



Work and Pensions Committee

House of Commons, London, SW1A 0AA
Tel 020 7219 8976 Email workpencom@parliament.uk

Guy Opperman MP
Minister for Pensions
Department for Work and Pensions

11 May 2022

Dear Guy

Review of GMP factsheet

I am writing in response to the Department's review of its factsheet, [Guaranteed Minimum Pensions \(GMPs\) and the effect of the new State Pension](#) (updated August 2021). The outcome of the review – sent to the Committee in March 2022 - concludes that there is no evidence at this time that a further iteration of the factsheet is required and there is no trigger for further research.¹ However, a steady stream of feedback from members of the public suggests to the Committee that a revised factsheet is needed to better explain: the potential impact on individuals over retirement, particularly as inflation rises; and that some individuals may be eligible for compensation and how they can apply.

Impact of the reforms

DWP produced the factsheet on the recommendation by [Parliamentary and Health Service Ombudsman](#) (PHSO), following its investigation into complaints that DWP had failed to communicate that the introduction of the new State Pension could “negatively affect people with long periods of contracting out who were due to reach State Pension Age shortly after the new State Pension was introduced.”² The PHSO recommended that the Department should explicitly tell people to check their circumstances and should provide details to the public about how they can do this.”³

The Committee has been contacted by members of the public concerned that the factsheet is insufficiently clear about the potential impact and that people may be eligible for compensation. The reason may be that in user-testing, the department ensured participants did not have a high level of pre-existing knowledge.⁴ However, this is a complex area and those with knowledge may have been able to comment, not just on readability, but also on the kind of information people affected would need. The PHSO said the factsheet should be tested on “a relevant group of those affected/those that have knowledge of GMPs.”⁵

For example, to illustrate how the new State Pension could negatively affect someone with GMP entitlement, the factsheet quotes a small weekly loss of 70 pence per week (based on someone with a weekly GMP of £35 in 2015 and inflation of 2%), before going on to say that the loss can build up overtime and that “somebody with a large GMP reaching State Pension age from April 2016 to March

¹ [Letter from DWP Permanent Secretary to Chair, 2 March 2022](#)

² PHSO, [Communication of changes to inflation of State Pensions](#), 30 August 2019

³ PHSO, [Communication of changes to inflation of State Pensions](#), 30 August 2019

⁴ [Letter from DWP Permanent Secretary to Chair, 18 January 2021](#)

⁵ Letter from Chair to DWP Permanent Secretary, [15 December 2021](#)

2017 could have a notable loss over their whole retirement.”⁶ We are concerned that this is insufficient to alert people to the potential scale of the loss, given that complainants to the PHSO “anticipated losing out on payment of many thousands of pounds.”⁷

In addition, the factsheet refers to someone reaching State Pension age in 2016-17 potentially losing out when, according to the Department, the target group for it reached State Pension age between 2016 and 2021.⁸ Furthermore, the example is from a time when inflation was low, and inflation being above 3% is a factor which can contribute to people being comparatively worse off.⁹

A revised version of the factsheet should be produced, including a figure to illustrate the potential loss to individuals over retirement and show the impact of inflation and that it is not just people reaching State Pension age in 2016-17 who may be affected.

Eligibility for compensation

The PHSO recommended limited amounts of compensation (£500 and £700) for the two complaints it investigated, based on their individual circumstances. One had recognised that DWP used flawed arguments and therefore had not been prevented from planning for their financial future but “dealing with DWP’s inadequate responses to their concerns caused frustration.” The other had retired before 2010, so even if DWP had communicated properly it was unlikely they could have taken steps to make a substantive difference to their finances.¹⁰

The implication is that an individual with different circumstances – for example, someone who could have taken steps to make a substantive difference to their finances but had been prevented from doing so by DWP’s actions – may be eligible for more compensation. However, the factsheet only tells people to contact the Department if they would like “advice about what difference the factors have made to their State Pension.” It does not explain that people might be eligible for compensation, or in what circumstances, and what the route would be for getting it.

Feedback to the Committee from members of the public is that more explicit information on this point is needed. One person said they had applied to the Department for compensation but had not had a response and had had to escalate matters to the Independent Case Examiner. Another asked how they could apply for compensation, saying that although they had seen this mentioned in my speech in Parliament¹¹, they had not been able to find “any link or advice from the DWP where members could apply for the compensation or an explanation to why they are now worse off following the introduction of the Single Tier State Pension.”

The Committee would be grateful for an explanation of the circumstances in which an individual in the target group for the factsheet may be eligible for compensation and what steps should they take to get it. This should be included in a revised version of the factsheet.

⁶ Ibid

⁷ PHSO, [Communication of changes to inflation of State Pensions](#), 30 August 2019

⁸ [Letter from DWP Permanent Secretary to Chair, August 2021](#)

⁹ NAO, [The Impact of State Pension Reforms on People with Guaranteed Minimum Pensions](#), March 2016, para 3.17

¹⁰ PHSO, [Communication of changes to inflation of State Pensions](#), 30 August 2019

¹¹ [HC Deb 7 February 2022 c728](#)

Effectiveness of the factsheet in reaching the target group

The review suggests that the factsheet had limited success in reaching its target group. In a letter to the Committee of 18 January 2022, DWP Permanent Secretary, Peter Schofield said nobody had so far applied for compensation. The Department had received four letters in response to the factsheet, none apparently from people who might be eligible for compensation.¹² The analytic review of the factsheet sent to the Committee on 2 March 2022 said, the factsheet had had 6,922 ‘unique page views’, which seems low number given that the Department estimated that 50,000 people would be worse off in 2017-18 alone.¹³ Only 19 people had used the on-page search function, which is ‘very low’.¹⁴

Feedback from members to the public to this Committee suggests some possible reasons for this. One person pointed out that the factsheet has been placed on Gov.UK in the section on ‘[public service pensions](#)’, when it is not in fact relevant to members of such schemes as they have full inflation protection.¹⁵ Another told us that they only became aware of it after looking through the correspondence between the Committee and DWP on the Committee’s website. They said “how anyone affected was expected to know it was there I will never know. There was no press release or other publicity to encourage the large numbers of people affected to look at the gov.uk site factsheet.” Yet another person pointed out that some pension schemes were unaware of the factsheet. One referred on its website to GMP indexation being partly delivered through ‘increases each year added to your State Pension’, without distinguishing between people who reach State Pension age before and after 6 April 2016.¹⁶

Additional factors may have been:

- **The delay in producing the factsheet.** This was not published until August 2021, despite having been warned by both the National Audit Office and a predecessor Work and Pensions Select Committee in 2016, and by the PHSO in 2019.¹⁷ This is of concern given that the Department itself said that the target group was people likely to have reached State Pension age between 2016 and 2021, who did not gain from building new State Pension qualifying years after 2016.¹⁸
- **Reliance on people finding the information for themselves on Gov.UK.** This was despite the previous Work and Pensions Committee recommending that the Department should “not rely on general awareness campaigns or happen chance in promoting that understanding. It should focus on identifying the individuals affected, assessing their potential losses, and communicating with them.”¹⁹

The Committee is concerned that placing information on Gov.UK and hoping people find it is a wholly inadequate strategy for getting important information to people who need it, in this instance, to understand the potential impact on them of State Pension reforms. We would be grateful for an explanation of what the Department is doing to improve its ability to identify individuals affected by State Pension changes and to provide them with full, clear and relevant

¹² [Letter from DWP Permanent Secretary to Chair, 18 January 2021](#)

¹³ NAO, [The Impact of State Pension Reforms on People with Guaranteed Minimum Pensions](#), HC 907, March 2016, para 3.14

¹⁴ [Letter from DWP Permanent Secretary to Chair, 2 March 2022](#)

¹⁵ See House of Commons Library Briefing Paper [CBP 5434](#), October 2021

¹⁶ [HC Deb 7 February 2022 c728](#)

¹⁷ NAO, [The Impact of State Pension Reforms on People with Guaranteed Minimum Pensions](#), HC 907, March 2016, para 4.8; Work and Pensions Select Committee, [Communication of the new State Pension](#), HC 926, 27 March 2016, para 47-8; PHSO, [Communication of changes to inflation of State Pensions](#), 30 August 2019

¹⁸ [Letter from DWP Permanent Secretary to Chair, August 2021](#)

¹⁹ Work and Pensions Select Committee, [Communication of the new State Pension](#), HC 926, 27 March 2016, para 47-8

information. We would also be grateful of an explanation of the steps DWP now intends to take to promote a revised version of this factsheet to both individuals and occupational pension schemes.

Baseline for the review

When the factsheet was published on 12 August 2021, DWP Permanent Secretary, Peter Schofield, said it would be reviewed after a period of six months. The review would include:

- An analytics review to establish usage of the GMP factsheet page, including mapping the routing in and from the factsheet;
- A thematic feedback review on feedback received through Gov.UK feedex;
- A review of the contacts triggered by the factsheet to establish if people contacting are those that have been targeted from the policy intent.²⁰

However, when the review was provided to the Committee in February, it did not include the promised thematic review of feedback or the review of contacts to see if they were from people in the target group.

We would be grateful for sight of the full conclusions of the review – including the review of thematic feedback and contacts.

Conclusion

To conclude, the Committee is concerned that, now six years on from the NAO report, it is still the case that some people with GMPs negatively affected by the new State Pension reforms “have not been able to find the information they need.”²¹ In light of this, will the Department revisit its decision not to review the factsheet and commit to improving its content so that it better meets the needs of those affected and promoting it better? This Committee would be grateful for sight of a suitably revised version of this factsheet before it is published.

I would be grateful for a response by 8 June 2022.

Kind regards



Rt Hon Stephen Timms MP

Chair, Work and Pensions Committee

²⁰ [Letter from DWP Permanent Secretary to Chair, August 2021](#)

²¹ NAO, [The Impact of State Pension Reforms on People with Guaranteed Minimum Pensions](#). HC 907, March 2016, para 4.8