Work and Pensions Committee

Oral evidence: Understanding the new State Pension, HC 550-iii

18 January 2016

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Watch the meeting

Members present: Rt Hon Frank Field (Chair), Heidi Allen, Mhairi Black, Ms Karen Buck, John Glen, Richard Graham, Steve McCabe, Craig Mackinlay

Questions 120 - 183

Examination of Witnesses

Witnesses: **Baroness Altmann CBE**, Minister of State for Pensions, Department for Work and Pensions, **Duncan Gilchrist**, Deputy Director, Contributory Pensions, Department for Work and Pensions, and **Richard Caseby**, Director of Communications, Department for Work and Pensions, gave evidence.

Q120 Chair: Ros, welcome. Might we begin by asking you to identify yourself—although we know perfectly well who you are—and introduce your colleagues?

Baroness Altmann: I am Ros Altmann, the Pensions Minister. This is Richard Caseby, who is head of our communications team, and this is Duncan Gilchrist, who works on our state pension policy team.

Chair: Ros, do you think you might speak up because, first, it is being broadcast, but also there is going to be difficulty in hearing you otherwise? I do not know whether we can turn Ros's mic up a bit, but Steve will set the style for the volume that we require.

Q121 Steve McCabe: It might be you, Chairman.

Good afternoon. Baroness Altmann, you have probably been asked this several times, but I wanted to begin with the comments you made to Jane Garvey during the Radio 4 "Woman's Hour" programme in November last year—about six months after you became the Pensions Minister—when you agreed with her that you felt that the changes had been mis-sold. You went on to say that you were working hard to try to put that right. I wonder if I could ask you two things, given that you have had a bit of time to reflect on that now. How did you think it came about that the changes were mis-sold to that extent? What have you been able to do since to address it in the way you suggested you would?

Baroness Altmann: Obviously that is one of the fundamental questions that we need to help everybody understand. The new state pension is a much simpler system than the old one we currently have. In order to move to the new system we have to crystallise the complexity of the past. That is where so much of the misunderstanding seems to have arisen. Part of the issue is that it is so complex. It is very difficult to explain all the different layers that have comprised the state pension system. Mr Chairman, I know you know that better than many people. If you are explaining things to, for example, the media, it may sometimes be misunderstood.

Q122 Steve McCabe: Can I just ask you something at this point? You say "misunderstood". When you spoke about this on the radio you did not say "misunderstood", you said "mis-sold". Most people would think that has a slightly different meaning.

Baroness Altmann: What is important is that we help people understand how the new state pension system is going to work. I do not think that has been done terribly well so far, but certainly I have been working very hard since I started to improve that. One of the big challenges is that it is so difficult to try to explain the vastly, unbelievably complex old state pension in words that ordinary people understand, and also to describe how the new state pension system works. The bit that has been most problematic is contracting out, and that is where most of the confusion has arisen, understandably, but it is not just that. It is also how all the additional bits of state pension feed into somebody's entitlement.

The inquiry that you are doing is fortunate, because it can help clarify, I hope, for people how the new state pension system is going to work. I hope that you will see, as we go through this afternoon, the extent of the work that we have been doing to explain the new state pension system in the last few months much better. It is not easy. It is much harder to undo impressions that have been wrongly gained initially than to get the impressions right in the first place. There has been a reluctance to engage with the issue of contracting out because it is so difficult. That reluctance has been on a number of sides, but we are tackling that now. I would like to help the Committee and the public understand just how all of this works, because there is the impression that the new state pension is not very good for people who have contracted out, that somehow they are losers. The new state pension system treats those who have contracted out relatively generously, it is just that they have not yet understood that.

Q123 Steve McCabe: When you said you agreed that it had been mis-sold, you were talking primarily about contracting out and the fact that people had not understood it and it had not been properly explained to them. Is that what I should take from your answer?

Baroness Altmann: What I was trying to say and agreed with is that up until then—certainly up until more recently—I do not think that sufficient explanation of the detail had been given, but that is partly perhaps because it is so complicated that you have to introduce things more gradually. That was the decision that was taken. I do not know, Richard, if you want to add anything or not.

Richard Caseby: One point on that. Baroness Altmann never said it has been mis-sold. She was asked a question by a reporter who used that expression.

Steve McCabe: No, she said, "I agree with that and I am trying to correct it".

Richard Caseby: "I agree with that." She did not use that expression. She was caught in much the same way that Steve Webb was caught when he talked about spending pension pots on Lamborghinis; that was framed by a reporter. So I just thought it is probably worth offering some context to that. Would you like me to explain a little bit about the campaign itself and what has been done?

Q124 Chair: What would be helpful, Richard, is if you could follow up what we have just heard about the real advances made over the last few weeks or months. As a person who might be drawing a pension, what have you done in communication with individuals about clarifying the situation that Ros has been talking about?

Richard Caseby: There were three campaign goals right from the start when this began in autumn 2014. The first was to raise general awareness about the changes and the second was to encourage those people who were closest to state pension age to get a statement. The past system has been so complex, and people can only understand it by having a bespoke statement to say where they are in the system. Thirdly, an important thing that has been overlooked is that we had to be able to reassure current pensioners that we were not going to take anything away from them, because there are 14 million of them and we did not want to have people phoning up all the time. It was quite a sensitive campaign that we had to manage.

The initial stages—say, in the last Administration—were to raise general awareness, and we did that through a complete multimedia campaign involving national press, regional press, radio, digital and social media and stakeholder engagement. Since Ros has become Pensions Minister she has concentrated very heavily on accentuating the need to explain contracting out. Our campaign has adapted to take that on board. We have toolkits, we have worked extensively with TPAS—the Pensions Advisory Service—the Money Advice Service and Age UK to develop campaign products, whether as advertorials or infographics, and other links to their telephony service.

But the key thing very early on in the campaign was to segment the audience. We needed to get those who were closest to state pension age to come on and get a statement from the service. Initially that was people who were five years away and people who were 10 years away, but hopefully when we eventually have the digital service it will be anybody who can get a pension statement, because they will simply be able to go online. But it is true that Ros has encouraged the Department to make more about contracting out and offer more products related to contracting out.

Baroness Altmann: I would hope that the Committee will be able to look up the blogs and the animations that we have worked so hard on, which are on our website now, explaining contracting out. Nobody has ever done this before. It is about trying to help people understand some of the basics of how the state pension works. One of the shocking things that we discovered when we were testing in the first couple of months, in the summer of last year, was the lack of knowledge among the general public on just what the state pension is. There was a significant proportion of people who did not realise there was any link between their national insurance record and the state pension.

What I have tried to do in the blogs that we have, and in the information that we are putting out, is go back to the very first principles on how national insurance builds up your state pension, then going on from there to all the different bits of the state pension that you could be building up. Unless you understand the old system you will not know how you have been brought into the new one, but not everybody will want to have that level of detail. It is important that we offer it and make it available for those who do.

Q125 John Glen: Is it not the point that if you have a change that is cost-neutral, and if you are able to focus on one positive aspect, which is the best-case scenario of the flat rate, those two things together mean that there will be groups of people who will receive less? What you have said is that there is complexity, that there is a misunderstanding about the nature of contributions and the relationship to what one is entitled to. Nonetheless, the truth is that there are groups of people who will definitely be worse off, and there is no clarity—

Chair: Worse off than what?

John Glen: Worse off than the best-case scenario that is the highlight of the campaign. It is about how frequently one hears the message that there will be some who will receive less than the headlines.

Baroness Altmann: My own way of explaining the new state pension is as follows: it is a flat-rate state pension. Where things have gone wrong is that everybody thinks it is a flat rate £155, £156 or whatever. The flat-rate bit is the build-up, so every year in the new system you are building up a flat-rate amount. In the old system, every year every individual was building up something different on top of basic state pension depending on each individual's earnings, each individual's national insurance contribution record, what type of national insurance contributions they paid and also what type of private pension they were saving in. Each of those factors, which are individual to each person, would determine how much state pension they would be building up in future. In the new system it is just one flat rate.

Q126 Chair: Forgive me, Ros. We are not terribly interested in where we will all be in 35 years' time, particularly myself. What we are looking at is what people were told to expect and what they are now going to get. On the question of who is worse off with what, all those with guaranteed minimum pensions were told about the uprating, and that uprating has now been changed, has it not? They will be worse off.

Baroness Altmann: You are conflating a number of different issues here. What people would have been told is that in the new state pension system, we will still recognise your old national insurance contribution record. Your old national insurance contribution record will obviously take account of the fact that you would have paid lower national insurance if you opted out of part of your state pension—the earnings-related bit. Unfortunately that is very complicated, because you may well have still been building up some state pension, because if you were opted out of S2P you were not necessarily opted out of all of it. You would still be building up some of it. The rules are not rules I made. I am just trying to explain them.

But the fact that you were not getting a particular amount of state pension should never have been the focus, and that is where we need to help people see that what you want to do—it is what we are doing with the COPE—is take account of the national insurance you paid in the past and add the two together, because you did not pay for all the full state pension.

Q127 Chair: If we consider our constituents in this case, some of them may be so lonely that they want to go and look at the pensions site to take them through national insurance and all the rest of it. The key thing they need is an accurate statement, is it not? To what extent, since you have been in office, have you managed to change, first, sending them out, and, secondly, ensuring that they are accurate so that people—whatever group you are looking at—do not have to try to work it out, but instead you have calculated for them as best you can what their pension entitlement will be?

Baroness Altmann: Since I have started we have revised the state pension statements twice. As I am sure you are aware, the state pension statements are currently issued on the PFIT system, which is a very old and clunky system. So it is not possible to just change it like that, and you cannot change the format very much. You cannot get colour on it. It is very difficult to get boxes on it. The first thing I did was to put contracting out information back on to the statement—it had been removed a few months before I started—because I felt that it is important that people do get some information about what happened in terms of the allowances we might make for the period that they would have been contracted out.

While that was the initial change, which was a relatively simple change, we spent the next few months testing with the public different ways of explaining contracting out, and that is where we started realising just how little people understood about how national insurance works, and the fact that nobody seemed to know what contracting out was. We currently have millions of people across the country, many in the public sector but in some private sector schemes too, who are paying less national insurance than other people in the country on the same income as them, but they had no idea. They did not know they had opted out of some of the state pension.

Q128 Chair: The pension statement could just tell them that, couldn't it?

Baroness Altmann: It does now.

Chair: It does now?

Baroness Altmann: That was why I was a little confused by your interim report, because your interim report is calling for us to do exactly what we have done. You had the statements, and the second change we made in November was the contracted-out pension equivalent, which tells you how much state pension you were opted out of during any years that you were contracted out. It also includes the guaranteed minimum pension that you might have built up. At the bottom of the statement it shows you the sum of the two. It shows you what you would be getting from the new state pension, how much you have opted out of over the years, and then if you add the two together you can see what your national insurance in total could have built up. That is exactly what we are trying to do for the public.

Q129 Chair: We are going to have a very positive response to our report, aren't we, because we are thinking alike?

Baroness Altmann: We have already done what you are asking us to do.

Chair: You haven't.

Baroness Altmann: Unfortunately one of the areas that you have asked us to change is not correct and, again, there has been a misunderstanding among the Committee of what exactly this COPE is. It is clearly explained. It is not the contracted out deduction, and it was never meant to be and it should not be. What you have called for in that regard is simply not appropriate.

On the other changes that you are asking for, the state pension age is the first item on the statement, in the box. It is in a box. The amount that you will get from the state is the next item. It shows you your national insurance record—how many years you have. Then at the bottom it also shows you what contracted-out amount you could have built up in your private pension where you were contracted out. The only reason you were allowed to pay lower national insurance was so that you could build up a private pension instead of the state pension you were opted out of. It simply would not be reasonable or fair to other taxpayers to say, “We know you opted out of some and you have another pension somewhere else, but we are not going to count that”.

Q130 Chair: I think we will be presenting you evidence from our constituents who were misinformed on that point. We will come back to the forms later.

Baroness Altmann: Previous statements would not have been clear, but I am hoping that you will agree that the current statements are much clearer, within the limits of the system that we are currently operating. I can tell the Committee that what is coming is a brand new digital state pension statement service, which will be a revolution in the way people can look at their statement.

Q131 Chair: What is the date for that, Ros?

Baroness Altmann: We are beta testing now. It is in public beta testing. The Department is expecting this to be rolled out in the next few months, so hopefully in April it will show you your starting amount and your forecast of what you will get if you continue to build up your national insurance record. If you want to, you can go into it and look at your past national insurance record, which you currently have to do separately. It is in colour; it is in bright boxes; it is all the things we would want that the current system cannot do.

Chair: Sorry, I am going to have to bring others in, if you do not mind, Duncan. We have tried to get this information when we had the Department before, so it is good news.

Q132 Ms Buck: Could I go back to this issue of the basic state pension entitlement? You just confirmed now, Ros, what you said on “Woman’s Hour” and the understanding of the pension being a flat rate but not necessarily the £150 that people had understood. Why did the Prime Minister, in Prime Minister’s Questions, say that the single-tier pension will start at £150 a week?

Baroness Altmann: That is the full new rate for someone who starts building up from April 2016. That is where there has been so much misunderstanding. There is a group of people who will start contributing, and then all they will have is the new system. They will then build up to the full rate and stop after 35 years. Then there is everyone else who already has some national insurance history and some national insurance record that we have to bring forward into the new system. We are doing that very generously, because for each person we are calculating what they would have got under the old system and what they might have built up if the new system had already been running, and giving them the higher of those two amounts.

Q133 Ms Buck: But surely it does not help to clarify the situation. Rather than qualify, as you have just done, what that figure means, we just talk continuously about the basic state pension starting at £150. That surely reinforces the belief that that is what everybody is going to get.

Baroness Altmann: I certainly do not talk about that, and I do not think the Department does either.

Ms Buck: But the Prime Minister did.

Baroness Altmann: I hope that we would get over that. The Prime Minister is obviously talking about the future and the full rate of someone who starts contributing now.

Chair: It is a good defence, Ros.

Q134 Richard Graham: One of the things that has emerged is that clearly it is difficult for a Select Committee, trying to do an interim report without taking evidence from the relevant Minister. We would have heard about the digital report had we done so, which would have changed the nature of that report. There was one element of the report, the very first point in it, which insisted, "that the pension statement must be no longer than one page". My own view is that if it is going to be a clear statement, which explains both what the new state pension amount is going to be and the COPE element, it will be very hard to put it all on one page. What is the view of the Department?

Baroness Altmann: The state pension statement is one page, and the state pension statement that we sent to the Committee before the interim report was put out is one page. Therefore, we have already done that. I cannot tell you how much work has gone into trying to help the public understand this most complicated of pension systems and most complicated of issues.

I ought to also point out that delivering a state pension statement under the new state pension system to each and every person is not a simple click-of-the-button piece of work. When somebody phones up for their new state pension statement, the person on the end of the phone will take their details and then, in order to put that statement together, we need to calculate how much they would have got under the old system, which comes from the PFIT system. We also need to calculate for each person how much the new rules might have given them had they been in place. That is being done by a bespoke add-on that has been developed to interact with the PFIT system, so that we can then look at which of the two is higher. That needs to be uploaded and put on to the system, and then the statement is sent out. This is a massive piece of work and we have tried our best.

The other thing we want—and it is important to point out—is that there is not just one state pension statement, because if you are contracted out you will get a different statement from somebody who was never contracted out. If you are somebody who has, for example, a pension share on divorce you will get a different state pension statement from someone who is not.

Richard Graham: That was my point about the length of the statement.

Baroness Altmann: Instead of making it very long, we have tried to do it more individualised.

Q135 Richard Graham: There has been quite a lot of talk around the phrase of "losing out". Could you say a bit more about what the new state pension will be for someone retiring in April, for example, compared to what it would have been under the current system? I take the term "losing out" to mean that they are now going to get less than they would have done under the old system. Could you confirm for the Committee what the situation is?

Baroness Altmann: That is a fundamentally important point, because what I can assure you is that the new state pension system in general is more generous, especially to women and especially in the early years. The people who may not get as much under the new system as the old one are typically those who do not have a full 10-year NI record yet. So they may not get as much under the new system as the old system. There will be an element of derived rights where people will not, but the 75%-ish of people reaching state pension age before 2030 will get more under the new system than they would have done under the old system.

While that new state pension is rolling out—it is important to set this in context—and boosting people in general to give them a higher state pension, we have also introduced the major reform of auto-enrolment, so people will be building up a private pension. The aim is that it will have this flat-rate amount eventually. That is a foundation that the state gives you. Currently you need to count that base as whatever the state gives you plus whatever you have in the contracted-out bit of your private pension scheme. But on top of that you will have a private pension. From 2030 onwards there are more people who might have got more if we had continued with the old system, but the old system was unsustainable.

Q136 Richard Graham: But on the new state pension itself, the main change you are highlighting there, if I understand it correctly, is that women who were previously not accumulating national insurance years, either from bringing up children or from caring for elderly relations, now do get the benefit of those years in the new state pension. They do count as NI-qualifying years; is that correct?

Baroness Altmann: This has done so much for older women. We have brought in credits for people who are caring; we have brought in credits for grandparents. We have made the new state pension system more generous for more women.

Q137 Richard Graham: Do you think enough of this has been effectively communicated? Do you think, Richard, for example, there is more the Government can do to highlight this—both statistically, so that people do understand what the difference is, and in terms of perceptions of the Government and their approach, particularly to women in these NI-qualifying years?

Richard Caseby: First, let me tell you a little about some of the evaluations, like the first year of the actual campaign. Since September 2014 we tend to have about half a million—actually more than half a million—new state pension statements, which is basically the equivalent of the number of people who will reach state pension age in 2016.

Q138 Richard Graham: Can I just come in? Those statements, which are very important, do not, as far as I understand, say, "This is what you would have got under the old system and this is what you are now going to get under the new one". So in terms of communicating that a lot of people will be better off, rather than this phrase of “losing out”, how are people going to be aware of that?

Richard Caseby: One of the things we can do is probably more PR and media on that. It has also been perhaps unfortunate that new state pension as a reform has not been seen in parallel with auto-enrolment, because as we move through the new state pension reform, as Baroness Altmann says, we will be building up people through auto-enrolment. At the moment about 10 million individuals are eligible for auto-enrolment. We have 5.8 million already enrolled, which is a terrific number. The real job in the future will be to encourage more and more employers to offer such a pension. At the moment it is about just under 80,000, and we have about 1.8 million to go. But the two need to be seen in parallel. There is probably more we can do on that.

Q139 Richard Graham: I understand, for what it is worth, and as you know I held an event on this last week. But it is at this stage, as the new state pension comes in, that the crucial question is whether people are benefiting or losing out, and that perception is the issue on which you should focus. The auto-enrolment thing is there but it is a longer-term thing.

Baroness Altmann: Can I briefly point out that we could not tell each individual how much better or worse off they will be under the new system, because we would need to know what their future earnings are going to be, what their future national insurance record will be and what their future private pension arrangement would need to be? But what we have done with our estimates of the people who are better off under the new system is make assumptions across the population. They do not apply to each individual person, because it is impossible to know what they would be building up in future. Some people will get a bit more because of one aspect of the new system and a bit less because of another aspect of the new system. What our estimates are doing is trying to balance those out.

Q140 Richard Graham: No, I understand that. Chairman, probably a bit more information on that would be incredibly useful. If 650,000 women are going to be on average 8% or £8 a week better off over the next 10 years, then that is quite an encouraging headline statistic that we all need to know about. If there are some who are going to be slightly worse off, then we need to know how many there are.

Baroness Altmann: That is exactly what our statistics are doing.

Q141 Chair: Before Heidi comes in, Ros, when Steve Webb very cleverly, and with real ability, sold this reform to the Commons, he kept stressing that overall this is nil extra cost. Then he said, “These are all the gainers”, but being clever he never said, “And these are the losers”. There are clearly winners and losers, aren’t there, both at this point in time and over the long transition stage?

Baroness Altmann: The transition is only through next year. Once you get into the new state pension system, once you get past 2016, you can forget about the old system. You will have one figure, a starting amount in the new system that you will then build on, or if you have already reached the full rate, you will stop.

Q142 Chair: Ros, we can forget about it, but the people who have built up their pension expectations might find it more difficult to forget about what they thought they had paid for and earned under the old system, which is being changed. I am not saying there is any deceit at all. All I am saying is that it had to be a reform at nil cost. The Chancellor was not going to let it through, and therefore Steve Webb, in quite properly evening up the position of women, as you say, knew he had to make people losers otherwise he would not get it past the Chancellor.

Baroness Altmann: But some people are both winners and losers, and there is a net impact here.

Q143 Chair: I am not disputing that; there may be those as well, although they would think what about the net figure was. We were told when it went through in its Second and Third Reading that this would be a reform that was going to simplify, that there would be a whole host of losers but because the Government were insisting, quite understandably, on nil cost for the reform, there would be losers. It is what we have been trying to talk about—who the losers are and how we tell them about what their losses would be, so maybe they can make alternative retirement plans.

Baroness Altmann: What the statistics that we have released show is that those who will do less well under the new system will have a variety of reasons. First, as I have said, if you do not have the full 10-year national insurance record, you will get nothing under the new system, whereas you would have got a pro rata amount under the old state pension. There will be some people who will get less under the inherited rights, but we will not know who they are because we do not know who is going to be widowed. We do not know who is going to lose a partner, but they will end up with less than they would have got under the current system.

Q144 Chair: We do know who thought they had a guaranteed minimum pension though, don't we? Their position has changed.

Baroness Altmann: There is a cohort of people who will be affected by the changes to the uprating of the guaranteed minimum pension—sorry, the index-linking in payment. The estimates that we have are that those will be people who have reached state pension age very soon after the new state pension starts. Those who have a few years in the new state pension—I think two or three years?

Duncan Gilchrist: Yes.

Baroness Altmann: If they reach state pension age after 2017-18, they will make up for the lack of inflation linking on their guaranteed minimum pension by the fact that they can continue to accrue and build up more new state pension. This is the way in which the new system treats those who were contracted out incredibly well. Even if you have a full 35-year national insurance record under the new system, if you have not yet built up the full £155.65 because, for example, you were contracted out at some time in the past—and that will usually be the guaranteed minimum pension period—you are allowed to continue adding to your national insurance record over and above that, notwithstanding the fact that you have 35 years' history.

Someone who has never contracted out may have reached the £155.65 level with well under 35 years of contributions, and they cannot keep going. They cannot keep adding to their state pension, whereas those who were contracted out are being allowed to. There is that group, and some of them have contacted me who will reach state pension age very soon after April 2016. They will have a guaranteed minimum pension that typically will have been very generously uprated, and that is the other area in which I would like to point out that the new system does help people who were contracted out. The maximum deduction from the full new rate of state pension that anyone will have is £36.35 a week.

Duncan Gilchrist: If they have the full basic state pension in total.

Baroness Altmann: On top of the full basic state pension, we will not reduce anyone below the £119.30 level. Millions of people probably have a guaranteed minimum pension of more than £36.35, and we do not take any account of the period they were contracted out for, many of them beyond 1997. This is a very complex area, but there are many ways in which those who were contracted out are treated very generously by the new state pension system. I do want to stress that they are, in most cases, not the kind of losers that has been portrayed, because they do quite well.

Duncan Gilchrist: Mr Chairman, I just want to make a quick interjection. You were probably asking where the money is coming from to make this cost-neutral, and the answer is that in the early years it is coming from increased NI contributions and in the later years it is coming from reduced additional pension payments.

Chair: Some people may think that is a loss for them.

Duncan Gilchrist: It is a loss for working people and for employers while they are working and then a subsequent gain when they start taking their pension.

Chair: Duncan, that is very clear.

Q145 Heidi Allen: My first question is about the statements that we have been talking about already, and then I shall move on to my question about women. Just going back to the technical questions, you described the slightly clunky way that in order to create a statement for somebody, we need to add a bit on to the old system to generate this new, more detailed statement. Is that the digital statement, or is this the interim best you can manage with the old system?

Baroness Altmann: That is how we are currently having to do it. When we get the new digital service, once people get into it, it is all seamless. Everything is pulled together. They can see their national insurance history if they want to. They know what their record is. They can see missing years if they want to. It will flag up how they might be able to increase their state pension. All the things we would want the public to see we are working on, but this is a major exercise.

Q146 Heidi Allen: I can appreciate that. Going back to the bolt-on and make-do statements that you are creating now—the brave new world of digital statements—what generates them? Is it somebody ringing up and saying, “I’d like one”? Are they coming out automatically? You talked about 7.5 million being sent out. What is the trigger for somebody to get one of those statements?

Baroness Altmann: Somebody has to phone up and request a statement. We have had a campaign encouraging people to phone for their own individual statement. I personally do not think that it is possible for us to just send out a statement.

Heidi Allen: That was going to be my next question.

Baroness Altmann: There are data protection issues. There are all kinds of issues. What we want to do is encourage people to request one so that they can find out for themselves what their position is. Once we get the digital service they will not need to do anything other than go online and check for themselves. If they want help once the new digital service is available, we will have an assistant digital service. They can telephone again and ask for assistance if they do not understand something or if, for example, they cannot get on to the system, and obviously we would cater for somebody who is not digitally enabled.

Q147 Heidi Allen: Just talk me through the data protection: why can we not just send statements out to everybody?

Baroness Altmann: We don't know for sure whether we have everybody's correct address, for example. That is just one issue. It would not be right to send a statement of somebody's future income and their record if they have not asked us for it. It is appropriate that people phone up and request, and at the moment we are doing an advertising campaign to encourage them to do that. I have to point out as well that we sent 6,000 letters to individuals in 2014 encouraging them to phone up, saying, "The state pension is changing. Please call us and find out what your entitlement might be under the new system". We had 79 people respond out of 6,000.

Richard Caseby: Direct mail has a notoriously low response rate. There was a similar campaign around 2003 to 2006 of direct mail, and the outcome of that was that only 33% of people remembered receiving the letter and less than 29% even read it. Direct mail is very expensive and it does not offer a lot of value for money.

Baroness Altmann: With the digital service coming up, everybody will be able to use it. The other thing that is important to point out to the Committee is that your starting amount in the new state pension will be calculated as at April 2016, but we will not know that figure on 6 April 2016 for most people. We will know it some time through 2016, because it will depend on the returns that we get from national insurance and from the private pension that you are in. By the time the digital service is out, we should have a much more accurate picture for everybody of their starting amount, which we will not know. At the moment we are giving people estimates based on their national insurance record that has been built up after the past tax year.

Q148 Chair: Heidi, can I come in on this? I have just moved into a new home in Birkenhead and I have quite a collection of letters from Government Departments telling me that the previous owners allegedly owed the Government money. Is it alright for the Government to send out letters saying, "You owe us money," but not alright for the Government to tell them, "Here is what we think is your pension statement"?

Baroness Altmann: I would not think it is appropriate to send out dates of birth, personal information and the future pension of somebody. It has their age; it has all sorts of things people might not want someone else to know. But by the time we will be able to help people see the actual starting amount, we will have the digital service up and running. Therefore the cost to taxpayers of sending out a letter to each individual, which may or may not reach them, may or may not be read and is a very expensive exercise, does not seem to me to be worth it. If somebody does want to know what their state pension is they can phone up. The service is working well. The turnaround times are good; the satisfaction levels with the service are good. It is being run brilliantly from Newcastle. I went up to see it not that long ago and I was impressed.

Chair: Ros, given that you have had the PR campaign on this, which is good, could you give us, over a period of time, the monthly number of enquiries to see whether that is picking up or not? But Heidi, I took the questions away from you.

Q149 Heidi Allen: No, I am just staggered as to how on earth the Department tackles this, to be quite honest. I was going to move on to my question, which is quite different, and if I could start by saying I sense—it is my feeling—from the Minister a genuine desire to work with us and to take whatever our recommendations are, because this is incredibly difficult. We all get, I am sure—I certainly do—emails and letters from constituents, particularly ladies, who are struggling to get their heads around it, and I want to feel that I have the right answer for them in terms of their expectations, so it will be brilliant if you can help us with that.

We are focusing on people who will be losing, even if it is in their own perception of their expectations—it is losing in their heads, and that is the important part. A lot of the punishing changes are because of social changes around living ages and the fact that women perhaps work more now than they did in yesteryear, but there is a particular group of women, I think about 30,000, who made an assumption of the pension based on their partner's national insurance record, and some of them are not going to receive anything at all now. Tell us a little bit about that and how we are communicating with them.

Baroness Altmann: Duncan, do you want to take that?

Duncan Gilchrist: There should not be anyone who receives nothing as a result of these changes, unless they have never paid national insurance in this country or they have paid less than 10 years of national insurance in this country. The number who would fall into that category, I think, would be very small.

The basic point with derived rights is that they go back to a time when the number of women who would get a full basic state pension was very low. In 2005, less than 30% of women would get a full basic state pension. That number hit 50% in 2010; the reforms brought in in 2010 raised it to 75%. When we launch the new state pension, it is going to be 80%. That is essentially why the change is being made. A significant number of the people who lose out from the changes to derived rights, because they are a group who genuinely lose from these changes, will be people who also have more money than they would have had in the past because of that steady rise in women's state pension age expectation. The 30,000 group are people who would have received a higher pension, not people who will now get nothing. They are people who will now simply be assessed on their own record rather than being assessed on their husband's record, and they are all people who will reach state pension age post-2016.

Baroness Altmann: That is one of the principles underlying the new state pension, that we recognise women in their own right. The old system treated them as if they were relying on a partner for a pension, and of course that was frequently the case when the system was designed but it simply does not fit with the 21st century. Having said that, I would like to add that the new state pension system does protect women who paid the reduced rate—the married woman's stamp—and also the armed forces widows, so there are groups that we are trying to protect. As I say, you cannot foresee who is going to become widowed in future, and some of them will inherit half of their partner's protected payment rather than half of their whole additional pension, for example. That is part of what you were saying, Mr Chairman—that some of the spending is being cut on certain groups.

Q150 Craig Mackinlay: Ros, you have answered many of my questions on the guaranteed minimum pension aspect. You described how people can, post-2016, start to build towards the full state pension and there will not be losses there, but there will be instances of people who have built up a fairly hefty guaranteed minimum pension. That will now be frozen post-2016. If they were then to reach state pension age and live a long time, this sort of loss of increase will become more and more pronounced over time. Do you know how many there are and are there any thoughts about that particular group might be looked after?

Baroness Altmann: Are you talking about the people who reach their pension age in 2016 and 2017?

Craig Mackinlay: Just about to, yes.

Baroness Altmann: Do we know how many there are?

Duncan Gilchrist: There will be 500,000 people reaching state pension age.

Baroness Altmann: No, how many will have a guaranteed minimum pension?

Duncan Gilchrist: No, it is impossible for us to discern that from the figures we have available. 80% of people have been contracted out at some point, and whether they will have a GMP and what sort of GMP they will have will depend on exactly when that occurred within the national insurance bracket.

Q151 Craig Mackinlay: But you can see they would be a group that would particularly be losing out.

Baroness Altmann: Some people's pension schemes will indeed uprate—they will take over the uprating. As far as I am aware, some of them will, and I do think it is also important not to forget how generous the uprating of GMPs has often been. There are people who left a company many years ago in one of the years when the fixed rate revaluation was something like 8.5% a year, and their £10 a week GMP would have gone up to something closer to £100 a week, depending on when they left. They have obviously benefited from that far more than they would have done if they had been in SERPS. I am not saying that is a mitigation for them, because I understand that they are very upset that they would have expected inflation linking, but that is part of the way the new system has been designed. There is no state second pension or additional pension to tag their index linking to any more.

Craig Mackinlay: I know it is a very complex fringe area.

Baroness Altmann: I am afraid so.

Q152 Ms Buck: Can I ask you a question particularly about women who were born between 1951 and 1953? That was a particular set of recommendations from the Committee's previous report. What in particular has the Department done to focus on identifying that group, and what would the message be to them?

Baroness Altmann: I am not quite sure what my message would be to them. I know they are upset, but I think that is part of them misunderstanding how the new system works. I think they feel that the new state pension would give everybody £155—

Ms Buck: As the Prime Minister said.

Baroness Altmann: —and they are getting £100 and whatever it is, but that is not how the new system works. On top of that, somebody who was born in 1951 or 1952 would have reached state pension age at 61 or 62 and will have been receiving their state pension for years before a man born on the same day as them. That is likely to give them more money than a slight boost under the new state pension, because it doesn't immediately boost everybody, as they seem to believe, by £35 a week.

Q153 Ms Buck: But given that people do believe that, and given that the Prime Minister himself seems to imply that that is the case, is it not surely the Government's responsibility to be saying, "We need you to understand that this is a little bit more complex," and to find ways of ensuring that that message is delivered and explained to people?

Baroness Altmann: I am hoping that MPs will be able to help get that across if their constituents are complaining about it. I have certainly been pushing that in my replies. I am happy to offer to do a teach-in for people on how the new system works and take questions and answers. As you said, Heidi, I think what we all want is for the public to be able to understand what is a very major change and a real radical reform to their state pension in future. Let's face it, almost nobody has understood how their state pension worked in the past, and what I would like is for them to be able to understand how it is going to work in the future.

Q154 Ms Buck: Certainly in your previous incarnation you were making statements to the effect that women in particular were bearing the brunt of the rapidity of the pace of change. I think you said, "The speed of change is harsh for women. The reality is Government has given men a reprieve, but it is women that are paying for that". Do you still believe that?

Baroness Altmann: Again, wherever you draw the line when you are making a change, there are going to be people on one side of it or the other. I do have to say that, again, if you look at the statistics we put out last week, if you look at figure 16, under the new state pension system, all the way through from 2016 onwards, as it happens, on average women will receive more state pension over their lifetime—on average, 10% more state pension over their lifetime—than men of the same age as them. I understand that there have been difficulties and misunderstandings of communication in the past. What I want to do is move forward to a situation where we can help people understand how it works, help people understand what they will get under the new system and what age they will get it at.

Q155 Ms Buck: It is perfectly fair to say there has to be a cut-off point, but is it the case—I think this was clearly the inference of what you were saying in your previous campaign incarnation—that where that line has been drawn in terms of the pace of change in equalisation has effectively been more of a pressure on women than on men? Do you still believe that?

Baroness Altmann: Yes.

Q156 Ms Buck: In that case, why is that? When doing the equalisation and drawing where that line is, why has it been women, and women of a particular age, who have had to deal with that change most dramatically?

Baroness Altmann: The reason is a simple reason. They started off from a position where they had a much lower state pension age than men, and most of these women will still reach stage pension age either before a man of their age or at the same time. This is about equalisation; it is about removing the inequality in state pension age. There was a big five-year gap before, and that is being closed, on top of which, because of the changes in life expectancy and because of the changes that we are making and the fact that the state pension age itself has fallen behind increases in longevity, we needed to increase the actual state pension age, on top of which we could not increase the difference between men and women's state pension ages while we were trying to equalise it.

I made clear what my views were in 2011, but we have a system that has been designed. In the previous system, women's state pension age was already rising and there were already differences in state pension age. You could have taken the decision that at a particular point in time we are going to increase everyone's state pension age by a year or two years or three years. The timetable was drawn up so that it was a more gradual approach and there was more of an easing the age up than a sudden change. We did not go from women born before X date all getting their state pension at 60 and any women born a few days after that getting it at 65 or 66. The timetable was drawn up to spread it out. This decision was made in 2011. What I want to do is make sure that we can move forward, that people can know what the state pension is, what the state pension does and will be, so they can plan on that basis. We are also going to have a major independent review of future state pension ages that I hope will look at all these issues thoroughly and make sure that when we are developing these policies in future, everybody understands it and we can explain it to people in ways that we have not perhaps done in the past.

Q157 Ms Buck: One last question on the issue of fairness between the genders. It is the case, is it not, that there is still a dramatic employment gap between men and women at the older age group? Some of that reflects the transition into the pension age, of course, but it is nonetheless true there is a 10% employment gap between men and women, so the basis is that women, particularly women of this age group—the group on the cusp—will find it extremely difficult on present trends to be able to continuing working and to be able to afford, for example, to defer their pension to be able to gain that extra advantage.

Baroness Altmann: I have enormous sympathy with any of the women who cannot work. How could I not? I worked with some of them in 2011. I do understand the issues, but they will be in a similar position to that of a man. The latest figures for the average retirement age for women are around 63.2 to 63.4 years, and for men it is around 64.8 years, so there isn't quite that dramatic an impact at the average. There will be people at one end who will be seriously affected, but let us not forget there will be men as well who are of the same age, who have had very low-earning careers, maybe are unable to work or disabled, and we have support for them. In our benefit system we have support for people who cannot work, who are disabled, who are unwell. That does not help somebody who believed they were going to have a state pension age that is not the same as they are going to have, but how do you make a public policy if you do not change things for people? If you change things for people, people are going to be affected.

Q158 Ms Buck: How about then, as a corollary to the pension policy change, setting an absolute target of eradicating the employment gap between men and women aged between 60 and 65? Why didn't the Department do that?

Baroness Altmann: As you know, I have spent a lot of time working on the issue of fuller working lives. One of my passions is helping people and employers recognise the value of older workers and also helping people work part-time if they cannot work full-time. The best way to avoid being poor in later life is to keep working; the best way to have a better pension is to keep working. There is no doubt about that, the evidence is clear. Not everybody can, but some people may be able to benefit. There is ageism out there, and I have highlighted in my report, as business champion for older workers, that there can often be more age discrimination for women than for men. I recognise that, and I am working with employers to try to address that. Any opportunity that we have to try to promote the value of working in later life for older people and for their employers, I think could be a real hidden potential boost to the economy, especially with our ageing population, but it is also a boost to the individual and a better later life.

Chair: Ros, I am really pleased that you are the Pensions Minister, but you did have a life before you were the Pensions Minister. I want to go on, because we have had a large input from women who feel they have been particularly disadvantaged. They were groups that you championed before, and they feel they do not have a square deal now. I wonder whether Mhairi might take us on to that group.

Q159 Mhairi Black: Yes, thanks very much. I know that you will be aware, as I think everybody is, of the WASPI campaign, which is specifically highlighting the issue of women born in the 1950s who have been hit by not one but two pension age increases, often without any appropriate time given to make adequate changes. I am aware that the DWP claims to have written to all individuals affected in a campaign between 2009 and 2013. However, just to turn to the issue of communication again for a second, the written evidence that we have received from women within WASPI, and in actual fact from other individuals, maintains that many women claim that they have received no correspondence from the DWP at any point notifying them of these changes. Is this something that you have looked into to see what can be done?

Baroness Altmann: Believe me, I have looked into it, but I would like to say something at this point for all of the Committee. I was reading over the evidence given by the campaign to the Committee and I was quite astonished, because what they are calling for—which I have never supported and I do not support—is to undo the 1995 Pensions Act. It would cost around £30 billion to undo the 2011 changes; it would cost multiples of that to undo the 1995 Act. One of them was saying, "Basically what we are asking, and we feel this is a very fair ask, is for the Government to put us back in the position we would have been if we had not been born in the 1950s", in other words, for all of them to get their state pension from age 60. I cannot support that. I understand why they are asking for it, but that is never something that has been on the table. State pension age has not been 60; it has been rising from age 60 since 2010. We are five years on.

Q160 Chair: That was not the main tenor, and it is not going to be a recommendation, I doubt, from this Committee. It seems that we now understand that, because of data protection, you are reticent about sending out details telling people, "Do you realise your state pension age has changed, and it is in this way?" Therefore, we are dependent on Richard's successes in making a general appeal to women saying, "Do you realise that these big changes are occurring" or "have occurred?"

Richard Caseby: Can I just say that between the years 2003 and 2006, in some of my research, the DWP issued about 16 million letters—we call them prompted products, which are automatic pension forecasts—and there was a leaflet accompanying the letter.

Chair: So you did, despite all the worries about—

Richard Caseby: Apparently in 2003 and 2006, well before my time. I only joined the Department two years ago.

Chair: Gosh, so a different view about data protection.

Richard Caseby: There was a leaflet accompanying the letter, which contained some info about state pension age and basically how it was increasing for women, so there was some activity. I can go through some of the activity that dates right back to 1995, if you wish—the activity to show that there was an ambition and an effort to tell women about this.

Chair: Before I go back to Mhairi, could you give us details of those campaigns and copies of the letters as well, Richard? That would be helpful, thank you.

Q161 Mhairi Black: To follow on from what you were saying there, Richard, there are two main issues that come into my head here. The first one Frank touched on, which is that if the DWP has written letters previously, or claims to have written letters, to millions of people affected, why is there a sudden change in terms of the approach to data protection, so that we can't write to people anymore? That is the first thing I don't understand.

Baroness Altmann: That is our legal advice.

Q162 Mhairi Black: But second of all, the fact remains that many women are maintaining that they were not written to, despite these claims that millions of letters went out. There are a substantial number of women from many different occupations and backgrounds, and throughout all of the constituencies within the UK, all making the same claim.

Richard Caseby: But I did say earlier on about letters that I think, and certainly the opinion generally on communications is, that an unprompted letter isn't necessarily the most successful way of communicating with anyone. As I mentioned before, only 33% of people probably remember receiving them and about 29% only ever say they have read it, so unprompted direct mail isn't always successful.

Duncan Gilchrist: Would it help if I clarified the data protection point? The data protection point does not mean we cannot send out letters to everyone; it controls the information that can be in those letters. What we cannot put in is someone's state pension details. What we can say is, "Yes, your state pension age is changing. Please call us for a statement," and we have done that.

Q163 Chair: The evidence we have received, Duncan, suggests that lots of people were unaware that you had sent them the letters, and it is not people who you would generally expect to say that. They were people who produced all sorts of other correspondence, but they had not received that. We are not blaming this Government—one can feel a bit of heat and all the rest of it—this was under a Labour Government we are talking about there.

Baroness Altmann: There are two issues—

Chair: We need not get too hot and worried about all of this.

Q164 Ms Buck: Sorry, could we just absolutely clarify what the data protection problem is then? Obviously you can send a letter to a recipient of any form of benefit telling them what their benefit calculation is. Is the problem that you are sending a letter to Mr Field saying his prospective pension is going to be X, in the belief that you may not be sending the letter to Mr Field? Why is it different to saying what Frank's JSA calculation is?

Duncan Gilchrist: Absolutely. It is essentially the issue of proportionality. We can send information out to someone. The issue here is not me sending it to Mr Field and him getting it; the issue is if that goes astray, and when you are sending out millions and millions of letters, 3% or so tend to go astray on a usual mailing. When you do that kind of thing, you need to be clear that the information that you have included is proportionate to the aim you are trying to achieve. By and large, when you are trying to give someone information, that means that you would include less information in the letter itself. When you are demanding money for the taxpayer, you can generally include more information simply because of that person's actions; they have less grounds to challenge should their details become public.

Q165 Chair: But the letter that needed to go out was not a general letter to everyone, it was for women born in particular years, wasn't it, and therefore the letter had to say, "You will be affected"? In a sense, you were giving away something about their ages if in fact the letter fell into bad hands and people were reading it. I am not saying it is wrong to do that. I just think there is a real point of getting this information over in a number of ways to a particular group of the population whose expectations were changed by two Acts of Parliament.

Baroness Altmann: There are two issues here. I think one is the 1995 Act changes—forgive me, Mr Chairman, but there was a Labour Government in place from 1997 until 2010 when the changes started.

Chair: I made that point, Ros. I am not trying to make this a party political point.

Baroness Altmann: I do not want to either. The 2010 changes were not perhaps communicated as well as they might have been. For the 2011 changes, every person affected after the 2011 Act was written to at the address that HMRC has. I am assured by my officials that every single person affected by the 2011 Act was written to to say that their state pension age is being changed, so that did happen. With the best will in the world, Government cannot know where every one of these people lives at any one time; cannot be sure the letter is received; cannot be sure that it is read; cannot be sure that each person will therefore know the impact of the change. We cannot go around knocking on everybody's door, even if we did know where they lived, or phoning them up, even if we did have their phone number, which is why we have had the campaign as well at the same time to try to encourage people to come to us to get a statement.

Q166 Mhairi Black: When did writing to individuals stop? This was the 2011 changes. When did these letters stop being sent out?

Richard Caseby: The mailing was completed between Jan 2012 and November 2013. One thing I should add—

Q167 Steve McCabe: But earlier you stated it was against the Data Protection Act after that.

Duncan Gilchrist: No, there is no Data Protection Act issue with this particular thing. As I said, it is a proportionality thing. Giving away details of someone's pension generally requires a higher threshold than telling someone their age.

Q168 Mhairi Black: To go back to the initial point I made, you said yourself that one of the responses from the Government is that the addresses that are logged with HMRC or with the DWP are not always accurate addresses. But for instance, there is a constituent of mine who has been living in the same house for years, has had many letters from the DWP and yet a letter notifying her of these changes was not sent to that address, so it seems that the DWP had the correct address for other benefits, but not the correct address for the pension. This is the point I am trying to get at: this is not a few people saying this; this is many, many women from all over who are making the same claim, which is that they were not written to. I am not entirely convinced by the response, "Oh, people do not always read letters". It seems that there is an underlying problem in terms of communication.

Richard Caseby: But I do say, as I mentioned before, that the analysis of that letter-writing exercise between 2003 and 2006 discovered that only 33% of people even remembered receiving a letter.

Q169 Mhairi Black: But that is assuming that the letter was sent to them in the first place.

Richard Caseby: Yes, exactly, but there are both factors in play.

Baroness Altmann: All I can tell you is that the Department did write to each and every one of them. We cannot know whether each and every one of them received the letter. Obviously before the 2011 Act there was an issue as well about how it was communicated, and what people did or did not know. There was an awareness survey done, which suggested that three quarters of those who were affected by the 2010 changes did know about them in 2004. I am not passing comment on the adequacy of that. We are where we are. What I want to do from here is to help people understand what the state pension can do for them and what they will receive from the state pension, so that they realise that the new state pension system is much better for women. As I say, over their lifetime, on average the new state pension will give women more than men. Of course, to some extent that is justifiable, given that there are many factors, which I myself pointed out in 2011, that mean women may have less private pension, so the fact that they have been—

Chair: We are not disputing the main point about who benefits most from this. Given how disadvantaged women were, it would be amazing if a Government introduced a reform that made them even worse off than they were previously. We are just talking about the transition and how people were informed; that is the key thing that we are looking at. Craig, do you want to come in?

Q170 Craig Mackinlay: Ros, I think you identified that there are a number of facets to the WASPI campaign. Some are just annoyed that it was extended at all, but I think the core of what WASPI are saying is that they did not have the changes communicated to them. Would it be fair to say that the quality of data that I am sure that DWP were relying on was from HMRC primarily? If a woman had been out of the workforce for some years, then there would obviously be the opportunity for an address to be very out of date. If you are currently in work, you are likely to have an up-to-date P60 and be in the whole ambit of the HMRC system, so it is likely to be up to date. Do you think that could be a reason why some did not get a letter, because it might have been a 20-year-old historic address?

I would like us to look a bit more closely at the general feeling out there. What media was there? Was the BBC covering things on Radio 4 and "Woman's Hour"? What was out there? I have a feeling that it was what you suggest—that there were some who did not know, but generally they did. I felt that it was out there; it was one of the things being discussed in the media and the radio and BBC programmes. Do you think that issue of people not being in work may have caused the historic data loss or error? Maybe Richard might know that.

Richard Caseby: I believe it certainly was out there. The other thing that has been slightly overlooked is that there is a state pension age calculator on gov.uk. The only figure I have at the moment is that since 2013, 5 million people have used it and 2.4 million have been women. So there have been opportunities to find this out, certainly. My previous experience, because I only joined the DWP two years ago, was in media—I used to work for *The Sunday Times*—and this was a point of conversation within the money pages.

Duncan Gilchrist: It might be worth adding that we sent out 11 million statements since 2000 to people who asked for them, and all of those had on them the date at which someone would receive their state pension.

Baroness Altmann: Anyone who requested a statement would have been told what their state pension age was. This is a very difficult issue, I understand that, but at the end of the day I do not think it is possible for any Government to be sure, whatever it does, that everybody can be communicated with or contacted.

Q171 Mhairi Black: Taking it from where we are now, to use your phrase, the fact is that many women feel that it was poorly communicated—whether it be that they did not read the letters properly or whether it be that the letters never arrived, with the poor communication that is evident. Is that being taken into consideration by the Government in how fast they are going to be implementing the state pension age rise, or is there any look towards transitional arrangements at all?

Baroness Altmann: This was all taken into account in 2011. This legislation has been in place since 2011; it was passed. I made representations to the Government at the time, and considerations were given to the transitional arrangements. On the one hand, it was looked into as to whether the best way to mitigate some of the impact might be to use pension credit. On the other hand, it was looked at whether the best way might be to change the maximum increase, and the decision was taken to reduce the maximum increase from two years to 18 months, which was at a cost of £1.1 billion. That was considered to be preferable. This was voted on by Parliament and it was thoroughly debated. We live in a democracy; that is the decision that was taken by the Government. In any case, the evidence that you received from the campaign was that they would not be satisfied with pensioner benefits or means testing, so even if one had gone down that route, that would presumably not have been good enough.

Q172 Mhairi Black: So there are no new planned changes or transitional arrangements.

Baroness Altmann: I have been looking at whether we can do anything. We have not found a way. Obviously I feel for these women. I would love to be able to say I have a magic pot of money somewhere, but this is taxpayers' money. That is the decision Governments have to make, and this is about equality and equalisation. The idea that women should get their state pension age at 60, which would mean that they would spend 41% of their adult life, on average, receiving a state pension when men would have about 30% to 32% of their life receiving a state pension, is not sustainable.

Chair: Ros, we are not arguing for that. We are just specifically looking at whether people were informed properly on it. It is quite a limited inquiry.

Q173 Richard Graham: Chairman, it is very good to hear that because, of course, there have been debates in the House and there are going to be more debates in the House that are much wider. My own view is quite simple, which is that we will never know exactly who was communicated to and who chose to ignore it and who did not get it. We will never know that, and we will never know whether that figure of 75% is an accurate one or not, but I think we can be sure that the idea that nobody received information has to be wrong. My own real interest is what lessons we have learned from this, and I believe that the Department's view is now that any change in the pension age must be decided and communicated at least 10 years in advance. Minister, would you like to confirm that? Then Richard, should the state pension age change again, how it might be communicated differently in the future, bearing in mind the more digital age we are in and so on?

Baroness Altmann: Certainly I can confirm that the decision has already been made, and I believe it is in the legislation. Is that right?

Chair: No, it is not.

Duncan Gilchrist: The change up to 67 is in the legislation, Minister.

Baroness Altmann: Right. But any changes should ideally give at least 10 years' notice in future, but let's not forget we are here debating whether the 1995 changes, which gave 15 years, were enough. The real lesson here is communication. The real lesson is also education and trying to help people take responsibility for finding out what their state pension is, monitoring their pension situation over time and planning ahead. That is all part of the whole reform package, that you do not just assume you know what you are going to get or when you are going to get it. Check it along the way, because it can change; it will change.

Chair: Richard's point is slightly different from that, isn't it? It is—he did not say this, but I will say it—that it is almost inevitable that the state pension age will rise again, probably more than once in many people's lifetime. Therefore, how we communicate is very important, given the disputes now. I wonder whether the Department, now you have done this session, might think about what would the lessons be and how we would communicate more effectively next time the Government—a Government—increases the pension age, given that, very properly, this Government have given a guarantee that there will be at least 10 years' notice of that change.

Q174 Richard Graham: Chair, what I was heading towards was similar, but slightly different, which was to make one specific suggestion. Rather in the same way that the challenge on auto-enrolment is getting the message out to 1.8 million very small businesses, and while it is being done very effectively at a national level, I think there is a huge amount locally that MPs and local media can do to help promote it. I was going to suggest that were the state pension age to move again in the future—and I agree with you, Chairman, that it must do at some point; I think Lord Turner said if he was doing the review again, he would do more and faster, so we should expect that at some point—I think there is quite a lot the Department could do to send out articles from the Minister that go into local newspapers, addressed to the readers of *The Yorkshire Chronicle* or *The Gloucester Source* or whatever it is, and to use local radio more, involving MPs, to spread the message through that way. The penetration of local radio in particular is enormously high, so that would be a specific—

Richard Caseby: I absolutely agree with you, and certainly about local media and local newspapers. 12 million people read a local newspaper who don't read the national newspapers, so we have acknowledged that already in some of the channels that we are using. As you say, there are other options in a digital age. For example, 6 million people over 50 have a Facebook account. The great thing about digital media is that you can target it to specific age groups, you can buy that media, and this is exactly what we have been doing during the new state pension campaign, to target those within 10 years of state pension age. Obviously as that develops, we will do more of it and be able to target people so that it can go to the channel, like on gov.uk, where you have a state pension age calculator.

Q175 Richard Graham: Meanwhile, can you reassure us that the Department is going the extra mile to spell out some of the points and the complications and the details, and meeting the WASPI group and so on?

Richard Caseby: Sorry, meeting the WASPI group? In what way, you mean physically meeting them or—

Richard Graham: Yes, engaging them.

Richard Caseby: I am sure that is happening already that I might not be aware of, through either the partnership teams or elsewhere. I would have to check what contact there has already been.

Heidi Allen: If I could just interject, there is a lady behind you shaking her head.

Richard Caseby: Oh, okay.

Q176 Chair: But also, given that the line is going to be on this digital approach, and given that Lynton Crosby was so brilliant at his targeted messages during the election, do you not think he might help you in targeting those groups who most need to know this information?

Richard Caseby: He might be too expensive for us. I would have to check.

Q177 Chair: It could be cheaper in the long run for people to get accurate information, couldn't it?

Baroness Altmann: I think what we want to make sure, and hopefully all of us in this room want to be sure, that we can help the public understand. The DWP cannot do this on its own. The DWP needs help from all MPs; it needs help from our partners. The stakeholders that we are working with are carrying the messages on their websites and are sending out information. Which? is doing it for us; Age UK is already doing it for us. We are working with as many stakeholders as we can to get the message out there. As far as this campaign is concerned, the idea of the state pension age being put back to 60 is just a complete non-starter.

Chair: No, no one is going to propose that, Ros.

Baroness Altmann: That is what they were asking you for.

Q178 Ms Buck: I agree with all this, but our problem group are not the digitally aware ones, are they? They are not the ones that we need to be targeting through Facebook because, by and large, if you have Facebook, you probably will know how to get on to gov.uk and start navigating your way through the system. The problem is, I would have thought, women who are not high readers of news, who are not necessarily particularly heavy users of digital media, if indeed at all. It is about the strategies to reach them. I do think that local radio is a very good thing, but it is also about the women's magazines and the ways people digest news that are not through traditional news media. Are you also talking to the trade unions, because it is an organisation—

Baroness Altmann: I met with one of the trade unions this afternoon.

Ms Buck: Did you? Organisations like GMB, who are employing a large number of women, who have very good ways of communicating this kind of information.

Baroness Altmann: Yes, we have been working with a number of stakeholders. We want to get these messages across, but to take—

Q179 Ms Buck: Do you have a great pack of information to provide to people?

Richard Caseby: Absolutely. There are stakeholder toolkits, and I do remember that the DWP, for example, spoke at an USDAW conference about pensions, and that is a typical place to go.

Q180 Ms Buck: Have we had that stakeholder advice pack?

Richard Caseby: It is certainly on gov.uk, and we direct people to it.

Q181 Ms Buck: But it would seem to be fairly obvious that one thing you should do—this is picking up Richard's point, which I agree with—is use all the stakeholders who will have means, however limited, of—

Richard Caseby: We do. We do a weekly bulletin to 3,000 different stakeholders.

Ms Buck: But I would not think to go on to gov.uk, "Oh, I know, the Government will have put something on there that I can use". It would not occur to me, but send it to me.

Richard Caseby: We do have other contact with stakeholders. We publish a stakeholders bulletin weekly to 3,000 stakeholders.

Q182 Ms Buck: Do we get that?

Richard Caseby: I am not sure whether you are on it. I can check. We do a quarterly stakeholder—

Baroness Altmann: I can put you on it if you want to be.

Ms Buck: I think it seems fairly obvious that MPs, local authority councillors—

Richard Caseby: All MPs have been written to.

Ms Buck: Yes, but as we know, one letter isn't enough.

Richard Caseby: I am not sure whether you opened it or not.

Ms Buck: It went to the wrong address.

Richard Caseby: But going through the stakeholders is a very important point. As I say, we do quarterly stakeholder forums with 20 different organisations. We have the DWP national partnerships team—that is 70-strong— and they are briefed to go out and engage locally. We have 800 visiting officers of the DWP, and they make presentations. DWP officials have spoken at about 34 events organised by the four biggest IFAs, so there is a lot of activity with stakeholders already.

Q183 Ms Buck: But if there was a regular stakeholder bulletin, I would have thought it was pretty obvious that MPs should get that.

Baroness Altmann: I would reiterate that we would love to work with MPs. I am happy to do a session, whatever it is that can be helpful for you to communicate with your constituents. You are a really important communication channel for us as well. We can all work together to try to get these messages across.

Chair: We will take you up on that. What we will also do, if we may, when we read the transcript carefully, is pick up some of the points you have made and come back to you. We have been offered other further information during the session. Thank you to all three of you for coming today.