

TERMS OF REFERENCE

Role

1. The role of the Independent Commission is to:
 - Recommend how best to fairly allocate funds provided for the Equitable Life Payments Scheme as part of the Autumn 2010 Spending Review to those persons found to have suffered relative losses as a result of accepted Government maladministration.
 - Advise on any groups/classes of persons that should be paid as a priority.
2. In providing its advice, the Commission shall have regard to the practicalities of delivering the payment scheme.
3. The Commission will have regard to the work undertaken by Sir John Chadwick on the methodology for calculating relative loss and base its allocation to policyholders on the relative loss figures provided to HM Treasury by Towers Watson.
4. The Commission may review additional evidence should this be necessary to fulfil the terms of reference, but having regard to the need to keep to the time constraints as set out in paragraph 7.
5. Subject to the following Ministerial requirements, the Commission is free to operate as it sees fit. These requirements are:
 - In the interests of the public purse, the Government will set a cap for the quantum for total payments as part of the Autumn 2010 Spending Review. The proposed allocation made by the Commission must be within this cap.
 - Means testing will not be used as a method to decide how payments are divided.
 - The Estates of deceased policyholders must be considered as part of the scheme.
 - The Commission will not consider tax implications for the purposes of its work.

Objectives

6. The primary aim of the Commission is to recommend how best to fairly allocate funds provided for the Equitable Life Payments Scheme as part of the Autumn 2010 Spending Review to those persons found to have suffered relative losses as a result of accepted Government maladministration.
7. The Commission should provide regular updates as it carries out its work in order to aid transparency and ensure that the public is kept informed of its proceedings, and to enable work on the establishment of the payment scheme to progress in parallel as far as possible.
8. The Commission should provide its final advice to the Government by the end of January 2011.

Assumptions and Evidence

9. In the interests of speed and of the public purse, the Commission should ensure that it does not unnecessarily replicate existing analysis determining relative loss.
10. It will have regard to, but need not be bound by findings on disproportionate impact carried out by Sir John Chadwick.
11. The Commission will meet with representatives of interested parties as appropriate.
12. The Commission will have regard to the impact of their recommendations on the basis of gender, age, ethnicity and disability.

Structure/ Composition

13. The Commission will comprise of three people, one of whom will act as Chair.

Interaction with Scheme Design Consultants and Actuarial Support

14. The Commission shall have at its disposal actuarial support to calculate the permutations of various scenarios for allocating payments to individual policyholders and members or trustees of group schemes. This actuarial support will consist solely of responding to the Commission's directions rather than the provision of advice.
15. The Commission shall also have access to advice provided to HM Treasury on scheme design to help understand the effect that their advice will have on the deliverability of the scheme.