HOUSE OF COMMONS

Work and Pensions Committee

Oral evidence: Pensioner poverty: challenges and mitigations, HC 465

Wednesday 4 June 2025

Ordered by the House of Commons to be published on 4 June 2025.

Watch the meeting

Members present: Debbie Abrahams (Chair); Johanna Baxter; Mr Peter Bedford; Steve Darling; Gill German; Amanda Hack; Danny Kruger; John Milne.

Questions 330 - 394

Witnesses

I: Torsten Bell MP, Minister for Pensions; Andrew Latto, Deputy Director, Devolution, Pensioner Benefits and Carer's Allowance, Policy Group, Department for Work and Pensions; and Laura Adelman, Deputy Director, Pensions and Later Life Analysis, Department for Work and Pensions.

Examination of witnesses

Witnesses: Torsten Bell MP, Andrew Latto and Laura Adelman.

Q330 **Chair:** A very warm welcome to this final session of the pensioner poverty inquiry for the Work and Pensions Select Committee. It is a great pleasure to welcome Torsten Bell, the Minister for Pensions, and his officials, Laura Adelman and Andrew Latto. Minister, are there any opening remarks you would like to make before we get into the questions?

Torsten Bell: No, I think we can get going. I will say this is an important inquiry covering an issue that has been a big part of British politics for at least 40 years. It is obviously a live debate in politics today and I have had a chance to see not all but most of the transcripts of the interesting evidence you have heard so far.

Q331 **Chair:** Thank you. That is very helpful. Sticking to winter fuel payments, which was the basis for organising this inquiry, I am conscious that the Prime Minister made a statement on 21 May in Prime Minister's Questions that he wanted to ensure more pensioners are eligible for winter fuel payments. Are you able to expand on exactly what that means, the timeframe around any announcements, whether it is a reversal or whether there is something more comprehensive such as, for example, what we have been looking at around pension adequacy?

Torsten Bell: Let me say a little bit directly on that question to set the winter fuel payment debate in a slightly broader context. The straight answer to your question is no, I do not have lots to add to what you have heard from the Prime Minister in the Chamber and then over the recent days. Of course, the announcement as and when it is made will be made to the House and I am sure you will be taking evidence from that and some of you will be—

Danny Kruger: Of course it will.

Torsten Bell: There is no need to be cynical, Danny, in life. The straight answer is I will not be able to give you a lot of detail and I will not be able to answer a lot of the questions I am sure you all reasonably have. Obviously, the work is going on with that. I will repeat what the Prime Minister has said, which is that we all in our constituencies and more widely will hear from people of all ages, not just from pensioners, that the cost of living crisis is still with people. Energy bills are a large part of that, even though there is some good news coming in July from a falling energy price cap, though it is still much higher than a lot of us would like to see. He has been clear that we would like to see more people eligible for the winter fuel payment.

Directly on your question as to whether there is any prospect of a universal winter fuel payment, the answer is no. I think most people, 95% of people, agree that it is not a good idea that we have a system paying a few hundred pounds to millionaires, so we will not be continuing with that. However, we will be looking at making more pensioners eligible.

Q332 **Chair:** Thank you. Can I push you on a few points about that, then? One of the disappointing things around the changes that happened in September, and something I spoke of, was the lack of assessment around the impacts that that would have on different groups of pensioners and on other Government Departments. For example, we heard in our session on the 21st, in the morning, about the impact on Health and Social Care. In whatever changes that you want to undertake around this, will you be ensuring that there is a comprehensive impact analysis? Fundamentally, will you make sure that people who will be affected by these changes are engaged in what these changes mean?

Torsten Bell: There is a legal requirement on the Government to engage in an equality impact assessment before any decisions are made, and we will be doing that. We do consider wider impacts.

What I will say on the health aspect is that we definitely need to think about the debates around health in a wider context. What is the big picture? There may be differences in views about the impact of changes in winter fuel payments on health, but the big picture is that this is a

Government putting £26 billion extra a year into the NHS, funded by tax changes and other difficult changes that a lot of people do not support, but that are necessary to deliver that extra health investment. It is only because of that that we can make real on our investment plans for the hospital estate and for diagnostics and the rest, and that we are seeing waiting lists coming down because treatments are running at or above capacity in a lot of parts of our NHS.

That is the big picture of what we are doing for our NHS. Remember, who are the biggest losers from the state of our NHS today? It is pensioners; in fact, I would say the biggest let down of older generations in Britain is the state of our health service. I completely agree about that. We will not solve all that within the social security system. We have to deal with that in the health and care system more broadly. You are right that we will, of course, consider the wider implications, and not just on the health service: there are implications for the Department for Energy Security and Net Zero on its fuel poverty objectives and the rest.

Q333 **Chair:** I will push you a little bit further on that, Minister. In your impact analysis, which you said there is a legal requirement for the Government to do, what were the excess deaths that you predicted as a result of the changes to the winter fuel payment last autumn?

Torsten Bell: On excess deaths, you do not need to look at predictions, you can look at what happened in the data over last winter. First of all, we saw negative excess deaths, so fewer deaths than normal. That is due to a wide range of factors. If we look at the cohorts particularly affected by changes in the winter fuel payments, we see no differential effects on their health outcomes over the course of last winter. That is partly because there is a lot of wider support. No one is asking people to wait for changes to the policy on winter fuel payment for help with energy bills. We have already been getting on with making sure we are extending the household support fund, raising the state pension significantly above inflation, and the longer-term answers from a warm homes programme. Help is happening all over the Government's policy agenda, but in this particular area we do want to help more pensioners in future.

Chair: Thank you. I will hand over now to Steve Darling.

Q334 **Steve Darling:** Thank you for joining us today, Minister. In a previous life I lived through massive cuts to supporting people's budgets in a local authority and that led to cost shunting from one area to the more acute services. I heard in the evidence that you shared with the Chair that there is little evidence of increased morbidity, but with the impact of winter fuel taken away from pensioners, have you seen any impact on social care and health services? What did you use to monitor any impacts that you were looking for as a Minister to understand the impacts of that reduction on those most vulnerable in our society?

Torsten Bell: I will say a number of things there. The first thing is that you are right to reflect on lessons from the last 20 years about different parts of government policymaking having substantial effects on other parts of the system. The effect of social care on the NHS is one obvious example that I know you are very alive to. Yes, changes in local government budgets and how they affect other parts of the system are important.

I spend time talking to local authority leaders who are on the frontline dealing with a lot of those issues all the time. They do raise issues with me around the kinds of issues you are talking about—not the specific one you are raising, but about how changes in wider housing policy affect temporary accommodation budgets, for example. You will have seen that as a live debate and I am sure you are still in touch with a lot of your previous colleagues who are living through that. I have not had any local authority leaders raising with me the specific issue you are raising. I think that is partly reflecting that, although the winter fuel payment is very important, for most people it is a relatively small part of their overall budget. Picking out the direct effect of that in a dataset will be very challenging.

I understand the point you are making, and I think we can discuss that point rhetorically. We should think about the outcomes you are talking about on health and care needs and the effect on local authorities in a broader context of the wider range of social security support available for pensioners.

Q335 **Steve Darling:** My supplementary question is just to understand this: clearly, the Government have changed positions on winter fuel, and we await the announcement, whether it is next week or next month. What lessons have been learnt around this, particularly around take-up and perhaps the more vulnerable groups, that you could apply to a broader spectrum of the benefits system? To be honest, for me it is more about a cultural change in how we support people rather than have a transactional relationship with them. Are you able to reflect around that area?

Torsten Bell: I can probably do partial justice to that because it is a very broad question.

What lessons do we learn? Let’s start with the good news. What have we learnt on take-up over the course of the last nine months? We have learnt that, particularly if we have close collaboration between local authorities and central Government—and indeed with the third sector and MPs in different parts of the country—we can see quite a significant impact of a campaign to drive up pension credit take-up, more than a lot of people thought would be driven. We published new data last Friday as part of a commitment to wider transparency on pension credit, which shows that we have seen not only record levels of applications over the course of the last year, but just short of 60,000 extra awards to pension credit made between July and today versus the same period in the previous year.

I am not claiming all the credit for the Government for that. In my own area I have seen local authorities doing a lot of work for that. There is definitely more that we need to do on that front. There are specific things we can learn. For example, better linking to housing benefit data has made a difference. We have seen that in trials and we have now rolled that out to make sure that with every new claim for housing benefit those people are contacted and encouraged to apply for pension credit. However, we definitely have more to do on that, Steve, so I am not for a moment saying the job is done. That is the optimistic case.

We probably already knew this to a degree, but we have learned that there are material constraints on your options for how means testing is operationalised. You mentioned one of the examples, which is that you want your public services to be providing a lot of different kinds of support. A lot of that is face to face and it is about relational things, but a lot of what we have to provide in the social security system is harder to provide in that way because there are hard rules that we enforce that Parliament sets down. However, I agree with you that you need both things.

Q336 **John Milne:** Good morning. We know that the Government are looking again at eligibility criteria for winter fuel payment. What main groups that are currently missing out do you think you would most like to be able to include again if possible?

Torsten Bell: You are slightly tempting me, John, to talk about things that I will not talk about. I want to be really honest about that because I do not want to waste the Committee's time.

Chair: We had to try.

Torsten Bell: I am not judging anyone for trying. I just want to give you a straight answer so that no one is in doubt.

In so far as I can answer your question, we are committed to the principle that there should be some means testing and that those on the highest incomes should not be receiving winter fuel payments, in the context of wider decisions we have to make. Fairness is an important part of that. You can then take from that that my priority is those who are on lower incomes but have missed out. I am not getting into anything about the operation of that, but I think that we all will have heard from people on lower incomes who did not receive winter fuel payment this year. I understand the points they have raised, so we would like to see wider eligibility. I know that is not all the answer you would like, John, but that is the answer I have to give.

Q337 **John Milne:** In your replies so far you have already made it clear that you are not in favour of restoring universal access. Those who argue in favour of it say, "Yes, it has misses—it goes to some people who have no need of it—but on the other hand it gets all the hits. It is 100% guaranteed to reach all the people who do need it." How would you answer that argument?

Torsten Bell: I would say you will have to wait for us to set out the policy and we will engage directly with the point you are raising. I will make two wider points, one relating to some of the other questions that have been raised in the Committee and one that is directly to you.

We all know that public services in Britain are not operating as well as we would like them to be. We see that every day in our NHS. We see it with local authority budgets that are under strain. We see it from wanting more neighbourhood policing. Why does your local Sainsbury's have guards on the door being paid by Sainsbury's? Because neighbourhood policing is not operating in the way we would all like to see. We also want to deal with challenges in our social security system where we think the system is not generous enough. That is why we have made changes on deductions, for example, and we will set out others in due course.

I am sure that this Committee will talk about child poverty. We all have priorities for wanting to spend money, so we do have to be straight that that does involve some tough choices. I am a joint Treasury and Department for Work and Pensions Minister and I sit in the Chamber or in Westminster Hall with many of the people here opposing each of the tax changes that we are making, but it is only because of those that the £50 billion extra a year can go into day-to-day public services. This is a small part of that overall picture, so I am not overclaiming for the role of winter fuel payments within that, but I will gently say that if we are calling in every area for universal spending and then opposing every tax change, what you have is a collapsing state. That is where, in parts, lack of honesty about the decision making in the last 10 years has left us. I say that gently. I know everyone in the room understands that, but that is one of the reasons why.

I am sure you have all heard this on the doorsteps; you will have heard people saying to you the things that this Committee has rightly played back to us about people just above the threshold, but I am sure you have also heard people on the doorstep saying, "It didn't make sense that it was coming to me". I am sure you have heard both things because I have heard both things every week.

Chair: Yes, but more of the former.

Torsten Bell: I am not sure I agree with that, Chair, but we all have different experiences on the doorstep.

John Milne: Anecdotally, a lot of people who say that they do not need it say that they gave it to charity or some other use.

Torsten Bell: I hear a wide range of ways in which people spend it, and we live in a liberal country, John, where people should be able to make different choices in how they spend it.

Q338 **John Milne:** Moving on slightly, one of the suggested changes for the criteria is through the tax system. What work have you done with HMRC to assess the practicality of recouping the payment from higher rate taxpayers, as happens with child benefit?

Torsten Bell: I am afraid you get another boring answer, John, which is that we are looking at all the policy options for how this eligibility can be extended. When I have more to tell you about that, I will and I am sure it will be scrutinised in detail by you and other colleagues.

I did not make the wider point that I was going to make, Chair, on the last question, but it is one of the welcome things about how you have approached the inquiry is. I have been working in and around the poverty space for nearly two decades, and a lot of where things become the focus of public policy discussions are when you have an interaction with the social security system. One of the good things that has been recognised, particularly when it comes to pensioner poverty, is that it is important to take a longer-term view and to take a wider view.

A lot of the things that drive big outcomes for pensioner poverty and for pensioner living standards more generally sit in the private pension space, which I am now spending the rest of my time dealing with, or they sit in the housing space, or they sit in employment through working life. We talk about challenges of economic inactivity as if the thing they are driving right now is either, from an economics wonk perspective, lower GDP, or bad outcomes for the individuals today, and both are important, but they also drive something else: lower income in retirement. It is really important to recognise that.

We have to think in harder terms about why we are seeing the things we are seeing. Where do the roots of those lie in other challenges that we need to be addressing as a country? They are broad. You are seeing a bigger role for housing in driving bad outcomes for some pensioners, and that is likely to grow in future. We are seeing different groups falling into pensioner poverty; even though the aggregate level of pensioner poverty is significantly lower than it once was, it has gone up slightly in the last 10 years and I would like it to be lower still.

That is what has been good about some of the evidence you have heard. A lot of it has been focused on, "I would like more spending on this or that", but what I took from a lot of the evidence is that you have to take the longer view. A lot of things that drive pensioner poverty for the cohort that is now in their 30s do not sit in the social security space, they are about, "Is the pension system delivering for people? Is the housing system delivering for people? What is happening on employment for people now?"

Q339 **Danny Kruger:** Thanks, Minister. I agree very much with the point you were making that for so much of what we discuss in this context of social security, the drivers of demand are outside the system. I hear what you say about the long-term impact of policy now, particularly on pensioner incomes, which is why it is so concerning that growth is so low and I wish we were doing more to boost it. However, this is not the Chamber, so I do not want to get into a party political ding-dong with you, Minister, and I would discourage you from simply saying that the answer to my next question is all about the inheritance.

I want to take you back to the decision on winter fuel payment last year. You were not the Minister at the time, so feel free to speculate. What do you think was going on? The decision was taken and announced immediately—no proper consultation with the Social Security Advisory Committee, as per usual, and no opportunity for pensioners themselves to prepare or for a pension credit uptake campaign to get going. It turns out that it was not an unavoidable decision, because now it has been avoided. Feel free to bring in officials, who presumably were in post back then. Help us to understand the rationale for what turned out to be a rushed and now reversed decision.

Torsten Bell: I do not agree with that characterisation. As you said, I was enjoying a different phase of life at that point, but I do not agree with that characterisation. Specifically on some of the points you have raised, for example, we did see a large increase in pension credit uptake ahead of the winter because of exactly that reason, that we were able to make a difference. I do not agree with the characterisation.

I do not think that I have anything interesting to add on the overall nature of the decision making. I will take your kind offer not to engage in party political point scoring, so I will not start quoting numbers and black holes at you. I will say gently that it is a fact, leave aside your view on the scale of it, that there were public finance challenges broadly defined as we came into office. There was a specific issue, which I do not think is how it is often thought about, but is the underlying issue that I am afraid I do see right across Government, which is that there were commitments to activity and levels of support that were not funded.

You will see that today, for example. I will give you a concrete example. Look at some of the transport schemes that are being announced by the Chancellor and the Transport Secretary today up in Greater Manchester. They are significant. A lot of them I think have cross-party support. I know that a lot of them were announced by the previous Government. The only reason they can actually go ahead is because of a decision taken after we came into office to say that public investment will stay at around 2.5%, not fall very significantly. It is one thing to say, "Our policy is X," but that is just a spending pressure unless it is matched by the resources or the tough choices elsewhere to make that happen. That is how I would characterise what overall happened over the course of the last year. I totally appreciate that that is not everyone's view, but that is my view about what happened.

To get back to the furious agreement where you started earlier, I totally agree that we are not paying enough attention to the impact of growth on pensioners. We talk as if the losers from low growth, which is the defining problem of the last 15 years in Britain, are the working-age population, and they obviously are directly because it feeds directly into lower wages. We have seen that raised in Swansea today, stuck where they were back in 2010. Look at pensioner incomes and look at absolute poverty—not relative poverty, because everyone is stuffed by low income growth, but absolute poverty, which we used to think would fall year after year—and you look at it through the 2010s when the triple lock policy was in place.

The Government were clear in relative terms that within the social security system they were protecting pensioners over other groups, and what happened to absolute poverty? It stopped falling. Among the reasons it stopped falling is the reason you are laying out, which is low growth feeding through into low wages, feeding through into lower uprating of all kinds of bits of the pension system. We should be clear that getting this economy growing again is what pensioners need, as well as what the working-age population needs.

There is another place where it shows up, and I gently say this whenever anyone says to me, "GDP does not matter, it is some abstract concept." I say, "That is interesting. Let's have a look. Leaving aside the wages point and how living standards actually rise, which is very highly correlated with GDP per capita and definitely with productivity, look at the correlation across countries and across time between GDP per capita and longevity." It is very strong. It is not perfect—the United States is an outlier—but it is very strong. What has happened in the last 15 years? We have seen a slowing of longevity increases. We have seen an increase in inequality in longevity. Getting our economy growing again for exactly the reasons you set out, as well as rescuing our NHS, is a part of addressing that.

Danny Kruger: GDP per capita specifically is—

Torsten Bell: I have encouraged previous Chancellors of all parties to focus on GDP per capita, absolutely.

Danny Kruger: Rather than turning on the tap of immigration.

Chair: I am conscious of time, colleagues.

Q340 **Danny Kruger:** Yes, thank you. This is the last question, Chair. You mentioned absolute poverty. I appreciate that you cannot talk about the new scheme for winter fuel payment, but I am sure you know that 80% of pensioners in absolute poverty lost their winter fuel payment under the announcement. I am interested in your thoughts on the cliff edge that the pension credit system entails. Whatever the new system is, do you think there will be consideration given to tapering the threshold more than the pension credit eligibility we had?

Torsten Bell: I will try to engage with that subject with the caveat that I cannot talk about what we will do.

Let's look at pension credit in particular. One thing from the discussion over the last 11 months is that we need to get into the weeds of how pension credit works. A lot of colleagues have said to me, "Can't we just increase the pension credit threshold slightly?" but that is a misunderstanding of how pension credit works. Pension credit is not like a threshold of the universal credit system. It is a minimum income guarantee that we are topping everybody up to if they have an income below that. People say, "If you just increase the pension credit level, the only effect would be to bring some more people in to receiving winter fuel payment," but that is not the case. The main effect by far would be to increase the spending on everybody receiving pension credit, including those who are already receiving the winter fuel payment. It is a very expensive way.

If the objective was for more people to receive the winter fuel payment, you cannot achieve it via that mechanism, because you would only get a very small increase in the pension credit threshold for any given level of spending. I do not think that has got across to broader audiences. It is not the same as other parts of the social security system. It is a minimum income guarantee. The best thing I can say is that I am very alive to the questions of coverage of pensioners who are in poverty as defined in different ways.

Q341 **Danny Kruger:** Sorry, specifically, if there will be an eligibility requirement because you will not restore universal access, will there be a taper?

Torsten Bell: I will not get into what the Government's policy will be because I think that needs to be set out to the House and the whole House at the right time.

Q342 **John Milne:** Danny has just asked most of the questions I was about to ask. Going back to the taper question you were answering, I know you do not want to say in advance what you will do, but could you lay out for us perhaps what the pro and cons are, the arguments for and against, without saying which side of the equation you will fall down on?

Torsten Bell: Okay. You have tempted me enough to say something, John. This is not a comment about the winter fuel payment specifically. This is a comment about when you would want to think about tapering and not.

At one level, from a theoretical perspective, tapering is generally desirable for avoiding cliff edges in the social security system. I am sure you would concede that. All I would say is it is very easy for us all to say, "That means there should just always be a taper everywhere." The things you want to think about are why there is an advantage to a taper. One is fairness, avoiding people receiving something on one side of a line and not the other, understandably. My aunt—I will not get into her income—raises questions of fairness with me around how the winter fuel payment operates, for exactly the reasons you are engaging in.

What are the challenges? Tapers involve more information being held by the state. They involve more complexity. From a liberal position, the imposition of systems—Danny has talked about this in previous lives as well—to deliver tapers can be more bureaucratic for individuals. You need to think about the scale, the materiality of the thing you are tapering relative to other things, to justify it. I appreciate that this may not be what everyone else will want to wrestle with, but within the state we do need to think about the requirements to administer that, the costs of doing so relative to the benefits.

The other thing I would say is that you want to think about the incentive effects of having tapers or not. One of the benefits of having a taper in a lot of parts of the social security system is to try to reduce, for example, work disincentives within the system. The Committee has written reports worrying about the work incentive effects of cliff edges in the tax or benefits systems. Sometimes tapers can help with that.

That gives you a broad overview. I appreciate, John, that those are theoretical answers, but I hope it gives you something.

John Milne: That was useful. Thank you.

Q343 **Johanna Baxter:** Good morning, Torsten. Are you working with DESNZ to assess the various forms of support for pensioners in terms of energy costs? Do you feel they all add up to an effective package for people who are struggling with their energy bills at the moment?

Torsten Bell: I think that is exactly the right way to think about it. We need to step back holistically and say, "How do we want to deal with the problem?", which is that we would like energy bills to be less difficult, if I am honest, for everybody, but particularly for pensioners. By the way, why do we particularly think about pensioners? It is not for the 1990s reason, which was that pensioners were on average much poorer than the rest of the population and it was a particularly acute challenge. The reason we worry, particularly in the energy space, about pensioners is because the consequences of energy challenges are very significant. Several Members have raised questions about health and the rest of it. That is why we focus on it specifically, and I totally agree that we should see it in the round.

What do we see when we do that? We have a role for the social security system. We focus today on winter fuel payments, but cold weather payments on a smaller scale provides some support tied—

Johanna Baxter: That was my—

Torsten Bell: Fine. We will come on to those. If I am honest, so does the state pension. What is the bedrock of Government support for pensioners, dwarfing everything else? It is the state pension, and then obviously pension credit for a significantly smaller proportion. That is the core of the offer. That is the core of our answer to everything on pensioner living standards in so far as it is driven by the social security system. That is why you are seeing the large increases in the state pension that have come through a couple of months ago and will continue to come through.

Take the Parliament as a whole. What do we think is happening to the state pension? The spending is going up by £31 billion, the annual spending by the end of the Parliament. Can you do that without some of the difficult tax choices we have made? You cannot. It is always good to focus on what the big picture is. We can deliver for pensioners because we are able to make tougher choices on the tax side. When it comes to a spending review, I am sure there will be people here calling for some Departments to receive more money. Again, the reason we can deliver for pensioners is because we can deliver a spending review taking some of those trade-offs and because we have made the tax choices we have.

Outside of the social security system, which is where a lot of the longer-term answers in particular lie, you will have seen what the Secretary of State for Energy and Net Zero has set out, which is a very significant stepping back up of warm homes plans. If you look at this year's spend, it will be a bit over £3 billion. That is not just by the state, because it includes ECO and the wider programmes, but that is more or less a doubling of the amount of investment in warm homes over the course of this year relative to the previous years, very significant.

If we look back over the last 20 years, among the bigger mistakes made is that the state's role in encouraging that insulation and wider home improvements to happen basically came to a stop in 2013. We saw a 90% fall in ECO installations in that year. The consequences of that are not just that the next year it is a bit worse for some households; if you do that for a decade and then Russia invades Ukraine, a lot of people are living in homes that are not high enough quality. It is an important part of our longer-term answer.

You have wider commitments. There is the industry itself. Indirectly, via regulation, you have the warm homes discount, where you will know that we are consulting on doubling the number of people who are covered by that. One million pensioners received the warm homes discount last winter, but we are increasing significantly the number of people who will be receiving that next winter and looking at longer-term reform of the charging system. We would all like to see bills fall, and they will fall in July this year, even if they remain too high. Ofgem is looking at a debt relief scheme because one thing you find is when you have been through the cost of living shock that we have been through, one of the challenges that comes is the build-up of debt in the energy system. I know that your partner Committee has looked at that significantly. Ofgem is consulting on that.

The energy Minister worked with the suppliers over last winter to make sure we saw this £500 million commitment of support. That is important because, in terms of who is engaging with bills with customers, it is not the Government—it is the energy suppliers. You will have seen some of the historical less-than-acceptable treatment of some customers in that area. I do think it is right to see it holistically. As I said, you then have to put that in the wider context of a growing economy and housing.

On housing—I think this is important—it is true that only 6% of pensioners are in the private rented sector, or people 65-plus, but roughly pensioners. It is low relative to the population as a whole, but, if you are a pensioner who is privately renting, you are much more likely to be in non-decent housing. A quarter of pensioners in the private rented sector are in non-decent housing. We have to start dealing with that. You will have seen that the Government are consulting on higher energy efficiency standards in the private rented sector, plans that the previous Government did have but unfortunately backed off for all the obvious reasons.

Q344 **Johanna Baxter:** Given the widespread support, including from energy suppliers, for a social tariff, which might offer more support with energy bills to households in fuel poverty, why do you think that has not happened yet?

Torsten Bell: I have seen those. Some of them get to the bar of proposals and some of them get to the bar of thoughts. It is right for us to be thinking creatively about the long-term best way to support not just pensioners, but poorer households more broadly with energy bills. The reason we do that is because energy bills are a much larger proportion of the consumption basket of the spending of poorer households.

The other thing I always say about energy bills, which does not get enough focus in the debate, is that if you look at averages, if you take the income distribution and you look at how much poorer households spend versus richer households, then yes, you think it does look quite bad for poorer households. It is a much bigger proportion of their spend. However, that misses a large part of the problem, which is the huge variation in energy spend on the basis of your house and your family size. It is right that we look at wider challenges.

I know that is live and those are conversations that are going on, but the policy for the winter coming has been set out, which is to focus on doubling the coverage of the warm home discount.

Q345 **Johanna Baxter:** Moving on to the cold weather payment scheme, it has not changed since around 2008. Do you think it is time for a change to that now? Is it fit for purpose?

Torsten Bell: It is a valuable but relatively small part of the social security system. That is what it is. The spend this winter was probably around £35 million. There were about 33 triggers: remember, to be triggered we need average temperatures below zero for seven days. In other winters it has been more significant. It was not a particularly cold winter, which is always good news in some ways and bad news in others, because of the causes.

We have seen in the recent past over 100 triggers in a year. I hear calls for reform of the nature of the trigger. People will write to me and say, "My house is near this other temperature measurement station. I think I should be counted on that one, not the one that you have me in for." The Met Office reviews that. People are placed not necessarily in the one nearest to them, but the one that has the most similar temperatures over time. The Met Office reviews that annually, so I do not have any plans to change that.

On its relative role, my overall view is that I support a focus on a higher state pension as the main way in which we are supporting pensioners in particular going forward.

Q346 **Johanna Baxter:** I am conscious that it is £25. Given recent increases in energy prices, is there not a case to increase that?

Torsten Bell: It is £25 every week that it is triggered. It is a different scheme in Scotland, I should say. Everything I have just said does not apply in Scotland.

I think that there is a case for making that argument. I would say two things. One is the point I have made to you repeatedly, which is that everything sits within a context. Trade-offs are real. We need to decide what the relative priorities are. If you ask me what my biggest priority is for supporting pensioners, it is rescuing the NHS and raising the state pension. Those are the big things: £31 billion extra on the state pension, £26 billion a year extra on the NHS. Those are the biggest things that we can do for pensioners. Within that, we have smaller choices on smaller policies. My priority right now is to extend the eligibility for the winter fuel payment in the way that we have discussed at some length. It is not to raise the cold weather payments.

Q347 **Johanna Baxter:** Have you made any assessment about whether paying that cold weather payment in advance would encourage pensioners to turn the heating on, rather than keeping it off because they are scared about their bills?

Torsten Bell: I have not heard people saying that to me. People definitely do worry about turning on the heating because of the bills full stop, and that is all ages. If you look at the survey evidence on who is doing that, it is working-age families. Poor working-age families is where you see the highest prevalence of people not having the heating on at all. I share, I am sure, all our concerns about that, and that is why in the long run we have to address this in the holistic way that I have been trying to set out.

Cold weather payments should be thought of as part of the system that does respond to temperature, whereas everything else we have in the system is responding to either structural problems in the system, which is bad insulation of homes, or to low income in particular, which is pension credit or universal credit—or to winter fuel payments. Winter fuel payments is basically doing a version of what you are suggesting, which is providing a guaranteed payment irrespective of the weather targeted on the basis of, to some degree, need based on income.

Q348 **Johanna Baxter:** There has not been an assessment of payment in advance being beneficial?

Torsten Bell: The entire point of the system, the literal added value of this bit of the system, is that it does respond to actual temperatures. It would be a completely different system. What you would be arguing for is a higher winter fuel payment. That is not an argument for a change to the cold weather payments.

Q349 **Amanda Hack:** Thank you, Minister. When the Secretary of State came to see us before the start of the inquiry, she told us that the level of pension credit take-up was a scandal. You have already indicated that you have seen some increases, but 60,000 extra people claiming an income floor, which I think is the position, does not feel like we have seen the increases that maybe we would have wanted to target. On the rate of take-up, are you happy that we are making progress and what further progress do you feel we should be making?

Torsten Bell: I do not think that this is just because I am generally glass half full, but I think we have made—and by "we" I am not claiming the credit, because I have only been the Minister for Pensions since January and a lot of the work was done outside of Government—significant progress over the last year, as I say: record claims and nearly 60,000 extra awards. That is my glass half full. I think you are totally right that no one should be saying it is job done. We have discussed and debated this in the main Chamber as well. I absolutely think that it is not job done. I am open to suggestions from the Committee about things that will help, or from any colleagues, and I say that regularly to people.

I will say a bit about what we are doing as a Government, and the suggestions from the Committee and others can add to that. We are continuing the work we have done last year through the campaign. Remember we all want people to receive pension credit, not just because of winter fuel payments, which is the thing that people are focused on—that is not the issue; winter fuel payments is small financially relative to the pension credit entitlement that almost all who are applying have—but we should all want the pension credit take-up to be much higher completely irrespective of that. We should want it for pensioner poverty reasons, not for winter fuel payment reasons per se.

What extra are we doing? We are continuing the campaign work we are doing in public. We are continuing to work with local authorities to do that. About 200 local authorities participated with us over the course of the last winter. We would like to continue to do that. As for new things, we are doing new research on what works, broadly, and what triggers people to apply. Some of what I hear talked about as the barriers to people applying I do not think is right any more.

People say it is the stigma, but I think there is very little evidence showing that. There are people saying that, but actual evidence is pretty weak on that front. The reason people do not apply is because they are often not aware that they can, and they do not get enough help to apply. It is the trigger of awareness. That is why you have seen the effects. That is why we have often targeted family and friends, not just those eligible, so people can go and speak to people and say, "You could apply for this". That is why I think we are seeing an increase. It is important to get it right about what the barriers are.

There is new research that Laura's team will be leading, and more data sharing. That data sharing is important within Government. The most important is between HMRC and DWP to allow us to directly target people we think might be entitled to pension credit. We are stepping up the level of data sharing within Government. There are also wider questions about data sharing between central Government, particularly DWP, and local authorities. My view is that that is working—and a lot of the progress was made in the latter years of the last Government, so again I am not claiming all the credit for this—and I think we have got better at sharing data with local authorities. There are definitely ongoing barriers to that, but the old world that I saw maybe in the early years of the last Government, where DWP was like a closed shop that was not interested in talking to local authorities and would not engage in that, is long gone. I am sure some people experienced that from when they were in local government at the time.

Remember, if a local authority has data that we have shared with it as part of our data sharing agreement and wants to use it for something else, for example, pension credit targeting, it can do that. They have to notify us, but that is their legal advice. They can get on with doing that and many have. Sometimes I do not think that message has got through clearly enough. People do say to me sometimes, "We are not allowed to do that". It is often nonsense. Data sharing is important.

The admin merger of pension credit and housing benefit is something that we need to keep proceeding with. You will have seen what the Chancellor said about making progress on that into 2026. We will have more to say on that, and the work is ongoing. I do not want to pretend it is easy. That is a significant change, but it is an important one because, as we have seen from the evidence over the course of this winter, the overlap between the two populations is significant. If we can make that easier, it will definitely make a real difference.

Those are some of the things we are taking forward, but I am all ears to other suggestions.

Q350 **Amanda Hack:** Thank you. I am sure we will come up with plenty for you. Certainly, the witnesses we have heard on this have been excellent, in my view.

One of the things we have seen is that an increase in the number of people applying has meant that the processing time has slowed. Do we have a real sense of how many people will have missed out on their winter fuel payment because the process slowed down? What progress is the Department making on trying to clear that backlog?

Torsten Bell: A lot. It is too common in the media and other commentary to say that civil servants are doing a bad job, but I want to be clear that the civil service has done a brilliant job of processing pension credit claims over the course of the last year. They cannot often defend themselves, but they have done a brilliant job of stepping up, taking new approaches and more people and understanding the urgency of this. Just to be clear, the stock of pension credit applications now is significantly lower than when we took office, despite that record number of claims. A lot of the stuff I hear said is absolute garbage. They have done a very good job of, yes, having record numbers of claims, but also having record numbers of processed claims. The reason we have done that is because we wanted people to apply and we did not want them to experience very long waits.

Were there some backlogs during the autumn that I would rather were shorter? Yes, but everybody who applied by 21 December, which was the deadline for entitlement to winter fuel payments, has been through the system. As I say, we have some of the lowest backlogs in pension credit than we have had in recent memory. Again, I am not claiming any credit. That is down to the hard work of the civil servants who have made it happen.

Q351 **Amanda Hack:** It is useful to hear that we are in that position. Looking at pension credits, you have already shared a view about the stigma not being as clear in the data as what might be felt. Do you think there is a sense that the whole narrative of how social security support is offered and the way in which pensioners might feel, "It is not for us; it is not for me," may be contributing towards them not wanting to put forward that application to get pension credit?

Torsten Bell: There will always be some individuals of all age groups who have bits of that. You see that in working-age claimants all the time, people who have not had to rely on the social security system. As I am sure we all know, anyone who has a bad experience, a family break-up, ill health or an unemployment event, can suddenly find themselves dependent on the social security system, which is an important thing to remind people of. It is often talked about as if there is this fixed stock of people who receive social security and then there is everybody else, and that is not how the real world works.

I do recognise what you are saying. I think we over-index on that as the barrier and I think that is sometimes used as an excuse for insufficient take-up. I am not saying it is nothing and, yes, people do say versions of what you have said to me, but I think there is a bit too much of, "We can never make any progress on take-up among pensioners because they just will not claim." The evidence does not support those statements and we should be based on what the evidence is telling us. The last year tells us that is not right. Where people are aware of their entitlement, it is made as easy as possible for them to claim.

The other thing that I have heard too much of in the last year is, "It is a complete nightmare to apply for pension credit." It takes 16 minutes to apply for pension credit online now or over the phone—that is the average, 16 minutes—for thousands of pounds. We can do better; we should keep trying to simplify the forms, and that is exactly what we are trying to do with the housing benefit/pension credit merger, but the message should not be, "It is a complete nightmare to apply for pension credit." That is an outdated view. That is not right: 90% are now applying online or over the phone; 16 minutes is the average completion time for an award that is, on average, £4,000.

We should be saying, "This is well worth doing. We are here to help you. We now make it easier. You can do it with family and friends. You are not on your own to do this. You can go into your citizens advice or into your MP's surgery. Others can help you do it." Our message should be that if you are entitled to this, the system is there to support you. We should probably dial down some of the pop views like, "People are not applying for these reasons." Let's be led by the evidence. People will apply if they know about this. Let's get on and help them to do it.

Amanda Hack: That is very encouraging to hear. Certainly, one of the things that was frustrating through the process is to say, "There are so many questions." That was being stoked up by the media and I felt that that was problematic.

Torsten Bell: You do not need to fill the vast majority in if you do not need to.

Q352 **Amanda Hack:** Well, there are 100 questions on children and dependants, aren't there?

Thinking about barriers—not the stigma of applying for pension credits, but the stigma that it takes too long, it is too hard and it is too difficult—what work is being done to try to break down elements of the barriers that people have to applying?

Torsten Bell: That is a very good question. It is reasonable for people to say, "Why do I have to do this housing benefit claim and this pension credit claim separately?". There is a good bit of analysis to quantify that for you, which is that there is 27% duplication or overlap between the two bits of information. The state is asking for the same information in both cases. That is clearly not the optimal system. That is the progress we should be looking to make. That is exactly what we are working on in bringing together the administration of the two.

There are reasons for that. Legally, local authorities administer one benefit and the Department for Work and Pensions administers another, but from the perspective of the pensioner, often if we are talking about housing benefit we are talking about poorer pensioners. Not all, but poorer pensioners. I talked about the vulnerability of some of them in the private rented sector earlier. We do want to make that as seamless as possible while being adults about some of the difficulties that exist within that.

For this Committee in particular, it is important to recognise that what remains of the housing benefit system administered by local authorities is covering pensioners, but it is also covering some other particularly vulnerable groups. Temporary accommodation is an important issue and we have to make the reforms that we want to see—and I think that we all want to see them, across parties—to make the housing benefit for pensioners and pension credit be more seamless for them, but we have to do that in a way that does not lead to bad outcomes for other groups that rely on the existing housing benefit system.

As I say, temporary accommodation is important. The country has a serious problem with what is happening with homelessness and temporary accommodation. I might be the Minister for Pensions, but it is my job to make sure that we are considering all that as we take forward the changes.

Q353 **Chair:** Thank you. Before we move on to Steve Darling, you mentioned that the low take-up is increasing and improving. That is very welcome, particularly on the increase in processing. I congratulate everybody on that. However, you mentioned that the evidence is not down to stigma. One of the consistent points that was made in the written and oral evidence we received is that unfortunately the stigma of DWP as a whole was making it difficult for people to apply. We must not forget that poor pensioners have been poor working-age people as well. That again is a consistent theme. It is an experience that they have had in dealing with the DWP. I would be very grateful, Torsten—not necessarily now—if you could supply the evidence that you think is counter to all the evidence that we have received on that point.

Torsten Bell: Just to be clear what we are saying here, I have certainly heard what you have said and we will definitely pass that on. I think the evidence is from about a decade ago. That is one of the reasons why we are carrying out the new evidence, but it was pretty conclusive that stigma per se was not the main barrier. That is our experience over the last year.

When people talk about stigma, they tend to mean, "We do not like means testing." There is a separate issue that you are raising, which is the reputation of the Department for Work and Pensions and people's wish to engage with it. If you look at what the Secretary of State is saying, or indeed the employment Minister, we need to change that across the board. We are here to make sure that if a young adult walks into a jobcentre, what they get is open arms and support to work, not someone who thinks their job is just to manage a benefit system.

There is a broader issue, which we are very alive to. The Secretary of State says we are turning the DWP from a Department of benefits to a Department of work and support. That is true across the board. We need to be seen as a Department that is here to help, so I completely agree with you on that. What I am saying about the evidence historically is that it is narrowly on whether people are not applying because they do not want to be involved in means-testing or they think that somehow is associated with stigma, "People will think I am a bad person because I am applying for a means-tested benefit." The evidence does not support that.

I agree, I do hear that from a lot of stakeholders, although not the ones who have thought about it, I have to say, as much. That is all I would say. The ones who have gone and spoken to people do not come back and say that to me. I go and talk to Age UK and Age Cymru; that is not what they are saying to me. Some people do say it, but when I ask them for evidence I receive less of it.

Chair: Okay. We look forward to that evidence; I appreciate that you are updating it. I do welcome the fact that the Government are now looking at evidence-based policy in their development process.

Q354 **Steve Darling:** As politicians, we all know the best way to make an ask is face to face with people. How are you learning that lesson for trying to drive up claiming of pensioner credit? Surely, from trusted people within the community, that face-to-face positive challenge to pensioners should be made as often as possible. What innovations is your Department looking to drive forward to try to do more face-to-face asks—or are you not convinced by face-to-face asks?

Torsten Bell: I think I understand the point. The evidence supports what you are saying, if you mean that, if you can get to someone and say to them, "It would be worth you applying for pension credit," does that have an effect? I think the answer is yes, we do see that. That is exactly why we changed some of the marketing work over the course of this year to focus on family and friends. It is clearly very effective for children to say to their parents, "I will help you to apply for pension credit." We have made that easier by saying you can sit on the phone with them. It is not something like, "We are not going to talk to your children, we will only talk to you." If that is the point you are making, Steve, then I totally agree. That is also why we work with local authorities and with third sector organisations to do that.

This is not an absolute statement, but on balance sometimes we focus on the role of those other people as if the completing of the form in this area is the biggest barrier. I think the biggest barrier is getting people to think about applying and understanding that it applies to them. The important thing for us all to focus on is what we do to get that in front of more people. Hearing it face to face is right for a lot of pensioners, particularly older pensioners.

We will see this over time, but I think the evidence from some of the wider marketing is that it did make a difference as well, just by literally putting some of those signs up saying, "Family and friends, talk to your parents." It did make a difference, but, as you say, Steve, in my local area, yes, I say it on the doorstep; I watch my local authority, which has a good benefit support office, doing that. We will all see our citizens advice bureaux, I am sure, doing parts of that. So I think I disagree.

Q355 **Steve Darling:** Building on that, in my area the voluntary sector acts as the front door for social care, so they are trusted and one would hope that they would be pushing and testing people. I have also spoken to a GP who says to me, "We have flu vaccinations." Have you reflected on working collegially with other Ministers, for example from Health, on how GPs or nurses can be part of that solution, triaging people through that vaccination? There is an opportunity to say, "What about doing a financial check?" at the same time or putting that positive question to people.

Torsten Bell: I agree with that. You can see that, for example, in how we try to encourage take-up of attendance allowance, targeting a different part of a similar population, and GPs and charities are a large part of what you need to see. In that case, the barrier is slightly harder because there is a recognition and understanding of the need. It is not an income test. I completely agree. As I say, Steve, I always want to look at new ways. There is more we can do, but I basically agree with what you are saying. It is true for libraries as well; that is another area we have reached out to. Yes, we need to keep doing that.

Q356 **Chair:** You probably know that we took a trip, not just to Glasgow and Wales, but also to Greater Manchester, to see what they were doing in relation to pensioner poverty and other things. One of the things we heard from the combined authority there was that the application, for example, of the household support fund to pensioners varied significantly. Evidence that the Committee has received indicates that there is a more than five times difference in how different local authorities support pensioners if you look at it per head. One of the things that they were suggesting is that there might be a need for greater monitoring of this. I wondered if you had considered that, just to see that the household support fund is there for all the population that it might be monitored in this way.

Torsten Bell: I will offer some overall remarks and then I will come to Laura.

We do monitor; there are evaluations of each round of the household support fund, and I have obviously read those. Those are so far covering household support fund under the previous Government. I will say two things. One is that what you are saying in headline terms is right: there is a large variation in how local authorities have used that. One of the variations you will see is in splits between working-age support and pensioner support. You also see it in how much it is focused on energy and the rest.

The thing you generally see, if you look at what impact it is having, is that about 60% of recipients—I am pretty sure it is around that—of the household support fund in previous evaluations have seen it make a material effect on the energy front. That is all recipients. There is a big variation by age, and there has been a reduction over time in the focus on the age from the point at which the previous Government lifted the ringfencing. There was previously a ringfencing within the system where about a third had to be spent on pensioners, and that was lifted a few years back—I cannot remember the exact year, sorry.

All I would gently say is when the system is operating like it is, it is very easy for us to say, "Look at this variation." In many other necks of the woods, we are saying we want to see more empowered local authorities able to make different choices. The populations are very different. The population in the centre of Manchester is very different from the population of some of the outskirts of Manchester, as I am sure you regularly tell me, Debbie. I think that we should not be looking for uniformity. The point of the household support fund is providing local support that can be tailored by local authorities to the different needs they see in their communities.

More broadly, there is the point that we cannot all be in favour of devolution and then moan when we see different outcomes and different choices being made. Those are the same thing. If you want more devolution—and I think there is a broad political consensus that we want empowered local authorities and combined authorities able to provide economic leadership—there will be variation not only in outcomes, which there will be, but in policies. It is fair enough for us to then to monitor those, and we will certainly do that—we will be monitoring to see what the outcomes from the household support fund are, and Laura can tell us about the timelines for how long those evaluations take, broadly. I am here from central Government to defend local government and others. They should be making different choices, which is literally the point of devolution.

Q357 **Chair:** Are you doing anything in monitoring the local authorities' work on take-up, for example of pension credit?

Torsten Bell: Laura, do you want to come in the household support fund evaluation before I answer that question?

Laura Adelman: As the Minister said, we have published evaluations of the household support fund already, so those are available. We are continuing to monitor the data; the next set of monitoring information data will be available to cover the household support fund that ran from April to September of last year, so there will be more data available on that.

Torsten Bell: On your question, we monitor those that have actively engaged with the campaign, but in a collaborative fashion, not in a browbeating fashion. I think that 200 local authorities engaged over the course of the last year.

Q358 **Chair:** What are we doing to get more involved?

Torsten Bell: My experience is that, if local authorities feel that we are engaging with them, they want to get involved and support pensioners. I will take away what we should do about those that are less engaged. We have 200 and we have clear evidence that they have engaged. My honest view is that there are a lot of other good local authorities that have engaged and we have not seen that come through. If you are asking me to step back and say whether, over the last year, we saw good engagement from local authorities, my headline is, yes, we did.

Q359 **Johanna Baxter:** What role do you think the DWP should play in funding advice for people claiming what they are entitled to?

Torsten Bell: Broadly, most of that does not come through DWP, but there are some exceptions. In the previous Government, the roll-out of universal credit was tied to support for the actual claiming process. The Government support financial advice more broadly. You see that through MaPS, for which I am the responsible Minister. We should all be thinking more about pension guidance and people making decisions. That is a large part of what MaPS does and will be doing in future, particularly when we come to the pension dashboard roll-out in the next few years. I have written recently to the Chair about that. There is an important role there.

There is then wider support from Government for debt advice in particular, but that is not within my areas of responsibility. There is also wider funding for the third sector, Citizens Advice, and a lot of councils offer support—Swansea council's support for people with the benefit system is excellent. I know that varies between local authorities, going back to the Chair's previous question, but in a lot of the country they provide really good support. I know that a lot of MPs' offices also do that—we certainly do—and provide support across a range of areas.

I have heard calls for us to directly fund pension credit advice, for example through Citizens Advice and the rest. My view is that, going back to our previous conversation, you have to think about what the biggest barrier is. I don't think the biggest barrier is, once you have decided to claim, help filling in the form, which is what I have heard some people argue, and then say that justifies public support for that process. I think the biggest barrier is people knowing this exists, thinking they might claim. Once they have got to that point, we are over the biggest hurdle and then family and friends—we can help them directly over the phone. I will not start providing financial support for the third sector to do the form filling for this.

It is different from universal credit. In the universal credit case, people are coming in because they already know they want this and then they want support navigating a new system, so I think there was an argument for the previous Government to provide that level of support, but that is a different issue from pension credit.

Q360 **Danny Kruger:** Sorry to keep going on about pension credit; I want to talk about data sharing as well, but I am conscious that you have two hats on, Minister. You are DWP and Treasury and it strikes me that you are talking about how much you are encouraging take-up. Minister Torsten Jekyll Bell from the DWP wants everybody to claim pension credit; Minister Torsten Hyde Bell at the Treasury might have a different view. We are talking about over £3 billion additional spending if you had 100% take-up of pension credit. Is that what your combined identity wants and is that budgeted for?

Torsten Bell: Luckily I am not dealing with that level of dissonance. The Chancellor has been out very clearly saying we want to get take-up. All I will say is, "Don't be cynical." I think that most of us want to see, where Parliament has decided people should be entitled to benefit, people receiving it right across the board. We are not managing the public finances by thinking it is a good idea to have low take-up of any particular benefit. That is a bad way. If we think decisions are needed, they should be on eligibility, which is exactly what we are doing with winter fuel payment. That is how we manage the public finances. We do not manage them by saying, "It is no bad thing that these pensioners are not receiving their benefits." As I say, the Chancellor has been out herself. I do not need to feel that dissonance, Danny, because—

Q361 **Danny Kruger:** You have not actually budgeted for success. The expectation is not to spend £9 billion on pension credit; it is to spend about £3 billion.

Torsten Bell: No, I do not agree. One, it is not for us to decide what is in the forecasts because the previous Government created an Office for Budget Responsibility and it decides what the budgeted numbers are. It budgeted for quite a large increase in uptake of pension credit in its autumn statement 2024 and spring statement 2025. I don't think that is right.

Q362 **Danny Kruger:** Thanks very much. You talked about data sharing; you might want to bring in your officials on this, because I am interested in the mechanics of what needs to happen. You suggested that the method of data sharing is less possible than it actually is. It would be helpful to hear from any of you what needs to happen to reduce barriers to effective data sharing, particularly with local authorities. I am conscious from the notes that we have—this comes from Policy in Practice apparently—that only 40% of universal credit data and 75% of pension credit data is visible to local authorities. Is that an issue? Can or should something be done on that?

Torsten Bell: Let me say something broadly and then Andrew, who is much more of an expert, can give you some more detail. While I think we have made some progress—as I said, I think the previous Government made some progress on this—I see three barriers. One is local authorities knowing that there is more flexibility for them to use than some think there is, because the change has happened, but it does not always seep through. It is on us to make sure that we are getting that message across and I hope that all the local authorities that are avidly listening this morning will be more relaxed about that in future. There are constraints within the legislation; we are running to provide as much data sharing as we can, subject to legislation. That is not just absolute constraints. It is not a particularly enabling set of legislations.

Q363 **Danny Kruger:** Will you change the legislation?

Torsten Bell: It would definitely make it easier in some cases if you changed the legislation, but there are trade-offs in all kinds of areas and that is for Parliament to consider. Then there are mechanical challenges. It costs money to build a data-sharing system. Andrew can come in, but the last time I saw it, it was about £2 million-plus for each system we try to build. It takes some time, partly because you are engaging with 370-odd local authorities that have different systems, so you have to build something that can interface directly with those 370 different systems. We are not doing this manually. Those are three barriers that I am focusing on trying to address.

Pressure from you and suggestions for how those are overcome is very welcome indeed but, as I say, we should also be sending a clear message to local authorities: "In using data that you already have from the DWP for wider purposes, if those are good purposes, get legal advice yourselves, notify us, but we are not stopping you doing that."

Andrew Latto: The Minister made a point about legal advice. There were concerns about different local authorities having different legal advice and we wanted to make sure that everybody was clear that you can use the data. We have 28 data shares with local authorities at the moment. We had only eight in 2016, so they are increasing. We do not share the data for different purposes: housing benefit administration, council tax reductions, discretionary housing payments, household support fund, blue badge, adult social care and various forms of local welfare provision. The main things are access to universal credit, but also other information through the customer information system, so local authorities can see what people are getting and, therefore, what they are not getting—notification of changes; notification of HMRC earnings information.

If I might add a reflection, one of my jobs alongside pension credit is Scottish devolution. We have learnt so much by devolving 25% of the social security system to the Scottish Government, transferring data and working very closely with Social Security Scotland. I am hopeful that we can build some of that experience into the data sharing that we do with local authorities because we now understand much better what other organisations need to use from our data to deliver their services.

Q364 **Danny Kruger:** A possible legislative change, but mostly the direction of travel that is under way is the right one. You are not suggesting some sort of big bang solution that needs to happen at any stage soon?

Torsten Bell: No. I am not here today to say, "Here is the legislation; here is the brand-new big IT system." No, that is right.

Q365 **Johanna Baxter:** I have a quick supplementary on that previous question. We had evidence, though I am now struggling to remember who it was from, where concern was raised in one of our sessions about the data sharing agreement with Scotland. Has that been extended or is it up to date?

Torsten Bell: I have not seen that, so I will look through your evidence sessions. I have not read that particular evidence, so I will have a look. Andrew might be able to give you an answer.

Johanna Baxter: I will try to remember the source.

Andrew Latto: There is a quirk in the legislation in Scotland between DWP and Scottish local authorities. It is not so much with the Scottish Government. It is more to do with COSLA and the local authorities, which we are aware of and are trying to do something about.

Q366 **Johanna Baxter:** Thank you for that. I knew it was there somewhere in the back of my mind. On the matter of housing benefit and pension credit, can you update us on plans for that? Is the change still expected in April 2026?

Torsten Bell: The work is very much under way. We are working to a 2026 timeline for new claims to be covered by a merged administration. When I say work is under way, I mean we are doing our internal work but working closely with local authorities. That is obviously important for understanding how it would work in practice but also important for the reason I said to you earlier, which is that they will still be delivering a housing benefit system for other groups and that needs to be factored into the system.

The wider issues I would flag, as I said, are wider groups covered by housing benefit, wider DWP transformation work, which my colleague the Minister for Transformation obviously looks at. Across the board, we need to do a better job of just having decent systems. Whatever people think about universal credit—and there is a wide range of views; there will be wide range of views even on the Committee, I am sure—one of the benefits that came when the pandemic hit is that the IT was new. Whatever you think about the level or the nature of the support, the fact that there was newish IT meant that it could cope with the volume of claims that came flowing in. In my previous life, I was very clear that that was a benefit from that, so I will not be less clear now.

Danny Kruger: All hail, IDS.

Torsten Bell: That is your phrasing, Danny—I might use some other words—but, yes, basically the IT system is important and we need to make sure across the board that we keep DWP moving forward in our transformation programmes, so we have always got better IT. It cannot be that the rest of the world is moving on to new ways of doing things and Government are staying where they are. I flag that as part of the wider transformation.

The third thing is that we are again dealing with a lot of different local authorities. They are often running very legacy systems for housing benefit. I am sure if you go and talk to your local authority they might even show you and it will not be a pretty sight. There are three main providers of different housing benefit systems, so that is exactly why we are working with local authorities, but I will definitely have more to say on that.

As always, the formal answer is that programmes are subject to the spending review and all that. We do not have long to wait for that, but the straight answer to your straight question is we are aiming for 2026 to deliver progress.

Q367 **Johanna Baxter:** Are you expecting to concentrate on merging application processes, or will you go further and align the rules?

Torsten Bell: I want to set out a full answer to you on that at the right time, so I do not want to go into that detail today, but we are considering the full range of how this administration works. Local authorities and DWP will need to keep working together.

Q368 **Johanna Baxter:** I appreciate that you will give us a fuller answer at a later stage. Is there anything you can tell us: if you are aligning rules, for example, are you considering tapering and income and capital rules?

Torsten Bell: I am afraid the boring answer is that we will need to set that out properly when we provide you with the update on how we are taking that forward. I will be very happy to come and talk to the Committee whenever you want to do that. You can tell from some of what I have said what I am issues prioritising. I do not want people needing to provide the 27% of information between the two application forms. I ideally would like it to be a more seamless process, but I need to come and set that out to you in the round and go through in detail the trade-offs and the other options we have considered.

Q369 **Johanna Baxter:** What are your plans for consulting on this? The

National Housing Federation called for a full consultative process in collaboration with the housing sector to mitigate potential challenges that we might face if we are merging those.

Torsten Bell: I will say two things. One is that we will be formally consulting, but I am not waiting for the formal consultation. As I say, we are working with local authorities now. It is not DWP doing its discovery work on what the options are and how to think about it policy wise, then we will announce something and then consult with local authorities and the wider sector. We are working with local authorities now to make sure we understand how the system works for them: what are all the benefits, together? The main focus has to be what are the benefits for the pensioners we are trying to support. That is our main focus, but we need to take into account the impact on local authorities and on DWP. We want a better system for everyone. There is a formal consultation to come but we are already talking to everyone.

Q370 **Johanna Baxter:** Are you talking to the third sector as well at the moment?

Torsten Bell: The straight answer to your question is that by volume the engagement is prioritised on local authorities at the moment, because I want to make sure we have understood the mechanics exactly. Of course we will absolutely engage with the third sector.

Q371 **Chair:** For clarity, are you considering taking away housing benefit from local authorities?

Torsten Bell: That is not the main focus. As I say, the main focus is on the administration of the system and making that as seamless as possible, particularly from the perspective of the individuals. As I say, I will come back and set out the full details when we have them.

Q372 **Gill German:** Welcome, Minister. Thank you for joining us today. I want to stay on pension credit and talk about other opportunities to streamline the system that have come up during the course of the inquiry. One was from the IFS, who suggest that it would be advantageous to make it easier for working-age people on universal credit to flow more smoothly on to pension credit when they reach pension age. What consideration have you given to how this might work and what impact it might have?

Torsten Bell: I have not seen that. That depends what they actually mean. When you are coming to your state pension, if you are moving from universal credit over to the SPA, the main thing you do is apply for state pension. If I look across the Government at systems that work well, this is on the list. It has a high success rate in terms of payments and speed of first payment kicking in. There is a well-established process of people being able to check their state pension age and state pension entitlement on the Government website, and people do it a lot. That happens very actively.

The specific issue I hear raised, which might be the one that they are referring to, is for housing benefit. I think that the system is less good for people who need support with rent. If you mean someone who is in the universal credit system and they are provided their housing support, rent support, within universal credit and then they move into state pension age, it is true that they will need to apply for pensioner housing benefit through their local authority. The legal regime requires that. DWP administers this system under Acts passed by the previous Government; local authorities administer that system and are legally required to be able to show. That is a good thing for us all to be thinking about looking at.

It is not totally irrelevant to the conversation we have just had about the administrative merger of pension credit, but it is obviously for a wider population because there will be people who will be applying for pension housing benefit who may not receive pension credit. I will take that away and try to find out more about what exactly they are raising. If they are talking about housing, I am very aware of that issue. If they are making some wider point, I am not.

Q373 **Gill German:** I think the point they were making was that as it stands when you come to the end of universal credit you then need to make a fresh claim for pension credit and is that necessary or could one dovetail into the other. I think that is the point that they were making on that, more to do with the administrative side.

Torsten Bell: There will be some of that. The thing that happens in a lot of cases is that once you start receiving the state pension, you flow off because it is a significantly higher level than income support for universal credit and it is not means tested. The vast majority are flowing into the state pension at that point and they are coming out of means testing, but I will take that away.

Andrew Latto: If I could add one thing there, within the pension service or the retirement service as part of DWP, we are looking at better integration, that when people phone up to claim their state pension, to ask some questions, "Might you be entitled to pension credit and could we help you to claim it?"

Q374 **Gill German:** That sounds really positive and I think that is broadly the point that was being made, that you kind of fall off the edge of one system and you start again with another and whether the flow could be better between the two. Thank you, that is really helpful.

Another suggestion that we have had for streamlining the process has come from Carers UK. They say that some unpaid carers are missing out on pension credit because they need to claim carer's allowance first, even though they may not be entitled. They suggest simply including questions on caring on the pension credit form. That seems like a reasonable suggestion. Is there a reason not to do that? Is it more complex than it appears?

Torsten Bell: I have talked to carers' charities locally in Swansea and nationally about that issue. It is right that it does not feel intuitive to some people that you are applying for carer's support even though there is no financial entitlement directly that flows from that but it has a big impact. The ordering is to apply for this and then receive pension credit in a way that you would not if you do not have the entitlement to carer's support and the same thing applies to attendance allowance. People have to apply for attendance allowance first before applying for pension credit if they are only eligible because they are receiving attendance allowance and that brings some challenges. I think that is fair.

The direct answer to your question is here you are asking for a lot more questions to be added to a pension credit form. I am not saying it is definite, but I bet if I look there will be Work and Pension Committee reports calling for fewer questions on the pension credit form. Those are exactly the administrative challenges we wrestle with, which is where is the balance between them. It will be the legal regime that requires people to apply separately. Parliament has set up a carer system and then set up a pension credit system. However, that is an absolutely valid question that we should be looking at, so I will take that away as well.

Andrew Latto: I want to add one thing about carer's allowance. This is largely an administrative thing, but it is also to protect the disabled person. We need to make sure that the person who is representing themselves as a carer is actually providing the care to a disabled person, because that has an impact on the disabled person. Our staff who are trained to do that are in the carer's allowance unit. There is nothing to stop us from moving the staff with those skillsets into pension credit.

I have for a long time wanted to get rid of the need to make a claim for a benefit you cannot get to get an uplift in another benefit. We have taken powers in previous legislation to do that. We have not got there yet. One of the reasons why is because we needed stability in carer's allowance while we were transferring people to carer's support payment in Scotland. That is very nearly finished now, so the opportunities begin to arise to make some changes in that area.

Q375 **Gill German:** Thank you. It is good to know that that is being considered on the issue in the round as well. As you have rightly pointed out, there are often complexities that we, on the outside looking in, may not be aware of. That is really helpful.

Staying with pension credit, but from a different perspective, another thing that we have heard during the course of the inquiry is about mixed-age couples and how some people as old as 70 are still receiving universal credit because the fact that they are in a relationship with a younger partner affects their ability to claim pension credit. Has there been any work on this, looking at how many are affected, and also if you might be looking at changing this at all?

Torsten Bell: I don't know off the top of my head how many are affected, but that is a reasonable thing for you to ask us to look at, so I can take that away. I am not intending to change that in the near future. It was a change introduced by the last Government. There is no simple way around it. We have household-level income support. That is our system. I know that some countries take a slightly different approach, but there are good reasons why we do that to make sure we have an efficient system that targets those households on the lowest incomes where we want to provide support.

The trade-offs within that are real. One of them is the one that you are raising. In the previous system where people could claim pension credit as soon as one person was over the state pension age and receiving the state pension, because you cannot be receiving universal credit and pension credit when it is one household, the younger person received no support to work. Some people would focus on the conditionality, but they receive no support to work. It also has a very big effect on their work incentives to carry through and there are lasting effects from that. Going back to our previous conversation, I really encourage us to focus on the fact that we cannot just think about incomes or pensioners in what the social security system is doing.

A lot of these long-term changes are being driven by the private pension system, what was happening in the labour market for the years before, what is happening on the housing side. There was a big downside to the previous system, which is that if you were the younger partner you had a big disincentive to work in that system. That was the case made by the previous Government. I am alive to the pros and cons of that—you set out some of the cons, and those are real. I am not pretending it does not have an effect on people's living standards.

Another reason why we should think more broadly about pensioner poverty, relative to how we might have thought about it in the past where people focused on headline measures, is that you see differences across age cohorts. The reduction in pensioner poverty that happened under the last Labour Government, which is basically the legacy we are largely living with, is being driven by people in their 70s. Older cohorts have not seen reductions in their pensioner poverty rates if you follow it over the last 20 years. The levels of pre-pensioner poverty, people coming up to the state pension age, have not gone up but obviously the state pension has gone up, so there are more people in that bucket.

We should all be thinking about those issues really hard but there is not a simple, "It was better in the old world." There were big downsides. If someone loses five years of work before they become a pensioner, that can have a really big effect on their living standards in retirement, even if it raises their living standards for those five years in some cases.

Gill German: Thank you. I was going to ask about the work conditionality requirements, but I think you have covered that in your answer already, so thank you, Minister.

Chair: We will have to speed up a bit. We have about half an hour now and several questions to get through, so faster questions and answers, please.

Q376 **John Milne:** We were talking about the household support fund a little earlier and variable allocations across the country. Do you have any data on how effectively the fund was used to target people needing support, for example people just above the pension credit threshold?

Torsten Bell: I have a lot of anecdotal reports from talking to local authorities, probably the same as you have. I hear some versions of that. Some local authorities have tried to provide more support to pensioners generally; some have tried to do what you are talking about, some have done it in a proactive way and some have done it as a reactive, "Someone has come through the door" way. I think we have to wait, I'm afraid, for the proper evaluation but I will take that away to see if the evaluation can provide any more granularity of the kind that you are asking for. I definitely do not have that in a quantitative way to give you today.

Q377 **John Milne:** Thank you. That is reasonable. Looking ahead, what role do you see for the support fund from April 2026? We have had seven rounds. Are you committed to continuing or is ending the fund under consideration?

Torsten Bell: As Danny politely pointed out, I am a Treasury Minister as well, so the formal answer to that is the spending review is happening soon and the Department for Work and Pensions, like every Department, has to have its budgets approved for the next three years. That is a decision to be taken next week, so I cannot answer your question. All of us have seen the household support fund deliver benefits this year that make a difference.

One of the big benefits—leaving aside the household support fund specifically—for the Department for Work and Pensions, all of Government and definitely for local authorities of what will happen next week is that we are for the first time in a painfully long time doing a proper spending review. It is three years and will provide certainty for budgets that will be passed directly to local authorities. It makes a big difference anyway for central Government Departments to be able to plan over that horizon. Getting back to proper comprehensive spending reviews rather than what we have been stuck in recently, if I am honest, which is messy one-year rollovers, no strategic view of where they are going, will make a big difference. That is the best I can say at this point, John, but the spending review is imminent.

Q378 **John Milne:** You have answered one of my questions about certainty in the future.

Torsten Bell: It is really important. If you are running a local authority, you want to know where your budgets are going—Steve will definitely have experienced this. In the periods where local authorities did have certainty, obviously local authorities always want more money as well, so I am not being naive about it; they want volume, but certainty is really important for planning.

John Milne: As a local councillor myself I very much agree.

Torsten Bell: All the best people were, John.

Q379 **John Milne:** It has been suggested to us, for instance by Hertfordshire Money Advice, that guidance would actually be more effective than just a straight award. It is argued that it might be, pound for pound, 15 times more effective.

Torsten Bell: Financial advice rather than financial support?

Q380 **John Milne:** Yes, or signposting and so on, all of those things—talking to people and giving them guidance. Pound for pound, that basically delivers much more than just a straight handout. You are obviously not familiar with that argument. Do you think there is a greater role?

Torsten Bell: There is a long argument that has been running for decades about the balance between the state's role in providing direct financial support versus guidance and financial advice. My boring answer is that I think we need to do both. There is not some way around that. We need financial advice because often we provide advice to engage with the state providing that support. We were talking about some of that earlier with Johanna.

There is also a long return row—I mean going for 200 years—about the balance between local discretionary support versus national state systems rules. There are pros and cons to both. It is certainly right that the DWP has to operate as a national system with Parliament setting out clear rules about entitlements. It is easier and there is a longer history, even long before the household support fund, for local provision. In different phases that has happened in jobcentres or happened with local authorities providing slightly more discretionary support; someone has come in with an issue or the local authority is taking a proactive view that it will provide this kind of financial support to them.

That is a reasonable mixed-economy view of the system, because what you will get from national systems is there will always be rough edges, but you will also get individually difficult circumstances that come up that are hard for a national system. It is reasonable to think about both. Obviously there is a wider issue, which is: are local authorities able to operate financially and, therefore, able to just make discretionary decisions? Forget the household support fund versus national state versus directive; do you have functioning local authorities with staff that know their local communities and are not just so stripped back to the bone that they cannot do anything? If I am honest, I think that is the main lesson from the last 15 years: if you are going to have a functioning state, you have to have functioning local authorities, because the national state cannot do—and, even if it could, it should not be doing—a lot of that.

Q381 **Mr Peter Bedford:** Welcome, Minister. I want to turn to state pension adequacy. Looking at the second stage of your review on this, could I get your thoughts on the broader societal challenges that will feed into that, such as the pressures from housing, health, social care, and how that will be taken on board in the mix?

Torsten Bell: I think that is exactly the right set of questions. I definitely do not have all the answers to that, which is why a really big part of the next few years' work is making sure that we are getting into those questions.

We have all seen headline relative pensioner poverty rates halve under the last Labour Government, and rise more than I would like in recent years by around 200,000, though that is still lower than the average poverty rates for the population as a whole. Remember, we have basically slightly below-average pensioner poverty for the OECD, slightly above-average working age poverty and then high child poverty relative to the OECD average.

The wrong conclusion from that is, "Well, pensioners are fine. There is nothing to look at here. Don't bother doing a pensioner poverty inquiry. Don't bother launching phase 2 of the pension review." The better conclusion is, "Let's think about the wider challenges that we are seeing pensioners cope with." We have touched on some of those: absolute poverty not falling, and low growth feeding through into low-income growth for every group, including pensioners.

I would also highlight that, as pensioner poverty has fallen over those whole 25 years, pensioner inequality has not at all. Normally poverty rates and inequality rates move pretty much together—not perfectly, but poverty rates are one measure of inequality. The headline inequality rates have not fallen for pensioners, so the pensioner inequality rates have in some ways gone up. Inequality among pensioners is not coming down at all, particularly the gap between the middle and the top, so we do need to get into these wider issues.

On the role of the state pension, you know what our headline policy is, which I think is broadly—though I have no idea what Reform's policy is—a shared objective: that the relative level of the state pension is rising relative to earnings and prices over time via the operation of the triple lock. We are committed to that. On the bulk of actual financial commitment, by far that is doing most of the work. Again, I would gently say, because it is really important that people understand that. That only happens because of the tax rises, which I know in some cases people do not want to see. However, if we want to support pensioners on the NHS or on this, tax rises is how it has actually is happening in this Parliament. You cannot have the rises and not have the tax.

As I said, what the pension review will get into is this wider balance of how does the private pension in particular—

Q382 **Mr Peter Bedford:** I am coming on to that point, actually. On the context of pension adequacy in general, how do you see that evolving? Clearly, we go back decades that the balance between state pension and private pension provision would have been significantly different. How do you see that evolving in terms of greater onus being placed on individuals to save with their own private pension provision in the context of overall adequacy?

Torsten Bell: Again, I think this is a point of cross-party consensus: a good thing that has happened in the last 15 years is that we have seen a big increase in private pension saving. Getting Britain saving into pensions again, mainly driving off the work in the 2000s, but then implemented during the 2010s, is very significant progress. That is particularly true for low earners and for women. We now have broadly identical savings rates between men and women, and that is a big bit of progress.

The state pension has also become more equal among men and women, but we are basically heading towards equality of outcome on state pension outcomes. It used to be very unequal between men and women because basically the inequality in the state pension was far higher in the old state pension, the basic state pension, than it is in the new state pension world. Some people say to me, "Oh, the new state pension is much more generous than the old state pension. That is not fair. I am not getting that." It is not true. The difference is one was very unequal, and one is much more equal, and that has made a big difference on the gender front.

But you are totally right that we do need to be thinking about keeping people saving. What I am focused on in the short term—even ahead of the review you are talking about—is that the state broadly has told, or heavily encouraged, a lot of people to save into their private pensions. It is on us, all of us, to make sure they are getting the absolute best bang for their buck for every pound they are saving, and we can definitely do more on that front. Why do I say all the time that we need bigger and better pension funds? Because that is one of the enablers of higher returns for savers.

Q383 **Mr Peter Bedford:** I will come on to some questions later on that particular point. On your comment there about having confidence in the system, one of my concerns over the last six months is there have been rumours swirling in the media around changes that could potentially come in the pension space, such as restricting tax-free drawdown, all those kinds of things. We saw people taking decisions to remove probably more than they would have removed had that change come into effect. Would you agree with me that having confidence in the pension system, having a longer-term view rather than the rumours swirling—I am sure they did not come from your Department—about what changes could come in does really impact people's decision making, and it could have a massively adverse impact on the longer-term growth of their savings?

Torsten Bell: There is a wider question, if I am honest, about responsibility from some advisers and how things are reported. You are right that we did see some people making decisions in the autumn and those were often not the best decisions. I think any advisers who advised people to do that should look long and hard at the advice they were providing to people. It may have made sense in terms of their fees, but it is not clear to me that they were acting in the best interests of savers.

The boring answer is all taxes are kept under review and decided at fiscal events, and that has always been the case, but we do need responsibility in terms of the messages being given to people. The thing we have to wrestle with is that pensions are not like all other financial products. They are not the same. They are covering a much wider group of people. Lower-income people are much more likely to have some pension savings than they are to have wider financial products. We are trying to encourage that. That is literally what the state is doing.

I do think there is a challenge. We need to be providing that consistent support. We need to be making clear to people what the system is there for, which is to provide an income in retirement, so I am absolutely alive to the questions you are raising.

Q384 **Mr Peter Bedford:** I am conscious of time, so quickly going back to the adequacy point, I want to get a few comments from you about this: some stakeholders have suggested that some adequacy benchmarks should be looked at, such as target placement rates or minimum income standards. What is your view on that?

Torsten Bell: That is a big question. I do not want to sound conclusive on that because, when we come round to launching the next stage of the pensions review, I want that to be the vehicle where we have a holistic discussion on that. I will give you some reflections on that. I have read and produced different versions of those over the years, so I will give you some reflections. One is they tell you something useful, which is in a lot of cases we all probably think we have made a lot of progress, but we cannot pat ourselves on the back. It is not clear that everybody is saving enough for their retirement. We probably all agree on that and most versions of this do provide a decent way of thinking about that in different ways, and you do want a range of metrics because there is no one metric.

What they struggle with sometimes is they need to do justice to the distribution, the inequality within the population that will become pensioners. They tend to do that a bit in terms of thinking about the individual and thinking about what happens to a low earner, what happens to a middle earner, and what happens to a higher earner. I think we get to that level of analysis.

There are two things I do not think we do think about enough. One is the messiness of life. Most of the projections say, "Here is this person who starts work at 20, works for 20—no, 48 years; I wish it was 20 years—saves X% of the average earnings right the way through. What do they end up with?" Then they compare. That is what they generally do. I am being a bit unfair. In the real-world life exists. We have discussed some of those issues: the risk of ill health in your later years, part time working for phases of life, all the wider labour market issues. That is the analysis. Messy lives needs to be a large part of how we think about pensions because, I am afraid, messy lives is the world.

The second thing we need to think about harder—and I definitely do not have all the answers to this—is that people live in households. If you focus on adequacy in terms of the individual, there are risks in terms of what you actually end up concluding about some people. I will give you an example. Here is a way to think about it. Look at the pensioner poverty rate among singles. It is rising. It is the household income that does matter a lot, not just the individual's income.

Q385 **Chair:** Thank you. On that, we have various figures on the proportion and number of pensioners who are solely reliant on the state pension and pension-related benefits. If you could provide that, because we are dealing also with the here and now, people who are living in poverty, and we need to understand those figures and make recommendations.

Torsten Bell: You would like figures on the proportion of pensioners who are just receiving the state pension as their income?

Chair: Proportion and number.

Torsten Bell: We definitely have that, and we will definitely pass that to you.

Chair: Thank you so much. That is very good of you.

Q386 **Amanda Hack:** Thank you. The Committee has had quite a body of evidence about that pre-retirement time and the sense that, if you are poorer during your working life, particularly in the time before retirement, you will be poorer in your pensionable age. We have had an increase in the state pension. We have had the increase from 65 to 66, which increased poverty among those affected, and then the increase to 65 starts next year. What assessment have you made of the impact that this might have?

Torsten Bell: This is a really important question. The work within the social security system to deal with really low incomes in retirement in the 2000s is being driven by the introduction of pension credit, which makes a real difference. That is driving a lot of what you see. Pensioner poverty halves in the 2000s under the Labour Government. That is doing a lot of the work. What is happening now is that the new state pension, by providing a higher floor, is taking more of that work. It is above the pensioner poverty line. It is providing that clear baseline that most people over time will be entitled to.

The state pension is doing more of that work than the pension credit was doing in the past and, as you rightly say, the focus there is on the level of that, which is what the triple lock is doing over the course of this Parliament. I think that is important to keep in our heads. That is like the macro of what we are trying to do. Again, I think that is basically an issue of cross-party consensus that that is the right framework.

I know some people call for means testing of the state pension—I believe the Opposition accidentally did a few months back—and I do occasionally hear those calls. Some other countries do have more of that. They have less focus on the baseline state pension and more means testing. Australia is the classic example. We are not interested in those. The consensus is that a higher, less unequal new state pension is the right approach to be taking.

You are right that one of the ways in which we can afford that higher state pension is by increasing the state pension age, which has been put in place by Governments since the mid-1990s. The state is aiming to provide a much higher baseline of income once people move over the state pension age. One of the side effects of that is that you get the step up of income when you enter the state pension age, if you are relying on the state, and so that does have consequences, as the state pension age goes up, you do see more people below that not receiving quite as much as they would have otherwise done. I am a realist. That is the reality of it.

I would say a few things. Broadly, what is that reflecting? That is reflecting a consensus that we are aiming roughly to hold the share of life in retirement constant. That is the underlying motivation for what is going on with SPA decisions. That is the basic policy. Secondly, you do need to think about it in the round because what do we see? Again, I have read the papers—I have even done them—and we do see higher poverty. If you look at the narrow marginal group of one year who have had their age delayed—it has been women recently, but broadly I would expect to see a similar outcome—yes, you do see a slightly higher poverty rate, but you do also see a high employment rate. As I have been discussing, the high employment rate translates into higher pension income later in life as well.

Let's all be honest about the trade-offs and how we are getting to that. I am not hiding from the fact that there are consequences from a higher state pension age, but any other decisions there need to be fully funded—going back to what I was saying earlier—and there are benefits to the individuals. Because we do not want a means tested SPA, you do get a big work incentive effect when you move over the line.

Q387 **Amanda Hack:** Thank you. Can you update us on the timetable for the process to increase to 68? I would have liked to have had a conversation about regional inequalities and how that time in retirement varies across the UK, but unfortunately I don't think we have time. Can you update us on the timetable for the next increment and maybe we can come back to those other things another time?

Torsten Bell: On that, all I would say is the pension review will absolutely need to engage with those issues. You are completely right, and we have seen inequality of longevity get worse over the course of the last 15 years, so I completely agree with everything you have said. I recognise that that is hard to wrestle with in a single state system, but you are completely right, we do need other things. For example, retention in work for people in older age groups is really important because once you leave coming back is bad. That is exactly what Sir Charlie Mayfield's review is looking at from a health perspective. I completely agree with everything you have said.

On the timeline, I have a boring thing to say, which is you know that there is an increase coming over the course of 2026 and 2028 and beyond that. The legal requirement on us is very clear, which is we need to put in place an independent SPA review by March 2029. We will do that. Then the Government's job is to respond to that. I will not be setting out policy separate from that formal process.

Q388 **Gill German:** Thank you. One of the places we have been on tour as part of our inquiry is that we have been to Wales.

Torsten Bell: You have been to Wales quite often, Gill—I don't think that counts as on tour for you.

Q389 **Gill German:** Yes, but in a different part of Wales, because we have been to Cardiff. As a Welsh MP, you will be aware that a lot of things are done differently in Wales. While we were there, we met the Older People's Commissioner for Wales, who has statutory powers to review policies and implementation. She is seen as an independent voice for older people in Wales. The Government have commented that they will look at that experience and the role that that might play more widely here. What are your thoughts on what that role might play in DWP policy, particularly with current conversations to do with pensioners, the triple lock, winter fuel and all the things that we have been across in this last 12 months?

Torsten Bell: Obviously I am aware of the experience in Wales. A general point is that one of the big benefits of devolution is the chance for everyone to learn from each other. I think we should be learning from Wales right across the piece, but this is one example where there is a different policy being taken and we should definitely be learning from that. I have seen some aspects of that. I have seen the campaigns that she has led on elder abuse and work on hospital discharge—outside of the social security system but really important campaigns. I have not had a chance to meet her yet, but hopefully I will, in my constituency role or, indeed, a ministerial role at some point, to hear more directly from her rather than just seeing the outcomes and thinking about them.

There was a recent response to the Women and Equalities Select Committee recently, which is basically a version of what you are saying, which is that the Government are alive to the different experience in Wales and we will look at it. My only slight issue is that the job of Government is to talk to a lot of different people, including actual pensioners and future pensioners, and to a lot of charities. Having a Commissioner is not an excuse for us not doing our basic job of speaking to a wide range of people. I sometimes think that it is talked about in those terms.

There is lots to learn from it. It must not be an excuse for, "Oh, this person is one individual and is the representative of an entire cohort of any kind." That is a really unhealthy message. "Here is somebody with a lot of interesting things to say who, as part of a wider ecosystem, is helping to hold the Government to account," sounds valuable.

Q390 **Gill German:** We also heard from Age Cymru and Care & Repair Cymru during the session as well. One of the things that they mentioned was the Welsh Government strategy for an ageing society, which they say has encouraged more cross-departmental work. Of course, this Government have made clear that we are a mission-based Government and we must work more widely. Do you think that something like that would have benefits if we had that in England or if it existed in England?

Torsten Bell: Yes; as I said, we should absolutely learn from each other. One of the arguments for devolution is that it is easier to collaborate on some things at a place-based, more local level, and that has always been true. The academic evidence is clear on that. You have given us a really powerful example of that, but we already need to do that. I will give you an example on fuel poverty. We are now collaborating between DESNZ, the Treasury, the Department for Work and Pensions and to a lesser degree the Department for Business and Trade. We absolutely do need to be doing that.

The Chair started out asking some questions about how that collaboration works, including the Department of Health and Social Care. It is easier to do at a local level, but there is no excuse for it not happening.

Q391 **Gill German:** As a model, do you think that is something that would help with the issue that we are looking at in particular to do with pensioners?

Torsten Bell: Yes. It is always a good idea to be considering the experience of the person you are trying to help, not how your silo is set up in Whitehall. That does not mean there are not reasons for running things in certain ways, but that is not an excuse. That is not how they are experienced by actual people, which should generally be where we start from.

Gill German: Absolutely. Thank you.

Q392 **Steve Darling:** I would not want you to be disappointed, Minister, by having a morning out with us without covering WASPI women. I reflect that the Minister agreed with the Ombudsman around maladministration, admittedly, and then did not agree on the way forward as far as compensation is concerned.

The concern that I have is that the report was to Parliament, and I would welcome some reflection on that, so when will Parliament have its say? I am aware that this is subject to the courts now, so what you are able to say about this may be limited, but I would welcome your reflections on the principle from that bigger picture. Does it not undermine the role of the Ombudsman when there is a pick-and-mix approach around its findings?

Torsten Bell: So that the Chair does not tell me off too much, I will try to give quick answers to those. There is an ongoing judicial review now, so I will not go into a lot of detail because that is now a matter for the courts. All I would say on that is that the Government's position has been set out in the Secretary of State's formal response. That has been placed in the House of Commons library, and I know it has been shared with this Committee several times. That sets out our reasoning and argumentation. We have also allowed the litigants in the case of the judicial review to publish our full argument in response. That is also available in public, so the Committee and others can see it. It is very clear what we are setting out. I will not go into more detail than that because that is where we set out our response.

On Parliament, the Secretary of State came to Parliament to set out her case. People have disagreed with that in the Chamber and in Westminster Hall—you and I have discussed that on several occasions there. It is for all political parties to use the time that they have under their control in the Chamber as they wish, where Ministers can be held to account by whatever individual parties decide they wish to do using that.

On the principle, I think we all value the work of the Ombudsman. We have been clear that we took the Ombudsman's report in this case very seriously. As you say, we have come to a different view on injustice and remedy, for the reasons set out in the formal response. It is unusual, but certainly not unprecedented, for the Government not to agree with the remedies proposed by the Ombudsman, and I would say it will stay unusual, but not unprecedented.

Since the decision on WASPI there have been a lot of other cases where Ombudsman decisions have been implemented by my Department and other Departments across Whitehall. There have been some over-the-top claims that this somehow undermines the entire value of the Ombudsman, and I don't think we should be saying that. I don't think it is true. I think saying that is damaging to the Ombudsman's role, and it is clearly not true because the Government are right across the board—in terms of the Pensions Ombudsman, we are working with them all the time.

Where the Ombudsman is holding the Government to account, like the one we are talking about, we do implement their decisions all the time. We have set out why we have come to a different view on this very clearly. If people do not agree with us, it should be on those grounds. It should not be on the grounds that this somehow fatally undermines the Ombudsman. I reject that entirely.

Q393 **Chair:** Thank you. I have a very brief question, if I may, Minister, on indexation of pre-1997 benefits. I appreciate you wrote to me in April on this, but can I refresh our memories? Our predecessor Committee in its report in March last year said, "Non-indexation of pre-1997 benefits has had a significant impact on PPF members and disproportionately on older members and women, reducing the value of their compensation in real terms". We made the point that there is a £12 billion surplus in the PPF and we put the case that that should be used. Then there is another group, a group that is not eligible for PPF, but has had some compensation through the financial assistance scheme—but that is a really tiny, tiny sum. The average was £2,700.

I have met with Pensions Action Group members, in their 70s and 80s, who are in dire circumstances, Minister. They have paid in to a scheme that was underfunded. They did the right thing. There is this surplus £12 billion in PPF. Just to give them a reasonable uplift and some compensation for this lack of indexation—I appreciate this is the responsibility of several Governments, so it is not yours, but we are holding the can now. It is about £93 million in year six and seven to enable that £93 million, £12 billion in surplus.

I'm afraid I cannot understand the reason for not making a decision to enable them to spend the last few years of their life in some comfort. Can you give us any hope around this?

Torsten Bell: I agree with the statement you read out at the beginning, and I have met a lot of people affected, both as a Minister and as a constituent MP, so I am very aware of the consequences. It is the 20th anniversary of the PPF, which was one of the biggest successes of the last Labour Government—a far bigger success than people thought at the time—and is doing a very good job overall.

You are right about how the legislation at the time is set out. Pre-1997 indexation reflected the defined benefit pension systems as they stood at that moment: there was no legislative requirement for indexation pre-1997 within the private sector schemes, and that was passed over into the PPF and into the FAS schemes. I do not need any persuading about the effect on the people there. As I say, I have met them. I have sat down with groups of MPs to also talk about the issue.

The only thing I would take issue with in your presentation is that it is not a straightforward situation where there is a nice surplus that can fund that, because the balance sheet of the PPF is the public balance sheet, so this is a wider question for the public finances. The public finance implications are not just the impact on the FAS. Any increase in liabilities for the PPF immediately scores. It does need to be looked at properly. It needs to be considered in the round of those wider impacts, as all public policy matters are, but I am absolutely aware of the issues. I am also aware of the average age of the people that are affected. The best thing I can do is to say that I am aware and I am looking at it, but the public finance implications are more complicated than you set out.

Chair: I appreciate you have been fantastic—a marathon session—but if I could give a last question to Peter Bedford. Thank you.

Q394 **Mr Peter Bedford:** I have loads of questions, but I will trim it down to one on the investment review. Looking at the potential mandation in the forthcoming Bill, I have spoken to a number of pension stakeholders about their concerns on the market intervention here and the impact that could have. Can you elaborate on that a little bit as to why the Government are going down this route, and are you cognisant of those concerns?

Torsten Bell: I would say that the pensions industry as a whole actually does have a very high degree of consensus about what it wants to see. It wants to see a move to bigger and better pension funds. That is what the pension investment review is laying out the ground for and within the defined contribution space, which is mainly the area we are talking about, one of the benefits of being bigger schemes is that it will be easier to invest in a wider range of assets, able to take different kinds of risks and build in-house investment capacity.

The industry itself is already moving in that direction. You can see a large number of DC schemes on their own moving to a wider range of assets, including mainly private assets. You have seen some of those announcements in recent weeks. You have also seen the whole industry voluntarily coming together themselves with the Mansion House accord, with about 90% of the market via savers saying, "We are looking to invest 10% in private assets, because the UK landscape stands out for not investing in that wider range of assets, such as infrastructure for example, and that would be a good thing." They want to do that because that is the right thing to do for savers.

What I am focused on is delivering a pension system that is doing absolutely everything it can to get good value for every pound that people are putting in. It is the industry that is setting out that direction of travel. It is the industry that set their benchmarks themselves for that voluntary Mansion House accord. I support that. I think they are doing the right thing. That is the direction of travel we need to see for a maturing pension industry, and everybody who is saying, "Oh, we should just carry on as we are" is ignoring the absolute imperative to have a system that is delivering for savers.

I am taking a mandation power in the Bill, subject to Parliament—we do not have that power; it is for Parliament to decide whether we do that—

because the industry is raising the are collective action challenges about making sure we do move to this new equilibrium. There are challenges they experience. I am sure you have heard this from industry stakeholders saying, “We get pressured just to do it on lowest possible cost and that can stop us making a move to a higher value, higher returns investment.”

I am not intending to use that power. The voluntary accord that has been set up by the industry is what is actually happening, but we do need to see change happen and that is what the backstop power is there for. Wait and see the Bill being published. Some of what I hear being talked about is nonsense. The Bill sets out very significant safeguards and in the safeguards for that clause, and for the entire Bill, the most important thing is getting better returns for savers.

Chair: Thank you. That concludes our questions to you, Minister. Thank you so much, and also to your officials, for coming along today. It has been a marathon session, and you have answered all the questions very thoroughly and we are very grateful. Thank you.