

PRIME MINISTER

MEETING WITH THE NATIONAL PENSIONERS CONVENTION

You are meeting the National Pensioners Convention tomorrow and comprehensive briefing from the DHSS is attached. The Pensioners Convention delegation will comprise:

Norman Willis

Fred Baker (British Pensioners Association)

Raymond McDonald (Transport & General Workers)

Dorothy Rhodes (Pensioners Voice)

George Massey (BT Pensioners)

Jim Birnie (Scottish OAP's Association)

Peter Jacques (TUC official)

Raymond Earwicker (TUC official)

Tony Newton plus a DHSS officials will attend as well.
Mr Hepple and Mr Simpson.

The main points which are likely to arise are as follows: Points from the National Pensioners Convention petition to Parliament.

(i) Pensions up to half average earnings for a married couple and a third for a single person

- Cost would be £9½ billion for pensions alone, and £16½ billion if linked long term benefits are similarly raised. This would more than double National Insurance contributions
- Between November 1978 and November 1984 pensions increased by 83.6 per cent compared with price increases of 77.2 per cent. Substantial achievement in period in which number of pensioners rose by 700,000.
- Cost of personal national insurance contributions for a man on average earnings would rise from £16.65 a week to £37.46; and
- the cost for a woman on £120 a week from £10.80 a week to £24.30.

(ii) Heating allowances and abolition of standing charges

- Government has excellent record on heating additions. £400 million spent this year - up £140 million in real terms.
- 90 per cent of all supplementary benefit pensioners get heating addition compared with 71 per cent in 1978.
- *Number of pensioners receiving SB fell between 1978 and 1983 from 1.74 million to 1.64 million.*
- Abolition of scale margin to heating additions enabled extension of heating addition payments to far more people.
- Would cost over £500 million to give basic rate heating addition to all pensioners.
- Fuel bills kept well under control in last 2 years and both gas and electricity industries have agreed that standing charges should not exceed 50 per cent of bill.
- Abolition of standing charges would help small consumers at the expense of large consumers: pensioners are not necessarily small consumers.

(iii) Statutory free fare scheme throughout the UK

- Provision of travel concessions is a matter for local authorities. Legislation in London for travel concessions is a fall-back arrangement in case boroughs are unable to agree on a common scheme.

In addition to the points in the petition which the NPC presented to Parliament, their so-called Declaration of Intent remains their manifesto. The proposals in the Declaration of Intent would cost a minimum of £14 billion if limited to

pensions only and £21 billion if the provisions were extended to linked long term benefits. A breakdown of the costs involved in the Convention's proposals are in the Annex attached to this note.

11

Tim Flesher

6 March 1985

COST OF IMPLEMENTING THE DECLARATION OF INTENT

Some of the proposals made in the declaration are insufficiently specific for any costing to be made. However, it is likely that full implementation of all the proposals would cost in the region of £14 billion annually in 1984/85 terms.

NOTE	PROPOSAL	COMMENT	ADDITIONAL ANNUAL COST TO PUBLIC EXPENDITURE
1	Pension of $\frac{1}{2}$ and $\frac{1}{3}$ gross average earnings for couple and single person respectively		£9,500 million
2	Six monthly upratings	Each 1% increase in pensions brought forward to May would cost £80 million in 1984/85. So for, say, 2½ per cent (ie half of 5 per cent) on pensions only	£200 million
3	Appropriate accommodation including choice	Unquantifiable	?
	Availability of Community and personal social services	Unquantifiable	?
5	National scheme of travel concessions	Estimate is the minimum	£400 million
6	Free health care	Unquantifiable	?
7	Adequate heating allowance covering all fuel.	Example: extending supp ben lower rate of heating addition to all pensioner households (minimum estimate)	£550 million

NOTE	PROPOSAL	COMMENT	ADDITIONAL ANNUAL COST TO PUBLIC EXPENDITURE
8	Access to education and leisure facilities	Unquantifiable	?
9	Index linked Christmas bonus	Each additional £1 on the bonus costs £11 million. Cost of raising the bonus to its value when introduced in 1972.	£330 million
10	Reducing pension age	Cost of lowering male pension age rises in longer term with maturing of earnings-related pensions scheme and lower levels of unemployment. Net Cost at least	£2,500 million (1981/82 benefit levels)
11	Abolition of earnings rule	Estimate on present pension age. Cost to national insurance fund is £180 million. Net Cost to Government is £80 million	£80 million
12	Death grant	Estimate for restoring death grant to original value in respect of all deaths (£220)	£130 million
		TOTAL	£13,690 million or minimum £14 billion
		<i>Total Cost of implementing the Declaration including associated long-term benefits</i>	<i>£21 billion</i>

Price/Rings



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Mark Addison Esq
Private Secretary
10 Downing Street

6 March 1985

Dear Mark,

MEETING WITH NATIONAL PENSIONERS' CONVENTION: 7 MARCH

I enclose two copies of a letter from the Department of Energy suggesting two updates to the briefing for tomorrow's meeting. The second copy is for Mr Alison's brief which I understand Miss Robilliard is coordinating.

I mentioned to you that as Mr Fowler will be making an oral statement in the House tomorrow afternoon he will not be able to attend the meeting. Mr Newton, the Minister of State for Social Security, will, however, be there.

Yours sincerely,

S H F Hickey

S H F Hickey
Private Secretary

ENERGY POLICY DIVISION



DEPARTMENT OF ENERGY

Thames House South Millbank London SW1P 4QJ

Telephone Direct Line 01-211 6187
Switchboard 01-211 3000

Mrs Olive Morton
Department of Health
& Social Security
C2A Room 119
Friars House
Blackfriars Road SE1 8EU

Your reference

Our reference

Date 6 March 1985

Dear Mrs Morton,

NATIONAL PENSIONERS' CONVENTION (NPC)

My letter of 26 February mentioned that we might need to update the briefing for the Prime Minister and Mr Fowler's meeting with the NPC on 7 March.

Latest developments require two amendments, both on page 2 of the brief:

- i. para 8, delete last sentence and substitute:

"[If pressed on possible future developments: understand that the electricity supply industry in England and Wales is considering the future of its scheme.]"

- ii. para 10, delete "meanwhile the industry is anxious to avoid publicity on the issue" and substitute:

"[the industry has not so far made any general announcement but plans to end rebates are starting to emerge as individual Area Boards consult their Consumers' Councils. We understand that in the light of the Electricity Council recommendation British Gas may consider whether to abolish rebates completely.]"

We would be grateful if you would arrange for these amendments to be included in the Ministerial briefs.

I copy to John Whaley, David Evans and Jonathan Price here.

Yours sincerely,

M. Golding.

P.P. G P Dyche

8 MAR 1957

RECEIVED
MAR 1957



DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Mark Addison Esq ^{aa.}
Private Secretary
10 Downing Street

1 March 1985

Dear Mark,

I enclose a set of the briefing for the Prime Minister's meeting on 7 March with the National Pensioners' Convention.

I understand that the Prime Minister's PPS will be meeting a deputation of pensioners from her constituency on the same afternoon. A second set of briefing for his use will follow.

*Yours sincerely,
Stephen*

S H F Hickey
Private Secretary