

Briefing paper for: Scrutiny Management Panel

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Fair Transitional State Pension Arrangements for 1950's Women

At a meeting of Full Council on 11 October 2016, the Notice of Motion set out below (that was proposed by Councillor Lynne Stagg and seconded by Councillor Matthew Winnington) was referred to Scrutiny Management Panel for consideration.

Make Fair Transitional State Pension Arrangements for 1950's Women

"Portsmouth City Council calls upon the Government to make fair transitional state pension arrangements for all women born on or after 6th April 1951, who have unfairly borne the burden of the increase to the State Pension Age (SPA) with lack of appropriate notification. Hundreds of thousands of women had significant pension changes imposed on them by the Pensions Acts of 1995 and 2011 with little or no personal notification of the changes. Some women had only two years notice of a six-year increase to their state pension age. Many women born in the 1950s are living in hardship. Retirement plans have been shattered with devastating consequences. Many of these women are already out of the labour market, caring for elderly relatives, providing childcare for grandchildren, or suffer discrimination in the workplace so struggle to find employment.

Women born in this decade are suffering financially. These women have worked hard, raised families and paid their tax and national insurance with the expectation that they would be financially secure when reaching 60. It is not the pension age itself that is in dispute - it is widely accepted that women and men should retire at the same time. The issue is that the rise in the women's state pension age has been too rapid and has happened without sufficient notice being given to the women affected, leaving women with no time to make alternative arrangements.

This council recognises the work done by local residents to raise this issue on behalf of the affected women in Portsmouth and the support from many unaffected residents who share this feeling of injustice.

Many MPs have backed this campaign, including Portsmouth South's Flick Drummond.

Therefore, Portsmouth City Council calls upon the Leader and the Chief Executive to write to the Government to urge them to heed the calls of the petition being delivered to Parliament today and reconsider transitional arrangements for women in Portsmouth and the rest of the UK born on or after 6th April 1951, so that women do not live in hardship due to pension changes they were not told about until it was too late to make alternative arrangements."

To assist the Scrutiny Management Panel with its deliberations and report back to Full Council, the following information is presented.

What is happening to the women's state pension age (SPA)?

The age at which women qualify for the state pension is due to rise to 65 in November 2018 and 66 by October 2020, in order to bring the ages into line with men's SPA. The intention is to increase the SPA in future to take account of everyone living longer.

This equalisation of men and women's state pension age was originally outlined in 1995, when the then Conservative Government said it planned to gradually raise the women's retirement age from 60 to 65 between 2010 and 2020.

This was followed in 2007 by a Labour announcement that both men and women would see their retirement age go up to 66 between 2024 and 2026.

But in 2011, Chancellor George Osborne brought forward the timing of both changes to 2018 and 2020 respectively, hitting women particularly hard because their increases are happening both sooner than expected and in quick succession.

According to House of Commons Library figures compiled for Labour MP and former shadow work and pensions secretary Rachel Reeves, the accelerated changes will result in a state pension loss of between £8,000 and £12,000 state pension. A table is attached at Appendix 1 to show the estimated loss.

What's being done to protest over the changes?

A respected campaign group called the 'Women Against State Pension Inequality' (Wasp) says it agrees with equalising women's and men's pension ages, but not the 'unfair' way the changes are being implemented.

It says this is happening with little or no personal notice and faster than promised, adding: "Retirement plans have been shattered with devastating consequences."

The campaign has prompted 4 parliamentary debates where Wasp called on the Government to make fair transitional arrangements for all women born on or after 6 April 1951.

What does the Government say in response?

In response to the debates, the Department for Work and Pensions said:

'The Government will not be revisiting the state pension age arrangements for women affected by the 1995 or 2011 Acts. The Government carried out extensive analysis of the impacts of bringing forward the rise when legislating for the change. The decision to amend the timetable originally set out in the bill, to cap the maximum increase at 18 months rather than two years, was informed by this analysis.'

It goes on: "The policy decision to increase women's State Pension age is designed to remove the inequality between men and women. The cost of prolonging this inequality would be several billions of pounds."

'Parliament extensively debated the issue and listened to all arguments both for and against the acceleration of the timetable to remove this inequality. The decision was approved by Parliament in 2011 and there is no new evidence to consider.'

The DWP adds that the Government has notified the women affected by the state pension age changes, saying: 'Following the 2011 changes, DWP wrote to all those directly affected to inform them of the change to their state pension age - using the address details recorded by HMRC at the time.'

And it points out that all women affected by faster equalisation will reach state pension age after the introduction of the new state pension, which will 'be more generous for many women who have historically done poorly under the current, two-tier system - largely as a result of lower average earnings and part-time working'.

In his first interview since his appointment at the Department for Work and Pensions, Richard Harrington MP, said he wanted to make "very clear" that the demands of the Waspi campaign group would not be met.

He confirmed that the Government will make no further changes to their pension age or pay them compensation.

He added that some politicians had given them "false hope", leading them to believe that their efforts may result in the Government giving them special treatment. And said "I'd like to make it very clear that the Government will be making no further changes in this field."

Next Stage

Scrutiny Management Panel is asked to consider what it wishes to report back to Full Council.