this particularly merger goes some way beyond similar processes we have been involved with. Working with a team of the strength, depth and quality of CMS was absolutely critical to delivering a successful conclusion for all stakeholders. And it was fun too!".

## **The case for discretionary increases is becoming compelling**

Osborne Clarke's Claire Rankin explains the different forces at play when trustees and employers consider discretionary pension increases.

According to the PPF's Purple Book 2023, about 20% of schemes don't provide increases on pre-1997 excess.

This is thought to affect over 700,000 pensioners, and analysis undertaken for the Hewlett Packard Pension Association indicates that more than half a million may not have received increases for many years.

The impact has been the destruction of the buying power of their pensions – for some, by more than half.

Scheme rules are key

Whether these pensioners are at the mercy of their former employers will depend on the scheme rules.

These could be silent on increases, save for the augmentation rule, or include a power to award pension increases. Such a power could be unilateral – trustee or (more usually) employer – or joint, and it is important to examine the wording in each case.

For example, a joint power that says pensions “shall be increased... by such amount as the principal employer and the trustees shall decide” indicates that the discretion relates to the amount, and you could argue that a positive increase is expected.

Alternatively, the power may require trustees to review pensions and to seek the actuary's advice on whether an increase is appropriate – but any increase can only be awarded with the employer's agreement.

In such cases, you would expect to see evidence of annual reviews, the actuary being consulted and the trustees making proposals to and discussing them with the employer.

Unilateral trustee powers are less common than pure employer ones, but typically there will be a requirement to review the pensions and discretion over the amount of increase.

Phrases such as “increase (if any)” may raise the possibility of no increase, but the rule may also direct the decision maker to take actuarial advice and consider the scheme’s funding.

The key takeaway from such rules is that the sponsor designed the scheme to provide benefits with pension increases, but without the guarantee of a set annual increase. These increase rules were included for a reason and form part of the schemes’ design and purpose.

The award of increases should not be approached with the mindset that they are not required by legislation so there’s no need to pay them. Legislation has never provided for these pensioners, but the scheme rules do.

How should trustees approach this issue?

Trustees have fiduciary duties, in particular to act in the best interests of members. This means all members and there are likely to be different cohorts to consider.

What is clear is that trustees should do what the rules require them to do and they may be required to review these pensions at the very least. Where they have discretion to award an increase, trustees must actively consider whether or not to exercise it. It’s important to manage conflicts and come to a decision that is independent from the employer.

In exercising their power, trustees should consider the purpose of the scheme and the power they’ve been given, and make enquiries to ensure they have the relevant information.

Other relevant factors are likely to include the inflation experience, the various member categories, any relevant expectations of or representations from the pensioners concerned, the employer covenant, the employer's views and the scheme's journey plan.

The courts won't interfere with the trustees' decision unless it is one which no reasonable body of trustees could have reached. This is an irrationality test – a high bar – but to have that protection, trustees need to be able to demonstrate that they have followed a proper process.

What about employers?

Employers' duties towards scheme members are not fiduciary, but stem from employment law. They must exercise scheme powers in good faith for the purpose for which they have been given.

Unlike trustees, employers are not under an obligation to members to actively consider whether or not to exercise their powers and may take account of their own commercial interests.

Where an employer does consider exercising its power, it also must take all relevant circumstances into account and its decision must be rational. Relevant factors include the employment context and the purpose of the power, as well as the factors mentioned previously, and the employer has to weigh them all up when making its decision.

Employers are in a strong position, but how long will it be rational for employers to refuse increases to pensioners whose benefits have been seriously eroded by ongoing inflation, particularly if the scheme is fully funded or in surplus?

Employers might say that they have paid substantial deficit contributions in recent years and don't wish to increase their liabilities, particularly where a current surplus falls short of buyout funding.

But is it also relevant to consider what benefits those contributions have paid for? Would that include ongoing accrual for active members (an employer decision) or increases enjoyed by later joiners? Have older pensioners been paying the price for that and should this continue? And

should the pursuit of higher profit deprive the increase rule of its purpose?

What about the courts?

It is fair to say that case law has not been kind to pensioners. The courts and Pensions Ombudsman have given employers a good degree of protection if they have followed their rules and undertaken a proper process, but employers cannot take for granted that this trend will continue.

The case for increases is becoming more compelling. If the increase rule is to have any purpose and meaning, it is becoming a case of 'if not now, when?'.

Claire Rankin is a partner at law firm Osborne Clarke