

RECORD OF MEETING BETWEEN THE PRIME MINISTER AND
REPRESENTATIVES OF THE NATIONAL PENSIONERS CONVENTION
HELD AT THE HOUSE OF COMMONS ON THURSDAY 6 MARCH 198⁵ AT 1600

PRESENT:

Prime Minister	Mr. Norman Willis, Chairman
Mr. John Major (PUSS, DHSS)	Mr. Jack Jones, Vice Chairman
Mr. J. H. Simpson	Mr. Fred Baker, British Pensioners' Association
	Ms. Dorothy Rhodes, Pensioners' Voice
	Mr. George Massey, BT Pensioners
	Mr. Les Paul, Wales Pensioners
	Mr. George Robertson, Scottish OAPs Association
	Mr. Peter Jaques, TUC
	Mr. Ray Earwicker, TUC

Mr Willis opened the meeting by thanking the Prime Minister for meeting the delegation. He reported that the Convention had shown that pensioners were becoming increasingly frustrated and angry that the objectives set out in the Declaration of Intent were not being achieved. The most important of these was that the pension for a married couple should be half average earnings and for single people one third of average earnings. That would take the basic rate to £86 and £57 per week respectively. Pensions in this country compared unfavourably with those in many others. Mr. Willis said that, as the Prime Minister would know, pensioners were particularly concerned about heating costs. Many old people were not turning on their heating because of fear that they could not afford it. Finally Mr. Willis expressed the pensioners concerns about the adverse effects of the proposals in the White Paper on Social Security: cuts in housing benefit, and the proposed increased contributions to rates were particularly worrying.

Mr. Jones expressed the concern of pensioners about the inadequacy of the recent 1.1 per cent increase in their pensions. He appreciated that this was linked to the movement in the RPI. But the fact was the 40 pence it represented for a single person was already taken up simply by the increased costs of a TV licence and the price of bread, quite apart from increases in telephone and fuel charges. Pensioners should have received an increase related to average earnings, which would have amounted to an extra £1.80. Pensioners regretted that the link with earnings had been broken; as a result a married couple was now £4.55 worse off and a single person something over £3 worse off.

Mr. Jones also pointed out that the oldest people were most vulnerable to ill health and cold weather. The supplement of 25p they received on their basic pension was inadequate and should be increased. He also said the Christmas bonus of £10, which had been introduced in 1973, should be increased in line with the cost of living; this would bring it to around £40.

Mr. Jones, finally, turned to the means test. Pensioners who were just ineligible for supplementary benefit were also denied benefits for, eg, dental treatment. This was unfair. The £500 capital limit on eligibility for severe weather payments also discriminated against many old people who were saving up for funeral expenses.

The Prime Minister said that an increase in pensions would need to be met by pensioners' children and grandchildren. A balance had to be struck between increasing the burden on future working generations, and on pension provision. People were today living longer, and so needing more care. By the end of the century three-quarters of pensioners would be over 85. The increase in the number of pensioners, and the costs of looking after them, for instance through the NHS, had to be taken into account.

Supplementary benefit and other linked benefits were of course met by the taxpayer, and it had to be remembered that

40 per cent of pensioners were taxpayers themselves. The Government was committed to protecting the real value of pensions, and pensioners were now better off than they had been in 1979. Furthermore, fuel costs had been contained: electricity had risen only 6 per cent in three years compared with the position in the 70s when it had risen that amount every 4 months. Expenditure on heating allowances had risen from £90 million in 1978 to £400 million last year. That represented an increase of £140 million in real terms. All the main DHSS offices were now making severe weather payments. The Prime Minister noted that the system this year was discretionary, following criticism of the objective tests used last year, and a successful case which overturned them. The payments would be retrospective and a major advertising campaign was being launched to ensure they were widely known about.

The Prime Minister noted that the cost of meeting the Convention's proposals would add £16 to NI contributions, as well as 2p on income tax and 1 per cent on VAT. That in turn would push up prices and the demand for wages and so erode the real value of the increase.

The Prime Minister said it should not be forgotten that pensions had risen by 7 per cent in November - £4 for a married couple. The 1.1 per cent rise was an interim increase.

Mr. Baker urged that the level of pension in Britain should be raised to the average level in the EC. He called for the abolition for pensioners of the standing charge on electricity and gas bills: they were profitable industries and could afford to absorb the cost. The recent increases in the level of pension had been miserable and represented an opportunity missed.

The Prime Minister said that the level of pensions paid had to be related to the economic performance of the country. It was in any case true that in this country a higher proportion of

national income went to old people than in West Germany. The UK did well against other countries in Europe. The Prime Minister said that, so far as social security provision in general was concerned, current expenditure amounted to £41 billion and was expected to rise to £46 billion over the next three years. It was those of working age who had to pay for this. Each family was already contributing £55 a week. That was the light in which the figures had to be looked at.

Ms. Rhodes asked for all pensioners to be given heating allowances next year, rather than only those on supplementary benefit. It was often those on the border line who were hardest hit. It had to be remembered that today's pensioners had, during their working life, paid for their benefits. Ms. Rhodes was concerned too about standing charges. Every quarter the pensioner lost more than one week's pension in making these payments. Ms. Rhodes also said the death grant was completely inadequate and that it should be increased.

Mr. Paul did not accept that the Government record of pensions was a good one. He believed that more than one million pensioners were now worse off as a result of the Government's policies. The reform of social security provision was particularly worrying in relation to housing benefit, rates and the death grant.

Mr. Robertson said that the level of unemployment had been more responsible for the pressure on pension provision than the increased number of pensioners. He said that Scotland had been discriminated against on severe weather payments; delays in payment had been unacceptable. He said that a Cabinet Minister should be appointed with specific responsibilities for the elderly.

Mr. Massey was particularly concerned about payments for heating costs in severe weather. He understood that every degree below average in weather conditions resulted in 8,000 extra deaths. DHSS had been slow to respond to the recent particularly cold weather. Fuel bills would often not be

issued until March or April, and pensioners might be afraid to incur extra costs which they thought they might have to meet later. He said that it would be simpler administratively if all pensioners in receipt of supplementary benefit received a grant for these heating costs automatically. He noted that the cost of treating old people for hypothermia in hospitals should be balanced against the cost of extra heating.

Mr. Major (PUSS, DHSS) responded to the points which had been made. He confirmed that exceptionally severe weather payments were retrospective. He and his Ministerial colleagues had done their utmost to publicise their availability. DHSS offices had been instructed to deal with pensioners' requests for help with heating bills as promptly and sympathetically as possible. It was not however within the power of DHSS to determine what qualified as severe weather. That was for adjudicating officers themselves to decide. But the whole of mainland Britain was now eligible.

Mr. Major appreciated that old people might be concerned that paying for heating costs through a slot meter could prejudice their claim for extra payments. It was not within the DHSS's power to instruct their offices on this point, but the guidance from the chief adjudicating officer made it overwhelmingly likely that adjudicating officers would take a sympathetic view. He confirmed that the statutory authorities had agreed not to cut off the fuel of supplementary pensioners without prior reference to the DHSS; he would ensure that local offices were aware of this point. Mr. Major confirmed that if the pensioner had not kept last year's fuel bill, arrangements could be made to check consumption with the statutory authorities.

Mr. Major said the special needs of the very old were appreciated by the Government. The over 85s on supplementary benefit automatically received heating additions of £5.45 compared with £2.20 for the under 85's. The White Paper proposed that, while preserving the higher rates of help for the over 85's, heating addition payments would be pooled

together.

There were important practical difficulties in abolishing standing fuel charges for pensioners. The cost would be some £300 million. If the statutory authorities were to recoup costs by increasing the price of units, many pensioners, who were often large consumers, would be just as badly off. There was also at present a small-user rebate for gas. The standing charge had not risen since 1982 in any case, and the real price of gas was the same as in 1970.

Mr. Major said there was a general feeling that the existing death grant of £30, which had been at that level for many years, was not helpful. The White Paper proposed to introduce instead for supplementary pensioners a grant for funeral expenses which would be recoverable against the estate of the person concerned. For those with inadequate resources, recovery would not be sought.

The 40 pence increase in pensions reflected the movement of the RPI between May and January. The increase had been small because inflation had been low. Big increases mean nothing if they simply reflected a higher rate of price increases.

The Prime Minister, closing the meeting, thanked the delegation for putting their points to her clearly and courteously. She would write to them setting out the points she and Mr. Major had made in response to their concerns. If members of the delegation wished to pursue more detailed questions on the White Paper on Social Security, it was agreed that they would take this up with Ministers in the Department of Health and Social Security.

Mark Addison

6 March 1986

JALAMF



10 DOWNING STREET

From the Private Secretary

7 March 1986

Dear Cilla

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 6 March and which Mr. John Major attended. The Prime Minister was, as usual, very grateful for the comprehensive briefing provided for her.

BF 1 You will note that the Prime Minister agreed to write to Mr. Willis, and I should be grateful for an appropriate draft as soon as possible.

I am sending a copy of this letter, with the note of the meeting, to Norman Cockett (John Major's office), Robert Gordon (Scottish Office) and Colin Williams (Welsh Office).

Yr

Mark Addison

(Mark Addison)

Giles Denham, Esq.,
Department of Health and Social Security.