House of Commons

Work and Pensions Committee

Oral evidence: Protecting pension savers - five years on from the Pension Freedoms: Accessing pension savings, HC 237

Monday 8 November 2021

Ordered by the House of Commons to be published on 8 November 2021.

Watch the meeting

Members present: Stephen Timms (Chair); Neil Coyle; Steve McCabe; Nigel Mills; Chris Stephens; Sir Desmond Swayne.

Questions 177 - 259

Witnesses

I: Guy Opperman MP, Minister for Pensions and Financial Inclusion, Department for Work and Pensions; Pete Searle, Director, Private Pensions and Arm's-Length Bodies, Department for Work and Pensions; John Glen MP, Economic Secretary, HM Treasury; and Anna Harvey, Deputy Director, Personal Finances and Funds, Financial Services Group, HM Treasury.

Written evidence from witnesses:

Department for Work and Pensions

Examination of witnesses

Witnesses: Guy Opperman MP, Pete Searle, John Glen MP and Anna Harvey.

Q177 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee and particularly a very warm welcome to the Minister for Pensions, Guy Opperman, and the Economic Secretary, John Glen. Thank you both very much for being with us. Could you introduce the team that you have with you?

Guy Opperman: I am the Minister for Pensions and Financial Inclusion and I have with me Pete Searle from the Department for Work and Pensions.

John Glen: I am the Member of Parliament for Salisbury and Economic Secretary to the Treasury. I am with Anna Harvey who is the Deputy Director for Personal Finances and Funds.

Q178 **Chair:** Thank you all very much. I will start with the first question. As you know, we have been pursuing an inquiry on accessing pension savings. It is clearly very important that people make good decisions when they take advantage of the pension freedoms and access their pension. What do you think the role of Government and regulators should be in supporting people when they are deciding what to do? Specifically, a particular point that has been put to us and I am interested to know your views about is: what do you think of the idea of decoupling the 25% that is tax-free from the rest of the pot to reduce the large number of people at the moment who take their whole pension in cash to get the 25% tax-free and don't seem to think very much about what will become of the 75%? There is a wider question about the role of the Government and regulators in supporting people as they decide what to do. Guy, can I start with you?

Guy Opperman: I was going to ask John to go first on that issue. No disrespect, but it is primarily Treasury policy. I have things that I want to add on to it but I think it will be very much add on.

John Glen: When the pension freedoms came in in 2015 the Government made a conscious decision to give people the freedom to choose what to do with their money. That was fundamental to it but at the same time we recognised that people worked hard to save money for their future retirement and it is incumbent upon Government to put in place an appropriate environment for advice and guidance. Pension Wise was created, which has given a significant level of assistance, but it is also important that we look at what has happened, who has done what and what the implications are of that. We have seen 1.6 million people access over 3 million DC pension pots—that is over £45 billion—in the five years from April 2015.

The data shows quite a lot of different experiences of what people have done with the full range of options now open to them. The research of the

FCA, as the conduct regulator, has found that there is no evidence that consumers are drawing down their savings too quickly or unsustainably. Its retirement outcomes review found that those withdrawing defined contribution savings had other forms of retirement income or wealth. It is also important to recognise that the amount of support, advice and guidance that is available and used varies considerably according to the size of the pot. I think that 40% of pots where less than £30,000 was taken used some form of advice or guidance and that rises to 78% for those where the pots are over £100,000. We start off by saying that we would monitor the situation, look at what is happening and look at the behaviours that exist and bad outcomes, but we have seen Pension Wise use increase significantly. There has been a 29% increase in appointments over the year 2018-19 to 2019-20 and we have seen from the work that was done to review that advice that satisfaction levels have increased.

Let me pause there and come on to your second question, and you will probably want to follow up. On the point about the 25%, and people will be able to access their pension from age 55—to be 57 in 2028—the issue is would it be of value to ring-fence the 25%, as I understand your question, and leave the rest because the concern is that the 75% just gets left in cash. We have seen some work done this year—and Guy may want to talk about this—with the four pathways that are available so that people do not just default to cash, because that is important and is not insignificant. When you look at it in the context of the size of the pots that people are taking out, that 25% is typically used and the rest is not used. I think that it is more about the pathway work that Guy has been leading on, or the FCA has these pathways now where people decide an option of what their intentions are for the 75% over the next five years and that leads them to default into those. That is one concern that needs to be addressed.

Given the size of the pots, I do not think that we have any concerns. I think you have taken evidence from the industry—I think Ian Brown from Old Mutual Wealth and Steven Cameron—who say that it would be very complex to implement in putting out that provision for 25% differentiated from the 75%, and I think we agree with that. In 2019-20, nine-tenths of people were taking out less than £30,000. That is how I would answer it. I don't see that as a significant area of concern. That is supported by the data in the retirement outcomes review of what is happening with the decisions that people are taking.

Guy Opperman: As always, as any Select Committee or any parliamentary authority does, you look at the various roles: what can Government do, what can schemes do and what is your overall approach? John has set out a number of different points on what Government have done. We set up the Money and Pensions Service, as a result of successive Select Committees' recommendations and it was the decision of Parliament, and set up Pension Wise as a follow-on. They have also done MoneyHelper to help people at an earlier stage.

Then you look at our ethos. At DWP I can sum it up in one key word, which is trying to make pensions simpler. That is why we are trying to do simpler statements, which are progressing and heading forward for DC but my long-term hope is to try to simplify DB statements. That is why we are doing a dashboard; we take the paper version and make it much easier to understand, and I think that is genuinely what we are doing. We take the online version and make it much better and take what is effectively 43,000 schemes, 22 million workplace pensioners and reduce that into something that is accessible from mobile phones, laptops and so on. The dashboard is probably the biggest IT project being conducted by Government at present. It is a ginormous undertaking but it will be transformational in the same way that a banking app has transformed banking and a savings app has transformed savings. The ability to have a pensions app that is universally accessible will make life so much easier and will make people engage on a much better basis.

Making it simpler, working with Government across various Departments—John and I took forward the financial guidance Bill—I believe genuinely shows the work we are trying to do. To be honest, that is a result of various Select Committees' recommendations. Also, it is trying to get schemes to do stuff. Self-evidently, you will be aware that through various nudges by regulators, schemes are doing ongoing wake-up packs and things like that. I think those are the three elements that are making a difference and the arms that are addressing the particular problems.

Q179 **Steve McCabe:** I want to ask about your plans for the simpler statement and the pension statement season. As a start, what information does a person need to make an informed decision about their retirement? Who primarily should be responsible for providing that?

Guy Opperman: Here is one we prepared earlier. I am sure that the Committee have all read the response to the consultation on simple statements, but if you have not I am happy to provide it to the Committee. In that, there is a two-page simpler statement, of which I have a copy here, sounding very Chamberlain-like. The long and the short of it is you take the traditional statements—and we have done this with DC to start with, which is obviously easier, and unquestionably the long-term goal is to try to simplify DB as well—which, let us be blunt, tend to be well over 10 pages and tend not to be read. It does not matter whether it is provided online or in paper form, it is simply that the take-up is not good. It tends to be put away in somebody's kitchen drawer or a cabinet somewhere and forgotten.

What I want to try to do—and we have managed to get cross-government approval—is to take the very basic information of how much you have, what you are likely to get going forward and have signposts to the key things like costs and other charges going forward, trying to make something that is intelligible for people, that they can receive and understand simply. There has been plenty of consultation on this issue, plenty of market research by various organisations, and it is right that I pay thanks to Ruston Smith particularly who has been an absolute titan of help from the industry in trying to take this design forward.

It is simple information conveyed in a simple way that everybody can understand and that particularly matters because people will have lots of different pots. It is important that your statement should look the same, whether you have it with X company or Y company, so that at the very least you do not have to interpret lots of different statements continuously. However good the present statements are, if they are all done in a different way individuals are going to struggle going forward. At the start of automatic enrolment—and I consider this the start, we are only year 9 into this—we have the opportunity to make it really clear and really simple, and you will be able to put them all down on your kitchen table and say, "I know what this one is going to pay me, I think I know what this one is going to pay me and I know what this one is going to pay me". That will help things like consolidation going forward. I will happily talk about statements as well.

Q180 **Steve McCabe:** Should I deduce from that answer that you are saying that you, the Government, primarily accept responsibility for informing the person, and that the vehicle you have chosen to use is the simpler statement and the pension statement season? Is that a reasonable deduction for me to draw from the question I asked and the answer you have just given?

Guy Opperman: I was 20 years a lawyer and I am 11 years an MP, so I will try not to give a too lawyerly and political answer.

Steve McCabe: Please don't. I am just a simple Select Committee member and I am just trying to get an answer to my question.

Guy Opperman: You are so not, as we all know. The essence of it is that on the simpler statement it is right that Government, in the form of the DWP with cross-government write-round, have concluded that having a whole bunch of different statements of different length and different design is not the way ahead. Government have made a judgment call after due consultation—and, frankly, this having been driven by large parts of industry—that Government require this to be done in a much simpler form. Statements are going ahead. They will be brought in in October next year and I will happily provide the Committee with more details of that in the usual way.

I think that the statement season is more controversial as a definite point and there is pushback from bits of industry, but if you give me a minute I will try to explain. At the present stage, you can get your statement at any particular time and that can be in various shapes and forms and other communications come throughout the year. That is all fine. My idea, and it is very much my idea at the Department for Work and Pensions, is that in reality you should do what we already do with tax, exams, A-levels, university and a whole bunch of strategic decisions that occur in all of our lives, and have an annual period—there is an argument over how long; it clearly can't be a week, it has to be a month or so—when you receive your statement. The reason that matters, in my humble opinion, is that you will then be able to consider all the statements, you have the information before you and then engage—and we are going to have discussions about advice and guidance going forward—with an IFA or the particular process that you want and have better understanding. The holy grail is that I would like it to be the case where people meet in a pub or other sort of establishment and say, "I have my statement. Do you understand yours?" and have a discussion about it and it becomes a thing.

There is already some precedent for this in a limited form called "the orange letter" that is produced in Scandinavia for state pension that tells you what it is annually, but it is something that we are looking at. I have decided to go away and get further evidence. In the consultation on simpler statements, that doubtless you will read tonight to get to sleep, there is also a section on the statement season where you can see that we have considered it, we are not pressing ahead straightway and we are going to do more work. There is a working group of industry and the Department for Work and Pensions—and I have some excellent officials working on this—who are looking at how we can take this forward.

It is my intention longer term, subject to Government write-round, to introduce a statement season. My personal view is that it is a good thing that everybody gets their particular pension statement at roughly the same time. There is clearly a complication with that and—let's be blunt, let's address the problem—the problem is that means the firms, the schemes, will have to get all the information out at the same time and respond to it. You might say that is the same with tax returns or exams or whatever. There will be some degree of a burden by reason of that, but in my humble opinion it is better that we introduce this so that we have a better understanding and it becomes a thing. Then Government can get behind advertising campaigns and we can make it a thing so that people get better awareness.

I believe that this Committee and Government are passionate about people having a better understanding of what they have, and in my view a statement season will give them a better understanding.

Q181 **Steve McCabe:** I was struck by your suggestion that you hoped that it might become the subject of a vigorous debate in the pub with people challenging each other, but then I noticed that one of your predecessors, Sir Steve Webb, I do not know if he is a gamekeeper turned poacher or a poacher turned gamekeeper, I am never quite sure—

Guy Opperman: It depends what you are going to say about him but I have a strong view.

Steve McCabe: He described your plan as "an analogue solution in a digital world - which wouldn't even achieve much in an analogue world".

He didn't sound very complimentary about it and didn't hold out too much prospect for a vigorous debate in the pub. What do you make of his criticism?

Guy Opperman: You are tempting me, in a very polite way, to be very robust about the former Pensions Minister, who was an esteemed colleague in the coalition and in many respects I would love that he had addressed some of the problems that we will address later today, that is for sure. He is entitled to his view. I simply take the point, though, and the serious point is clearly the dashboard. Putting everything on to your mobile phone is the ultimate way forward and that is what Government are doing, with cross-party support. That is what we voted for. Online versions are very important and the dashboard will be crucial, but are you seriously saying that your elderly mum or dad or my elderly mum or dad and the vast cohort of pensioners out there who are not computer literate, let alone able to understand a savings app or a banking app and a pensions app going forward, are going to benefit from this? We will require written pension statements for some considerable time to come, that is absolutely clear.

In my view we should do both. As a former very fat jockey and someone who has worked in a bookmaker, you always try to back as many horses in the race as you can. The bottom line is to make the online version really good, which is what we are trying to do with the dashboard, simplify the system, which is what we are doing with simpler statements, but then make a situation where individuals have a better understanding and receive the information at the same time. In my view, that is good.

With no disrespect to the former Pensions Minister, whose views on this issue I have no idea of but I am sure we will find out, we are trying to drag a great product out of the 19th century, skipping the 20th century, into the 21st century. Pensions is a phenomenal product but it definitely needs modernising. If Steve wants to oppose modernisation that is a matter for him.

Q182 **Steve McCabe:** Okay, I think you have given me the answer to that. Tell me one last thing about the simpler statement. I am being absolutely serious here. You said that your reason for supporting this sort of approach is because there are lots of people who are not particularly competent or happy at the moment. Do you think the simpler statement is a temporary or transitional solution and will eventually be replaced by the dashboard or, as you suggested a moment ago, do you think we will have both for a very long time to come?

Guy Opperman: This dashboard is pretty much the largest IT project being formulated by Government. It will take several years to roll out and will commence in 2023 but it will have various iterations as we try to improve and expand it. The bottom line is that it will take some time for everybody to get to terms with the dashboard. Just as not everybody in this room would have had a banking or savings app five years ago, now people in this room and watching this have a banking and savings app and that becomes a new relationship. I believe that we should have both things for a considerable period to come. There may be a stage in 10 to 20 years' time when paper is genuinely a thing of the past but it is certainly not going to happen in the lifetime of this Parliament or, frankly, the next Parliament.

Look at the way in which various organisations are progressing this; some of them are going online. A serious issue is that even with an online statement by X or Y scheme provider, the present statement is still not read in the detail or understood in the way that we would like it to be and not everybody reads their e-mails. I am sure everybody understands that receiving something by e-mail is wonderful but not everybody reads that. Having a written document makes a difference and it definitely makes a difference for a vast cohort of our constituents who simply are not in a digital age yet.

Steve McCabe: I think you have been very clear about that. Thank you.

Q183 **Chris Stephens:** Good afternoon, everyone. First I am going to ask the Pensions Minister some questions about collective defined contribution schemes, which you will be aware that the previous Committee and I dealt with. Collective defined contribution schemes provide an income like an annuity but without the risk premium. Could CDC schemes provide an alternative to annuities?

Guy Opperman: The short answer is yes. I can give you the longer answer but the short answer is yes.

Q184 **Chris Stephens:** The short answer is yes and that is good. Do you have a longer answer?

Guy Opperman: It is a simple question: can this be an alternative? The answer is yes. All Ministers think they are very good and have introduced amazing new things, but the practical reality is that we are introducing a third type of pension here. We have taken traditional DB and we have tried to reform and improve that. We have introduced defined contribution as a result of the Labour Government, the Turner commission and successive Governments, but we have taken the view, and I took it about nine months into my term as the Minister for Pensions in 2017-18, that there is a third way. I do not want to be too Blairite or Clintonian in this process, but I will be. There is a third way that is in the middle of DC and DB.

This a young beast and to pretend otherwise is wrong and naive. There are 102 clauses on this particular bit in the Pension Schemes Act. It was a very complex Act deliberately to try to make this as flexible as it could possibly be and that was a deliberate choice. This was not a CDC scheme created solely for the benefit of the CWU and Royal Mail, who clearly are at the front of the queue to create a particular scheme. There are others in those types of organisations who are providing and could potentially go down that route, but we also want to see multi-employers and other versions of CDCs going forward.

There is a degree to which we will have to design this as we go along and the engagement is a work in progress, but we are creating something new. DWP never moves too quickly but we are also doing it with due pace to understand and appreciate that this is complicated, it is not simple. You have to do better member communication if you are going to do CDC, because quite clearly it is different to DC where the member is very much nudged into automatic enrolment and is relatively uneducated by the scheme provider about what is going on—I use the word "relatively"—where you will have to have a different approach to CDC. That is where I think we are.

Q185 **Chris Stephens:** Thanks, Minister. You touched on that it is a young beast, and there have been some issues with CDCs operating in other countries. Are there any major downsides that we should be aware of with CDCs?

Guy Opperman: We discussed this in Parliament at length, as you know as you were very much part of the Pension Schemes Bill. I have been to Holland recently and spoken to some of the key civil servants who were behind the CDC schemes there. The Dutch are slightly evolving their pension scheme to look very similar to our present CDC scheme. There are examples of poor member communication in the past and that is a possible concern. There are examples of where people have had difficulties with generational impact between longer-term employees and shorter-term employees. I believe that is addressable, if there is such a word, in the schemes that we have designed.

There is massive credit here to the CWU, who I have worked with at great length and I really praise them for the way in which they have engaged in this process. The Royal Mail has done a series of roadshows up and down the country—I have been part of several of them, everywhere from Norwich to Barrhead in Glasgow—trying to engage their workforce so that they have an engaged workforce who understand what they are getting into. You are a passionate pro-trade union Member and there is clearly a massive role for trade unions going forward in this. It fits totally into the trade union model that they are the honest brokers in a system that engages with members in a better way. I think this fits very well with a 21st trade union and my hope is that other unions and other schemes and employers will look at this and think, "What Government have created is a possible way forward for us that we all work together". To the credit of the CWU, that is what it is doing with the employer for the greater good of the employees.

Q186 **Chris Stephens:** Thanks very much on that. Turning nicely to my next question, which is on Royal Mail, are you looking to develop a framework to evaluate the success of the first tranche of CDC schemes?

Guy Opperman: The answer is yes. I am constantly pressed to do more on CDCs before we have even got the first one over the line. If I try to give you some of the timeline, we are laying the affirmative regulations and the response to the impact assessment for publication in December this year. The Pension Regulator will commence consultation on its draft code of practice in spring next year. We will be laying the regulations and updating the guidance in spring next year. The code of practice will be laid in probably May 2022. Subject to all of these various processes, we think that Royal Mail will be up and running and will be able to submit their application in summer next year. We have engaged extensively with them. There are two things: we want to learn from when they have done it, but we are learning as we go at the same time.

I am very keen—and DWP civil servants love this—that we do not just say, "All we are doing at the moment is Royal Mail CWU". We should do Royal Mail CWU, but also look at how we can branch out and do this with multi-employers. That is working at the same time. There are capacity issues. This is technical stuff, it is not simple, but definitely we want to make progress on multi-employers at the same time. We are open to understanding what the future of CDCs should be going forward. The question in my view is: you feel that you can get Royal Mail CWU over the line, you feel that multi-employers is the next step and what can we do with this going forward? All those three things should be part and parcel of a tiered form of work that DWP should be doing and engaging with various employers up and down the country who are all looking at this and unions and other colleagues on committees and the like.

Q187 **Chair:** Apologies for butting in. When do you hope to have regulations for multi-employer CDCs?

Guy Opperman: It is clearly not going to be before summer of next year. That is quite clear. We have begun that engagement and there is a pure bandwidth as well. As always, there are projects in DWP and this is not something I can say to some lovely fast tracker, "Just grab a hold of this". This is complex stuff. We are working particularly with the RSA, think-tanks, the Pensions Policy Institute and various others, and various employers. It is clearly going to be some time. It is certainly going to be a year, there is no question whatsoever. I do not want to disappoint everyone but I suspect it will be beyond that. There is also an ongoing debate with people above my pay grade on allocation of resources. Pete and others have to say to me, "Well, Minister, we can do this, I can get you more people on this, but that means we will have to stop working on this and there are plenty of other things that we are working on". That is an issue. Pandemics have definitely not helped. We will have a discussion about that, but public services in a pandemic, end of, is very complicated and trying to develop and formulate policy in the middle of a pandemic is extremely difficult.

Q188 **Chris Stephens:** Baroness Altmann was in front of us fairly recently and she said that in her view it would take 30 years or more to assess whether CDC schemes were successful. Is that a view you share?

Guy Opperman: No.

Q189 **Chris Stephens:** Do you think it could be quicker than that?

Guy Opperman: Yes. I do not want to disparage Baroness Altmann, another esteemed former Minister of State for Pensions, but the long and the short of it is of course you can assess something on an ongoing basis, but for long-term longevity, you could say the same about automatic enrolment, which we are talking about. It was formulated in the 2000s, it was brought in in 2012, it only reached 8% just under two years ago and we are in a position where we do not know really where automatic enrolment is. Yet, every single politician in the House of Commons would say automatic enrolment is a tremendous success, and we have only just reached 8%. There are ways we can improve it; there is a whole bunch of engagement we are going to talk about today and a whole bunch of other things, but the practical reality is you can see very clearly that AE is a success on a cross-party basis through successive Governments and it has only been going nine years. I personally think we are able to make that judgment call. Can it be improved, evolved and so on? Yes, of course it can.

With CDCs, it is really simple. Do people take this up? I think people will take this up. There is an appetite. Secondly, can Government and regulators create a framework that genuinely provides an alternative to the two presently existing models for pensions in the workplace environment? In my view they can, but individual employers must come forward, unions must sign up to it, employees must sign up to it, then they must get authorisation and drive this forward. We need to learn from where there have been mistakes made by other countries and other companies. I am absolutely satisfied that we would be able to make judgment calls from CDCs very much earlier than 30 years.

Q190 **Chris Stephens:** Thanks, Minister. I am going to move on to advice and guidance, which you have discussed with the Committee before, both in public and in private. For you and the Minister for the Treasury, has there been an evaluation of how many people would benefit from paid-for advice when making decisions about accessing their pensions? I am thinking about that, in particular given the evidence that the Committee has had so far, there seems to be a clear gap between the amount people are willing to pay for advice and the cost of advice. Maybe start with the Treasury.

John Glen: I think here it is about the appropriateness of advice and guidance, which comes down to the size of the pot. If we look at the evaluation of the Financial Advice Market Review that was published last year, we can see that more people are getting advice. The FCA retirement income market data demonstrates that 36% of pension plans accessed for the first time in the year 2019-20 were accessed by those who took regulated advice and 14% after Pension Wise guidance. The challenge is about the appropriateness of that guidance-advice distinction.

In the 2016 Financial Advice Market Review, financial advice was defined as involving a personal recommendation to an individual about a particular course of action rather than provision of information on a range of options available to them, guidance being everything that is not advice. What we have seen, as I mentioned in my previous answer to the Chair, is the development of pathways. We have brought in the provision to be able to take the Pensions Advice Allowance of £500 to allow people to use some of their pot to access paid-for advice. I think that the evidence is that there is not great awareness of that or appetite for that.

When we look at it in the context of the size of pots that people have, then clearly what we need is good guidance that allows people to define basic options, but when most of those pots are very small then it is questionable what value detailed advice would give. Often it is clear that those pots are not a major source of pension income.

If I look at people who have accessed pension pots of higher value, then clearly they are more likely to use advice or guidance before making their decision. There were 40% of pots under £30,000 who used advice or guidance before access, compared to 78% for those larger than £100,000. I think that reflects the different sorts of questions that people are asking, because fundamentally they are probably going to try to do different things with it. That is reflected in the move away from the annuities that we had prior to the reforms and what we now see happening.

Q191 **Chris Stephens:** Are you reviewing the pension advice element, given the report of this Committee in terms of pension scams and the recommendations from reviewing that? Is that something the Treasury is looking at, and are you also looking at measures to increase the take-up of pension advice?

John Glen: The FCA will have a significant role to play here, looking at the way the market functions. I think that the review that was recently conducted showed that the financial advice is moving in the right direction, but we will look into that over the coming months and we will review it alongside the FCA and look at what would be appropriate at some point in the near future.

Q192 **Chris Stephens:** Pensions Minister, what proportion of people should receive either advice or guidance before they access their pension pot?

Guy Opperman: I think it depends on the individual person and the individual decision they are making. I endorse John's comments in respect of the various things. The data now from the FCA show that 50% of DC pots accessed in the contract-based retirement income market in 2019-20 were accessed after the use of advice and/or Pension Wise guidance. That is 50%, of which 36% of those pots were accessed with regulated financial advice, 14% of pots were accessed after use of Pension Wise guidance alone. However, that 14% does not include those who received Pension Wise guidance in addition to advice. It also does not reflect those who have received financial guidance from other sources, such as MaPS, other services or guidance from providers.

It goes back to my earlier answer, which is a legitimate question, which is also there is a role for schemes. Schemes, for example, are doing wake-up packs and are those wake-up packs sufficiently good? How do they work it? There is a role for Government in the form of the midlife MOT. You will know, and I have given evidence to this Committee before, that the midlife MOT is considerably earlier than even wake-up packs and is definitely earlier than by the time you reach for advice and guidance when you are trying to decumulate and cash in your pension freedoms or whatever.

The point about midlife MOT and why we are formulating policy on this, and why we have encouraged various private sector providers from Aviva to Hargreaves Lansdown to certain parts of the Civil Service is that it encourages people to think about their wealth, their wellbeing and their work—it is all three, not just pensions—at an earlier stage so that they can have a considered conversation.

At the same stage, it is a bit like the conversation I had with Steve, you cannot have the conversation without saying, "Well, all of these things are great, but when dashboard comes in that is going to be transformation as well" and dashboard is on its way. It will begin its rollout in proper terms in 2023 and that, I believe, will make a difference. Simpler statements will mean that you or I, or the man and the woman in the street, are going to be a lot better informed about what they have because the documentation provided by the provider is a lot easier to understand.

I accept the argument in relation to advice or guidance, but it is not just those things. The schemes have a role, Government have a role with midlife MOT and we must improve the way of communication, whether it is online in the form of dashboard or in the form of statements.

Q193 **Chris Stephens:** Let us talk, Minister, about how your Department is ensuring that those who need that impartial Pension Wise advice and guidance get that.

Guy Opperman: There is a difference. Treasury are in charge of advice and John can give you responses in respect of that. It depends if it is a DB or a DC situation in terms of the way that is regulated and how it is implemented. Regarding guidance, it is clearly something that is the responsibility of the Money and Pensions Service. We have discussed, both here in this Committee and in the currency of the Pension Schemes Bill, the nature of Pension Wise and the way it has been expanded, and continues to expand.

The Money and Pensions Service has only been in existence for two to three years. We are also trying to encourage them to do more, and they have implemented MoneyHelper, and MoneyHelper, as I am sure you are aware, is deliberately designed to be at an earlier stage and is to provide much broader guidance as to how to handle your finances and your pensions in a general way.

That is therefore providing one form of free assistance at an earlier stage and Pension Wise at a later stage. Those are the things that we are trying to do but it is part of a suite of measures.

Q194 **Chris Stephens:** The evaluation of the stronger nudge trial showed that usage of the Pension Wise service increased, so given that and the Government's aim to make sure that Pension Wise usage is the norm, how do you then intend to achieve the norm objective?

Guy Opperman: Certainly I know that you and I have had discussions about whether there should be automatic Pension Wise appointments. I do not think that is the appropriate way. I genuinely do not think that is the right service for every single person, and what we have attempted to do, as required by Parliament under the original Act, and I accept it has taken a while, is to implement the stronger nudge. I was heavily influenced by all colleagues during the Pension Schemes Bill and in particular by Nigel's speech at second reading where he wanted to try to make it the case that people in these particular circumstances that applied, if they did not want to take up the Pension Wise guidance then they should be in the position that they should clearly state that. Stronger nudge was originally formulated in August and September of last year, a bit criticised by the Chair during the passage of the Bill. I went away, discussed with John, we did some further market research and we have beefed it up, to a degree.

It is not an automatic system, but it is a very strong nudge to take this up unless you really do not want to do so. I can give you more details about what was proposed by an automatic system, but it would take out all the people who have regulated financial advice, an IFA situation. It would take out some people who do not particularly want to do a face-to-face appointment on a Pension Wise basis. You would have to have a different system in relation to online as against in person. There are a host of reasons and it ignores all of the other things that we are doing.

Q195 **Chris Stephens:** Were there any other measures, apart from stronger nudge, that you are considering? I think we are all agreed that Pension Wise is a good service. It has good evaluation from people who are using it, so are there other approaches, apart from stronger nudge, that you are considering, Minister?

Guy Opperman: It is a little difficult. I am not going to duck the answer but I have set out all the other things that we are doing, whether it is midlife MOT, simpler statements, dashboard and everything, so park those for a second, as I have repeated them at length. My dad has an expression, "Don't buy a dog and bark yourself." We have an organisation in the form of the Money and Pensions Service. They have decided that the appropriate way forward is to develop MoneyHelper. That is, again, exceptionally young, barely months old. It was launched a few months back. Clearly, we have to see how that works. The Money and Pensions Service is a really young organisation and we have effectively devolved the power to do this and their job is to try to reach out as per parliamentary requirements—I think under section 17 of the Act—to ensure that there is the scope for this.

To ensure that was being done properly we asked Tom McPhail to do an independent review of the Money and Pensions Service. That was published last week and that also requires an external reviewer to have a decent look at this and tell us how they think this organisation is doing. We need to allow them to do the job that they have been required by Parliament to do. That is not me ducking whether we are going to address this, but I do think that is a legitimate and the right thing to do.

You can also make the point that both Treasury and DWP need to look at the way in which schemes are alerting members and how it is they are communicating with members at an earlier stage. I remain passionately of the view, and obviously this is a personal view—it is not the Government's view, because I do not have cross-government clearance—that the earlier you engage with people, and this is why I am such a passionate advocate of midlife MOT, the better your long-term outcomes. It is quite clear that if somebody presents at the last minute and says, "I want to access my savings to do X, Y, Z" then they have made up their mind. What I would like is for people to do early engagement from the ages of 45 to 52, basically, where they are engaging with not only just their wealth and their pensions wealth but also what is their work situation and health situation. I cannot overstate that the Aviva MOT trial is worth looking at and understanding and, to be fair, suitably encouraged other companies from Mercers to Hargreaves Lansdown, to parts of the Civil Service and Local Enterprise Partnerships, because we managed to fund some trial work that was done during the pandemic and have looked at how midlife MOTs will make a difference. It is very difficult.

I want to put one proviso, before the Committee decides that this is a great idea and do it immediately. It is very difficult because trying to take what is a good idea at DWP and then persuading private sector providers to trial this, and the Civil Service have trialled an online version, how do you get this applied across the country in a scalable form, and paid for, whether it is by a tax rebate to the individual companies who provide it, or whether this is something that is paid for out of a salary or whatever, or it is an HR benefit? That is complicated stuff, but at the moment that is what we are trying to encourage people to do and we are formulating policy as we do it.

Q196 **Chris Stephens:** Thanks. I am sure we will pick up Pension Wise again in the future, Minister. John, is there anything from the Treasury side about advice you want to bring to the Committee's attention?

John Glen: No, I do not know whether you want me to cover off the digital options, or whether you want to do that under a separate question. It is important to recognise that it is about customisation and the Financial Advice Market Review did look at the important innovation that robo-advice has. Previously the FCA have set up an advice unit to give feedback to firms on those auto models, and offer tools and resources for all firms on that. We welcome that.

There are two things going on here. There is the work that Guy has spoken about with respect to the statement, the dashboard, essentially simplifications and clarity around people understanding what they have, and then trying to find an appropriate menu of options based on the pot size and therefore the different level of input that is required. I think that is an evolving space and there are legitimate questions over the effectiveness of face-to-face versus online. You have just discussed with Guy the issue of the nudge and the degree of compulsion, and I think that is something that we should always keep in focus. What we are trying to do is get people to access the most appropriate solution at the most appropriate time. Between the both of us we have a range of options there that are in various stages of evolution and things that we continue to work out with the FCA.

Q197 **Chair:** I think Nigel will pursue these points but just before we move on to that, Guy, can I go back on CDC? I asked you about multi-employer CDCs and you said that we might have regulation at the end of next year, perhaps the beginning of 2023. What about decumulation-only CDCs? Are you working on regulations for them?

Guy Opperman: No, not at the moment. I accept that going forward decumulation should be part of CDCs and there is work to be done. I always say to everybody, "Let me get somebody over the line and up and running. Let us finish the first set of regulations, let us start the conversation and, frankly, the process of starting the regulations for multi-employers"—there are issues on master trusts and things like that—and then I accept there is more work to be done. The truth is the best example I can give to everybody is this is no different in reality to automatic enrolment. It is more complicated than automatic enrolment but the principle is very simple. We are inventing a new type of pension system and it has been tried elsewhere. The practical reality is this is not going to happen at speed, I am afraid, and nor should it. It should be considered and measured and I can tell you this, within the last three to six months there have been lots of bright ideas and greater expansion and discussion of what it is CDC should look like, and in fact the debate has moved on massively compared to where it was even a year ago when we were discussing it during the Pension Schemes Bill. As you know, during the Pension Schemes Bill there was really only discussion of Royal Mail, and large employers tended to be traditional DB-style employers, and how this could fit X, Y or Z company or X, Y or Z organisation. That has now developed massively and that will do more, in my view.

Q198 **Nigel Mills:** John, five years on from pension freedoms, maybe slightly more now, how do you think it is going? Are you happy delivering what the Treasury wanted it to achieve and do you have any concerns that have been thrown up over that period?

John Glen: I think the evidence suggests that it is something that people have welcomed. There is not significant evidence of consumer detriment and there is a range of issues that come from the size of the pots that people are taking out around the points of access for advice/guidance. Some of the earlier concerns, that people would essentially blow their pot at the earliest opportunity, I do not think have proven to be the case, but there is an ongoing process of evaluation and fine tuning of the advice and guidance in order to improve the decisions that individuals are able to make.

I certainly recognise that the economics of guidance versus advice presents some challenges but then things like the pathways, giving people access to the £500 through the Pensions Advice Allowance, are evolutions of intervention that have improved the situation.

I think it has been a success. The principle of it is just people having freedom to access money that they have saved. It is then about how you augment that with the right advice and guidance environment.

Q199 **Nigel Mills:** There are not any red flags in the Treasury? You do not have some big concerns that you need to address or anything like that you would like to share with us?

John Glen: I am anxious that you are taking me down a trap here. I do not think so. It was a policy decision to allow people greater flexibility. Of course, a lot of people do not choose to access their pension early, but it was a freedom that some people have found very useful. Of course, in the context of pension pots sometimes only being one part of someone's pension provision, it does not have the catastrophic outcome that perhaps some would have anticipated.

Q200 **Nigel Mills:** Is it fair to say that as the years go on more people will be retiring with just DC provision, whereas in the early years there was a lot of hangover DB around? This will become more of a problem potentially as the years go on, where people are more reliant on that decision they take. Is that a fair view?

John Glen: As Guy has mentioned, there has been a lot of evolution over the last decade in terms of auto-enrolment and the increase in provision that will bring. The truth is that when people move into different jobs they have lots of different pots with different rules around them. We are doing that work to provide a consolidated view of one's overall pension situation with the dashboard. There is no point denying it; pensions is a complex world and there is not a single, simple intervention that Government can make to necessarily address that for everyone.

Q201 **Nigel Mills:** You have both quoted that the Pension Wise take up is about 14%. Am I right that that is 14% of pots accessed, not 14% of savers who access their pensions?

John Glen: Yes, that is right.

Q202 **Nigel Mills:** So potentially if someone has five pots they get counted five times. Do you have any plans to try to get better data than that, so that we know on an individual basis rather than a pot basis?

John Glen: There is an annual review of Pension Wise by Ipsos MORI that gives us an evaluation of how they are perceived. When I was talking about the work on the robo-advice and the support for institutions providing that, more can be done there. More products will evolve all the time. We have seen an increase in the number of appointments between 2018-19 and 2019-20 of 29% of people over 50 using the Pension Wise advice. I mentioned the MoneyHelper provision, which is also important, which is the fusion of the TPAS and the Money Advice Service tool. Again, that is in its early stages. What we are seeing is an evolution in the provision and I think then we will see more data points. It is a bit early to say on that yet how effective that has been.

Q203 **Nigel Mills:** The reason I am asking you is what we want to happen and the concern we have of it not happening is that the people in the band of pension saving that need some advice, guidance or information and are not taking it are the ones we need to try to work out how we get them to have a bit more understanding before they do something. It is hard to know on your data who is using Pension Wise or paying for advice, exactly how many people there are in that situation and what the band of savings are, so we can try to target interventions or concerns. I do not think you answered if there was an effort to try to get data on the number of savers who retire and access their pot, rather than the number of pension pots. If somebody has five pots they are counted five times at the moment, which is not very useful information.

John Glen: I am happy to look at that. I am sorry that I cannot give you a more specific answer at this point.

Q204 **Nigel Mills:** Thank you. Am I right that stronger nudge gets us to a 22% Pension Wise take-up?

John Glen: Guy covers the stronger nudge side of things.

Guy Opperman: I will be corrected by Pete if I am wrong, but that is the expectation. Obviously we have not introduced the more beefed up version of stronger nudge, but we have gone away and tried to beef it up and there is a whole explanation of that that I can provide to the Committee in a bit more detail. I am happy to do that.

Q205 **Nigel Mills:** That would be good, because I think you promised us that last time you were here and I could not find it when I looked.

Guy Opperman: Okay. Well, if I have failed to do that then that is my apology. I think that would probably be the case. There is never an easy answer to that because of course I was in the middle of formulating a fresh policy. There is a legitimate point and it is right to put it on the record, which is that I went away—I think Ministers rarely do this—listened to the speeches and debates at Second Reading, Report, Third

Reading of the Pension Schemes Bill, now the Pension Schemes Act, worked out that possibly the stronger nudge was not robust enough, engaged with John—I remember the meeting and we must get Treasury right round and we have to get all the usual processes—did further market research and then came up with the revised version. That revised version we think has more teeth, but it is still not going to be 50% to 100%. I accept that. That is a perfectly fair description, but, I keep coming back to this, we only created the Money and Pensions Service very recently. We have only created Pension Wise very recently. All the evidence is showing that the take-up of Pension Wise is getting better and better. I believe stronger nudge will increase that.

Can I just touch on pension freedoms? You asked John about it and it is frequently asserted that DWP are not engaged with pension freedoms and are not supportive. That is simply not the case. As a Conservative I believe very strongly that in certain circumstances individuals should have the capacity to draw down and take some of their money. I wholeheartedly support the reforms introduced by George Osborne. I supported him at the time and I support him now.

I think we have the balance right and of course ultimately Treasury, DWP and Government will continue to look at this. You make a fair point that as DB recedes and as AE enhances things must be reviewed on an ongoing basis. The evidence from the FCA, the Retirement Outcomes Review and even the famous Sir Steve Webb, is that we did not necessarily all go and blow it on Lamborghinis. The usage of this money has been very sensibly put to by the Great British public and that trusting people with their money in limited circumstances with sufficient safeguards is an appropriate thing. I stand by that, I think it is important that the two Departments are supportive of that view and it is made publicly clear.

Q206 **Nigel Mills:** I do not disagree with your assessment on pension freedoms, but I wanted to see if you had any red flags you wanted to raise with us. Going back to the Pension Wise take-up, 22% is the only number we have and we had a slightly painful session with the regulators when they told us they did not think it was high enough, and they would not tell us what was high enough and they would not know when they have succeeded. Do you have a figure in mind for where you think Pension Wise take-up should get to, when that is about right? I am not expecting it to be 100% of people who retire. Should it be higher than 22%?

Guy Opperman: The only difficulty is this. I will slightly go over old ground, but I think it is legitimate. If you look at Pension Wise on its own and the degree to which guidance is sought by people who wish to access defined contribution savings then clearly that is a solitary figure without any consideration of everything else. I think that is an unfair and inappropriate approach. I hope I have not read that particular part of the regulator's response wrong. I would have pushed back and said this has to be seen as a suite of packages, a suite of measures. To start with, what is Government doing in other places? Making online capability and understanding better. Dashboard, this massive project that we all support, whereby I should be able to do this much better myself. Simpler statements, again, empower the individual to have an understanding of what it is they are saving. That would be amazing, rather than statements that nobody understands, that nobody reads. Do better wake-up packs, do more midlife MOT, do better nudges by schemes themselves, improve the communications, harmonise stuff so that you do not get different communications from loads of different schemes, so that there is a consistent message coming, "This is what you have, this is what you are saving". Frankly, I need to have a discussion with Treasury going forward because I need to have the same conversation about DB and try to simplify that. That is much harder, I accept, but it has to be done, there is no doubt in my mind whatsoever.

If you look at all those packages you then add advice, again, and I agree with John's point, it depends on what the size of the pot is and what you are going to do with it. Some people will get independent financial advice in the usual way—you know this much better than I do—and will access that advice. Some people will get online robo-advice or whatever; that is getting better. There is a cohort of people who will be accessing their DC savings, at the moment it is relatively low because of course AE has only just started—

Nigel Mills: DC was around before AE.

Guy Opperman: I accept that, but AE has expanded massively. There is a cohort who will not be seeking to pay for advice but will be looking for guidance. We have set up the Money and Pensions Service, so Pension Wise through them, to ensure they get the best possible access to such guidance. Everybody agrees it is good. Persuading the Great British public to take that is harder, hence why we have gone with stronger nudges and the like.

The answer to your question, surely, is what other things that individual has done to access information and advice to better improve their knowledge, over and above just going to Pension Wise.

Q207 **Nigel Mills:** I am getting slightly puzzled how your internal discussions work. We know Pension Wise at 40% take-up was not high enough. Stronger nudge then gets us to 22% and you quite rightly said that we could probably do better than that and we will have a stronger stronger nudge. Surely there is somewhere else where it says 22% is still nowhere near enough and we need to go more than that? There must be a level that your Department has in mind when you have just about reached the right level. I am not saying that it should be 100% for the reasons you have set out, but you must have some understanding of what good looks like?

John Glen: Perhaps I could come in here. We should look at some of the data around the satisfaction levels from the evaluation of those who used

Pension Wise in the last year where 94% were satisfied, 88% said it had improved understanding, 91% said it helped consider pension access more thoroughly. I am struggling to understand what is behind your question of how you would evaluate whether 40%, 50%, 60% or 70% would be the case, because it is an iterative process based on feedback and concerns around what the outcomes are, surely.

Q208 **Nigel Mills:** I am just slightly lost that you have decided in Government that 14% is not high enough, you decide that 22% is not high enough. You quite rightly take action to try to make it higher, but do not have any idea in mind as to what the right level looks like. I presume it is quite a bit higher than 22%. Is that fair?

Guy Opperman: I will quote your own words back to you. Your own words, I think on Second Reading or during the Pension Schemes Act, were that we should put in front of people this really good, independent free guidance and if they do not wish to take it, that is their choice, but we should make it really easy for them to do this—which we have done—and then we should give them the opportunity to exercise their own judgment. Now, that judgment can form financial advice, that judgment can form other things.

Q209 **Nigel Mills:** I think to be fair, Minister, what I said was it should not be compulsory but it should be as near as dammit.

Guy Opperman: Yes, which is exactly what I have done. Nigel, with respect, that is exactly what the revised stronger nudge does.

Q210 **Nigel Mills:** As a Select Committee we were recommending there should be a trial to see whether automatically giving people, in one way or another, an appointment helped to get more people in the hard-to-reach groups who just were not engaging, who needed to engage. I am not suggesting we want a higher take-up in those with hundreds of thousands of pounds who are paying for advice but my concern is there is a cohort who have a material amount of money that will make a big difference to their retirement who do not understand what their options are and defaulting to the first thing their provider tells them to do or suggests. They are the people we need to get to a higher take-up of, and I am not quite sure what the Department or the regulator's plan to achieve that is. It looks to us as a Committee that trying to get Pension Wise take-up higher, especially in those groups who really need it, would be perfectly sensible.

Guy Opperman: Yes. Pete?

Pete Searle: To add to what has been said, I think Pension Wise is a particular service, so it is focused entirely on someone looking to access their pension savings, their DC pension savings. For people at that stage, yes, we are trying to nudge as many people as possible into that and I think a stronger stronger nudge is not far off automatic enrolment. Essentially that is what it is. What would not be helpful, in the Department's view, is to push people, everyone aged 50, towards Pension

Wise, because they cannot access their pot for five or soon to be seven years anyway. Most of them are not thinking about that. What we want to do through midlife MOTs or wake-up packs or a range of other things is get them to access, to think about and to engage with their pensions, what their options are, both accumulation and decumulation. If more people are doing that earlier then they have thought about decumulation or will do when they come to 55.

At that point of decumulation we are nudging people very strongly towards an appointment with Pension Wise, but as the Minister was saying we are also trying to get people to engage earlier through these other vehicles with their pensions.

Chair: I think Steve McCabe wanted to come in on this very briefly.

Q211 **Steve McCabe:** Yes, listening to Nigel's question, I think we may be having the same problem. If the Government cannot say what their expectation is of the numbers, the proportion of people who are going to use this service, how on earth do you expect those who are required to make it available to know what they are supposed to be doing? They are looking for their guide from you. If you do not know if it should be 40%, 50% or 70% why do you expect them to know? I do not understand that. If you are meant to be nudging, does nudging not require you to give a bit of a clue?

Guy Opperman: You could say the same argument in respect of automatic enrolment as it was being formulated. You could say the same argument about any government policy.

Q212 **Steve McCabe:** Can you give us an idea about what your aim was for automatic enrolment?

Guy Opperman: Successive Governments had some idea, but they also did not know what the take-up was going to be. The presumption was very different from the actual take-up, if I could make that point. My simple point is this. As I think we have made repeatedly clear to Nigel and to the Committee, effectively the situation is that the stronger nudge as beefed up is as good as you are going to get in providing everybody with the opportunity in respect of DC savings. That is the decision and if they do not want to do it then they should be clearly able to say that.

Ask us in a year or two's time what the impact of that will be, but I think we have listened to the Committee in great detail. We have gone to a further stage, gone to great efforts to try to make this as robust as we possibly can, but at the same stage this must be seen in the context of the variety of other things that we are doing. Certainly, automatically booking an appointment for anybody with Pension Wise would not be the appropriate way ahead. It is not something that I think is the right policy direction. I do not think that is supported by the policy officials and it is certainly not something that I would be supporting.

Q213 **Chair:** Do you still take the view that taking Pension Wise should be the norm?

Guy Opperman: I saw this bandied around as an expression that you seem to be suggesting I was saying. I am not sure that was DWP.

Q214 **Chair:** You did say it in the Bill Committee debate, the Report stage debate.

Guy Opperman: Making it available should be the norm, without a shadow of a doubt, which is what we have done. We have then nudged people very robustly towards taking it.

Q215 **Nigel Mills:** We may have flogged this horse as far as we can flog it today. Can I move on? John, I think you mentioned investment pathways. Guy, are you a little surprised that we have not had the Pensions Regulator make quite the same progress on those of the FCA? I think to the ordinary saver it is quite hard to tell the difference between a contract-based scheme and a trust-based scheme, especially in a master trust situation. Should we have had some closer joint working and joint progress so that we had those investment pathways there for all DC schemes, and certainly all auto-enrolment DC schemes?

Guy Opperman: Are you asking John that?

Nigel Mills: I am asking about performance of master trusts and the Pensions Regulator, which I guess might be you.

Guy Opperman: Ultimately that is me, yes. Here was me switching off. Before we move on to that question, can I add one extra point, which I failed to make, which is important for your consideration of the great auto-enrolment pilot. If you wanted to do that you would need primary legislation, so I think that is a legitimate issue, because you would have to amend the present regulation. The potential cost, and do not hold me to this because it is very much a potential cost, would certainly be in excess of £45 million, and who that will be borne by would ultimately be levy payers, unless you make it a taxation cost. You need to consider those things when you go forward on that.

You then asked, and I genuinely was not as focused because you did say John to start with, in respect of whether regulators could do more in respect of contract-based schemes. Potentially, yes they can. I have not studied the regulator’s evidence and you will have to enlighten me on that, but certainly it is the case that there is more to be done. Again, master trusts only created fairly recently. Again, they are a work in progress and they are consolidating as we speak.

Q216 **Nigel Mills:** Perhaps if I put my question again. The point of my question was we have, I think, great progress from the FCA for contract-based schemes to have the pathways for people to go down when they get to the decumulation phase. My surprise was that we do not have the same pathways in place at the same time for trust-based schemes.

Guy Opperman: Oh, sorry, I understand.

Nigel Mills: The Pensions Regulator's advice was that they were just starting to contact the Department about it, whereas I think it would seem logical to me, given that it is hard to tell the difference between a contract-based scheme and a master trust-based auto-enrolment scheme, that we should have had the same protections and support in place for savers in whatever sort of scheme they have.

Guy Opperman: My apologies, I had not grasped the point. I understand the point a bit better now. The answer is, yes, this is something we are considering. Clearly the trust-based pensions market is different to the contract-based market, and the expectations and needs of members of a trust-based scheme are different to those who pay contract schemes. However, the indication I have from the Department—I do not go into too much detail—is that our proposal in the next year is to do a call for evidence on this particular issue. We accept that we must lead on it and I suspect the TPR, probably David Fairs, was allowing us to make the case for this, because it is ultimately a Government decision. Yes, we are going to look at this. Yes, we are doing a call for evidence in the next year. Don't hold me to what precise date it is, but I would suspect we are going to do it in spring, April time, and it is something on our radar. If you want to ask me lots of detailed questions I am going to gratefully return to my senior policy lead, because I have not been involved too much in this particular point.

Pete Searle: If I could add to that, the call for evidence is not just about investment pathways. That will be part of it, but it is asking what would members and schemes feel they wanted in this territory in a trust-based environment. That is the sort of proposition that we have, absolutely. We have been working with the FCA and TPR have been working with the FCA very much on investment pathways.

The less mature auto-enrolment situation probably does need to move down that road, but that is what the call for evidence will give us information about.

John Glen: If I could just add to that, on the FCA's retirement outcome review of 2018-19 that led to the four pathways, that has only been operational since 1 February. Early indications seem to suggest that it has done what was intended, but there has not been a comprehensive review of that yet. Again, we hope that would be a success but we look with interest at the data that will come out in due course.

Q217 **Nigel Mills:** We are always told that the FCA and TPR have much better joint working, they have joint strategies and co-operation, yet it just seems that, two years since that review and more than six months since that was introduced for some pensions scheme members, we have a very different outcome for those in the other half of the pension saving world, who are in an almost identical position as far as members. Isn't that a bit of a disappointment, that regulators have not sensed the same problem for similar people and taken similar action at the same time? In reality we are going to be years different, are we not?

Guy Opperman: I will choose my words carefully. I think the situation between the FCA and TPR is better than it was. When I compare it to, say, four years ago when I first started this job I think it is definitely better. I think the new chief executive of the FCA is definitely driving this forward and the new chief executive of the Pensions Regulator is driving this forward. Could they be more joined up? Yes, unquestionably. Provision of all public services in a pandemic has been exceptionally challenging and it is very simple. Are these people meeting on a regular basis and thrashing this out? Are we meeting everybody on a regular basis and thrashing this out over the last 18 months to two years? Not as much as we should have done and that inevitably leads into people going down different pathways at different paces.

Sometimes there is a lack of joined-up thinking. Can it get better? Yes, I think definitely it can. There is no question. It is not just those; individual Government Departments and individual regulators have to be more joined up. It is exceptionally difficult to do that because everybody is working on their own workstreams and trying to keep people out of silos is very difficult, but it can get better, no question.

Q218 **Nigel Mills:** It will not help your conversation in the pub, when two people have had their warm-up letters and one says, "I have these four choices to make" and everyone goes, "What four choices? Mine haven't told me about four choices". It will be confusing in that situation.

Guy Opperman: No, because it depends what stage of this conversation this is taking place. Clearly, this is a long-term project by which stage I am absolutely certain that this Prime Minister or the next Prime Minister will have dispensed with my services. The whole point is, particularly in the pension space, you start policy change that has long-term consequences and that policy change is making this whole system simpler on a long-term basis. Do I wish that every bit of government and every regulator was completely aligned at all stages? Yes, I do and every single Minister will always say that to you, but there are often good reasons ranging from a whole bunch of issues from personnel to policy to finances to objectives, to new chief executives—there are dozens of reasons—why that does not always happen. Will we get there in the end? It is just that maybe the first conversations in the pub were not as good as the conversations that will follow over a period of time, but I am glad you have bought into the pub conversation theory.

Q219 **Steve McCabe:** I want to ask some simple questions about the dashboard but, I hope you will forgive me, I do not want to get into ex-jockeys and flogging dead horses. The comment you made a moment ago to Nigel about it requiring primary legislation and costing £45 million, was that in relation to some kind of auto-enrolment exercise for Pension Wise? Is that what you were talking about?

Guy Opperman: I will be corrected if I am wrong, but that is the—

Q220 **Steve McCabe:** I just wanted to make sure that I understood you, Minister. Can I ask one thing about that? How do you know it will cost that if you have not done a pilot or a trial?

Guy Opperman: The advice that I have, and I will read you said advice if I can find it, is that it is between £45 million and £80 million to do such a thing.

Q221 **Steve McCabe:** It seems to be somebody who does not want to do it has given you a figure. I just wondered how you came up with it.

Pete Searle: It does happen.

Q222 **Steve McCabe:** Surely not. *[Laughter.]*

Pete Searle: It is a very approximate initial estimate, but that is essentially saying, okay, if you automatically enrol everyone how many people in each cohort of new 50-year-olds would that be? How many appointments is that and multiply it up?

Q223 **Steve McCabe:** If you have the entire number of people who qualify you could get to that figure, but the object of a trial would be to work out how many people were likely to use it and how much it would be likely to go up by. If you set a figure for what you were aiming for you would come up with a very different number. I do not want to flog it, but I just wanted to know why.

Guy Opperman: You can calculate it from the Pension Wise statistics and the costs and everything like that.

Q224 **Steve McCabe:** As I say, it sounds to me like you could have a different number if you had a more enthusiastic approach to a trial.

Guy Opperman: Genuinely, I am not going to push back too hard, but you can do the numbers on Pension Wise costs, how much it costs to provide and you then try to do a mass rollout, you look at the numbers of individual people and you can then do broad estimates. That is how you get it. It is not rocket science.

Q225 **Steve McCabe:** Let us not get bogged down on it. I have been reading what Chris Curry told us about the pension dashboard and I wanted to ask a couple of very simple things about this. Do you think there is any place for transactions via the dashboard, or is the dashboard about providing information?

Guy Opperman: Longer-term yes, short-term no.

Q226 **Steve McCabe:** Okay. I think that is probably as straightforward an answer as—

Guy Opperman: Which is broadly what Chris Curry would have told you. I am summarising what he told you.

Steve McCabe: He did say there would be some input in terms of advice and guidance on the dashboard and then he went on to say it may have other factors, but he was worried about scams, I think was the general thrust.

Guy Opperman: In the currency of the Committee, Second Reading, Third Reading, Report stage I wholeheartedly resisted those, some of whom were on this Committee, who said there should never be any transactions on dashboard. I did so because at the very least consolidation should be something we should be doing. Do not believe me, but look at the Which? report when the assessment of dashboard was taking place, and I am going to paraphrase Which?, which is that there unquestionably should be transaction capability on dashboard. For a whole host of reasons read the Which? report. It is definitely my view and it is certainly something that I made sure was resisted at the various stages of Committee that transactions should be permitted in the longer-term on dashboard, and that is something that is endorsed by Which? and frankly a host of other supportive individuals who regard this as being utterly logical and sensible.

Q227 **Steve McCabe:** Fair enough. As I say, the only reason why I questioned it was because I honestly thought that Chris Curry was quite clear about his concern that it could be a target for scams.

Guy Opperman: You will have to refer back to Chris's evidence. I do not have it in front of me, but the simple point I would make is to look at the way in which the dashboard is. It is not a repository of information to be mined. It is an access facility and I think that deals with the key thing. Clearly, you are entitled to sit down with your IFA, go through your individual pots in the longer-term and, for example, consolidate them. That already exists and there are companies out there who are already consolidators of individual pensions. Now, dashboard will make that easier, there is no question whatsoever. Clearly, we are putting in place measures to ensure that people are being protected on that. Ultimately the principle of empowering people, so they have a better understanding of what they have, taking pensions and doing exactly what we have done with banking and putting it into a banking app or savings, which is now in a savings app, then ideally having a pensions app, you could take the Tube or the bus to work, be able to move your money between those and then run your life in a much better way and be way better informed, is surely a good thing.

I will finish on one point. Both you and I are of sufficient age where we have done that weird thing of meeting a bank manager, a human being who we went to a bank to. Now, those days are long gone, partly because lots of the banks have closed, but the practical reality is that people now are engaged more with their bank because of a banking app than they ever were previously and that transformed their engagement with their finances. That will happen with dashboard.

Q228 **Steve McCabe:** That is a very fair point, thanks, and it leads me nicely to what I wanted to ask you next. I am not trying to be clever in any way here. This is for the benefit of the Committee trying to see where you are. If I asked you to say what are the features of the dashboard that are core for you and what are the advances or developments you would like to see, how would you answer that?

Guy Opperman: Comprehension, capability, simplifying things on a massive basis, accessibility, consolidation longer-term, saving of cost, democratising this. How am I going so far? I could go on.

Q229 **Steve McCabe:** How would you like it to advance?

Guy Opperman: I need to get it over the line first. I may have a gravestone that says, "This is the man who tried to produce the pensions dashboard".

Steve McCabe: Surely not?

Guy Opperman: It depends when I die. The simple point is that you need to get it up and running first. You need to have a simple version of it; it will not be as capable as it will be longer term. The scale of this needs to be grasped. We are talking 43,000 schemes.

Steve McCabe: That is why I am asking this.

Guy Opperman: Yes, it is 22 million workplace pensions.

Steve McCabe*:* We need to have some concept of what we are doing.

Guy Opperman: Yes. John and Treasury have done open banking and have done the accessibility of banking apps and the like. Trust me, this is on another level, because there are only 20 banks out there in real terms. There are some challengers and things like that, but it is a much smaller thing. This is a very big project. I have full support for Chris Curry and his team and he is really working on it. DWP are working hard on it. There is a whole bunch of things though that as you go forward, we can all see the capability that this can have. As this gets more sophisticated clearly it would have your state pension from the word go, clearly you are going to have the ability to understand costs and charges in the longer-term. There is a whole piece of work of making costs and charges more comprehensible on a long-term basis. You then can get into what it is your pension is investing in, and you can also get into if you have a whole bunch of pensions, and bear in mind under automatic enrolment you will probably have 11 different pensions because you have a job working with McDonald's when you are 18 as a student through to your present job. There will be the capability of consolidating them and having a proper conversation with an IFA to say, "All right. I have these. How can I do this better?" and you are then going to be able to direct investment trends and investment of your money in a much better way. Putting it bluntly, you will be a lot better informed and that is surely the holy grail going forward.

Like I say, we are taking this amazing product, which we all support and endorse, and dragging it kicking and screaming with great difficulty into the 21st century, and that is a wonderful thing.

Q230 **Steve McCabe:** I think that is fair enough. There is a lot of support for the dashboard on the Committee, but we are interested to know how it is going to develop.

Guy Opperman: There is a very detailed Pensions Dashboard Programme report. I have a copy just here and I am very happy to give that to you. It was published relatively recently, on 29 October, a progress update and I will happily send a copy.

Q231 **Steve McCabe:** I think that would be quite welcome. Thank you very much. One last question, I do not know if this should be to you or to John, but you mentioned the state pension being included there and I think it was the Treasury in the 2019 Budget who said the state pension would be included on the dashboard. Will that happen from the launch, or are there still obstacles or issues to overcome?

Guy Opperman: First, the progress update is in October, but that is more for me. The latest report was April 2021, which we can give you, and I can also ask Chris Curry to give you an update, which would not be too difficult for him to do, of what they have done since April 2021. We are aiming for draft dashboard regulations in the winter. I am not allowed to say because officials get exceptionally upset when I do say particular dates, but I think early in the winter is the best description on that, and winter can be many things.

In terms of state pension, yes, that will be done from the word go, but again, this requires immensely complicated, putting it bluntly, pipework of IT provision, because you are taking the entirety of the state pension online and making that accessible through a search and find process to come back to someone’s individual computer.

Steve McCabe: Okay, but it will be there from the beginning?

Guy Opperman: Yes.

Q232 **Steve McCabe:** That is fine. Thank you very much. I think I am going to switch now to the normal minimum pension age, which I understand, obviously, you made a fairly dramatic announcement on, last week, on 3 November, which I presume was in direct response to the various concerns that had been raised by the ABI and lots of other people. Is that right?

John Glen: Can I take you through what I think will happen? In 2014 we made it clear that we would have this 10-year alignment so that we would, by 2028, move to 57, reflecting people living longer and so on. I think we confirmed in a written answer last year that this was going ahead. In February, we published the consultation on how we were going to do this and we had about 117 responses. It was at that point that we had industry concerns, classically reflected by the ABI in their concern over the 26-month window to April 2023. It would give this window where essentially schemes that had that protected 56 access point could move people across. We then had the challenge. We published the draft legislation in July. We had the problem of how to close the window. We published in the Finance Bill last week and anyone who had stated a clear desire to switch would be able to have that honoured up until midnight on 3 November and that dealt with the concern around the fact that there would be this window where we were primarily concerned about the risk of people being approached and urgently moved, bad actors entering, and so on, which would be damaging to the consumer. The outstanding issue in play is whether there should have been a blanket removal of the rights of those existing schemes. We took the view that those rights existed and we could not overwhelm them, so that was the policy decision that we made, that you cannot change over now but if you had made that decision prior to midnight on 3 November, you would be able to do so.

Steve McCabe: That seems to be an explanation consistent with what we thought might happen.

John Glen: I recognise that that uncertainty existed, but of course I was left with the decision of how to efficiently shut the window. Usually you would have a week's notice of such a measure but we unusually did not do that, precisely because of the consumer protection concern.

Q233 **Steve McCabe:** I can understand that. Obviously, you were trying to deal with a number of consequences that the ABI and others had raised because of the extended window. I get that. Of course you will know that, as with anything like this, when you make one decision, you also open up some other questions. One that has been raised is do you know how many people will no longer be able to take advantage of the transfer had you stuck with the 2023 deadline? The ABI suggests it is several million people who may have chosen to transfer to a 55-age access scheme, which was what you originally proposed but then, when you closed the window, they no longer have that opportunity for the reasons you said. Do you know how many it is? ABI says it is several million. Is that right?

John Glen: I do not have that figure, I am afraid. I can look into it and try to find it for you.

Q234 **Steve McCabe:** I would be interested. The reason why I am asking is that there has also been a question about whether or not there will be an industry cost if people start claiming compensation because they say that the advice that they got was not clear enough. Obviously, I am just curious to know if there has been any estimate, or if there will be any estimate, of what that cost might be.

John Glen: Sorry, could you clarify your question?

Steve McCabe: Yes. What I am saying is that there are a number of people out there, and the ABI suggests it may be several million, who could have taken advantage when the proposal was still to give them up until 2023 to switch to an age-55 access scheme. They could have taken advantage and they could reasonably argue that was the advice they had been given. However, that opportunity disappeared at one minute to midnight on 3 November, for the reasons you have explained. I am not questioning your reasons; I am questioning how much you know about another consequence that may have arisen as a result.

John Glen: The key consideration that we had to look at was whether we should overwhelm the right of all pension schemes to give that early access. We decided that we could not do that because those were rights that people had had so we could not overwhelm those rights, those pre-existing rights.

Steve McCabe: Yes, those that existed.

John Glen: In those schemes.

Steve McCabe: I accept that.

John Glen: I think the ABI would have preferred us to have given a universal ban on that early access. That was something we did not consider.

Q235 **Steve McCabe:** That would have opened up a different kind of legal challenge, would it not?

John Glen: You may well be right. I do not have any data on that expectation of legal challenge.

Q236 **Steve McCabe:** I am saying that had you done that, that may well have opened up a legal challenge. I am saying that now that the deadline has come and gone, it may be that people will want to challenge the advice they got because the advice they would have got would have suggested not to panic, they had until 2023, and now they have not.

John Glen: We have closed the window. That has been the Government's decision. Quite what recourse people may think they have or choose to have, from the expectation they will say was set in February—it was a consultation; we had not made a definitive position and we did that last Thursday.

Anna Harvey: The original policy intent set out in that consultation was that the window protected people who already had transfers under way, so I think we have given them a sufficient window to progress that, but I do understand your points.

John Glen: Those who professed that intention, they can do it.

Q237 **Steve McCabe:** Anyone who was already in a scheme where that was a contractual obligation is protected and anyone who took the decision that they wanted to transfer is protected.

John Glen: That made it clear.

Q238 **Steve McCabe:** I get that. This is a factual point. I want to check if I have understood this correctly. Do uniformed public service schemes have a contractual obligation? Is that why they are excluded?

John Glen: I think we are talking about the police, the fire service and other similar pension schemes.

Steve McCabe: They all have a contractual obligation for 55; that is why they are excluded?

John Glen: They are excluded because of those different constituted provisions within their schemes, yes.

Q239 **Steve McCabe:** Which I presume must be 55?

John Glen: It varies, I think, across those different schemes. This is the trouble. Those schemes are not all exactly the same, are they? They are slightly different but they are obviously less than 57 and that is why they have to be excluded.

Steve McCabe: Okay, 55 or 56; I take your point.

John Glen: I am not trying to be pedantic. I just know that they are not all the same.

Steve McCabe: But basically they have a contractual obligation.

John Glen: Some of them are earlier than 55; that is the point I was making. I do not know exactly when, that is all.

Q240 **Steve McCabe:** I do understand that then. That is helpful. Thank you.

The last thing I want to ask is this. I think I do understand why you have done this. I am not querying it. But the ABI says that there will still be a number who will be able to access at 55 and some who will not, and that some savers will have money in pots that they can access at different ages, which will make retirement planning a bit harder for people. I want to know, are you confident that a new kind of confusion will not result? I think they did say, in the early stages—I think it was the ABI that said this—that they feared that the complexity of it would lead to lots of confusion. Are you confident that we will not end up with a situation akin to the WASPI women where people will suddenly emerge from the woodwork saying, "I don't remember anybody ever informing me about this and this has wrecked my retirement plans. I have a pot over here when I can access it there and another one that I cannot get to for two years". Have you done any work on that? Are you sure we are not going to have another WASPI-type scandal in the private pension arrangements?

John Glen: I think we need to go back to what we have done here. It was very clear in 2014 that the intention was to move to be 57.

Q241 **Steve McCabe:** But the Department says it was very clear that these WASPI women were informed but of course they were not.

John Glen: I think by 2014, we had learned quite a lot of lessons from the WASPI experience and we were very clear. What we are talking about now is the notification of the legislation. I welcome the fact that the ABI welcomed the changes last week but the point is, there is, as you all know, a lot of complexity in different schemes. This does not cut across the excellent work that DWP is doing with dashboards, the annual statements, the pot consolidation. The bottom line is that people do have money, pension money, in different schemes but what we have to do is close this window and make clear our intentions going forward.

Q242 **Steve McCabe:** Okay. I think I will leave that there. Can I ask one last question on this.

John Glen: Of course.

Steve McCabe: If you raise the normal minimum pension age in the future—

John Glen: We will.

Steve McCabe: I am expecting that you might, I was just avoiding saying "when you do", but when you do, will you follow the process that you have now settled on? Is that the new process for the future? Or will you revert to the norm where it will be announced in the budget and it will become a clause in the Finance Bill?

John Glen: I will be absolutely clear that we will learn lessons and do the best we can. We are some time off doing that and so it is difficult for me to be definitive about it, but clearly we want to give as much clarity as possible. I have been doing this job longer than anyone else has done it but I still doubt that I will be here to make that change when it comes.

Guy Opperman: Chair, can I come in on one point? Far be it from me to—

John Glen: Correct me?

Guy Opperman: No, I was going to correct Steve, I am afraid. He will be aware, of course, as you will, Chair, that I continue to defend the actions of the Conservative Government post the 1995 Pensions Act, the Labour Government, including yourself, Chair, and the pensions Ministers who increased the state pension age, and the actions of the entirety of the Labour Government for the 13 years from 1997 to 2010 and, of course, coalition colleagues post 2010, but the simple point is this: both the High Court and the Court of Appeal, when they assessed that specific point on notice, found in favour of those successive Governments and not that there was a failure to give notice.

Q243 **Steve McCabe:** Of course, this Committee took evidence, which I presume is on record, from the people who did not get adequate notice and from officials from the Department acknowledging that.

Guy Opperman: With respect, the two highest courts in the land disagree with you.

Chair: We do not want to have a debate about the WASPI issue at the moment.

Q244 **Steve McCabe:** I was not trying to; I was just trying to be clear. I am not into making things up. I was just trying to be clear about that.

I want to finally turn to the delays to state pensions in your very welcome letter, which I have been trying to work my way through. Thank you for that.

Guy Opperman: Genuinely, apologies for the delay. It is very complicated. There are some good issues.

Steve McCabe: I understand. Obviously, we had raised a number of questions about this, you have replied and your letter is very welcome. I just want to pick up a couple of points. The letter covers 11 points in total.

Under the first point, where we ask why you think this has arisen, you say there are a number of factors including the pandemic and, in particular, "unanticipated changes in customer behaviour caused specifically by economic conditions created by the pandemic" and you talk about people who are on furlough or were not working and decided to maybe retire. Has that subsided now? Is that an event that is over, or is there another wave like that of people who could emerge?

Guy Opperman: There are two answers to that question. The first is that clearly people can make a decision to apply for their state pension four months before they reach their 66th birthday and some people choose to do that and to start the process, which means they are then in the system. If a large cohort does that, that will have an impact.

Secondly, some people can defer taking their state pension and there is no doubt that the pandemic and the various economic consequences of it triggered certain behavioural changes that took place then. Do I think those sorts of things are going to happen again absent another pandemic? No, I do not.

The second bit is that the pandemic created, and I have answered oral questions on this particular point, a host of issues in relation to staff getting ill, self-isolation, caring, training, usage of facilities and so on. Anyone who has been to a pension centre will know that the various pension centres tend to work on the basis that you will be sat next to people and we then had to get people working from home. We did not necessarily have the kit to work from home. You had proper data confidentiality issues of taking people's pension claims home. You had the issue of ability to answer phone lines and so on. I could go on at great length. I could have given you a 10-page letter. The simple point is whether I think absent a pandemic we are back into business as usual? Yes, I do, and I think we can show that. We are up to date. We have had a backlog, there is no question about that, and we have addressed that backlog by allocating a large amount of resource and focusing on it.

The key bit, which I think has not necessarily got through, is that there is a variety of ways you can claim. The traditional way would be a paper way. Over the last few years, at expense, and of course there is an argument that previous Governments could have done this earlier and automated this process earlier, we have introduced Get your State Pension online. There is no doubt whatsoever that that is way, way faster and 50 per cent of those cases are assessed on the day. A paper-based claim, particularly in a pandemic when you have to staff your post room, you have to get someone to assess it and you then have to have communication with the individual, is really slow. There was a very significant increase in paper-based claims during the pandemic, which inevitably therefore makes things slower.

Q245 **Steve McCabe:** Is this simpler clerical claim form that you refer to a paper-based claim?

Guy Opperman: No. The reality is that we have three stages. You have some—

Steve McCabe: Yes, but the thing you are saying here, you say there was, "a much greater take-up than anticipated on our new simpler clerical claim form". Is that a paper-based system?

Guy Opperman: It is.

Steve McCabe: That is a paper-based system.

Guy Opperman: There are three ways that you can do this. There is the online version, which is by far the best. There is a paper version, which takes a long time and requires lots of people, which is tough in a pandemic. Then we are introducing effectively a telephone-based claim form on a long-term basis.

Q246 **Steve McCabe:** If you are moving to that better system that you have just described, I am curious to know why you have decided to introduce a clerical claim form in 2020 and how you could not have anticipated what the take-up would be. I know you are not very keen on trialling the pensions thing, but do you not trial these things either?

Guy Opperman: The pandemic got in the way.

Q247 **Steve McCabe:** But presumably when whichever civil servant comes to you and says, "Hey, I've got this brand new idea for this super, simpler paper-based claim form" you must say, "What's that going to cost and how long is it going to take?" and so on. Surely you would do something like that?

Guy Opperman: People are submitting their pension applications and you still need a way for them to submit them. In the middle of the pandemic, the reality of the situation was that there were more applications being done on paper forms than there were in other forms and they take longer to deal with. There are some other complications, I accept, but fundamentally all this relates to the pandemic and the reaction to it. You can see that in the series of consequential actions. That is public services in a pandemic when you are facing the difficulties that we have. Sorry about that.

Steve McCabe: Okay. Fair enough. I was just curious. I heard what you were saying about moving to a better system and it seemed funny that only last year somebody was introducing a paper-based system that caused so much difficulty.

Guy Opperman: No, the paper-based system was always there. Get your State Pension has only been introduced recently, since 2018, on an iterative basis and has expanded literally during the pandemic. We have enhanced and improved on it during the pandemic.

Q248 **Steve McCabe:** Okay. Just tell me about the numbers. I don't want to get too bogged down in numbers, but the BBC says 4,900 outstanding and that is people you are seeking further information from. You say 3,220. If you are one of the 1,700-odd I suppose that is significant for you but it is not a massive difference. Are you able to give a guarantee today that the number is definitely coming down and we are not going to see a blip and have it suddenly go shooting back up?

Guy Opperman: I think the best way to describe it is whether we are back to business as usual. In my view, we are. We have taken care of the backlog and the only legacy claims from the backlog are cases where we have people who we need further information from, normally residence, marriage, the usual things to prove an ongoing pension claim. All right?

Now, the figure we have as of 4 November—the BBC's figure, I suspect, is a little earlier than 4 November—is 3,220. It has probably changed and gone down since 4 November. This is one of the reasons why this such a real-time thing. I know Steven was at the PAC and the figures were higher. We were desperately trying—I had given an assurance that we would fix it by the end of October—to try to fix this by the end of October. The answer to your question is that those are claims that require further information. They are legacy claims where we have sought further information. There are no legacy claims from that particular cohort that have not been dealt with aside from those.

We get approximately 14,000 claims a week. That is a lot. Some days, some weeks, it is a little bit higher or a little bit lower. We feel we have the personnel to address that even if there are surpluses going forward. But again, pandemics get in the way and make life very difficult when you have significant staffing and ongoing recruitment issues, promotional issues and all manner of other stuff which I have given you more detail about.

Q249 **Steve McCabe:** I notice that you say—it was in response to question 7 from the Chairman—that you do not expect the situation to arise again because it was due to a confluence of factors.

Guy Opperman: No, we don't.

Steve McCabe: Just with regards to departmental learning, has a contingency plan been developed as a result of this experience?

Guy Opperman: I think it is more than a contingency plan. We have implemented a plan and what is very clear is, Get your State Pension online is the way forward, and that is what we were in the process of rolling out. We have enhanced and augmented it and we want to do more of that.

Secondly, we are trying to do a teleclaims service, which will be much better going forward.

So, yes, but rather than a contingency plan, we are trying to fix it.

Q250 **Steve McCabe:** Okay. Thank you. Let me ask you one last question. I always seem to end up asking you this; I don't know why. It is this one about you saying there is no blanket compensation but you can consider making special payments on a case-by-case basis if people have incurred costs as a result of maladministration. I always have trouble when I am asked about this by constituents. Can I check? Is not anticipating a change in numbers, not anticipating a change in the impact a new form will make, and not allocating enough staff to do the job—is that maladministration?

Guy Opperman: You will have to put that to any particular constituent in any particular circumstance and you will have to be in a position that if that is something you wish to raise with an ombudsman, that is what you would do. This is all—

Steve McCabe: You are just—

Guy Opperman: Hang on a second, hang on. You cannot ask the question without allowing me to answer it.

You are in a situation where the Labour Government quite properly introduced an ombudsman system. We are working to that ombudsman system. You pose particular questions. That is the policy of the Department for Work and Pensions and it has been the policy for successive administrations under different Governments of different political persuasions.

Steve McCabe: I am not querying that. I am just asking you.

Guy Opperman: All I am doing is implementing the same policy of previous Governments and each case has to be looked at on its own individual merits.

Steve McCabe: We had better leave it there, I think.

Q251 **Chair:** Do you know how many people have had to wait until after four weeks after their 66th birthday to get their state pension?

Guy Opperman: I think this refers to one of your parliamentary questions. The answer is no and I can explain why.

Chair: You don't know?

Guy Opperman: No, we don't know. I will tell you why. Again, previous Administrations—I am not going to go who—set up a system whereby the recording is not as per the 66th birthday. So there is no measurement as per the 66th birthday, traditionally, of when a state pension comes in. The reason being is previous Governments introduced a system where it is, one, recorded when the claim comes in, not the 66th birthday, and secondly, previous Governments introduced the system whereby you could claim four months before your birthday and then receive your pension, ideally on day one. The measurement, traditionally, was as per the date of the application, which is nothing to do with the 66th birthday, which is why it is impossible to give you the 66th-birthday answer.

Q252 **Chair:** I understand the difficulties. Let me ask you the question. As you say, we had a discussion with the Permanent Secretary at the Public Accounts Committee about the numbers of people waiting for longer than four weeks after their 66th birthday for their state pension and he told the Committee that the official who was with him "charts the numbers on a daily basis". So then I tabled the question to ask how many new claims were paid more than four weeks after the claimant's 66th birthday in each of the last 12 months, and your answer was, "This information is not collated as part of normal business and is only available at disproportionate cost to the Department". Are you saying that the official does not chart, on a daily basis, the numbers waiting more than four weeks after their 66th birthday? It is something else that is being charted, is it?

Guy Opperman: What the official was recording was outstanding claims. Now, your question is relating to men and women. They are not differentiated between.

Q253 **Chair:** That is why I asked another question, which did not make the distinction; just the total. I still got the same unhelpful answer.

Guy Opperman: How this could have been done, it could conceivably have been done, is that I could have ordered that every single pension manager at the pension centres in Newcastle, Burnley, Motherwell, Dundee, if they do it, Seaham, Swansea, if they are included, and a few other pension centres in between, up and down the country, to interrogate each and every one of their persons as to what exactly was the status, and bear in mind that this changes—*[Interruption.]* You have to let me finish because this is not fair otherwise.

Every single week, 14,000 claims are received. Trying to give you a real-time answer of what exactly the number is, it is conceivably possible that I could have got every single manager to give me a particular day and differentiate between men and women—

Chair: You do not know how many.

Guy Opperman: —but I could not do that and I certainly was not going to do that when I am trying to fix the problem that all of us understand.

Chair: So you do not know how many people have been paid late over the period we are talking about. I understand.

Guy Opperman: I just do not think you are being fair, because the answer is that I could have gone to that effort, that effort would have been massive, and it would have required me stopping the work on getting the people their pensions.

Q254 **Chair:** I will come to Neil in just moment. One issue that has been raised, as you know, during this period is that people ringing up the Department to try to find out what is going on have had very long call-waiting times. Is that now down? Are the waiting times more reasonable?

Guy Opperman: It is quite clear that when you do not have people in the Department because they are ill, self-isolating, not allowed to attend because of Government guidance, that you will have difficulties and you cannot transfer these sorts of calls to somebody's home. There is a bunch of technical issues. We clearly had a problem. I do not believe that is an ongoing problem.

Q255 **Neil Coyle:** I want to point out politely to the Minister that the Department for Work and Pensions was a bit behind business practice in other Government Departments on remote working and other issues in advance of the coronavirus. Had the Department been a bit more flexible in its own work and operations, perhaps some of the issues the Minister has described would not have been as impactful as they have been.

Guy Opperman: In what way?

Neil Coyle: In that you can, on secure lines, forward numbers to people working at home. Bearing in mind that the Government oversee the Access to Work system for disabled people for whom it could be more affordable as well as more accessible to work from home, it is disappointing that the Department was not in a stronger position when the pandemic struck. However, the question I want to come in on was the issue of maladministration.

Maladministration fees to the Department have hovered around the £1 million for the last five years—year on year, about £1 million. Is the Minister's expectation that that continues this year, or are we likely to see a rise in maladministration costs as a result of this issue?

Guy Opperman: Let me deal with your first point. Clearly those are decisions made by the Permanent Secretary and the executive team with individual Ministers as to the capability of having the appropriate kit at home and the capability of answering and dealing with personal—*[Interruption.]*—all right, but you cannot make an assertion without then letting me have the chance to respond. Having the capability of assessing that particular information from a home-working session. That is extremely difficult in the real-time version of a pandemic.

The Department did the best it could. There are criticisms to be made and if you wish the Permanent Secretary to try to provide you with a bit more detail of that, I am very happy to invite him to do so.

As to whether there will be a larger number or a lesser number of maladministration claims, that is entirely dependent upon individuals making claims and an individual ombudsman making decisions, and it would not be appropriate for me to comment on those matters.

Q256 **Neil Coyle:** But it would be entirely responsible to have an expectation within the Department about whether there is going to be a new cost to the public, to the taxpayer. It seems unreasonable that you would not operate under an understanding or an assessment of potential costs in this year, but even in the answer given, does the Minister think that awareness of the maladministration process is strong enough among all the pensioners who may have been affected by this issue?

Guy Opperman: There is a complaints procedure, which is available on gov.uk, with a number as well—

Neil Coyle: All pensioners are online are they?

Guy Opperman: No, but you can also go to the Citizens Advice, you can go to the usual forms of assistance. There is a complaints procedure set up under successive Governments and run in the same or similar way, and that is the situation that exists in terms of maladministration, of how it is that the ombudsman, as set up by a Labour Government, functions on an ongoing basis.

Q257 **Neil Coyle:** It is not the same, is it? Under previous Administrations, where changes were made to benefits, to pensions, there was a wider system of support. My background is running Disability Alliance. We used to be funded as a charity, when I was there, to advise claimants on changes to systems. Since 2010, we have seen less of that routine support for individual claimant, so I come back to that fundamental point. If awareness is not there, and the Minister seems to be acknowledging that it may not be there, what is the Government doing to improve awareness of the potential to make a case that people may have lost out, and potentially incurred debt, as a result of not receiving their entitlement at the point they were known to be about to hit state retirement age?

Guy Opperman: There are a number of different answers to that question. The first is that all of us have had similar backgrounds. I ran a pro bono network, a free representation unit, for many years, trying to fill in the gaps under the Brown and Blair Administration. We were very, very busy, I have to say.

In terms of the opportunities that are available, things that we can do things about, whether from gov.uk or the number that is given, it is also the case, though, that the ombudsman system, as set up under the Labour Government, is the same system fundamentally that we continue to operate and have continued to operate, under the Minister sat to your left when he was the Pensions Minister, and as the present Pensions Minister.

Neil Coyle: But access, as a result of legal aid and advice being withdrawn and legal centres being withdrawn, has diminished. What has not diminished—the Minister said he was busy under the previous Government—

Guy Opperman: I was. My last client was Ed Balls.

Neil Coyle: Under this Government, we have the highest fraud and error rate from DWP ever in British history and we do not seem to have any intent to tackle the problem.

Q258 **Chair:** A final point on this issue, the numbers affected by the State Pension payment delays, the only bit of data we have is from the National Audit Office, which told us in July that there was at that time a backlog of 80,000 cases, when the usual number would be 40,000. Can we infer from that, that tens of thousands of people were affected by these delays?

Guy Opperman: I do not have the stats in front of me at the present stage but self-evidently, with 14,000 people applying every week, I am sure the backlog is in excess of that figure, yes.

Chair: Tens of thousands.

Guy Opperman: Can I just make a point? The letter points out average waiting time in detail. Anybody applying under Get your State Pension online, by and large, was assessed within the day. However, it also comes back to—and this is a slight pushback on Neil's point, and he makes perfectly fair points—we are dealing with the impact of a pandemic on our public service provision and all that that entails.

Q259 **Chair:** A final question. That Public Accounts Committee that you referred to was really to look at the underpayments problem, that £1 billion-worth of underpayments. You have committed that all the underpayments that are due will be paid to those entitled by the end of 2023. The current rate of progress, however, is much slower than that. How confident are you that you will be able to catch up and hit that 2023 deadline?

Guy Opperman: I am as confident as it is possible to be. The practical reality is that the number of staff at DWP, which I think, off the top of my head, is 201 at the present stage, who are dealing with this particular problem, is going to go up. This is something that, putting it simply, we have got better at understanding and addressing. The LEAP exercise started, as I recall, on 11 January 2021. It takes a considerable amount of time to train someone up to do this work. It is not simple stuff. Staff have to make an assessment of very legacy systems in some cases and then make a judgment call and do all of the processes on that. We are getting faster at it. We have more people working on it. Absent pandemics and problems of that sort, I am very confident that the 2023 deadline will be reached.

Chair: Thank you. That covers all the ground that we had intended to raise with you. Thank you both very much indeed for giving us very full and helpful answers to our questions. That concludes our meeting.