

**Report on meeting with Steve Webb, Pensions Minister
17 June 2010**

Present: Frank Cooper, Neil Duncan-Jordan and Dot Gibson and one official

The points raised by the NPC are given in bold and those made by the minister are shown in italics.

The Basic State Pension, link with earnings and the National Insurance Fund

Steve Webb, Pensions Minister

- *The government is in listening mode and it was unhelpful to criticize the fact that no-one attended the recent Pensioners' Parliament in Blackpool.*
- *The NPC has an ally in government who shares a number of the NPC's aims, including raising the basic state pension and reducing the scale of means-testing, but the main focus at the moment is to decide where cuts should be made. It was therefore impossible to discuss any significant increase to the basic state pension.*
- *However, the government's decision to restore the state pension link with earnings, inflation or 2.5% (whichever is higher) in the current economic climate should be regarded as a massive achievement.*
- *The National Insurance Fund is an accounting tool rather than an actual fund. The government borrows from the fund and therefore if that money were to be used to pay for higher pensions, the government would have to raise that money from elsewhere. Once the surplus had been spent, more money would need to be found to pay for higher pensions. The government is not prepared to do this.*

NPC

- **Pensioners were disappointed and angry that someone from the government was unable to attend the recent Pensioners' Parliament.**
- **If there is a shared aim, the government should put forward a plan as to how a better state pension could be achieved over a period of time, so as to improve pensioner incomes and reduce the scale of means-testing.**
- **The NPC's policy of seeking a basic state pension set above the official poverty level is a principle which recognizes the inadequacy of the current pension and the failure and unfairness of the means-test.**
- **Even with the link with earnings restored, it will take decades for that alone to tackle the problem of an inadequate state pension. It is not unreasonable to therefore campaign for a living state pension.**
- **There are a number of ways in which an improved state pension could be funded, including through abolishing the upper earnings limit on national insurance contributions, removing tax relief on private pension contributions, using the existing surplus in the NI Fund, and re-allocating other spending.**

Future of the state pension

- **The failure of the private occupational pension system with the closure of many schemes to new and existing staff strengthened the**

case for an improved state pension system for future generations of pensioners.

- **The proposed new National Employee Savings Trust (NEST) scheme will not help millions of workers avoid means-testing in the future. At this time of economic crisis, more people were having doubts about private pension schemes. The state pension provides the only guaranteed income for pensioners and the first and most important thing is to have a decent state pension set above the poverty level.**
- *Developments in occupational pensions, including future cuts to public sector pensions, did indeed strengthen the need for an improved state pension system.*
- *The new National Employee Savings Trust (NEST) scheme would also assist up to 10m existing workers who currently have no occupational pension, but the government is unable to guarantee that the NEST would raise everyone out of the need for means-tested support when they retire. A 3 monthly review is due shortly to assess take-up figures.*
- *The government would be producing a green paper on the future of the state pension and how it relates to other issues sometime during 2011.*
- *There is a statutory link with inflation for annual increases in SERPS and graduated pension payments. Next April the basic state pension will rise by the higher of average earnings, inflation or 2.5% whereas SERPS will rise by inflation only.*

The UK Advisory Forum on Ageing

- *UK Advisory Forum on Ageing will continue, along with the previous government's "Building a Society for All Ages" programme.*
- **The NPC supports the continuation of the UK Advisory Forum on Ageing, but its membership needs reviewing to ensure proper representation of older people and the committee should have more powers to advise ministers and departments.**

Winter Fuel Allowance

- *The WFA will revert to the lower figures of £200 for households under 80s (down from £250) and to £300 (down from £400) for households over 80s. This will be done as part of measures to reduce public expenditure.*
- **The rising excess winter death figures would not be tackled by reducing the WFA. The government also needed to address the role of energy companies, in particular their ability to make vast profits at the expense of many vulnerable customers.**

The minister agreed there would be regular meetings to exchange views.