

CC MASTER
SUBJECT

LPOACY
(1st disc)

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND
REPRESENTATIVES OF THE NATIONAL PENSIONERS CONVENTION, HELD AT
THE HOUSE OF COMMONS ON THURSDAY, 7 MARCH, 1985 AT 1545 HOURS

PRESENT

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| Prime Minister | Mr. N. Willis |
| Mr. Tony Newton, Minister of State, DHSS | Mr. F. Baker |
| Mr. T. S. Heppell, DHSS | Mr. R. McDonald |
| Mr. J. R. Simpson, DHSS | Mrs. D. Rhodes |
| Mr. A. Turnbull | Mr. G. Massey |
| Mr. M. Addison | Mr. P. Jacques |
| Miss C. Wall | Mr. R. Earwicker |
| | Mrs. Chipcase |
| | Mrs. Miriam |

Mr. Willis opened the meeting by explaining that he had been asked to retain responsibility within the TUC for pensioners, despite his promotion to General Secretary. The delegation contained representatives of all the major groups representing pensioners. He wished to focus on four major issues contained in the convention's Declaration of Intent: the level of pension itself; housing; standing charges; and transport. The lobby of Parliament reflected the strength of feeling amongst pensioners on all these issues.

On the level of pension itself, Mr. Willis expressed concern over the loss of the link with earnings. There were now serious concerns about the income of some pensioners, and the latest statistics showed that pensioners had not properly shared in the rise of living standards enjoyed by the rest of the population.

/On housing

On housing, he noted that 6.5 per cent of pensioners still lacked basic services, for instance they had no exclusive use of a bathroom. The high cost of standing charges was leading to inadequate heating provision which adversely affected the well-being of pensioners; pensioners were very concerned about reports that fuel prices would move ahead of inflation.

On transport, Mr. Willis reported the pensioners' anxiety about the proposals to de-regulate buses, which, when combined with the closure of many sub and some main post offices, would have a major impact on travel costs incurred in the collection of pensions. Summarising, Mr. Willis noted, however, that the main priority must be to ensure an adequate basic level of pension.

The Prime Minister said that ideally she would like to be able to accede to all of the pensioners' requests. She certainly appreciated their point of view and understood their concerns.

On the basic level of pension, the Prime Minister noted that the average national insurance contribution per employer for men was now £19.33, and the employee contribution £16.65. If the level of pension were increased in line with the pensioners' request that it should reach half the average earnings per married couple and a third for a single person, the employee contribution would rise to £26.08 and the employer contribution to £30.71. This would be a major new burden on individual employees, and, on the employer side, would be bound to lead to an increase in prices and a reduction in employment. A balance had to be struck between costs of pension increases to the working population, the effect on employers and their prices, and the interests of pensioners.

/The Prime Minister

The Prime Minister also noted the increasing numbers of pensioners who needed to be provided for. Since 1978, the number had risen by 700,000; and already the average family was contributing £50 a week to social security payments. Mr. Newton also noted the rising number of elderly pensioners: by the end of the century there would be three quarters of a million people over the age of 85.

So far as annual increases were concerned, the Prime Minister explained that the move to the historic method eliminated any argument about the amount of the pensions increase announced in June and implemented in November.

On heating, the Prime Minister reported that this year £400 million was being spent on heating additions, and that half of this sum was going to pensioner households. This represented an increase well above the increases in fuel costs generally. The question of standing charges had been taken up by the Government with the gas and electricity industries, following earlier representations from the Convention. They had agreed that standing charges should not exceed 50 per cent of bills. But some electricity and gas boards had found that those paying the lowest bills were not necessarily the poorest. The abolition of standing charges was not necessarily the best solution for pensioners because the cost per unit of fuel was then bound to rise, and that could be a disadvantage to some pensioners who were frequently large consumers.

On transport, it was important to remember that some areas now had very few buses. The new system should encourage more buses, which could only help pensioners, and the proposals in the Bill would not prevent local authorities from introducing travel concessions if they wished.

Summing up, the Prime Minister said that she understood the views which the pensioners had expressed. But there were practical problems which could not be wished away. The Government had a good record so far as pensioners were

/concerned

concerned, and considered their interests carefully. The news that there were now fewer pensioners on supplementary benefit was encouraging. In response to a point pressed by Mr. Willis, the Prime Minister confirmed that the Government were pledged to maintaining the pension in line with inflation, but had no plans to go further than that.

Mr. Jacques asked that, since national insurance contributions were earnings-related, the pension itself should be linked to earnings not prices. The Prime Minister explained that the surplus in the fund, which had fallen recently, simply could not provide for a change of that kind.

Mr. McDonald asked why free transport should be provided in London and not elsewhere. The Prime Minister noted that concessionary fares were only one way of improving transport provision for pensioners, and that there was no reason why local authorities could not introduce travel concessions outside London if they wished. Legislation in London provided a fall-back arrangement to ensure that the boroughs replaced the GLC scheme. Furthermore, the costs of a national fares scheme would be very large indeed. Mr. Massey asked if a report on the Herefordshire experiment on bus de-regulation was available. The Prime Minister agreed to look into this, and to make the appropriate document available to the Convention.

Mrs. Rhodes emphasised the high cost of standing charges on fuel bills, and noted her particular concern about water rates, a difficulty which water meters could not help resolve. The Government had ensured that the cost of water would rise beyond the figure the water boards had been earlier committed to. The Prime Minister explained that any increases in the water rate should be reflected in the price index, and, with the present cost of water at some 20p a day per household, many people would be willing to agree there should be some extra capital expenditure in the industry to secure a reliable supply of water in drought periods. Mrs. Rhodes asked that the Prime Minister should make a gesture of goodwill and

/arrange

arrange for payment of the pension increase before November. Mr. Newton explained that the Government deadline was a major achievement, with some 9 million books to process. It really was not possible to advance the November date.

Mr. Baker pressed that the pension in the United Kingdom should be set at the EEC average level. He noted that the levels of pension in Australia and New Zealand were very high. The Prime Minister explained that international comparisons of that kind were very difficult to make. We could not, for instance, sensibly compare the UK with Germany until we had their level of output and productivity. Mr. Newton confirmed there were problems with international comparisons; in Germany for instance there was no increase in pension for a dependant spouse and in Australia the state pension was means tested. When all the different factors were taken into account, the United Kingdom position should not be seen in such a bad light after all.

Mrs. Rhodes noted her concern about the level of death grants. The Prime Minister reminded her that this was something which had arisen last year, that the Government were currently looking at the whole scheme, and that it was hoped that the proposals would emerge later this year. But the probability was that it would not be possible to increase the grant across the board.

Mrs. Chipcase asked why those on supplementary benefit receiving a heating allowance had suffered a clawback of £1 of the increase. The Prime Minister explained that those pensioners had none the less received an increase, and the arrangements had enabled increased payments to be given to a further 100,000 households.

In concluding statements Mr. Willis said that he was grateful to the Prime Minister for listening to the delegation's points, but he could not accept there was nothing which could be done to improve the pensioners' position. He accepted the need to link increased pensions with higher

/output

output and growth generally and appreciated that this raised wider issues. But if he could persuade employees through the trade union movement to contribute more, he asked whether the Government would approach the CBI on a similar basis. The Prime Minister said she did not see how price increases could be avoided if employer contributions went up. She was grateful for the delegation coming to explain their views, and appreciated their strength of feeling. She would like to help, but it was not always possible to meet everyone's wishes. The Government's record on pensioners was a good one. In the area of the NHS, for instance, the increased funding provided by the Government would be of real benefit to pensioners. And, of course, much had been done to help the disabled. Once again she thanked the Delegation for coming to put their views.

MEA

8 March 1985



hite LPO

10 DOWNING STREET

From the Private Secretary

8 March 1985

Dear Christopher

I enclose a copy of a record of a meeting between the Prime Minister and representatives of the National Pensioners' Convention which took place at the House of Commons on 7 March and which your Minister of State attended. The Prime Minister was very grateful for the briefing provided for her.

I have had a word with Sarah Straight at the Department of Transport and she is letting me have a copy of the report on the Herefordshire experiment referred to in the note, which I will then forward to Norman Willis,

Yours
Mark Addison

(Mark Addison)

Christopher Evans, Esq.,
Department of Health and Social Security.