Public Service Pensioners' Council

c/o Civil Service Pensioners' Alliance, Grosvenor House, 125 High Street, Croydon, CR0 9XP
Telephone: 020 8688 8418 Fax: 020 8760 9806
www.publicservicepensioners.org.uk

Olivia Crabtree
Clerk to the Committee
Intergenerational Fairness and Provision Committee
House of Lords
London SW1A 0PW

18 July 2019

Dear Olivia

1. I write on behalf of the Public Service Pensioners' Council (PSPC) in response to the Intergenerational Fairness and Provision Committee's report `Tackling Intergenerational Unfairness' published on 25 April. As you know, PSPC submitted evidence to the Committee's Inquiry and wishes to respond to the recommendations of the report relating to age-related benefits and taxation policy.

2. We are deeply disappointed at some of the key recommendations of the Committee in relation to withdrawal or dilution of various age-related benefits, specifically the recommendations to:-

- Remove the Triple-Lock mechanism for uprating State Pensions, and instead uprate the State Pension in line with average earnings;
- Phase out free TV Licences based on age (a recommendation made before the BBC's announcement of 10 June to restrict the concession only to over-75`s who are claiming pension credits);
- Restrict availability of free bus passes and Winter Fuel payments so that they would only be available five years after eligibility for the State Pension (which would in effect mean waiting until age 73 based on the planned increase in the state pension age to 68);
- Levy National Insurance Contributions for pensioners who continue to work after State Pension Age.

3. All of these measures would have the effect of increasing pensioner poverty, despite recent evidence published by the House of Commons library (*HoC Research Briefing SNO 7096*) showing that 2.1 million pensioners are living below the poverty line using the Government's own definition of poverty. It is difficult to see the benefit to younger people of simply making pensioners poorer.

4. The Report fails to recognise the positive contribution that pensioners make to the economy, through volunteering; unpaid caring for loved ones; and providing free childcare for grandchildren in order that their own children can be economically active in the workplace. Recent analysis by Age UK highlights that older people contribute £160billion annually to the UK economy, including £7.7billion through informal (unpaid) child-care; £95billion providing care for sick or elderly loved ones who otherwise would depend on the NHS or social care; and £2.7billion unpaid volunteering in local communities. The underlying assumption in the report adds to the myth that pensioners are seen as a drain on public resources, rather than as active people making a positive contribution to society and the economy.

5. In relation to the recommendation to remove the triple-lock for uprating the State Pension, it is important to recognise that the measure was introduced in 2010 because of the long term deterioration in the value of the State Pension relative to average earnings. This arose from the decision taken in 1980 to break the link with earnings. Had that earnings link remained up to the date when the triple-lock was introduced, the single State Pension would have been over 60% higher at £161.30 per week rather than £97.65 in 2010.

6. The reason we have a range of universal benefits for pensioners arises from an accepted understanding that in the UK the State Pension is a much lower proportion of average earnings compared to other developed countries. Official OECD figures published in 2017 highlighted that the UK State Pension as a proportion of average earnings is at the bottom of a league table of 32 industrialised countries. In the UK the basic State Pension was 29% of average earnings compared to the average of 63% in other countries.

7. An over-riding concern we have with the report is that it fails to take account of the inequality within generations, and instead only focuses on intergenerational differences. It is wrong to assume that everyone in a particular generation experiences the same economic challenges. Just as there are income and wealth differences between pensioners in the same generations, it is equally true that many young people today do not face the economic challenges of owning their home or are facing insecurity in employment. It is therefore important to understand the differences within each generation in order to make informed recommendations for a whole generation of pensioners.

8. In making the above comments the PSPC acknowledges some of the practical and positive recommendations in the report in relation to: addressing housing problems for young people; improving opportunities for lifelong learning; encouraging best practice to improve earnings growth; and extending employment rights to those with employment insecurity working in the so called `gig` economy. We do see considerable merits in those recommendations. However we reiterate that the damaging recommendations that are made in relation to pensioner benefits and taxation will not in any way improve the position of young people, and indeed will ensure continuation of pensioner poverty for generations to come.

9. We would welcome the opportunity to meet with the Committee to discuss the report`s conclusions and recommendations.

Yours sincerely

David Luxton

David Luxton
General Secretary
Public Service Pensioners` Council