

Note from Dr Ros Altmann

19th December 2007

Now that I have a few moments, I am writing to try to help clarify the events of the past couple of days.

Firstly, I think that this FAS deal is a very decent compromise and, quite frankly, I really did not know if we would manage to get it. It is effectively ensuring that FAS recipients will get effectively about the same as they would if the PPF had existed in 1997.

I know it is not everything you deserve - you really should have 100% plus compensation, as the Parliamentary Ombudsman said. However, it is a deal on the table now and one that I feel is at least fair in most respects. After so many years of fighting and false promises, there really has been a change of mood at the DWP. At last, we have two Ministers who are willing to take responsibility for what has happened, rather than denying responsibility, as has happened for so long. Indeed, Peter Hain and Mike O'Brien have behaved as I would have initially expected the Government to, by listening to what has happened, considering the issues and then saying 'we can't let this happen and must find a way to sort it out'. The officials at the DWP have also been far more helpful.

We could, of course, have gone on fighting for more, going through the Courts, having more vigils and demonstrations around the country and continually begging the media for more coverage but my honest view is that now is the time to call a halt. The improvements we have achieved yesterday are hugely significant:

- The FAS will now include members of ALL solvent employer schemes
- FAS payments will start from scheme pension age and anyone who is already past scheme pension age will have their payments backdated to May 2004, so they will get a lump sum of money for arrears
- Payments will rise to 90% of pension (and the concept of 'core' pension is being ditched I believe)
- There will be a tax free lump sum
- The £26,000 cap will be protected
- There will be inflation linking up to 2.5% for all post -1997 accruals
- There will be allowance for ill-health early retirement from age 60 (this is the one point that I find really difficult and will hope to get changed, but the Treasury would not agree to allowing ill-health early retirement before age 60, even with people applying on a discretionary basis!)

- Scheme assets will no longer be used to buy annuities. The assets will be taken in by the Government (£1.7bn going to the Treasury!) and the Government will underwrite the FAS payments so that you have a proper underpin to the FAS payouts.

Let's face the facts. We have fought and battled for well over 5 years and this at last recognises that you should have a proper deal, not just spin.

It is a really good set of important improvements, but obviously not perfect. It does not pay 100%. It does not pay any inflation-linking before 1997 (of course most schemes did not offer pre-97 indexation, but a few did). There is no recognition or compensation for the suffering and distress so many you have been through and there are still some issues to sort out about mechanics and logistics, but we are almost there. I do think it is a cause for real celebration.

I know you deserve more and I wish I could have achieved more for you, but the reality is that none of the Opposition parties or the media called for you to get more than PPF, so achieving that would have been almost impossible. The ECJ specifically said that the Government was not obliged to compensate 100%. The ECJ ruling said as long as people got over 50%, but they did not need to receive 100%.

Of course, the Parliamentary Ombudsman recommendations were what I believe you all should have in an ideal world, but we just don't live in an ideal world. To fight on for more years and watch more people die while waiting for justice seems to me to be unwise.

The DWP has promised to hurry through regulations and legislation to enable this to happen quickly - I think it could take a few months, but at least we know it is coming. The DWP would also like to ensure that there is no need for long consultation on these terms, so that we need the Opposition parties to agree to this. I hope that won't be a problem, because having to stick to the statutory 12-week consultation period will add a huge delay.

Of course, if payments do not start in the next few months and the DWP drags its heels on this, then we will come back with a vengeance, but for now I am willing to give the Government the benefit of the doubt and I truly believe that the DWP will do its utmost to sort this out, not string it out any longer.

The one point that needs work, the ill-health provision for people under 60, is something that I feel strongly about, but at the moment I'm exhausted and need a rest, so I will try to take this up with the DWP in the new year.

Finally I would like to pay tribute to a huge number of people (including, of course, Andrew Young) without whom this victory could never have been achieved. There are so many that by naming them all, I would risk leaving out someone inadvertently and I would hate to do that. So let me just say a huge thank you to:

- all the great leading members of PAG, all of you who came to the demonstrations, organised the newsletters, contacted MPs or media and who campaigned so tirelessly and selflessly on behalf of all the (apparently now) 140,000 people affected

- all the wonderful MPs, Peers and the PASC who supported this campaign so bravely for so long - MPs from all parties who acted often against their party political interests and in favour of justice, integrity and decency - on a cross party basis
- Many Government officials who encouraged me behind the scenes
- all the fantastic media supporters from newspaper, Pensions press, TV, radio and other publications
- The Parliamentary Ombudsman and all her office for putting together such a detailed and excellent report
- Our legal team who worked so hard on the court cases
- Saga (who supported the campaign and funded some of our demonstrations) , the Police (who were so helpful at our demos) Ronnie Sloan (who provided invaluable behind the scenes assistance on actuarial and other issues) and Alan Pollock (who was so supportive and encouraging with his ideas from the war widows campaign)

and so many others who have contributed to making this possible and keeping up the pressure. Please forgive me if I haven't mentioned you specifically.

Well done to you all, it has been a privilege to meet so many of you good people and I congratulate PAG on your bravery, honesty and tenacity in keeping together, despite the occasional major disagreements, to see this campaign through to this point.

I hope that you will all now have a really good Christmas and be able to look forward to the New year, instead of fearing it as in the past.

With my very best wishes

Dr Ros Altmann