



Pensions Update 9

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Basic State Pension

From next April (2007), Retirement Pension will go up by £3.05 a week for single pensioners and by £4.85 a week for couples. When I was first elected (in 1997) the pension then was just £62.45 for a single person – from April 2007 it will be £87.30 for a single person and £139.60 for couples. That is a real terms rise of 9%, since 1997, after allowing for inflation.

Pension Credit

From April this year (2007) the Guarantee Credit of Pension Credit will rise in line with earnings, so that no single pensioner need live on less than £119.05 a week and no couple on less than £181.70 a week. In 1997, the poorest pensioners had only £68.80 per week.

The threshold for the savings element of Pension Credit will be updated, so that it remains equal to the Basic State Pension. This means that from April 2007 a typical single pensioner will now gain from Pension Credit with an income of up to £166.68 a week, while a typical couple will gain on income of up to £244.85 a week.

2.7 million pensioner households are now in receipt of Pension Credit, with an average weekly award of around £47. We are reaching more people and ensuring that they get their entitlements – over 900,000 more households receive Pension Credit than those previously in receipt of the Minimum Income Guarantee.

In Hendon, 4300 pensioner households receive Pension Credit, at an average of £64.55 per week. Those receiving Guarantee Credit (2,300 households) average £93.16 per week.

Take- up of benefits and “One Stop Shop” phone line

The work of the Pension Service means that we are reaching more people and ensuring that they are able to claim their entitlements as easily as possible. We have increased the take up of Housing Benefit and Council Tax Benefit by those claiming Pension Credits through the implementation of a new, streamlined telephone application process. More than 350 additional successful housing and council tax benefit claims have been made each week over the past year. In addition, we have contacted existing Pension Credit recipients who are not claiming Housing Benefit and Council Tax Benefit, and as a result have paid out nearly £30 million in backdated claims.

Pensioners can now call one phone number to claim Pension Credit, Housing Benefit and Council Tax Benefit, using one simple phone call. If someone calls to claim Pension Credit, they will be helped to claim Housing and Council Tax Benefit at the same time. Some pensioners could receive substantial arrears, as you can see above.

The simplified system means that Pension Credit customers will only have to provide their financial information once. They will be sent the pre-completed Council Tax form to check, sign and return to the Local Authority. This means they will no longer have to fill in a 26 page form from scratch. The income and savings information supplied for the Pension Credit application will be used for the additional benefit claims including Council Tax Benefit and Housing Benefit. Pensioners may be entitled to a rebate on what they have already paid, as their claim can be backdated for up to 12 months.

The Pension Credit Application Line is 0800 99 1234.

Winter Fuel Payments

I know that pensioners have really benefited from the Winter Fuel payments which the Labour Government first introduced for the winter of 1997/98, a payment scheme opposed by the Conservatives. The payment progressively increased to £200 per household, paid free of tax and not deducted from benefits; was extended to households with anyone over 60 living there; and to £300 for 'over 80s'.

Almost 18,000 people in Hendon get Winter Fuel payments, including 4,000 receiving the extra for 'over 80s'. By now, pensioners aged over 60 by the qualifying date (September 2006) should have received the Winter Fuel Payment of £200. Those over 80 should have received their £300.

If you believe you are entitled to a payment but have not received it, please call the payment helpline on 08459 15 15 15 or contact me at updates@hendonlabourparty.com and I will look into this for you.

The Chancellor has confirmed that the payments will continue for the rest of the current Parliament.

Cold weather payments worth £8.50 per week are also available to those on Pension Credit and other benefits, and are paid automatically during periods of particularly cold weather.

I know how many pensioners have been concerned about the increase in fuel prices over the last year. These were the result of higher prices on the world market, not because of any changes by the Government: in fact in 1997 it was this Government that reduced VAT on fuel from 8% to 5%. The Conservatives had introduced VAT and had tried to double it to 17.5%.

The good news is that due to increased supply – for example from the new gas

pipeline the Government has just completed from Norway's North Sea gas field – the wholesale prices are falling. I am concerned that energy companies, who are quick to put up the bills when the price rises, have not passed on the lower prices nearly as quickly, and this is an issue I am pursuing in Parliament.

However, this is only part of the story, as it is far better if we all can use less energy in the first place: not only is this good for the environment, it also helps keep bills down too. That's why we are helping with insulation and installing central heating.

Help with insulation and central heating installation costs: "The Warm Front" scheme.

It is estimated that there are two million pensioner homes without insulation and half a million pensioner homes without central heating.

Thousands of pensioners are already receiving free or discounted installation of central heating every month under our expanded Warm Front programme. Now we are allocating an extra £300 million to extend this support and persuade energy companies to join us in providing free or discounted insulation.

The Warm Front programme offers pensioner households on Pension Credit free installation of central heating, and all other pensioner households without central heating £300 towards the costs of installing it. The programme not only ensures older people can keep warm and healthy during the winter; it also helps keep fuel bills down – by around £300 a year.

The energy companies have matched this programme by extending free insulation for all pensioner households on Pension Credit, and offering between £125 and £175 towards the costs of insulation for all other pensioner households.

The Warm Front freephone hotline **0800 316 6011** is increasing capacity to handle a bigger volume of calls. Eligible callers receive a home visit from a warm front assessor to work out their needs, and help with immediate energy-efficiency improvements. A local approved business is selected to carry out the agreed work, and a warm front assessor follows this up with a quality check. As well as the helpline above, more details are available at www.eaga.co.uk.

The Home Heat helpline provides a single number service **0800 33 66 99** through which consumers who are on low income benefits, disabled or chronically ill are able to speak to an adviser about managing their finances and keeping warm in winter. The Home Heat helpline is funded collectively by the energy suppliers industry. Its advisers are linked directly to each energy supplier's priority care team, who are dedicated to helping vulnerable and fuel poor customers. Suppliers ensure that customers on reduced incomes get free energy efficiency measures installed in their homes, such as cavity wall insulation, loft insulation and heating systems.

Free Bus Passes: new benefits to come!

Anyone over 60 already has the right to a "Freedom Pass", for London Buses – in Hendon, over 17,000 people are eligible – but the right to use the pass only applies in London, at the moment. But this is going to change! The Labour Government has just introduced in this Parliament, the Concessionary Bus Travel Bill.

If approved by Parliament, this will mean that everyone aged 60 and over, and disabled people, will get free off-peak travel on all local buses anywhere in England from April 2008, even if outside the London area.

The Government will provide up to £250 million a year to enable around 11 million older and disabled people to take advantage of the proposed national concessionary fares scheme (This funding is in addition to £350 million that the Government provided this year, to enable the move from a half fare waiver on local bus travel for older and disabled people within their local area to a full waiver of the fare as of 1st April 2006 – the 'free' scheme as in London previously did not apply as in other parts of the country).

The Bill guarantees free bus travel for those eligible from 9.30am until 11pm on weekdays, and all day at weekends and bank holidays, across England. I think that this important development shows a clear contrast with the Conservatives, whose leader David Cameron said "free bus travel for pensioners? Certain to mean even higher council tax bills all round" (Oxford Journal, 16/03/05). Hardly a constructive approach to such an important measure. I hope you will welcome this important new extension of free pensioner travel.

In addition to the free bus pass for pensioners you may not be aware that for some time now, pensioners have also been entitled to half price long distance coach travel around the country, through the scheme devised by the Government with National Express, a scheme which I believe to be of considerable benefit to pensioners who wish to travel to visit friends or family.

Free TV Licences

The Government is continuing free television licences for the over 75's, worth £131.50 in the current year. For more information, call the TV Licensing Information Helpline on 0845 602 3334. I know this is a very welcome entitlement, from when we first introduced it! The best estimate I currently have is that almost 6,000 pensioners in Hendon have benefited from this.

Free Prescriptions and Eye Tests

If you are aged 60 or over, you can get free NHS prescriptions and eye tests. The Government reintroduced free eye tests, when we were elected in 1997, free eye tests having previously been abolished by the then outgoing Conservative Government.

In the last financial year, 24,477 people in Hendon over 60 had free eye tests, so this has proved a popular measure!

If you are in receipt of Pension Credit, you may also get free NHS dental treatment and vouchers towards the cost of spectacles or contact lenses.

To find out more, you should get the leaflet HC11 "Are you entitled to help with health costs?" from the Post Office.

Discount Driving Licence

If you are aged 70 or over, the Government has arranged for the Driver and Vehicle Licensing Agency to abolish the fee for a three year driving licence renewal entirely. The DVLA will send you a renewal form about 90 days before your old driving licence is about to expire. For more information call 0870 240 0009. Over the last couple of years, almost 3,000 licences have been issued to Hendon residents, on this basis.

Free Passports

The Government has now agreed that pensioners born before 2 September 1929 will be entitled to free passports. This is in recognition of the great contribution which that pensioner generation made to our country's freedom – nationally, 376,668 people have obtained free passports under the scheme so far.

Free Museum Admission

One of the early benefits introduced by the Government was free museum admission to pensioners, now progressively extended.

The RAF Museum, in Hendon, gives free admission to everyone – and has done so for 5 years now. This has resulted in an increase of 50% in attendances – for example many pensioners will "drop in" with grandchildren for an hour or so, entirely for free!

Hospital Stays

When we came to office, if anyone stayed in hospital longer than six weeks, then their pension would be reduced. We abolished this rule. Only after a hospital stay of over a year (which is extremely rare), are pensions reduced.

Council Tax

I know how many pensioners in Hendon have been concerned about increases in Council Tax raised by the Conservative controlled Barnet Council. The Government has set up a major review of the whole Council Tax system, with the aim of making it fairer. This is due to report in early 2007. You will recall that the Council Tax was originally brought in by the then Conservative Government as an emergency measure, to replace the discredited "Community Charge" (which was generally known as the 'Poll Tax'). Since then, the inbuilt problems with the Council Tax have become increasingly apparent and the need for root and branch reform increasingly obvious. There are no "quick fixes". It would be wrong to replace one failing system with another that also has serious weaknesses. This is why the Government set up the independent review. I send out separate updates on the progress of Council Tax reform – if you would like details please contact me via email at updates@hendonlabourparty.com and I will look into this for you. I expect that there will be major announcements about the future of Council Tax, during 2007.

The Human Rights of Older Persons in Healthcare

Age Concern's *Rights for Real* referred to estimates that about 500,000 older people were subject to abuse at any one time in the UK. The report also criticised the National Institute for Health and Clinical Excellence (NICE) for failing to take into account the human rights of older people in its draft "social value judgement" guidelines. As you may be aware, I am the Chair of Parliament's Joint Select Committee on Human Rights. I have just persuaded my colleagues that we should hold an inquiry into human rights issues arising from the treatment of older persons in hospitals and residential care, to look into these questions.

Allegations of victimisation or neglect of older people within the healthcare system, who may be particularly vulnerable to ill treatment, raise important issues. In particular, physical ill treatment or neglect of older people in healthcare or in residential care homes, raises issues about the right to respect for private life and, in severe cases, the right to freedom from inhuman and degrading treatment. The use of age as an issue in decisions about rationing of treatment drugs (such as Alzheimer's) also requires objective and reasonable justification.

My Committee will consider how human rights principles could be applied, by healthcare providers and inspection bodies alike, to ensure that older people are treated with greater dignity and respect when being cared for. I expect that we will start witness hearings in March, with the aim of producing a report in the summer.

Remembrance Travel Service

The Government has made significant financial help available to the Royal British Legion's Remembrance Travel Service, which helps war widows travel to visit the graves of their lost husbands, as part of a group sponsored by the Legion.

The "Heroes Return" scheme also makes provision for former service personnel who wish to visit the countries where they served.

Please let me know if you would like more details of these schemes.

Veterans' Badge Eligibility extension

As you know, I believe it is very important that we recognise and support our veterans.

That is why I was so pleased to hear that the UK's first Veterans' Day was held on June 27th last year. It will be a special opportunity each year to thank veterans for the contribution they have made to life in this country.

I am also pleased to be able to tell you that also from June 27th last year, the Government extended eligibility for the Veterans' Badge to all those who served in our armed forces at any time up to the end of 1959. For the first time, those who served during the Suez conflict of 1956 will be eligible. I was pleased to present a Veterans' Badge to a Suez campaign veteran, at Edgware Royal British Legion, last autumn.

I would also like to take this opportunity to remind you that the Veterans' Badge is still available to everybody who served in the UK armed forces in World War II, and to widows/widowers in receipt of a war pension.

If you have not yet applied for your badge and would like to do so, please contact the Veterans Agency as follows:

Free Helpline: 0800 169 2277

Email: help@veteransagency.gsi.gov.uk

Write to:
Graham Taylor, Veterans Badge
Office, Room 6108, Tomlinson House,
Norcross, Blackpool, FY5 3WP

You can also download an application form by visiting www.veteransagency.mod.uk/vets_badge/vets_badge.htm

Other Veteran Affairs

I continue to take a keen interest in problems and concerns affecting former service personnel and their family. I was part of the successful campaign for a medal (or clasp) for the veterans of the Suez campaign, and for the badge emblem awarded, to those who served on the Arctic Convoys.

I am also Chairman of the All Party House of Commons Group, pressing for justice for civilian prisoners of the Japanese in World War II. We secured a major breakthrough in the autumn, with the extension of the scheme to about 600 extra people.

I am in regular contact with our local Royal British Legion, always taking on a "shift" selling poppies in the lead up to Remembrance Day. For me, it is of great importance that I make sure that I attend the annual local Remembrance Day Ceremony and Parade, alternating between the War Memorials in Hendon and Edgware.

I also work closely with AJEX, attending their remembrance services. The AJEX museum is now located in the constituency: well worth a visit, which I repeated myself last December!

The Pensions Bill

The Pensions Bill builds on the widely welcomed work of the Pensions Commission, chaired by Lord Turner. Their reports concluded that while there is no pensioner's crisis for today's pensioners, without action now tomorrow's pensioners would be relatively worse off as a result of demographic changes and under-saving for their retirement.

The Bill will improve coverage of the State Pension system, and make the system more simple and sustainable.

This Bill will bring significant improvements especially for women's state pensions. Around three quarters of women reaching State Pension Age in 2010 are expected to have full State Pension under our reforms, compared to around half without the reform. Further, a woman who works or has caring responsibilities for a reasonably full working life could build up a state pension of around £135 a week in her own right – £20 more than the Pension Credit standard minimum guarantee.

These reforms will remove the current discrimination in state pensions, reducing the income gap in retirement between men and women.

In summary the measures in the Bill include:

- relinking the uprating of the basic State Pension to average earnings. Previously introduced by Labour in the 1970s and abolished by the Conservatives under Mrs Thatcher, we intend to meet the long-standing pensioners' demand to relink the pension to earnings. Our objective is to do this in 2012, but in any event by the end of the next Parliament at the latest.
- reducing the number of years' contributions needed to qualify for a full Category A or B pension, from 44 years for a man and 39 years for a woman to 30 qualifying years for both men and women, from 6th April 2010. The effect of this change is a very significant improvement in coverage of the basic state pension, particularly for women who usually have much shorter contribution records, because traditionally they have taken more time away from work than men to fulfil various caring roles. According to the Government's assessment, the

effect of this reform will be to increase the proportion of women reaching State Pension age entitled to a full basic State Pension from around 30% now, to around 75% in 2010 and to over 90% in 2025.

- providing for contributions credits which would allow a parent, a registered foster parent or a carer reaching state pension age from 6 April 2010 to build up an entitlement to a basic state pension. The purpose is to improve the prospects of those who currently find it harder to build entitlement to the basic state pension. The Government estimate 120,000 people, including 85,000 women, will gain credits for basic State Pension in 2010 as a result of the new Carers' Credit.
- simplifying the State Second Pension by replacing the flat-rate element with a fixed amount worth £1.40 a week on top of the basic state pension, for each year of working or caring. This amount will be revalued in earnings terms during the working life and then uprated by prices when in payment.
- providing for State Pension age to increase by one year per decade between 2020 and 2050, with each change phased in over two consecutive years in each decade. The first increase, from 65 to 66, will be phased between April 2024 and April 2026.

Future Pensions: Personal Accounts

The biggest problem we've got in our pension system are the millions of workers who are not saving at all, or not enough for their retirement. We have got to overcome the barriers that stop people from saving. There are nine million workers in Britain today who are working in companies that don't have an occupational pension scheme, so if those workers want to save they've got to take out

a personal pension plan without an employer contribution.

Now, we are going to give every worker in Britain, through these new reforms, the right to receive a contribution from their employer towards an occupational pension scheme. Personal accounts will give millions of people an easy way to save and the guaranteed right to a contribution from their employer to boost the value of their pension pot. To kick start a new savings culture in the UK, around 10 million people will be automatically enrolled into personal accounts.

Personal accounts will take the pain out of saving. People will automatically be enrolled which means the only decision they will have to make is whether to opt out. Employees will see their saving matched £1 for £1 by a combination of contributions from their employer and the Government.

The employee will put in a minimum of 4% of their salary, the employer a minimum of 3% and 1% comes from the Government in tax relief. For the first time ever, all employers will have to contribute to a pension for their employees.

The benefits of an occupational pension scheme will be extended to millions of people who have never had access to them before. In addition, just under a million people will be automatically enrolled into an existing employer scheme.

The Government anticipate that around 6-10 million people will save for their retirement in personal accounts, paying in annual contributions of around £38 billion.

The Pensions Bill paves the way for personal accounts by establishing a delivery authority, to enable the start of the process. The delivery authority will utilise high calibre experts with experience of business and financial services. The establishment of a delivery authority at arm's length from Government and with private sector

expertise has been widely welcomed as the best way to take forward the work needed to develop a system of personal accounts.

Pensions and pensioner poverty: progress so far

By targeting resources on the least well off pensioners, we have succeeded in lifting nearly 2 million pensioners out of absolute poverty and 1 million out of relative poverty – nearly 3 million in total. We are now spending almost £11 billion extra each year on pensioners, with almost half of the extra spending going to the poorest third. If we had instead merely increased the Basic State Pension in line with earnings, then just over a quarter of that extra spending would have gone to the poorest third – who would have been £30 a week worse off than they are as a result of the actions we have taken. Now, we are taking forward the commitment to restore the earnings link, as I mentioned above.

On average, pensioner households from April 2007 will have an income of £1,450 a year more in real terms than they would have had under the 1997 system – with the least well off third of households having £2,100 a year more.

We have now reached the unprecedented position where pensioners are no more likely to be poor than any other group in society – a particularly remarkable achievement after a period in which earnings have grown substantially, due to the stability and steady growth we have enjoyed in the economy since 1997.

I hope you've found this update of interest, but if you have any questions or comments, please do not hesitate to get in touch.