

SUBJECT

MEETING BETWEEN THE PRIME MINISTER AND THE NATIONAL
PENSIONERS' CONVENTION STEERING COMMITTEE, HELD AT
1545 ON THURSDAY 18 FEBRUARY 1982, IN THE PRIME MINISTER'S
ROOM AT THE HOUSE OF COMMONS

Present:

Prime Minister
Mr Hugh Rossi,
Minister of State, DHSS
Mr I. Gow
Mr. B. Ingham
Mr. W. Rickett

Mr Norman Willis
Chairman, Steering Committee
Mr Jack Jones
President, TGWU
Mr. Fred Baker
Gen. Sec. of the British Pensioners
Action Committee
Mrs Miriam Crook
Editor of Pensioners Voice
Mr George Massey
Gen. Sec., Nat. Fed. of Post Office
and British Telecom Pensioners
Mr Will Paynter
Chairman of the London Joint Councils
of Senior Citizens
Mr P. Jacques
Secretary, Steering Committee
Mr R. Macdonald
President, Scottish Old Age
Pensioners Association

Mr. Willis opened by saying that his delegation had just come from the Third National Pensioners' Convention. Seven hundred delegates representing 9m. pensioners had been present. They had all endorsed the "Declaration of Intent" that had been sent to the Prime Minister. He felt the demands in the Declaration were supported by pensioners throughout the country; they had certainly won the total support of the Convention. There were three demands in the Declaration which he wanted to underline.

/First,

First, it was essential to maintain the living standards of the elderly; the Government had not done so; they had broken the earlier link between pensions and earnings to reduce the cost of pensions, and this was an injustice. This injustice had been aggravated by the 2 per cent shortfall in last year's uprating. He recognised this would be made good in November, but the current rate of inflation made early action imperative. There should be more frequent upratings; the administrative difficulties could surely be overcome. Second, the Convention attached great importance to their call for an immediate commitment to a pension level of not less than one-half of gross average earnings for a married couple, and not less than one-third of gross average earnings for a single person. These pension levels should subsequently be uprated in line with increases in earnings or prices, whichever proved the greater. The third point he wished to underline was the need to do something about standing charges for gas and electricity. Since April 1979 the standing charge for gas had increased by 300 per cent, and for electricity by 80 per cent.

Mr. Jones endorsed the points made by Mr. Willis. He commented that six-monthly uprating of pensions was standard practice in Denmark, France, The Netherlands, Belgium and Italy; in Canada, upratings were carried out quarterly. In his view, standing charges were not only a problem for gas and electricity, but also for water and telephones. For many old people, the telephone was the only way of avoiding total isolation. In this respect, there was also a crying need for a national free transport scheme for retired people. Some areas already had concessionary travel schemes, and the differences between areas was a source of great resentment among the elderly. The Republic of Ireland provided concessions for pensioners on bus, rail, ferry, television, and telephone charges; it was hard to see why we could not do the same. He understood the Government were no longer collecting statistics on concessionary travel schemes; this showed their lack of concern.

/Mr Jones

Mr. Jones went on to say that he understood Ministers were considering making the provision of death grant more selective. He wished to put on record the Convention's view that means testing the death grant, coming as it did at a time of bereavement, would be a serious mistake. In his view, the death grant should be increased to £190, to maintain its value in real terms. The same should be done for the Christmas bonus, which was not only a mark of respect for the elderly, but also a way of helping them to meet the extra costs of the Christmas season, especially for fuel.

The Prime Minister thanked Mr. Willis and Mr. Jones for the reasonable way in which they had presented their case. She wished to make a general remark on the proposals put to her. It was important to remember that financial assistance for the retired population had to be met largely from the income of the working population, either in the form of national insurance contributions or in taxation. There were now almost 10½m. pensioners. This figure would increase. The Government was committed to supporting 1m. young unemployed in training. The burden on the working population was already very large. Fairness and equity argued that it could not be increased.

The Prime Minister went on to say that she had looked at the proposals in the "Declaration of Intent", and had calculated what they would cost. In particular, she had worked out what the demand for a new state pension scheme, tied to average earnings, would cost in terms of increased national insurance contributions. She read out the figures in the table attached at Annex A. In her view, these increases in national insurance contributions would be quite unacceptable to the working population.

Turning to the specific points made by Mr. Jones and Mr. Willis, the Prime Minister said that she could not agree to the six-monthly upratings of pensions. She had not studied the practice in other countries, but successive UK Governments had always found it too costly to uprate pensions more than once a year. For example,

a full uprating in April additional to the normal November uprating would add £150m. to uprating costs in 1982/83 for each 1 per cent brought forward. The Government were committed to uprating pensions in line with price inflation, and Ministers did not intend to move to a system of uprating pensions in line with earnings. On assistance for heating costs, the Prime Minister said that in 1980 fuel additions were increased well ahead of fuel price rises to their highest ever real value. The Government was now spending over £250m. a year to help poor fuel consumers. Of this, £180m. was going to pensioners. To extend the scheme to all pensioner households would cost an extra £380m. But already over 2m. families were now getting extra help with their fuel bills. On transport concessions, it was important to remember that the recipients often had to pay a price in terms of increased rates, since they were not all recipients of rate rebates.

/Mr Willis

Mr. Willis then asked the Prime Minister whether there was anything in the pensioners' Declaration of Intent that the Government could agree to implement. In reply, the Prime Minister said that the Government's record on assisting pensioners was already good. The Government would honour its commitment to uprate pensions in November. The announcement of the estimates of inflation that would be used in the uprating would be made in the budget. There would soon be a statement on the death grant, and here the crucial decision was whether to be more selective, or to increase National Insurance contributions. The Government had paid a Christmas bonus every year, which had not always been the case with previous governments. It would be difficult to do more than this. Last year there had been a £153 million deficit in the National Insurance fund.

The discussion then turned to the question of standing fuel charges. Most of the delegation expressed concern about these charges. Many pensioners were now afraid to heat their homes at all. In reply, Mr. Rossi said that he shared the delegation's concern. For many pensioners, the standing charge occasionally exceeded the charge for fuel used. However, the structure of fuel tariffs was the responsibility of the nationalised fuel industries. These industries had administrative and other costs which they incurred however much fuel was sold, and they felt that these overheads should be shared equally among their customers. The Parliamentary Under Secretaries of State at the DHSS and the Department of Energy, Mrs Chalker and Mr. Mellor, were looking into these problems, and would be discussing them with the nationalised industries. But he did not want to raise the hopes of the delegation unduly. As the Prime Minister said, gas prices to the domestic consumer had been held down in recent years. This had placed a considerable burden on industrial users of fuel. The gas industry was only just breaking even on the domestic side. The balance between domestic and industrial consumers had to be restored. Moreover, the costs of production were rising, and this meant that price increases were inevitable; gas from the old fields in the southern basin of the North Sea cost 2-3 pence a therm to produce, the costs of production from new fields was 18-19 pence a therm.

/ The Prime Minister

The Prime Minister recognised that standing charges for telephones were a source of concern to pensioners, and she agreed to ask the Secretary of State for Industry for a report on whether there was anything that could be done to meet the delegation's criticisms.

In conclusion, Mr. Willis said that he understood the Prime Minister's argument that the resources to implement the Convention's Declaration of Intent were not available, but he could assure her that there would be continued pressure from the organisations represented by the delegation for more assistance to pensioners. He asked if the Prime Minister could write to him setting out the Government's estimate of the costs of implementing the proposals in the Declaration of Intent, and the Prime Minister agreed to do so.

18 February 1982

National PENSIONERS' Convention

5/3
10/3
Mr Rozzi's letter is with the pm. hm 7/3



10 DOWNING STREET

From the Private Secretary

19 February 1982

Willie ✓ OK ww 5/3
D/Ind. have asked for extension to Wednesday next, 10 March. o.k.?
Key 5/3

The Prime Minister was very grateful for the briefing that you provided for her meeting with the National Pensioners' Convention Steering Committee, which took place at 1545 yesterday in her room at the House of Commons. She said that the brief was excellent, and was particularly pleased with the supplementary briefing provided on the increases in the national insurance contributions that would be necessary to finance the proposals in the pensioners' "Declaration of Intent". I hope you will pass on the Prime Minister's thanks to all the officials concerned, and to your Minister.

I attach a record of the meeting. You will see that the Prime Minister agreed to write to Mr. Willis, Chairman of the Steering Committee, setting out the Government's estimate of the cost of implementing the proposals in the "Declaration of Intent". I should be grateful if you could provide a suitable draft by Monday 1 March.

Hugh Rozzi with send this. on pm's behalf.

Richard Riley will see that the Prime Minister also agreed to ask his Secretary of State for a report on whether there was anything that could be done to meet the delegation's criticisms of standing charges for telephone services. I should be grateful if he could let me have this report by Friday 5 March.

D/IND. ||

I am copying this to Richard Riley (Department of Industry), David Lumley (Department of Energy), Jill Rutter (HM Treasury), and to Brendan O'Gorman in your Secretary of State's office.

W. F. S. RICKETT

SW

Ms Melanie Smith
Department of Health and Social Security.