

Work and Pensions Committee

Oral evidence: Protecting pension savers - five years on from the pension freedoms: Saving for later life, HC 126

Wednesday 6 July 2022

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Members present: Sir Stephen Timms (Chair); Debbie Abrahams; Shaun Bailey; Neil Coyle; Steve McCabe; Selaine Saxby; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Questions 265 - 327

Witnesses

I: Guy Opperman MP, Minister for Pensions and Financial Inclusion; and Joanne Gibson, Acting Director of Private Pensions and Arm's-Length Bodies, Department for Work and Pensions.

Written evidence from witnesses:

[Department for Work and Pensions & HM Treasury PSL0047](#)

Examination of witnesses

Witnesses: Guy Opperman MP and Joanne Gibson.

Q265 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee and the last evidence session in our inquiry on saving for later life. We warmly welcome the Minister, Guy Opperman, to our meeting and congratulate the Minister on becoming the longest-serving Pensions Minister, an important milestone. Minister, please introduce yourself and your colleague for the record.

Guy Opperman: Sir Stephen, good morning, and many congratulations likewise on your knighthood. My name is Guy Opperman. I am the MP for Hexham and, for my sins, I am the Minister for Pensions and Financial Inclusion.

Joanne Gibson: Good morning. I am Jo Gibson and I am an acting director at DWP, with responsibility for private pensions and arm's-length bodies.

Q266 **Chair:** I will start the questions. Minister, after the 2017 review you said that by the mid-2020s you would reduce the minimum age for auto-enrolment to 18 and have auto-enrolment contributions paid from the first pound of earnings. What is your current plan for making those changes? How have those plans been affected by the current economic difficulties that we are going through?

Guy Opperman: I am still on track to do that by the mid-2020s. It is self-evident that the impact of Covid, the impact of the fiscal crisis that we are dealing with right now and various decisions made in respect of NI and other things have made it part of a wider economic package that has not been the process to take this matter forward as soon as I would like.

There are two things to deal with here. The first is does DWP, Team Pensions, call it what you like, want to drive forward automatic enrolment, do the 2017 review and go further than that? Yes, we do and I am absolutely certain that we will do that. Personally, I considered it as a given and it is Government policy to do that. My personal view is that we will go way beyond 8% up to 12% in the longer term. The question is staging quite clearly, though. First, you have to win a battle—as you know; you have done my job twice—within your Department to—

Chair: A rather shorter period, however.

Guy Opperman: But no less influential, as I am sure we will discuss. My point is that you have to win a battle within your Department to drive forward that particular policy as the main event. You then have to win a wider Government battle. It is not a matter of battle, that is an unfair comment, but you have to take into account the other fiscal pressures. There is no doubt that raising automatic enrolment contributions, or more



particularly going to the first pound earned and lowering the age down to 18, would have an impact upon employers and employees, which in a cost of living difficulty—at the very least we describe it as a difficulty right now—is not easy and has to be considered, not just by the Department for Work and Pensions, which is committed to this, but also by the Chancellor and the Department for Business. You know the expression “write-round”; you have to get all Government Departments to agree that.

If Covid had not happened and the consequences—we can discuss how inflation has come to pass, whether that is Covid, the war in Ukraine, the wider fiscal problems that the world is facing—do I think that I would have been able to introduce this at an earlier stage? Yes, I do without a shadow of a doubt, but at the same stage you have to play the cards you are dealt and I am absolutely certain that we will do this. There is no dispute in Government—the question is when.

There is a separate argument, and stop me if I am being too detailed about this, about staging and the degree of notice that you need to give, given that everybody knows this is coming. In fact, payroll will tell you—I have spoken to all the payroll providers and you speak to the pension providers—that there is not much difficulty with changing automatic enrolment from 22 with a threshold at a certain level down to a threshold at pound earned and 18. There isn’t that much difference because you have the same employees working for you. It is just a tweaking of payroll, but obviously budgets have to be set by businesses. They have to be in a position to assess how they will do this, and clearly it has an impact on negotiations on pay and other conditions. I don’t believe you need to give too much for that. We would have to consult.

Government have to consult on everything, but you can still do the legislation. I have been asked about this about a thousand times in the last five years that I have done this job, but I remain of the view that we will do this legislation before the end of this Parliament. You can do the legislation and the consultation and then bring in the matter in the mid-2020s.

Q267 Chair: What is the most likely date when you would anticipate that this change will take effect?

Guy Opperman: Well, how can I put this? Clearly that depends upon the Chancellor and the Treasury. We have a new Chancellor this morning and a new Treasury this morning and it clearly depends upon the write-round across Government. We also have a situation where we have to take into account the wider fiscal conditions that apply. I accept that I am giving a politician’s answer, but the practical reality is that if the fiscal situation continues to be so difficult that it is hard to impose greater burdens on employers and employees, life gets very complicated. However, if, as I think we all hope and I think the evidence is, the inflationary cycle eases off fairly soon and the fiscal situation improves, my confident expectation is that we will still do this in the mid-2020s.



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The final point I will make is that you asked me to give a precise date today. I am not going to do that, partly because I am required not to do that and large numbers of officials would rush through the door and restrain me on the simple basis that there is no point Government consulting if they have already made up their minds. Before I came to the House of Commons I used to say that we were often consulted but always ignored. One of the reasons I came to the House of Commons was because I was so upset about that. The whole point is that you would consult with industry, and that includes CBI and the Federation of Small Businesses. You have had people give evidence to you who say, "We need a bit of notice of this" and you would also need to consult consumer organisations, whether it is Which? or people who represent the individuals and the interests of the consumer, to say, "How much notice do you need and what is the way in which you would grade this?"

But we are at 5 July, or whatever it is, 2022 and I still believe that this will be done in the mid-2020s.

Q268 Chair: You made the point that you are on track for the mid-2020s. There needs to be new—

Guy Opperman: We need to get a move on.

Chair: There needs to be new legislation, doesn't there? Does it need a new Pensions Act?

Guy Opperman: No, it doesn't. I have got a Bill. Genuinely, sat in my office in the Department for Work and Pensions is a three-clause Bill, I believe it is, because you have to do a separate clause for Northern Ireland. It is a very simple Bill that effectively changes the age and changes it to the first pound earned. It is a three-clause Bill. I thought it would be bigger. If you had asked me this question three years ago, I would have said it was a 10 to 12-clause Bill and that was my original advice. We believe that we can do it very simply because if you do a very simple Bill—two to three clauses—you can do a consultation in secondary regulations.

Q269 Chair: You wouldn't consult before introducing this Bill but subsequently on the regulations; is that right?

Guy Opperman: My preference is to legislate and then consult, but I hasten to add that there is a separate school of thought, which is that given this is relatively simple, you can perfectly easily consult and then legislate, having set out in the consultation, "This is what we will legislate to do". Genuinely you can back both horses in the race, but I always prefer to do primary legislation, consult, secondary regulations, but also you have to play the cards you are dealt.

I will try to answer the unspoken question, which is if things don't improve what will you do? If things don't improve, I would look to consult, working on the basis that we know exactly where we are going anyway, and then do the primary legislation fairly speedily thereafter. It



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is not ideal because it is always complicated on that. You know that you are obliged to give some time between primary and institution of action, but that is the practical reality.

Q270 Chair: Thinking through the timetable, there was not a pensions Bill in the current Queen's Speech. There might be one in the next Queen's Speech, so that would mean legislating in the course of 2023 perhaps, then consulting. Is it conceivable that that could all be done in time for implementation by 1 April 2025, or is the first date really now April 2026?

Guy Opperman: Everything is conceivable and doable, and I believe it is doable.

Chair: Okay, thank you very much.

Q271 Sir Desmond Swayne: Comrade, why are you still a Minister? A politician's answer will suffice.

Guy Opperman: I could give you many answers, but this is Jo's first Select Committee and were she to turn up to a two hour, 10 minute session on behalf of the Department for Work and Pensions and find an empty chair next to her that would be a grave and serious derogation of duty to the Department for Work and Pensions, who I hold in great esteem, having worked for them for five years. There are some wonderful civil servants there, most of whom I have agreed with on every single point, some of whom I have disagreed with but we disagreed politely. Also, why would I miss the main event in the House of Commons today, which of course is two hours and 10 minutes of the Work and Pensions Select Committee.

Sir Desmond Swayne: To crack on with that then.

Guy Opperman: For the present purposes, that is my best answer.

Q272 Sir Desmond Swayne: We have complained in our reports about what we consider to be the lack of a framework within which the pension reforms could be evaluated. We are keen to know how you will judge whether or not you need to intervene.

Guy Opperman: Does this relate to the argument on a pensions commissioner for a long-term plan?

Sir Desmond Swayne: No, I think it is more if we take, for example, the fact that in March this year the Office for Budget Responsibility indicated that there was a significant increase in people in the age range of 50 to 60 who were drawing forward their pension plans. Do we know enough about that to know whether or not it is a worrying trend? Do we have enough data? On what basis would you judge whether this is something that we should be worried about, something that we should be considering intervention on or whatever?

Guy Opperman: I understand the question better now. Apologies for that, I was being a bit obtuse. There are several different answers to



that. Let's start with the relatively easy ones. Automatic enrolment is the single biggest policy intervention over the last 20 years to try to address what is sometimes called adequacy. It has been an unquestioned success. The charts are superb to show that young people and females saving in workplace situations has gone from less than 40% to well above 80%. There is more to do, but generally speaking that is the biggest intervention. Crucially during Covid, and since then, there is pretty good evidence—obviously, there is a little bit of a time lag—that people are not opting out of workplace pensions. Partly that was the previous Chancellor who supported workplace pensions during Covid and there is no doubt that that support assisted the process and people, because it is defaults, have not opted out of that.

At that same stage, you have the ongoing support for the state pension. I always say to people that in 2009-10 the state pension was something below about £99-worth and it was about £60 billion. We are now well above £100 billion and the new state pension is worth £180. The dramatic change on that is laudable, in my view, and to the credit of the last three Governments. You have a state pension that is growing and clearly with a larger number of people having to be supported. You have an automatic enrolment intervention that commenced in 2012, which is clearly working, and I have seen some of the evidence that you have had.

There is clearly a slight gap for some people who are neither in a defined benefit pension nor are they achieving the benefits of automatic enrolment post-2012. That is a pretty small cohort and clearly we are trying to encourage everybody to save more. If we are in a position that we get automatic enrolment to increase, I think that is the best and most logical form of intervention. I am sure that we will talk about what I call rainy day savings as well. The bottom line is that there are plenty of different reports that say the trend is, in my view, in the right way and is supporting a larger state pension unquestionably happening, automatic enrolment is the big intervention in workplace and we have continued ongoing support for defined benefit.

Q273 Chris Stephens: Sir Desmond's first question was going to be my first question, so thanks very much for that.

Guy Opperman: Don't worry, this is the House of Commons. You can repeat questions.

Chris Stephens: We had a private conversation yesterday when it was clear that you were tracking all my questions at this Committee, Minister. I want to ask you about stronger nudge. You said the decisions on stronger nudge would be informed by assessing its success, but to assess you first have to measure. Can you tell us, Minister, what aspects of the stronger nudge you are measuring? Will the percentage of uptake of Pension Wise appointments be one of those measurements?



Guy Opperman: Even by your standards, Chris, asking me to measure something that only started I think 35 days ago is impressive. Stronger nudge came in at the beginning of June. We are going to do a variety of things. I think you have had the evidence of Caroline from the Money and Pensions Service that shows that by reason of that intervention there is a significant increase in take-up of stronger nudge and the attendance on Pension Wise. The Money and Pensions Service can do a variety of things. It is still a discussion. If you are asking me do I have a definite metric at this present stage by which I will judge this, the answer is no, partly because the Money and Pensions Service is running it. It will have a look at it and we will review it in due course. I have not set out a pre-existing metric to judge that.

It is a fair point though. Select Committees often get upset that they are not listened to. Understanding what is the metric that you suggest is a factor that we would consider as well and so would the Money and Pensions Service. Why wouldn't it? It is a quasi-Government body.

Q274 Chris Stephens: Thank you. I know that you follow this Committee closely. Has your thinking developed on whether an earlier nudge would be more effective?

Guy Opperman: It will take me a couple of minutes to answer, but let me try to answer that. I believe an early nudge is effective, so end of story. I would like interventions at an earlier stage. In an ideal world, I would like interventions in people's 20s. Let me explain how I get there.

Again, it is the art of the possible in Government, but the blunt truth is that we have focused upon primarily the period of time between 50 and 65. That is what successive Governments have looked at in this space. I have taken the view since literally day one I got this job—the first two documents I had to read were the 2017 auto-enrolment review and the 2017 Cridland report on state pension age. The Cridland report on stage pension age set out an idea of what is called the mid-life MOT, and I have pursued that doggedly, as Ministers do. There are various hobbyhorses that Ministers try to drive forward in Departments to the best of their ability.

To invent a brand new policy is very difficult, but we have done three particular things. We have done some very basic pilots at DWP coupled with the private sector pilots. If you have not seen the Aviva pilot on mid-life MOT, I strongly recommend it; read the report on the intervention that it did. It had a significant cohort of its workplace who were going to leave its employment, retire and be lost to the business. It was perfectly free to admit that it thought it was offering effectively an HR add-on, but it addressed that by looking at wealth, work and well-being and found that pretty much every single employee wanted to stay because they realised they did not have the retirement they necessarily thought they were going to have. Their health was improved because they did the thing that none of us do, which is to go and visit your GP once a year. Their work improved because the options to work in a different job or be



retrained but stay with the same business doing something different were improved massively. That is possible provided you have an employer who is willing to support you on an ongoing basis.

Those two things mushroomed into the LEP trial. I managed to secure £400,000 last year and I did 10 different interventions and I asked 10 different LEPs up and down the country to conduct mid-life MOT trials and they did those assessments over a period. I then went back to the Chancellor—trust me, this is the fun and games of being a Minister—and put a bid into the spending review last November and the Budget. We secured, depending how you package it, £5 million or £20 million to do a variety of interventions particularly in the mid-life MOT space but also in the employment space. My colleague Mims Davies, who is the Employment Minister, has what is called 50-plus choices, which I know that the Committee has looked at in the past, which does as it says on the tin—tries to improve work for people above the age of 50. But also we secured about £5 million to do bigger interventions and pilots in mid-life MOT. I am coming to the chase in a second.

What does that look like? It looks at three things. The first is an online version. Various people have attempted to do an online version of the mid-life MOT using either pre-existing policies or derivations of policies. National Careers Service is an example of that that is already out there. You can do health checks online already and you can look at your options to do interventions on retirement and things like that online. We managed to secure a significant amount of money and we are partnering with the Money and Pensions Service, so DWP and the Money and Pensions Service are trying to look at, improve and develop an online version of the mid-life MOT. That is continuing and will continue for the next year or so.

Secondly, we have taken the view, following the LEP trial, that we will do a large number of interventions using Jobcentres. DWP has a massive footprint around the country. We already have the 50-plus work coaches and the intervention that Mims is doing. Therefore, we are able to formulate and develop policy, particularly for people who are vulnerable or unemployed or changing their status on Universal Credit, and this is a very helpful intervention. We believe that it is a good thing that DWP uses its pre-existing footprint, expands it and sees to what extent interventions can help those people who normally would be coming via a Jobcentre.

The third bit, which is more complicated and the bit I am struggling with at the moment, is I am trying to develop some private sector-led positive interventions of different ways of looking at early interventions. The purpose of that is I want people to look at their work, wealth and well-being before the age of 50. For men the mid-life MOT approach is best done at 47. That is when we apparently consider all these matters in great detail; with ladies it happens slightly later. But my attempt is to do that at an earlier stage. This is the intervention that I think is the right



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way forward. There is an ongoing commissioning process. As you can imagine, that is tortuous, but I have a significant amount of money to get the private sector to drive forward positive interventions.

That then builds two things. If I do nothing else, I want to do an earlier intervention below the age of 50, and that is what we are trying to do in three different ways. Obviously, I care about retirement, but I am also interested in well-being and work and the holistic view. I think this is the way to do it, frankly, and people are more engaged if you are looking at all of these things. I believe that as this Parliament develops, presupposing a 1 May 2024 election, which is probably when everybody thinks it will be, I would like to—or my successor or Secretary of State to—be able to go to the Chancellor and say, “We have done extensive piloting. You gave us money to do a proper pilot and these are the interventions that work. Now roll this out nationwide.” It is a very big intervention because you would be effectively saying to everybody between 45 and 50, “We want you to do an intervention to try to address these three things”.

Lord knows how long I will stay here before I am shuffled off the parliamentary coil, but as far as I am concerned that is not the end of the matter because interventions like a mid-life MOD should begin way earlier. That is why I say that your first job, your marriage or civil partnership, or your first child are three very big interventions where we would love the state to do a nudge, in whatever shape or form, that says, “Have you looked at your work, your wealth and your well-being, all of those things? Get a private pension is the obvious one if you are a younger person under the age of 30. Get a health check-up if you have not done so. These are your options. Did you know you can do lifelong learning, because loads of people don’t know that you can?” The Augar report and various things mean that there are great opportunities to change the work you have. Doing that at different stages in your life seems to me a very good policy intervention that will trigger a change of behaviour.

I can couple it with some other things. You know, and it will be on my gravestone, that I am a Minister who is trying to bring pensions into the 21st century and make them basically a lot simpler and more accessible for the consumer. That takes a form in three ways. We try to bring pensions on to your mobile phone, your laptop and your iPad in the form of a dashboard. That makes it more accessible and much easier for everybody to understand. It is almost the best intervention that you will ever have because instead of having to go and see an IFA or do a detailed process with Pension Wise or whatever, you can just check it yourself and/or do just as we all do with a bank now with a banking app or a savings app. The second is to make statements way simpler. Simpler statements come in on 1 October, so hopefully the 32 pages that no one understands and no one can appreciate and only an actuary could read and understand will be a thing of the past and we will then roll that out to make it more accessible.



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It is a whole series of interventions, but the mid-life MOT is the key one for me. My hope is that the Chancellor post the next general election, whoever is in Government, whoever is the Chancellor, is able to say, "I have a proper, road-tested, big intervention before the age of 50 that addresses three very key things that we, the state, of whatever shape or form, are really interested in. I know how to roll this out, I can do it in three different ways and I have got a really good plan for this."

There is a separate discussion and issue—and I would love the Committee's ideas on this—about how you then incentivise businesses to do it. Mandating stuff is more complicated, but you could, for example, have a tax break for those businesses that offer a mid-life MOT, which could be a deduction off your corporation tax if you were to do that because we know it is very good for business and for the individual employee. That is for the future. I have to get the product right first. Sorry, that was a very long answer.

Q275 Chris Stephens: No, I think that we are very grateful for that answer because you covered a lot there, Minister.

The final theme I want to raise with you is the concerns that some pension providers have between what is guidance and advice and overstepping those boundaries. Does the definition of "advice" need to change, Minister?

Guy Opperman: There are a couple of points to make on that. First, as you know, that is governed by Treasury. The Treasury and FCA are in charge of this bit of policy, although I am asked about this pretty much every single time I do an event in any way, shape or form. Obviously, I am here to represent all aspects of government to the best of my ability, so I will attempt to answer that.

My answer to that is always, "Come to Government with solutions not with problems. If there is a genuinely identifiable problem with the difference between guidance and advice, articulate and spell out what exactly you say the difference is." You will have to regulate it, you will have to ensure it, you will have to have the providers to do it. You will probably have to raise a levy to pay for all this sort of stuff, which obviously goes back on to members. Is this done out of direct taxation? How do you address all of this? Do you want a hybrid model? I think there is a world of pain in all of these things.

I listen to many people say, "We want to have a different situation from regulated advice", which lots of people take but clearly it is a minority and guidance is provided by the state to the best of our ability. I think that by and large Money Helper, Pension Wise and the Money and Pensions Service, while a young organisation, is the direction of travel that everybody agrees is the right way forward. Tell me what you want to change to look like.

Q276 Chris Stephens: The final question is that there is an ongoing debate on



parameter guidance. The Pensions Regulator and the FCA jointly issued a guide in March 2021, that you will be aware of. The Committee reported in January this year on specific definitions of enhanced guidance and limited advice. There does not seem to be any legislative clarity on this at the moment. Will there be legislative clarity on this?

Guy Opperman: No, I don't believe there is at the present stage because it is not something that Treasury wishes to change, nor is it the intention of the FCA to change that. I don't have the evidence on that to hand, but I am pretty sure that John Glen addressed that in his written letter to the Committee. That does not have either Government write-round or, more particularly, Treasury endorsement, so I don't think that will happen.

I will also push back on one particular point. You have a regulated advice market, which at the very least we all know and understand. A significant proportion of the population accesses that. Fine, park that. You can have a discussion about how good it is, how bad it is. You have obviously had the tortuousness of British Steel discussions and debates and everything like that. Things have changed since then, but there is at least an advice market that everybody understands and is properly regulated.

Separately, there is a guidance market, which in this space has been filled lately by the Money and Pensions Service. I am sufficiently old that I was the Minister who set up the Money and Pensions Service following recommendations by multiple Select Committees who said, "We want one integrated body driving forward this thing". It then has come up with Pension Wise and the Money Helper system. My personal view is to allow Government interventions, as recommended by Parliament, to bed in. Money and Pensions Service has been going three years; Money Helper has been going barely a year, and yet well over 100,000 people are looking at it and utilising it.

I am not being a politician or very DWP here, but I think that if you have interventions that everybody is agreed on and Parliament has voted for, you let those take effect. You watch them, monitor them and see if you need to tweak them, but I would not personally advocate wholesale reform to create a totally new form of advice/guidance at the present stage. Also, what that looks like and how you legislate for it is a world of pain. You would have to consult. You are basically going to rewrite the entire rules on all of those matters, and that is very complicated.

Q277 **Chair:** You made the point that the first thing that you did on being appointed to the role was to read the auto-enrolment review in 2017.

Guy Opperman: One of the first things.

Chair: One of the first things you did. At that time you estimated that 12 million people were under-saving. Do you have an update for that figure now? Do you think that is still roughly about right?



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Guy Opperman: I don't think so. Somewhere in the depths of the four files in front of me I have the updated stats. I can write to you on it or Jo can point out where it is. But the simple truth is that it is not 12 million, partly because since 2017 automatic enrolment has kicked on for a further five years, as we are aware, and has dramatically altered that situation. State pension has increased tremendously since 2017 alone and has genuinely changed that. There will always be a cohort, way less than 12 million, who are technically under-saving, but it is a very small figure, in my view. I am happy to write to you on that particular point.

Q278 **Chair:** Can I check whether Jo has that figure? If not, we would certainly be interested in that.

Joanne Gibson: Not to hand.

Chair: Okay. We would certainly be interested in what the Department's current estimate is.

Guy Opperman: We will come back to you on it.

Q279 **Chair:** That estimate was based on the target replacement rates, which the Pensions Commission included in its report. Do you think that is still the right measure for adequacy? We have looked at the PLSA's retirement living standards, an interesting and different way of looking at this question. What role do you think they have in making this assessment of how many people are not saving adequately at the moment?

Guy Opperman: I have the section on this. The most recent stats I think that we rely upon are the DWP pensioner income series data from 2021 that show an increase on where they were in 2017. Of the estimated 12 million under-savers overall in 2017, 5.7 million were projected to reach more than 80% of their target income. Under-savers are predominantly those with higher pre-retirement earnings. Of the 1.6 million under-savers in the two lower pre-retirement earnings bands—that is earning less than £25,000—just over half were within 20% of the target pension income. More recently, the DWP planning and preparing for later life survey found that 68% of respondents had either some or a very good idea of how much they would need for retirement.

I accept that, as we discussed earlier, there will be a figure who are under-saving. The size of that figure is up for discussion and debate. In my view it is well less than 12 million, but it is clearly substantial. There is no question whatsoever. I think we are just arguing over numbers.

I meet with the PLSA all the time and have met it twice this week already. I am aware of the report you referred to. I have had two very productive meetings with Nick Sherry, the former Australian pensions minister, during the last week, which has clarified and crystallised in my mind that where we should be heading is towards the Australian model. You will be aware of the retirement income covenant that the Australian providers are effectively obligated to provide, and you will be aware that



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only in the last month we have done a decumulation paper. It seems to me that we need to be navigating everybody much better towards a savings package as they retire, an awareness of what their savings are and what their lack of savings are where that applies.

There are a number of different interventions. Do we have in this country a proper decumulation pathway? It sounds like really technical jargon but, bluntly, do you have a plan for your retirement? The answer is that not enough people have that and we want to try to change that. That is why we have consulted on that specific point. I would welcome the Select Committee's views on that consultation in particular because I think that it is utterly key to this issue.

The second is: do we have a way in which retirees in private pensions in particular have their options properly explained to them? As automatic enrolment grows—and you were one of the architects of the original project—we will have an awful lot of people who have a large pot, we hope large pots or even smaller pots, and they don't necessarily know what they are going to do with them. They may think that it all will be planned out for them, but in reality they are saving an accumulating pot that is being invested for them and the decumulation pathway, because we have focused solely on getting the accumulation, has not been addressed as much as you would like it to be.

Australia has had 25 years of automatic enrolment and we have had 10, and it has only literally this year done the retirement pathway that it is doing presently. I would like to do that way sooner. In the very unlikely event I am in this job for the next five years, I envisage that as automatic enrolment expands and develops, providers are obligated to come up with a package that would then determine what you have. You would have much greater engagement—and this goes to your adequacy point—at an earlier stage.

You and I have both done these pension conferences of 1,000 people where I have asked people to stick up their hands if they genuinely understand their pension statements or if their mum and dad genuinely understand how much they have and where they are going, and two or three people stick up their hands and that is a group of pension professionals. The situation is that we are launching, as you are aware and I hope you will be part of it, a pensions engagement season, which builds upon Pensions Awareness Week. It builds upon the work of pension geeks—Scottish Widows has been the flagship organisation on this—to try to get people much more involved in their pension at a much earlier age.

I have engaged in these in the past. I do it every single year and it has got bigger and bigger every year. The Scottish Widows example is amazing. It is like a very, very dodgy rock band with a large bus driving around the country, turning up in Watford or West Ham and trying to educate the great British population about savings and pensions long



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term. Everybody who does that engagement walks away with an awareness that is light years ahead of what they started with.

Doing that on a much larger level and getting people pensions aware is, in my view, the utter trigger to greater savings and that is the key. Yes, there have to be policy interventions in the form of expanded automatic enrolment and you have to have people saving more, but at the same stage people have to be aware of what they have.

Q280 Chair: If there is an updated version of the 12 million figure that you could let us have, we would welcome that.

Guy Opperman: I will have to write to you on that because it is quite techy. It is genuinely techy.

Q281 Chair: I take that point. It is estimated by the Pensions Policy Institute that of this 12 million, or whatever the figure is now, there are probably 3 million people between 50 and state pension age who are at risk of not having a minimum acceptable level of income in retirement. Are there proposals, ideas for what we might do for that particular group where if something is going to change it is fairly urgent?

Guy Opperman: I have already set out in detail to Chris the mid-life MOT. That is exactly some of the cohort of the Aviva employees who were 25-year, white-collar employees who thought that they would have a retirement package that would be sufficient for them to retire. The Australians have a gold, silver, bronze approach that compares different bottles of wine—whether it is a decent bottle of wine or a bottle of Algerian asti spumante—to the quality of the life that you will have in your retirement. It works in Australia, trust me. The point is that all of the people who engaged in the Aviva trial realised that they didn't have quite enough. They then did things: continued to work is the first thing; made greater contributions to state pension if they had NI gaps; raised their contributions. You can always raise your own personal contributions. You can consolidate your pension so you take care of costs and charges in a particular way. There are things that you can do.

Putting it bluntly, we raise automatic enrolment in the longer term and it is not that long, frankly, in my view because the debate and discussion is there, which is the natural and agreed pathway of the Turner commission, and automatic enrolment is agreed cross-party. There are no politics in this. Timing is an issue, but it is agreed. That addresses long term exactly where we are on contributions as well.

My simple point is that if people better understand what they have or what they don't have, they can change their behaviour. That is the key, hence why you make it accessible. Make it online so that you can sit around your kitchen table and understand your pension statement. Make it accessible to a mobile phone or a laptop or an iPad. Make it a simpler statement and make the consumer the most important thing. That has not been the situation for some time, in my view.



Q282 **Sir Desmond Swayne:** We have largely covered it.

Guy Opperman: You are not going to ask me your first question again, are you?

Sir Desmond Swayne: No, but I will stick to the habit of repeating questions, notwithstanding they have already been answered. It is a question of the extent to which there is any level of understanding among individuals and companies about under-saving and how you build a consensus about that. Do we need a new pension commission to do that or will the process that you have just described of making it accessible at the kitchen table address this need?

Guy Opperman: I get the arguments for a pension commission. I don't diminish them in any way, and I have debated and discussed this. There are attractions to it in that you get a much more cross-government approach. The difficulty I have with it is that I could set out a 12-point plan, which I have prepared actually, but most of the 12-point plan would be evolution rather than revolution, whereas the Pensions Commission was definitely revolution because it introduced totally new workplace savings and it basically reformed the state pension. I wished it had fixed some of the problems at the time, but that it is a separate issue that we have all wrestled with on other occasions.

If I give you some examples, Sir Desmond. The 12-point plan for me is auto-enrolment, you would do the 2017 review and then get to 12%. You would resolve small pots. You would address rainy day savings ongoing, which in my view is a massive issue. You would create proper pensions engagement and awareness, and we are doing policies on that. You would have simpler statements, as I have discussed, which make it much more accessible and you would widen that not just to the basic ones that we are doing on 1 October. You would introduce a dashboard that makes everything online and accessible to the consumer. You would take the weighty issues of super funds and CDCs and drive those forward, giving you proper consolidation, proper sustainability and alternative products where you need those alternative products. We are inventing two new products, basically, for the pensions industry, which they need.

You do wholesale consolidation and I would go way faster than many would like us to. The more I speak to the Australians the more I am absolutely convinced we should consolidate way more and way more quickly. You address, as I have done in detail with Chris, the mid-life MOT and what I call fuller working lives as a policy intervention. You would look at costs and charges. It cannot be right and sustainable that costs and charges are so incomprehensible and cannot be price compared. It is one of the few products on the planet that you cannot price compare. We have driven down prices and so we know the cost of everything, but we don't necessarily know the value of everything. I am very strong that we change it to a value-for-money metric and make it outcomes based, which would change that dramatically. Finally, you do further integration



of climate into the pension policy and everything like that and you address long-term issues on self-employed and accessibility for all.

All of those things I have described, which is a 12-point plan. If the Prime Minister or future Prime Ministers were mad enough to give me this job for the next five years, that is what I would drive forward. All of them would have to go at different paces. There is no question but that there are different issues there but, in my respectful opinion, that does not require a pension commission. It requires a Department that understands that, then has a process to address those particular issues. Value for money is complicated, but it is unquestionably the right way ahead. That is how certainly I will ensure that pensions are measured ongoing, which should be about outcomes after costs and charges not about, effectively, the lowest common denominator at the moment.

Q283 Sir Desmond Swayne: There are great policy questions and issues around pensions—the extent to which employer and employee contributions should increase. To provide the data and the ramifications of all this, should we be looking at an equivalent of the Office for Budget Responsibility or is that something really that Ministers should do?

Guy Opperman: I personally think it is something Ministers should do and you should do by way of consultation, having looked at the different countries around the world that have done that. If you want to look at dashboards, you go to countries like Israel, Scandinavia or Holland who have done a dashboard already and you say, “Okay, you guys have done that. What were the mistakes? How do you learn the lessons from those?” If you want to look at automatic enrolment, the most successful country in the world bar none is Australia, without a shadow of a doubt, but there are other countries doing it and hilariously I now have my opposite number in China approaching the UK Government about how it can introduce auto-enrolment in China. That is a proper logistical problem it is trying to grapple with, but genuinely we are meeting to try to discuss that.

I personally believe that you have to look at the package between employer and employee. If the argument is that you will get to 12%—and we have gone down the route that both parties should take, other countries don’t have that; bear in mind other countries have one person pays, the employer or the employee pays—in my view that is a consultation and a discussion. In this country we tend to be very pro jobs, in my personal view, in the way in which Governments drive forward policy, which means that we are very keen to lower the costs to business, therefore jobs continue, because we are very much a market economy. That has its obvious attractions because jobs is the most important thing, by and large, for people’s prosperity, but at the same stage that makes life complicated if you are going to seek larger contributions from employers, for example, when you are raising automatic enrolment. I don’t think that is difficult because that is a consultation that happens.



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I have not read in detail the evidence of Tom from the Federation of Small Businesses or some of the other representations that come, but we speak to CBI, FSB. The Department engages with them all the time and that is what consultation is about. I don't think you would have to do a call for evidence. You have to do a consultation, respond to the consultation, set out legislation, debate it in the six different ways that we have to in the House of Commons and then bring it in, with probably secondary regulations to follow. There is plenty of discussion, of which Ministers are a key part.

A pension commission would not necessarily make things go faster. People think, "If only we had a pension commission, we would go faster". The Pensions Commission was barely seven or eight years from the date of the Pensions Commission—. It took two or three years to set up before the legislation was implemented and then it was delayed in any event. Be careful what you wish for.

Joanne Gibson: Can I add something to that? Talking about Australia in particular, it does not have employee contributions, it is purely employer. As you know, it is increasing them by 0.5% every year for the next few years and there is concern that the cost will be put back on to the individuals because the employers will lower their wages or increase prices. We need to look in the round at where we put that balance between employer and employee. We are looking at research about low earners because the impact that this will have on low earners is a crucial thing that we need to look at. We are doing some research over this summer and autumn, with the results coming out early next year, to help us think about that because that is the balance that we need to get right.

Guy Opperman: What works for your big business is very different from the coffee shop round the corner, isn't it?

Q284 **Chair:** Will the research you have described be published?

Joanne Gibson: Yes, early next year.

Q285 **Neil Coyle:** Thanks, Minister, for being with us this morning and apologies for being late. The ONS has said that the average defined contribution scheme receives 3.5% from employers. Is your plan for that to be levelled up to 5% and, if so, when and how?

Guy Opperman: Do you mean for automatic enrolment?

Neil Coyle: Yes.

Guy Opperman: Yes. Well, obviously we are at 8% now.

Neil Coyle: But the employer contribution. The ONS says the average from the employer, just the employer side, is 3.5%.

Guy Opperman: I have given evidence on this already. Yes, is the answer.



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Q286 **Neil Coyle:** When is the date? Sorry, if I have missed this.

Guy Opperman: There is no specific date. I am just trying to get the 2017 review over the line at the present stage, but there is no question but that we should drive forward up to 12% in the longer term. There is no question whatsoever. I will paraphrase the discussion but, bluntly, you have to decide what the burden is upon the employee and the employer, whether that is 6% and 6% longer term or 5% and 7%. How that is done is a discussion that will have to be had and that is what we consult upon.

Crucially, in my view, we look at the international examples out there. The Australian example, as Jo has just pointed out, is a full employer contribution, but there is an issue on wages and impact upon low earners and how you do that. We have not followed that model. The model of the Labour Government, the Turner commission, the automatic enrolment process was that it is a partnership between the employer and the employee and that both parties contribute. You can also wrap up some degree of tax relief in that and there is more that you could potentially do, but bluntly we have taken a view in this country under successive Governments, the last six of them dating back to Tony Blair—I know he is not a fan any more, but I understand—that everybody should be contributing. The extent of that is up for discussion.

Q287 **Chair:** I think the specific point that we have not addressed yet is whether the logical first step would be to increase employer contributions up to 5% so that is a balance 5% and 5%, employer/employee. In evidence that has been suggested to us as the first step in the direction that you have set out.

Guy Opperman: I am not going to make Government policy here, with no disrespect, but clearly we have to consult upon that. I am not personally wedded to that. My personal view is that this Government and previous Governments have worked on the basis that there should be a differential contribution with a larger contribution by one party and a lesser contribution by the other party. Basically, if you suddenly say, "No, you should have parity", I would not say it is changing the way in which we have done this but it is a difference, there is no doubt about that whatsoever. Why would you change the approach that we have already merely to get parity in that particular way? I believe that the best way is how it has been developed so far and the moment you start changing that you get into a world of complications.

Q288 **Neil Coyle:** If there is an acceptance that there is not sufficient saving being done, something has to change. It is DWP's primary role in this space to set that policy or at least apply that policy within Government. You mentioned the Australian example and you sound like a fan, I am equally a fan of Tony Blair for the record.

Guy Opperman: Don't say that. You are not allowed to say that any more.

Neil Coyle: I have not stopped saying that since his election. How is the



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Australian model being monitored? In particular, Joanne, you made the point about lower earners. How is that being monitored from here? Is that the DWP's role; is Treasury a formal part of that; is there joint work on this?

Guy Opperman: I can answer that. I am an enthusiastic devotee of the Australian model for automatic enrolment, as Jo and the team know. I take the view of why would you look anywhere else than the biggest pilot project on automatic enrolment in the world. I have slightly taken the view—the Department for Work and Pensions is aware of this, and I have said it in various public forums—that unless someone can explain to me why they have got it fundamentally wrong, that is the route we are going down. On small pots they have a thing called stapling, which is a bit more complicated. Your pot basically is tied to your sector and your union, which we don't have here, it is not designed that way. Their costs and charges are different and it is more complicated, so there are differences. But it is fair to say that I have embraced that approach. I am not bigging myself up, but we had two meetings last week with the Australian former pensions minister, Nick Sherry, in great detail, once in the Department and once at a Standard Life event, trying to learn and understand what is going on. We are preparing papers internally on how we can look at that model.

It is not a question of me going to Treasury, "You have to come to this meeting or this particular Minister has to come to it". We keep Treasury informed and civil servants are constantly liaising, but it is driven by DWP—there is no question about that whatsoever. Formulation of future policy ultimately starts, as the former Pensions Minister times two, who is your Chair, knows, at DWP, but then you have to work in partnership with other Departments.

Q289 **Neil Coyle:** In those meetings you mentioned the Australian Minister and pension firms here; what employers are represented? Is there formal employer representation at these meetings? We have had the FSB and others come here and say that they are quite concerned about the load that the Government have put on them during what is a difficult time for them in this country. In particular, they pointed out the National Insurance changes.

Guy Opperman: We discussed this earlier.

Neil Coyle: Yes, but are they a formal part of any of the agenda setting?

Guy Opperman: No. At DWP we are trying to look at international examples and learn the lessons. If you take the Australian example, where there is full employer contribution and the individual is not contributing, that is a big burden on employers. If that is the case here, it is a major step up, way bigger than anyone has anticipated, and that is not how I anticipate this will develop.



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But do we liaise and discuss with CBI, FSB and all of those things? Yes, we do. Do we consult on all these things? Yes, we do. They are not part of me sitting down or officials sitting down with former ministers from XYZ saying, "This is what we did, this is how we engage with business" as such, but I don't need to have them in the room to know that employers and employer representation organisations are concerned about the burden on business. One of the reasons I have struggled to get the 2017 review over the line is because everybody can see that Government and the country is struggling because of the fiscal situation and the burdens that are being placed upon it—NI being an obvious example.

Q290 **Neil Coyle:** They will be formally consulted when everyone else is consulted?

Guy Opperman: Of course, without any shadow of a doubt.

Q291 **Chair:** At the moment auto-enrolment minimum contributions is 8%, employers plus employees and you have said to us this morning that you think we will get to 12% and perhaps go further. One scenario that has been presented to us in evidence is that we might get to 12% perhaps by the beginning of the 2030s. Is that the sort of timescale?

Guy Opperman: I would hope so, yes.

Q292 **Chair:** Maybe a bit earlier?

Guy Opperman: It so depends upon the world economy, the UK economy and other things. With all employee and employer wages and pay cheques, you have to decide what you want to take away. We can all have a discussion about whether it is right to raise national insurance to give specific assistance to the health service to deal with the impact of Covid. There is a debate within Parliament on that and different people have different ideas. That is the practical reality and that is what we have done. You can make the case for that and you can have a criticism if you are a low tax person that you should never do that, but there are consequences to that.

I am the Minister for Pensions, but I am very proud to be the first Minister for Financial Inclusion. The bit that I have always tried to make the case on is that it is not just about pensions. What is quite clear to me is that there are two aspects of savings that are a real problem, which I do not directly control. As a Minister who is very interested in this space I work very closely with Treasury on it. That goes to Neil's point about liaising with other Departments. The two aspects are that it is simply wrong that people are not saving what I call rainy day savings. The obvious intervention that I personally would be advocating and certainly will be looking for over the next couple of years is a default saving package of a minimum of 1% as part of standard employee and employer situations. Lots of businesses, seven out of the FTSE100 companies, do this already and we are all aware of credit unions in our patch who will do the standard £1 or £2 a week to save on a simple basis so that you have rainy day savings. The evidence pre-Covid was that there is insufficient



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money set aside to deal with fiscal shocks, of which the two worst by far are your car breaking down and your washing machine breaking down. Needing the £100 to £500 to address those problems is something that the Great British public is struggling to do at the present stage.

My point is that I would like to see, as development of savings for pensions, savings for short-term fiscal shocks as well. The whole point of a pension is that you do not touch it for 30 to 40 years, depending on pension freedoms or whatever, but that does not mean to say you still have the savings in the short term. That is the point that you need to try to address. That is where we are trying to persuade—and at the moment it is a persuasion thing—the individual private sector companies to offer this. We are having some success there.

There are interventions that we are trying to do. You will be aware that there is a very long-term invention called sidecar savings, and that sidecar savings does what it says on the tin. It is a sidecar that has a bunch of savings in it. The problem with that is the policy intervention. I am not going to judge the final version, but all the evidence shows that if you allow people to save into a really great product—but it has to be their choice—they do not really do it. A sidecar is a great product. If you had a Treasury Minister here—I know that you love Treasury Ministers coming here—they would say, “Look at Help to Save, look at the LISA, these are brilliant products”, and they are, “which give massive taxpayer benefit”, and they do. The practical truth is far too few members of the Great British public take them up because it is a voluntary choice. When you add it up, if you were a financial adviser you would say, “You have to do this. This is a great product”.

My conclusion is that you have to do this by default. There are widespread discussions in government that you have to let sidecar savings finish its proper trial. It is a very proper trial. You have to look at what the private sector is already doing to see what it is doing. You have to try to beef up credit unions to see if you can help them do that. I met, I think in this room actually, Fair4All Finance, which is doing an amazing job in this space of giving no interest loans and giving support loans and are really beefing up the credit union sector. We have reformed mid-cost credit. I could go on. My point is that there is that second element of savings that we must not forget.

There is a danger in silo thinking. DWP is a wonderful Department and the pensions element is genuinely amazing. Lots of people work there for 10 to 15 years and have amazing knowledge. However, it only really thinks about pensions, which is, to be fair, what it is about. We have to be conscious that our constituents are just as worried about how they will pay to get the car fixed or the washing machine fixed or do that short-term stuff, and my fear is that without Government intervention effectively doing an automatic enrolment into a default savings pot, we will not get the savings that we need.



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That is where I am heading, which I want to be factored into the other element. There are wider issues on saving for other things that I could talk about, but I won't.

Q293 Shaun Bailey: Minister, what are your thoughts on the ONS report from 17 June, which said that a third of working-age people did not expect to have any pension provision come retirement? How is that driving your thinking as well?

Guy Opperman: I think that it is wrong because clearly the practical reality is that all Governments are utterly committed to the state pension. There are discussions about state pension age rising, how much it should be, what percentage of the GDP of the Great British public should be paid towards state pensions and so on, but that will continue under all Governments and that is very much there. Secondly—

Shaun Bailey: Sorry, it is any pension provision other than the state pension, just to be clear.

Guy Opperman: Okay. In terms of private pensions, the evidence on automatic enrolment shows that, frankly, workplace pensions are massively enhanced. We are up to, what, £28 billion worth of workplace pensions. Organisations like Nest are almost doubling every other year. You are in a situation that the pots that started very small in 2012 are now at 8% and growing dramatically. While criticism can be made of the Government moving slower in terms of the evolution of automatic enrolment, it is the best policy intervention.

Where it does go on the ONS is that it goes to the whole point that people do not know enough about pensions. Democratising this, making it accessible to people—I sound like a broken record, I accept—and making the consumer the most important person seems to me utterly vital. Make it on pieces of paper that everyone can understand. Have an online version that people can understand, because that is just not there at the moment. Being able to consolidate all your pots so that you only have to manage one pot, not the 11 pots that you may have out there from when you did a job at McDonald's when you were 18 or 22 or whatever, all of those things need to change. That will dramatically change the way it is.

Q294 Shaun Bailey: Taking that train of thought and applying that perhaps to people particularly in the self-employed space and part-time workers, I have heard what you say. What are your thoughts, then, on perhaps reviewing, for example, the value of the state pension as regards some sort of minimum income level or something like that? I hear what you are saying about ensuring that people understand what they have and how that works, but particularly in that self-employed space that I am thinking of it is a slightly different set of circumstances. What is the interplay there?



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Guy Opperman: I have seen some of the evidence you have had on self-employed and private pensions and how it is we can do greater interventions and how you effectively make automatic enrolment apply to the self-employed, which is I think what you were trying to direct the question to.

To be fair, it is a work in progress. The lessons of automatic enrolment are that default is the only way to get big interventions. The way in which we do that is when HMRC has fully constructed Making Tax Digital and you are in a situation where there is an automatic deduction from your earnings into an automatic enrolled pot by reason of your tax return, effectively. It happens at the present stage. I am so old and hackneyed that I have twice been self-employed, as a very poor jockey and then as a self-employed barrister. I was white collar and I would dutifully fill in my tax return, ticking the box that says if you make your contributions of £500 a year to a self-employed pension, that gets you £500 off your tax return. I did that for 20-odd years. It is not a big intervention, but it was something. Making that default and making that easy to do in an automated way will be the transformational thing.

I can promote automatic enrolment. People can join Nest if they wish to do so. They can join these sorts of things. They can have a private pension with any private provider, even though they are self-employed, but there is no doubt that people just are not doing that. The only way it works, in my view, on pensions is that you have to do it by default.

Q295 **Shaun Bailey:** Are you confident, then—just thinking operationally on that for a minute, utilising the tax system and HMRC, which sounds in a way a mechanism by which that might possibly be done—from the engagements that you have had that perhaps the system within HMRC is ready for that? I appreciate—

Guy Opperman: Bluntly, it is not ready now. In fact, if you had asked me five years ago when I got this job whether HMRC would be ready, I had a conversation with HMRC many years back trying to say, “When are you ready?” There is no doubt that Covid and other complications have got in the way of that automation, but it is coming. As I recall, it is 2023, 2024, 2025 as the staged process of it. In the very near future, that will be available.

I met with the Permanent Secretary of HMRC a while back and we are in constant dialogue with them. There is a self-employed element of DWP that is trying to look at how the interventions are. Default automatic is the way ahead. That is the best intervention. That sounds like a cop-out as a Minister, that I have just parked it until this comes in. I think also that demystifying this and making it accessible so that white van man or Mr and Mrs Smith who are running a small business think, “This is actually available to me”.

This is a product that is not consumer friendly. It really isn’t. We need to change that. We need to make the consumer the most important person



and we need to make it accessible to people. It is not at the moment. That is why I am a broken record: have proper engagement, make it online accessible, make it simple, and make it something that is genuinely fit for the 21st century. It has been languishing in the 19th century for a long time and we are just skipping an entire century, in my view.

Joanne Gibson: To add to that, we are doing trials with HMRC in its self-assessment system to do prompts to try to get the nudges in there to see if that works. Then we are going to work with it in taking that forward with the software developers and Making Tax Digital to see if we can get something like the Minister has just described. It is a work in progress, as he said, but until Making Tax Digital is up and running we cannot latch on to that. However, we are doing stuff in the meantime with the self-assessment system to try to get nudges in there to try to promote it.

Guy Opperman: I will say one other thing. The market is also doing some quite clever stuff. We will all have seen television adverts about people running crazy businesses and trying to record all their VAT and everything like that; you can photocopy it and it goes straight on to your system and it is all done automatically. There are providers who are stepping into this space and effectively automating all of your record-keeping. They then automate and do your tax for you as you are going along, effectively. It is a very short step to have a nudge in that that then makes your contribution to a pension. Similarly, there are businesses—obviously as a Government Minister I cannot favour certain businesses—out there that are tech businesses particularly in the savings space that are offering self-employed people, if they have a self-employed bank account, a self-employed savings product so they can do this as well. There are a lot of interventions in this space, which is also, frankly, doing stuff where Government aren't because they are way more agile and they are much better at tech.

Q296 **Shaun Bailey:** Can I segue from that? You have talked about nudges, but more broadly around engagement can I talk about voluntary saving in particular? My understanding is, Minister, that you had previously said that improving engagement itself as a standalone would not necessarily materially change things. It has to be part of a package, perhaps, of broader interventions. What is your view on that now? Engagement is obviously important, but what does that need to dovetail in with as well to ensure that it changes behaviour around voluntary saving for pensions?

Guy Opperman: Engagement then triggers behaviour change. If I am not aware of a pension, if I am not aware of the opportunity here, if I don't know anything about it, I cannot do anything. Once I am engaged and I am aware of what this is and that I need to save for the longer term and that my life expectancy is this and these things are changing, and that there are tax benefits left, right and centre if only you could access this, then in my view that triggers behavioural change. If it is



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accessible to the man in the street, if it is accessible to *The Mirror* reader, *The Sun* reader and not just to the *FT*, that will be a massive advantage. At the moment, pensions are way too much focused on the *Financial Times* and those types of newspapers and too much time is spent on the middle class professionals, lord love them all, obviously, who are the people who have independent financial advisers, who are saving in this way, whereas the Great British public do not have that. They want something that is accessible to them, is understandable and is then applicable to them.

Everyone is a convenience shopper nowadays. We need to make it easy for people to do stuff and if we cannot do that, we have to make it default and then they have an opt-out.

Joanne Gibson: That is where the AE 2017 review measures kick in because that will increase contributions from that first pound as well as bring in the under-18s. That is the two, the engagement versus the default. That is the package that goes together.

Q297 **Shaun Bailey:** Can I ask a separate question? On the PLSA retirement living standards, do you think that should be incorporated into any pension dashboards?

Guy Opperman: I will answer that diplomatically by saying that clearly I love everything that the PLSA does and I love everybody who tells me I should put add-ons on the dashboard. I haven't even got the dashboard over the line yet and I have only been working on it four and a bit years.

My preference would be to get a pensions dashboard up and running. There are certain legislative and agreed basics to it. Originally, it was a search, find and bring back to you facility. Listen, in five to six years' time, as the dashboard is fully up and running, we have every single public sector, we have taken account of McCloud and various other judgments and complications to these things, everybody has proper data and we have 40,000 schemes in the single biggest computer project pretty much that Government are trying to assay, then there are a lot of things that you would want on there, there is no question whatsoever.

I question whether that is the first thing I would have, frankly. Outcomes on a long-term basis do matter and understanding what your outcomes are does matter, but whether that is something I would want on a dashboard at first blush is not necessarily the case. Again, my job is to get the dashboard over the line. My job is to gently nudge, cajole and brow beat 40,000 pensions providers, including the state in all its forms, and state pension and everything else, create the tech, drive forward this massive project, get it up and running next year, get it working, get people's buy-in, and then develop it over the mid-2020s when some lucky person will take over this amazing job and will then be able to do lots of add-ons on top of it, of which definitely there will be. The evidence from Scandi and Israel and other places is that is what happens.



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Then, in my view, many of the problems that we are discussing today—multiple pots, lack of engagement, lack of understanding—will, I would not say disappear, but will be solved in a massive way. I will be able to consolidate. I will be able to have all my pots for the last 20 to 30 years all in one place. I will be able to sit at my kitchen table and understand this, just as I can look at my bank statement at the present stage at my kitchen table. I do not need to see my bank manager. All of those things flow.

Q298 Dr Ben Spencer: My question neatly follows on because I was going to ask about dashboards and the MoneyHelper service. On your vision about sitting at the kitchen table looking at all the different money pots, I completely hear what you say in terms of getting it over the line before we look at the add-ons. However, do you think that signposting to guidance should be part of the dashboard so that when you are looking at your different pots you have that coming up?

Guy Opperman: The answer to that is yes.

Q299 Dr Ben Spencer: Okay, cool. On guidance that is provided by the MoneyHelper service, do you have any plans to increase or optimise uptake of pensions guidance?

Guy Opperman: There are two things. There is Pension Wise and there is MoneyHelper, which are different products for different people at different stages. I think it is important to differentiate them. I go back to the answer that I gave to Chris. The Money and Pensions Service is a young child. It is three, three and a half. MoneyHelper has only been around for about a year or so. It is a just about post-Covid product. They are still developing this. My dad has a great expression, which is, "Don't buy a dog and then bark yourself". You cannot get a great arm's-length body, set it up as everybody says, and then immediately go, "You are doing it wrong and I would change it straight away". You have to allow an arm's-length body that is in charge of developing a product time to develop it, sell it, make it work.

Trust me, myself and John Glen sit down with the Money and Pensions team a lot, and the Department sits down with them a lot. It is not like they are not supervised at all and are not held to account because ultimately we are the two Ministers who are responsible to Parliament for that. We govern their budget and we do a whole bunch of stuff on that.

By and large, these are young organisations trying to grapple with these things and develop products, so I think that we should let them try to get on with that. That is the way I would do it. Otherwise you end up micromanaging left, right and centre. I am slightly going to leave it to them, but watch and see—I take on board what everybody says here—whether we think they are doing a good job. Does that answer your question?

Q300 Dr Ben Spencer: Yes, sort of. In those discussions that you have with



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them, what outcome are you looking at? What metrics are you judging success by? Is it by the self-reported satisfaction surveys? Is it by number of appointments? How do you judge that you have done your job correctly in terms of making sure that they are doing what they are supposed to be doing?

Guy Opperman: It is hard when it has only literally just been launched and it goes to the stronger nudge point. If I set a metric at the start that is the wrong metric, then they will obviously gear themselves to that metric in circumstances where you then get a metric-driven performance, which is not the outcome that you are seeking.

Outcomes is behaviour change, in my humble opinion the most important thing, so are people aware of the product? Do they then engage with it? Is it accessible? Then does that change behaviour as a result of that? Those are the things that I am looking at. I don't think that it is a bad thing that you do not start with, "It has to be 250,000 in year 1" or, "It has to be 350,000 in year 2". Do you know what I mean? It is not the right approach, in my view as a Government Minister, to insist that everybody has to hit these targets straight away. Personally, I think these organisations and the people who work for them are utterly committed to making these products as accessible as they possibly can and to drive forward take-up. They get that. Ministers coming in and saying, "You have to hit this number or this particular way" is a bit like you are a doctor. It is a bit like certain directives to doctors do not necessarily breed better behaviour or outcomes for patients but they look good on paper.

Q301 **Dr Ben Spencer:** I am trying to remember, so apologies if I do not have this right, but I think that we have had some evidence where some of the metrics that are being looked at is essentially user satisfaction as opposed to behaviour change. What do you think about that?

Guy Opperman: The user satisfaction is something that everybody by and large records. However, I have five arm's-length bodies that I am responsible for, of which the Money and Pensions Service is one, jointly with John Glen. I have got outside individuals, totally independent of Government, to do a series of reviews of those particular organisations. I asked a chap called Tom McPhail to do a review of the Money and Pensions Service. His recommendations are about 35 to 38 or whatever they were. One of the key ones was measuring outcomes, in other words rather than self-satisfaction, and I agree entirely on that. To be fair to the Money and Pensions Service, that point has been rammed home to it. It has had an external reviewer say, "You are not measuring outcomes and behaviour change enough". We have put it on notice on that and that is very much what we seek to change.

I am looking for behaviour change by reason of these interventions. That is the key bit for me, rather than, "Do you feel warm and fuzzy about the service you received?" I am paraphrasing massively, but you get the point.



Q302 Dr Ben Spencer: That is great to hear. Notwithstanding what you have said about it being a “young child” service, do you envisage a future where you may as things do develop want to require employers to signpost or set up automatic appointments to a service?

Guy Opperman: The signposting, yes, and I think that is what we definitely want to try to do going forward so that people are aware that there are opportunities to be better advised or better guided, however you want to describe it. I have had this conversation with this Committee. I do not believe in automatic referral to Pension Wise for all people in these particular circumstances is the right way forward. Myself and John Glen have set out in great detail why we do not think that is necessarily the right way forward.

At the same stage, everything is always kept under review. To pretend otherwise with a very young organisation like this—and we are constantly looking at how it is we can improve this. My view is to allow this organisation to address the problems it was set up to do, supervise it, do not micromanage and do not do the barking yourself.

Q303 Dr Ben Spencer: My final question is: how long do you think that it needs to be running for before you can do a full appraisal in terms of success or whatever?

Guy Opperman: I have already done a review, and many would say that I did a review very, very early, frankly, given that it had only been going literally a couple of years. I always work in electoral timeframes because in my view that is the way to do it. Ministers come and go. Governments come and go. What can you achieve between now and the likely next general election on 1 May 2024? In my view, what I would propose is that the DWP Minister, whether it is me or something that my successor does, prior to the next general election does a genuine review of the five arm’s-length bodies that you have. That would be a very useful thing to do. It would also not necessarily set the tone for the future Government, whoever it is, future Minister, whoever it is, but it allows them to inherit or get to post-election, “Fine, we know where these things are. These are the five organisations we run. We have done reviews of them. We know what they are doing”. For me, the obvious and logical time to do this is the spring of 2024.

Chair: Neil Coyle has a quick point.

Q304 Neil Coyle: Yes, a quick supplementary, thanks. Minister, in responding to Dr Ben Spencer’s question you mentioned that you put the Money and Pensions Service on notice, but what does that mean in practice? What levers do you have over the service?

Guy Opperman: What is called the arm’s-length body team at DWP is constantly in discussion with these organisations, not just MAPS; it is also the Pension Protection Fund, the Pensions Regulator, all the arm’s-length bodies. Ministers then meet with the chief execs and the chairmen of these particular organisations. With the Money and Pensions Service I do



that on a regular basis. We then try to identify where there are issues with that organisation. They do annual reports. They have a strategy. You can look at their strategy. It is voluminous on these particular points.

What I decided as Minister, and the Secretary of State agreed that this was a good way forward, was that what I was doing was not enough. I took the view that you can get to a situation where you cannot see the wood for the trees because you are so immersed in it that you just cannot see it. I have got five different individuals to do a review. Lesley Titcomb, who is the former Pensions Regulator, has just done the Pension Protection Fund. Tom McPhail looked after the Money and Pensions Service. David Bennett looked after Nest. For all of these reviews, which are published and are available post the situation, we look at to what extent those reviews are then implemented by the individual organisation.

It does not mean to say that the reviewer is right on everything because that is an external body coming in, no different from a new Minister coming in or an externally hired person, but it is a very good challenge. It is a very good thing. I can look at what they were set up to do. What does statute require the Money and Pensions Service to do under the financial guidance Act? What does its strategy say? Is it hitting the box on the strategy? What does the independent review say? Where are we now? Slightly, that is what I mean by on notice. I need to know that these organisations are going in the right direction of travel.

To be fair, that applies to all five, but clearly the one that is the most difficult, bluntly, is the Money and Pensions Service because it is a brand new organisation addressing things that, rightly, we all care about. If I can give you an example, the Labour Government set up—

Chair: Can I interrupt? I think that we have the point. Thank you for answering that.

Q305 Chris Stephens: Minister, I have some questions around the gig economy and gig economy workers. You have told us in the past that gig economy workers are eligible for auto-enrolment and that the challenge is around compliance and employment status. You will be aware of the Supreme Court ruling in February 2021. We are also aware that there is still no employment Bill to cover this work. Could you first of all tell us, Minister, what discussions you are perhaps having on a cross-departmental basis around an employment Bill? Have you considered using the regulatory powers that would be available to you under the Pensions Act 2008—I am thinking section 98—to expand the definition of a worker for auto-enrolment purposes?

Guy Opperman: The latter point I do not believe I have considered. Jo will enlighten me as to whether the Department has done any kind of review of section 98. Certainly, the advice I have, and I will read it to you, is that we believe the definition of a job holder in automatic enrolment legislation is clear and that there is not a need to alter that



definition at the present time through use of the powers in section 98 of the Pensions Act 2008. Clearly, if you feel differently to that and you want to point out the specific matter that is wrong with section 98 and the Committee wants to write to me on that, then by all means. I would need primary legislation to do that. That is complicated, for obvious reasons. That is the answer to your second point.

Your first point was whether I am responsible for the employment Bill and the Department for business. No, I am not.

Chris Stephens: Have there been any discussions cross-departmentally?

Guy Opperman: Of course. Clearly, we are aware that the Department for business is reviewing employment status and has been doing so for some time and is trying to address that. I cannot speak for individual Ministers, whether it is Kwasi or individual junior Ministers, as to what the status is of an employment Bill, but it is obviously not in the Queen's Speech for this year.

Q306 **Chris Stephens:** You said to me there that you believe that for auto-enrolment purposes the law is clear. Uber told this Committee last month that it thinks the legislation is clear for its drivers, but we had other witnesses who were telling us that it is not clear. There are hundreds of thousands of workers affected by this, Minister, so I am sure that you can appreciate the concern that we have as a Committee. Why do you think that there is confusion in this matter?

Guy Opperman: The advice I have received is that the matter is clear and that the Supreme Court judgment on 19 February 2021 has made a definition that Uber drivers were workers and that the definition of a worker in section 233 of the Employment Rights Act 1996 does extend to self-employed persons, including Uber drivers. The consequence of that is that those workers are now receiving pensions on an ongoing basis.

Q307 **Chris Stephens:** Yes. The Pensions Regulator told us that its approach was to follow up on Employment Tribunal decisions and whistle-blower reports. That does seem to us to be a reactive approach rather than a proactive approach. Do you think that it is sufficient that the Pensions Regulator is doing that, taking that reactive approach, given that you have said to us that you believe that matters are clear?

Guy Opperman: The regulator is independent of Government so it can take its approach. I speak with them and meet with them on a regular basis, as does the Department. Clearly, if Parliament feels that the legislation requires changing to enhance or alter the status of a worker and workers' rights, then that is a matter for Parliament. I cannot second-guess and change the approach of the regulator.

No disrespect, I will probably try to go too far to help you, but it seems to me that every employment contract is different—there is no one employment contract—and the definition of a worker and the worker's rights will be differently defined. There is a specific example that has



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been taken to the Supreme Court of an Uber driver, which clearly covers 80,000 to 90,000 workers. For those 80,000 to 90,000 workers it seems to me that once the Supreme Court pronounces something, that matter is clear. You can then codify if you wish to do so, but the law has changed, the law is clear and Uber is acting.

If I am a farm worker with a verbal contract or a one-page contract, it is possible that that will be very different from other people's contracts. I suspect, and I am hazarding a guess, that the Pensions Regulator's start point is always, frankly, as its lawyers would advise it, what does the individual legal agreement between employer and employee say?

Q308 Chris Stephens: There are many employers on the back of the Uber judgment, Minister, who have not then followed through and done that themselves. I think that is something that certainly you need to look at and the regulator has to look at, particularly around the Uber judgment. I do not know if you followed the evidence here, and I had not appreciated this until it was said, but it came across that there are Uber drivers who work for multiple employers. They work for Uber one or two days and then perhaps another taxi company on other days. Given that that seems to be happening in that industry, is there a case for encouraging the development of industry-wide schemes? Therefore, what form of encouragement would you want to take up on that?

Guy Opperman: All matters self-employed are complicated, however you dress this up. The hybrid version between self-employed and full-time workers—I am being handed a very helpful note. I am sure it is going to answer—

Chris Stephens: I saw that, yes.

Guy Opperman: All matters between self-employed and full-time employees are complicated, we clearly can see that. I think the Uber judgment is clear. I have a copy of it here. Again, I keep coming back to your definitions in your individual employee contract. As a former lawyer, that will always be my start point because that is the negotiation that has gone on between the two parties involved. I am now going to read to you what is actually the appropriate thing that I should be saying. Yes, okay, fair point.

Is it the Government's intention to do wholesale regulation from a DWP point of view of self-employed at the present stage? No, that is not a policy intervention that I am seeking to do. There is no doubt, and it is a fair point that Jo has pointed out to me, that we have looked in detail and we are effectively consulting/open for business on how collective defined contributions can potentially be the solution to this particular problem. We have passed legislation on CDCs in the Pension Schemes Act. The Royal Mail one kicks in literally in a matter of three weeks. We are in a position that we are then widening it to multi-employers, self-employers, and I am sure that you have read our decumulation package. We are very much encouraging people to look at alternative forms of CDC to



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address things where there are gaps in the market. Collective defined contributions could be—

Q309 Chris Stephens: Can I take you back, then, Minister, to multiple employers? People in the gig economy have multiple employers. That just seems to be the way it is. Are there approaches you can look at? Certainly, I would encourage you to look at that particular ongoing problem because my concern here is that there are hundreds of thousands of workers. You and I might believe that things are clear, but their employers are not acting on it and they should be acting on it. I would ask you to look at that as well. The problem I have, Minister, is that if the Government are not going to legislate and they are not going to regulate, then we can only assume they are going to procrastinate.

Guy Opperman: You keep coming back to whether somebody is self-employed or employed. If they are employed and they have an employer, subject to the thresholds, automatic enrolment should kick in. That is what the Uber judgment determined—that Uber employees were effectively employees in a proper contract.

Q310 Chris Stephens: How do you enforce that, though, Minister?

Guy Opperman: The difficulty is that it is for the individual employer and employee to determine what their legal relationship is. I do not believe any Government or any Opposition propose that they will legislate and say, “We can legislate exactly what every single person is in every single job”. There is very detailed guidance in the Employment Act. If it is an employer subject to automatic enrolment rules and thresholds, they qualify. Even if they are self-employed, it does not mean to say they have slipped through the net because you come back to the same argument we had earlier on about self-employed. They can apply and they can join, as many do, Nest or alternative providers. It is not the case that they are utterly denied this, it is just that they are going to be the ones organising it. That is the point.

Joanne Gibson: Can I come back to the point about BEIS and the employment status? BEIS has committed to publishing guidance to clarify this further, so that is coming. We are working closely with it and Treasury on what impact that does have on automatic enrolment, but that is coming from BEIS.

Guy Opperman: I am sorry, I am now questioning my own witness. Do we know roughly when that guidance is coming?

Joanne Gibson: Shortly.

Guy Opperman: We can let you know. Shortly, in parliamentary terms, which could be Christmas.

Chris Stephens: Shortly in parliamentary terms is—

Guy Opperman: It could be Christmas, I accept that.



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Q311 **Chair:** Can I make one point on this? Uber gave us a very strong impression that the law is clear—and you have said the law is clear—that people in the taxi and private hire business should be auto enrolled by their employers. Uber accepts that and has done it. Its competitors have not. Do you think its competitors are in breach of the law as it stands?

Guy Opperman: As a 20-year lawyer who represented Government many times and prosecuted a lot of people and co-defended with your esteemed Leader of the Opposition, I am not going to start getting into individual contracts and individual situations.

Chair: The law is not clear, it seems to me.

Chris Stephens: That is all we can take from that.

Guy Opperman: Slightly, an employee and an employee representative organisation can do what was done by the representatives of Aslam and others, who took action against Uber, and as unions are to their credit up and down the country defining and working on behalf of employees—

Chair: We will welcome the clarification, Minister, when it comes.

Guy Opperman: The only thing I would push back on is ultimately it is about what the contract agreement is between the parties. I do not want to be too “lawyeristic” about this. Ultimately, it is what you are agreeing.

Q312 **Neil Coyle:** That is one issue. I just think there is a separate role for DWP. The GMB I think it was in the Aslam and Uber case was there to represent the drivers. Who is there to represent the taxpayer? Is there not a role for DWP as the Government representative? If we are saying that people do not have enough pensions and here is a group that it is claimed have bogus self-employment, they are being let down on their pension rights. Why aren't the Government stepping in and tackling that failure to ensure that people's rights are upheld and that the taxpayer does not pick up the bill later in life?

Guy Opperman: There are two answers to that. The first is that—

Chair: Very briefly, if you would.

Guy Opperman: —that is a matter for the Department for Business, which is the main interested party in this. It is the one that defines employment ultimately as a matter of law. Secondly, Government do sometimes, and I have done it on behalf of the Department for Work and Pensions as Minister, intervene in legal cases to try to establish what the Government's position is, both at the court itself and then in the consequences of the action.

Chair: I think that Chris Stephens wants to raise another point.

Q313 **Chris Stephens:** Yes, I do, thanks. To conclude on that, obviously we will consider what you have said, Minister, and we will probably come back to you on that. It is very much an ongoing issue, and I know that you will



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certainly appreciate that we want to continue to take that up. I want to ask you two quick questions on pension credit, Minister. Pension credit awareness day was recently. We were advised last week—

Guy Opperman: Did you share the video?

Chris Stephens: I have seen the video. I cannot remember if I shared it or not.

Guy Opperman: I sincerely hope you have shared the video.

Chris Stephens: So 10,000 new claims we were told last week in evidence. Mr Schofield told us last week that 60% to 70% of those 10,000 new claims were successful, yet in a letter to us on 27 April, Minister, you had said the IT system does not allow the Department to track the proportion of new claims that are successful. Has the Department found a solution to tracking successful pension credit claims?

Guy Opperman: You have me on what letter that is, but all I can say is that we know how many claims are made, and the number of claims following the pension credit awareness day on 15 June has increased very substantially. There is then a time lag because all of those claims have to be assessed. It is fair to say that I can't track on a day-by-day basis claims as against outcomes of success or otherwise. Not every claim for pension credit is successful because, as you know, there are thresholds.

It is true to say that I cannot give you a live assessment on an ongoing basis and there is a considerable delay, as you know. Some of these assessments take a little while because you have to assess people's savings, earnings, assets and things like that. Some of that takes a while and we have to ask for documentary evidence on that. That is the difference.

As you have raised pension credits and the action day, I would just thank everybody who was involved in it. There were a large number of stakeholders; I hate that expression, but they all know who they are. I just want to make the point to this Committee that that continues. It is not a one-day wonder. For example, it is quite clear that there are certain cohorts in society—BME is a good example—who do not necessarily claim pension credit. We are going to continue to engage and reach out on that process and try to enhance that.

You may see Mr Goodman and others, hopefully not me, in future videos. My office and I have rung every single Member of Parliament's office to try to push out the message. I have written to everyone's local newspaper I think four times. We do op-eds all the time. We do huge amounts of stuff to try to promote because the simple truth is that Gordon Brown created a system—and I revere the great Scotsman tremendously—but it is a system by Treasury in the 2000s that requires everybody to claim. That is the deficiency of this, but there is £3,300 on average out there and there are a large number of private sector



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organisations who are working with the Department to try to drive forward take-up and awareness of that and it will be very much part of, so the Chair is aware, the pensions engagement season this autumn. Pension Credit will still be part of that, even though it is not the bit that all these private sector firms are concerned with, but they consider it, rightly so—and if they did not consider it before, they definitely do now—to be part of their wider ESG/corporate social responsibility requirement to get involved with this.

Q314 Chris Stephens: I appreciate what you said about the time lag. On tracking who is successful, if by September we were to write to you to ask what proportion of claims were successful, would the Department be in a position to respond?

Guy Opperman: Yes. There is one proviso. If hypothetically 10,000 people apply, we would be able to recess those applications within a relatively period of time, two to three months. Some take longer and inevitably, one problem is that if you get a massive glut of people applying, the response time on those particular claims is longer because suddenly you are inundated with claims. It is a good problem to have. We have a lot more Pension Credit claims applications coming through the door. We are transferring resources to deal with that, but suddenly we are dealing with tens of thousands more claims, which is a problem I love but at the same stage, response times are a bit slow.

Q315 Chris Stephens: You have touched on this, but it sounds as if the Department will produce a longer-term strategy on making sure people who are entitled to Pension Credit are claiming and getting it.

Guy Opperman: Yes. We have had a strategy of a variety of different interventions for a considerable time. The Pension Credit action day took place last year and it made a difference. On the back of Mr Goodman and various other things, a PMQ and some journalists in particular sticking their hands up and saying they are interested in this, we are trying to continue that process. I have met with BBC and ITV and all the energy companies, and local authorities. These organisations are doing a huge amount and DWP now sends out about 11 million state pension uprating letters which we did not do before. A Pension Credit application form is now put into that letter, a fact sheet. That makes a difference. Decisions at the BBC make a difference. We are doing a host of things and all of it is to try to get people to apply. Do not be shy, please apply, is the case.

Q316 Selaine Saxby: What do you think is the main cause of the gender pension gap?

Guy Opperman: There are a number of different causes. I am particularly interested in trying to fix it and the key intervention that fixes it, without a shadow of a doubt, is automatic enrolment. The success of that has addressed it. There is work to be done. I know this Committee, as am I, is keen to resolve the relief at source issue in terms of taxation. That is a work in progress with Treasury and it will be resolved. There are



issues in relation to child care and caring responsibilities that will impact upon this.

Q317 Selaine Saxby: Since the high-income charge was introduced in 2013, over half a million people, 84% of them women, have opted out of receiving child benefit. Given that potential impact on state pension due to the missing national insurance credits, are you looking at allowing them to be backdated over a longer period or link those credits to birth registrations?

Guy Opperman: I will genuinely have to write to you on that because that is one from left field that I would not want to give you a definitive answer on. It was not flagged to me that I would be asked about that; it is quite a techy question. I do not believe we are doing specific policy interventions. At all stages, any applicant for state pension can fill in their NI record and lots of people do because the larger the contributions of NI you have, the greater your state pension, so where there are gaps, we definitely encourage people to do so. Can I write to you on that with a definitive answer because that is quite a techy question and I do not want to get it wrong either?

Q318 Selaine Saxby: Is there anything else, perhaps an annual report to Parliament, that you think might help address the situation?

Guy Opperman: We already do a host of assessments of what we do and publish annual reports and accounts. The key changes, with no disrespect to esteemed Treasury colleagues and the new Chancellor—good luck in the job, Nadhim—is that clearly Treasury needs to address the relief at source issue and that would make the biggest difference in this matter.

I think it is a very bad idea when Ministers pop up with policy suggestions to Select Committees, but I will do that bad idea. There is a policy suggestion that I say we should look at. There is no doubt whatsoever that because of women's obligations in childbirth and because women tend to be the carers for elderly—there are stats on this I am not familiar with right now, but as a proportion, more women than men are carers for elderly parents—the legitimate question that Government need to look at is how to fix that gap.

I suggest there are two or three things you could do. First, you could have a pension swap between partners. If I am the partner who continues to work while my wife has children, can I share some of my pension contributions and can I equalise that on an ongoing basis? You cannot at the moment, but some countries are looking at that. Secondly, where I choose to take caring responsibilities, am I able to find a system and develop a policy system that allows for caring responsibilities to be remunerated in pension contributions? You then get into a world of complications about who pays for this. Is it coming out of direct taxation? Is it a situation that there are tax breaks on these things? How do you deal with divorce and entitlements? All these are genuine policy problems



and complications. Our good friends, the Australians, are looking at this, and I have discussed it. As pensions, particularly private pensions, evolve and as that becomes the main source, there is scope to look at how you address those two areas. I want the Treasury to solve relief at source. Merely because women produce children, they should not be penalised with pension loss, and merely because the majority of carers are female, that is the situation we should try to address, and there are ways of doing that. They are not detailed yet, but by and large it comes out of direct taxation; the taxpayer subsidises someone to be a carer in terms of the support they get on their pension contributions at that particular stage. That is one way of doing it, but obviously that means the taxpayer has to pay for it. I welcome the very detailed report the Select Committee will then do on that particular point.

Debbie Abrahams: it is a pleasure to see you here after Sir Desmond's question earlier. We were not sure whether you would be here as one of the more principled Ministers within the Government.

Guy Opperman: Do not describe me in that way. I am in real trouble.

Q319 **Debbie Abrahams:** You can tell us later what your plans are, but I wanted to continue this line of questions if I may. Specifically, to follow up on the gender pension gap, the family resources survey said that the gap is still about 38%. As you know, the pension commissions that were set up at the beginning of the noughties were specifically designed to address pensioner poverty for women. We still have that, and I wanted to flag that point up and ask if you have any intentions of ensuring this data is collected routinely so we can monitor, as you rightly say, the massive improvements that auto-enrolment has provided and see how that is affecting the most vulnerable and exposed to that.

Guy Opperman: I would push back and say, if you are asking if AE monitors female pension attainment and numbers and outcomes and everything like that, it does and we publish huge volumes of information on that particular issue. The stats are that in 2012, 40% of eligible women in the private sector were participating in a workplace pension and this is now at 87%.

Debbie Abrahams: My point is about the gender pension gap, the difference between men and women. As we know, they may have been contributing, but they are still not contributing at the levels that enable them to escape poverty. The original pensions commissions were convened specifically to address that. I will park that to one side, and perhaps you could write to the Committee about it because it is so important. I know you think this as well, Minister.

Guy Opperman: Can I try to give you a better answer now I understand the question better? I am not very good at data because I am a bloke and not particularly very data-orientated. I feel we have a deficiency of data on this and I have looked at other countries where the pension system is incredibly data-driven and they are really impressive.



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I was speaking to the chair of the Pensions Regulator the day before yesterday, and we were basically in agreement that although there is a cost to produce this stuff and it is complicated, the quality of the data we have, particularly in the workplace pension space, needs to get better. We have a 10-year-old child in the form of automatic enrolment. The Australians are at 25 and their data is clearly way better than ours. I think we can address that in much more detail. I am happy to write to you and also, I will ask the Pensions Regulator to address that as well.

Q320 Debbie Abrahams: Yes, and let us learn from others.

In the same vein, can I also ask, because I do not think this is collected even within the family resources survey, about the disability pension gap? We know we have a disability employment gap still stubbornly at 30% or thereabouts. I understand that there is no data on how this is affecting disabled people in later life in their pension age. Will you also look at that and let us be, if we might be, an international leader in this, but we cannot continue to have women, disabled people, ethnic minorities who are disadvantaged throughout their life course, also being disadvantaged in their old age.

Guy Opperman: I know the massively increased numbers of disabled people who have employment trigger them to be in AE, which makes things better, because they then become employees earning above £10,000. Is that a situation where they are not necessarily receiving as much as an able-bodied person who is doing 40 hours a week or whatever? Clearly, there is a gap there, and I am happy to give you some written evidence on that.

Q321 Debbie Abrahams: That would be really helpful. If I can press you now in relation to the second state pension age review.

Guy Opperman: You can try. I am not sure I can say much because it is ongoing.

Debbie Abrahams: It closed in April, is that right? The consultation around that closed in April. I went on the second state pension age review web page and I was concerned about the data included in that, which very misleadingly suggested that life expectancy is increasing.

Guy Opperman: It is.

Debbie Abrahams: Then can I read out to you the latest report from the ONS that says, "Life expectancy at birth in the UK in 2018 to 2020 was 79 years for men and 82.9 years for women? This represents a fall for males and almost no change for females." That was from the ONS at the end of last year. I am a former public health consultant so I understand data and particularly metadata around life expectancy. Helpfully, the second state pension age review also refers to the variation, the need for levelling up in relation to the variation, the inequality in life expectancy by region. Although we have these figures for men and women at the UK level, in different regions it is much worse, including the north-west. In



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my constituency the average life expectancy is 77.2 years for men, so below the UK average. It has gone down, as areas of deprivation have. For women it has been going backwards.

Healthy life expectancy, which will determine how long we can work and points we have just been talking about—contribution to our pensions and so on—has reflected both the life expectancy and the regional variation. I am sure you are mindful of that and I am happy to send you the references that I have here. In Blackpool, healthy life expectancy is 53.3 years, and yet we are reviewing second state pension age and possibly—I hope I am wrong here—thinking of increasing it. In Richmond it is 72 years. How will we square this very difficult circle where the average life expectancy is flatlining, in some areas like mine it is going down, for women it is going down and there are differences in healthy life expectancy, when we review that state pension age?

Guy Opperman: I will try to answer your question, but it is fair to say to the Chair that none of this was flagged as what I going to be asked.

Debbie Abrahams: No, I am an awkward cuss, I am sorry.

Guy Opperman: I am a Government Minister, and I should expect to answer a question on anything in any way, shape or form, but I have no data, no information whatsoever so I will do the best I can.

Let me deal with three things. First, there is a state pension age review and there is an independent reviewer, as you know. Genuinely, I am not able to comment and it would be inappropriate for a Minister to comment when something is pending. It is no different from a planning inquiry or the usual things that go on and we all know that Ministers are not supposed to comment. I can make a couple of observations.

On the life expectancy point, there has clearly been a significant decrease. The increase that was going ahead has decreased. You can look at different cohorts, but the evidence in my view is that over the last 10 to 12 years, life expectancy has increased. The number of elderly people has definitely increased and we can trade statistics. Has there been a slowdown? Without a shadow of a doubt. Has that been exacerbated by Covid-19? Yes, it has. We are in broad agreement there.

The issue you raise about expectations in different parts of the country—whether Richmond has healthier life expectancy compared with Glasgow or Blackpool or parts of Newcastle-under-Lyme or Newcastle-upon-Tyne, or Oldham or Saddleworth or wherever—is a point that was specifically looked at in great detail by John Cridland in the 2017 review, and I would urge you to look at that. He came to a very detailed consideration of that, took evidence from the TUC, all political parties and all representations across the country. With respect, he came to the view, that the Government agreed with, that it was not possible to have a differential state pension depending upon where you lived or your particular outcomes.



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That is the situation; that is what the independent reviewer said. As any person who has worked in the Department of Work and Pensions would know, trying to do differential implementation of the state pension, a universal product as it is, is exceptionally difficult and fraught with difficulty. I take the point that you are articulating and arguing for different pensions for different communities.

Q322 Debbie Abrahams: No, I did not say that. I said, how do you square the circle? Do you then say, because in the south-east and London life expectancy is rising, affecting the average, do you work on that basis about your increasing state pension age?

Guy Opperman: That is the view that John Cridland reached. He was the independent reviewer. Read his independent report. On 22 March 2017 he published a 100-page report, having heard copious amounts of evidence, and to be fair, that is the basis upon which this Government worked and from which conclusions were drawn. I can try to give you some written answers if you want me to—I am doing this totally off the top of my head—but I think 22 March 2017 was the publication of his report.

Debbie Abrahams: I think I commented on it as Shadow Minister at the time. Thank you so much.

Q323 Chair: That must have been the second document that you read on appointment.

Finally, a few wrap-up points if I may. You have talked about the Treasury work on solving the tax relief issue. I think we can infer from what you said that you would like the Treasury to get a bit of a move on with that.

Guy Opperman: Yes. They are obviously esteemed colleagues, but yes.

Q324 Chair: On a completely different subject, the Financial Assistance Scheme, as you know, continues to be subject to a cap, even though the similar cap in the pension protection front has been ruled unlawful. We have corresponded about this. I wonder whether you recognise that this seems unfair to FAS members.

Guy Opperman: I confess that in the preparation for today, I obtained the correspondence you and I have exchanged from your letter of 11 May 2022 and my reply of 29 June 2022, and I do not think, with respect, I can add anything to that.

We have batted this backwards and forwards on a repeat basis. We clearly disagree, and I do not think I can add anything better than what is in my letter. I believe, if you have not published it, you should do so because it is entirely right that our correspondence should be the subject of public scrutiny.

Q325 Chair: Let me ask you about another thing we have corresponded about quite a lot as well, guaranteed minimum pensions. Can you outline for us



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the circumstances in which people who lost out from the GMP changes in the 2016 reforms may be entitled to compensation and how they can apply for it if those circumstances apply?

Guy Opperman: That again is exceptionally technical and is set out in detail in my letter of 29 June 2022, a separate letter specifically on that particular point, and I would not want to start second-guessing that. I could read out the letter in its entirety.

Q326 **Chair:** My reading of the letter is if people think they have lost out in that way, they should write to the Department and ask whether that is the case. Is that correct?

Guy Opperman: The ombudsman looked at this and made five recommendations, all of which have been met. The last of these, a factsheet, invited people to contact the Department if they would like advice about what difference the policy change had made to their pension as published on gov.uk on 12 August 2021. It is a pretty complex area. I would again refer you to my detailed letter, but yes, the answer is to contact the Department.

Chair: I am grateful for the assurance you have given in the letter that you will look at the placement of that factsheet on gov.uk to make sure it is listed.

Guy Opperman: It is very techy, to be fair, but I will have a look at that.

Q327 **Chair:** My last point: Sir Steve Webb has identified a new category of underpaid state pensioners—women who used to pay the married women's stamp and under the reforms were entitled to £85 a week if married or £141.85 per week if divorced or widowed. Unfortunately, they have mistakenly not been awarded those pensions. I wonder if you can tell us now or perhaps write to us to let us know how you intend to rectify this new underpayment issue.

Guy Opperman: After five years of doing this job I can finally give my opinion on Steve Webb. Listen, all former pension ministers, including you, sir, are esteemed colleagues who have had the great joy of doing this job and I wish some of the former pensions ministers, including Sir Steve and your good self times two, had addressed some of the problems I now have to deal with. As you know, almost all these problems date from the period between 1998 and 2008 when these reforms came in.

However, I continued to represent the Government and the Department of Work and Pensions, and we are fixing these problems as best and as quickly as we possibly can. I can tell you, because I met with the LEAP team who look at these particular problems, that we are well above 500 people who are addressing this particular difficulty where it is quite clear that there was a cohort of individuals who should have had their pension manually uprated on the system when we had a manual system. Various employees at the DWP in various sites up and down the country simply did not do that manual uprating and there is a deficit by reason of that.



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That process is a giant task and we have over 500 people; we will have in excess of 1,000 people I hope by Christmas time, roughly that sort of time. We are in the process of training a huge number of extra people. You will be aware that this is a Herculean task and I wish my predecessors had addressed this, including Sir Steve Webb, who was pensions Minister for five years under the coalition, who shadowed it for many years and who reformed the state pension in great detail.

Do I wish he had identified the same problems and fixed them? *(Interruption.)* Let me finish; you asked me so I will definitely finish. Do I wish he had reformed and fixed the problems I now have to deal with and he was not sitting on the side lines being paid huge amounts of money to be a critic and journalist unnecessarily casting aspersions against the people he employed as Minister? Yes. Obviously, I take on board his and all future and past pensions Ministers' views in great detail. I am not aware in detail of this particular point, but as with all his correspondence, I look forward to it and the Department looks forward to be criticised by him on a repeat basis. I wish he had done his job better when he was the Minister and I was not having to clear up his mess afterwards.

Chair: I must say I think at the moment he is performing a public service.

Guy Opperman: He is being paid a lot by a newspaper. He is a journalist now.

Chair: On this specific point, I think the Department is saying it is dealing with the training to try to make sure future applicants get these pensions to which they are entitled, having paid the married women's stamp in the past, but we have not been told of any initiative to address those who have previously applied and not received the pension. If you could let us have a note about what you will do about those who have already applied and not received the pension.

Guy Opperman: I and the Department will look at this. I am not aware of what you are talking about. It was not flagged. Your officials did not mention you wanted to do this. I have four files of documentation here. I do not have that information.

Chair: We are very happy to accept the offer of a note.

Guy Opperman: With no disrespect, I cannot answer for everything, and why Sir Steve Webb failed to do his job when he was Minister I do not know. I look forward to the fact that as an individual paid by both a law firm and a newspaper he is now casting aspersions on all the actions he did or did not take.

Chair: He is addressing some problems.



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Guy Opperman: Listen, the Department of Work and Pensions has made some errors that we have hundreds of people trying to fix and we will fix it.

Chair: For that we are grateful. That concludes our questions to you this morning. Thank you, Minister, very much.