

Report to: **Lead Cabinet Member for Resources**

Date: **15 September 2016**

By: **Chief Operating Officer**

Title of report: **Notice of Motion: Make Fair Transitional Pension Arrangements for 1950's Women**

Purpose of report: **To consider the Notice of Motion by Councillor Shing and Councillor Glazier regarding the proposal that the Council calls upon the Government to reconsider transitional arrangements for women born on or after 6 April 1951**

RECOMMENDATION: The Lead Member is recommended to recommend that the County Council:

- i) notes this report;**
- ii) agrees the motion as written, and**
- iii) agrees that a letter supporting this motion is sent to the Government, signed by Councillor Glazier and Councillor Shing.**

1 Background Information

- 1.1 The following Notice of Motion has been submitted by Councillor Shing and Councillor Glazier:
- “The Council calls upon the Government to make fair transitional state pension arrangements for all women born on or after 6 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/no/personal notification of the changes. 33,000 women in East Sussex could potentially have been affected by these changes. Some women had only two years notice of a six-year increase to their state pension age.
- Many women born in the 1950's are living in hardship. Retirement plans have been disrupted 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.
- The Council calls upon the Government to reconsider transitional arrangements for women born on or after 6 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.”
- 1.2 In line with the Council's practice the matter has been referred by the Chairman to the Lead Cabinet Member for Resources for consideration to assist and provide information to the County Council and help inform the debate. The Lead Member's decision will be reported to the County Council at its next meeting on 18 October 2016.
- 1.3 This issue has been debated on several occasions in both the House of Commons and the House of Lords.

2. Supporting Information

Increases in Pension Age

- 2.1 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 it into line with men's and take account of increased life expectancy rates. This aim was first outlined in The Pensions Act 1995 which set out plans for women's state pension age (SPA) to gradually increase to 65 between April 2010 and April 2020. In 2007, the Government

announced that both men and women would see their retirement age go up to 66 between 2024 and 2026. However, the Pensions Act 2011 brought forward the timing of both changes to 2018 and 2020 respectively, meaning that women's SPA will increase more quickly than originally envisaged.

2.2 From the 1940s until April 2010, the SPA was 60 for women and 65 for men. Following the changes under the 1995 and 2011 Acts, the SPA for women born between 6 April 1950 and 5 October 1954 will increase as follows:

- women born between 6 April 1950 and 5 April 1953 have an SPA of between 60 and 63. They will reach SPA by March 2016;
- women born between 6 April 1953 and 5 December 1953 have an SPA of between 63 and 65. They will reach SPA by November 2018, and
- men and women born between 6 December 1953 and 5 October 1954 have an SPA of between 65 and 66. They will reach SPA by September 2020.

2.3 As a consequence of these changes the age at which women born during this period can draw their pension is rising by up to six years from when they had expected to retire. Attached at Appendix 1 is a copy of the 'State Pension Age Timetables'.

Notification of the SPA Increase

2.4 Of particular concern is the way in which the women affected by these changes were notified. The Department for Work and Pensions (DWP) has confirmed that letters were not issued until April 2009, nearly 14 years after the law was passed in 1995. Responding to a Freedom of Information request, the DWP stated that some women did not find out until they were 59 that their SPA of 60 had been delayed. As a consequence, some women received one year's notice of up to a six-year increase in their state pension age. Further, some women didn't receive any notification as letters were sent 'using the address details recorded by HMRC at the time'.

2.5 The Government's latest plan for renewing and increasing state pension age was published in December 2013. It set out the principle that people should spend no more than a third of their adult life (measured from age 20) on the state pension. A review would be held once every five years to work out what the state pension age should be. It also promised "The review will seek to give individuals affected by changes to their SPA at least 10 years notice".

3. Conclusion and Reasons for Recommendations

3.1 It is clear that as a consequence of the 1995 and 2011 Pensions Acts, women born in the 1950s will have to wait longer to draw their state pension. The age at which they can draw their pension is rising by up to six years from when they had expected to retire. Furthermore, many did not receive letters notifying them of these changes and in any event, even those that did received very little notice. Accordingly, the women affected report that this has had a significant impact on their financial plans for retirement.

3.2 The Government has responded that it will not be revisiting the SPA arrangements for women affected by the 1995 and/or 2011 Acts. It notes that the policy decision to increase women's SPA is designed to remove the inequality between men and women and that the cost of prolonging this inequality would be several billions of pounds. Parliament extensively debated the issues and the decision was approved by Parliament in 2011.

3.3 Set against this background, the Lead Member is recommended to recommend to the County Council that it:

- i) notes this report;
- ii) agrees the motion as written, and
- iii) agrees that a letter supporting this motion is sent to the Government, signed by Councillor Glazier and Councillor Shing.

KEVIN FOSTER
Chief Operating Officer

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