House of Commons

Work and Pensions Committee

Pensioner Poverty: challenges and mitigations

Second Report of Session 2024–25

HC 465

Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

Current membership

Debbie Abrahams (Labour; Oldham East and Saddleworth) (Chair)

Johanna Baxter (Labour; Paisley and Renfrewshire South)

Mr Peter Bedford (Conservative; Mid Leicestershire)

Steve Darling (Liberal Democrat; Torbay)

Damien Egan (Labour; Bristol North East)

Gill German (Labour; Clwyd North)

Amanda Hack (Labour; North West Leicestershire)

Danny Kruger (Conservative; East Wiltshire)

Frank McNally (Labour; Coatbridge and Bellshill)

John Milne (Liberal Democrat; Horsham)

David Pinto-Duschinsky (Labour; Hendon)

Ben Obese-Jecty (Conservative, Huntingdon) was also a member of the Committee during this inquiry.

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

This Report, together with formal minutes relating to the report, was Ordered by the House of Commons, on 9 July 2025, to be printed. It was published on 24 July 2025 by authority of the House of Commons.

Committee reports are published on the Committee's website at www.parliament.uk/workpencom and in print by Order of the House.

Contacts

All correspondence should be addressed to the Clerk of the Work and Pensions Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8976; the Committee's email address is workpencom@parliament.uk. You can follow the Committee on X (formerly Twitter) using @CommonsWorkPen.

Contents

Summary

After a decline in pensioner poverty in the 2000s, the number of pensioners in relative low-income started to rise again from 2010. This has been exacerbated by increases in the cost of living since 2021. Energy bills—which are what pensioners responding to our survey told us worried them the most—are still around one and a half times what they were in 2021.

This is reflected in different poverty measures. For example, the number of people of pension age living in relative poverty (below 60% of median income) is 1.9 million or 16% of pensioners. Measures which factor in the cost-of-living show that between 2008/09 and 2022/23, the number of pensioners in households below the Minimum Income Standard (MIS)—the amount needed for a minimum dignified socially acceptable standard of living—rose from 1.5 to 2.8 million. The proportion of pensioners below 75% of MIS (where the risk of material deprivation increases substantially) rose from 5.9% in 2021/22 to 9.5% in 2022/23.

In practice, this means cutting back on essentials, like food, energy use and seeing friends, in an attempt to manage costs. Health experts explained the implications for health. Financial hardship can accelerate the ageing process, making it more likely that an older person will enter hospital or need care.

The picture that has been presented to us in this inquiry, of those older people experiencing hardship, is very different to the general stereotypes of well-off pensioners and is one that is often overlooked in policy and media debates.

We also heard that it is possible to manage the risks and help older people age well. In areas of the country, local authorities, third sector and community organisations are working together to engage and provide them with the support they need to do this. We heard that this need not require significant additional investment; it is about working together towards shared objectives.

However, not all areas do this. We heard that it would help to have a national cross-government strategy for our ageing society and older people. This could provide a framework to hold the different partners to account for their role in delivering the agreed outcomes. It could also ensure that central government departments developed policy with shared objectives in mind. We think that this could have helped over the last year, encouraging

DWP to think about the health implications of linking Winter Fuel Payment to Pension Credit eligibility, for example, and to consider alternative ways of better targeting support with energy costs, such as discounts on bills. It will continue to be important in future, in addressing some of the trends which threaten to undermine pension adequacy, such as rising numbers renting in the private sector in retirement. The long-term solution to this will need cross-departmental action.

This could also help improve take-up. Pension Credit take-up has remained at around 2/3rds of those eligible for around ten years. Efforts by DWP and 200 local authorities over the last year resulted in 60,000 additional awards. However, the latest official estimates were of 700,000 households eligible but not claiming. We agree with the Secretary of State that the low level of take-up is a scandal. We heard convincing evidence that what is needed to 'shift the dial' is face-to-face support—encouragement and assistance to claim from friends and family or trusted community organisations. In addition, the complexity of the system means that expert welfare rights advice is also often needed to navigate it successfully. However, not all areas have the arrangements in place to co-ordinate these activities and provision is patchy, with some areas of the country effectively 'deserts' of welfare rights advice. We heard that a framework of accountability would encourage local authorities to focus on this work and bring forward resources. To support this work, better data sharing is needed to enable organisations to be effective in targeting those likely to be eligible.

Turning to the State Pension, the Minister for Pensions described this—and for a significantly smaller proportion, Pension Credit—as the "bedrock of Government support for pensioners," the "core of the offer" and "our answer to everything on pensioner living standards, in so far as it is driven by the social security system."

The forthcoming 'pensions adequacy review' is an opportunity to consult on objectives for the State Pension, taking account of adequacy, sustainability and fairness. Given its importance for low-income pensioners—one in eight pensioners have no other income than the State Pension and state entitlements—we think a guiding principle should be that it provides the amount needed for a minimum, dignified, socially acceptable standard of living.

Once an objective for the State Pension relating to adequacy has been agreed the Government should put in place a plan for getting everyone to that level. The first step should be to review those aspects of the state pension system that undermine its adequacy for some. The evidence we received suggests that this includes: low outcomes for some from the old State Pension system; the Pension Credit 'cliff-edge', where people just above Pension Credit level can miss out on thousands of pounds of passported benefits; the ‘mixed age couple’ rule, which can mean people in their seventies still receiving working age benefits; and the implications of a rising State Pension age.

Our inquiry identifies many of the challenges faced by current pensioners and anticipates issues likely to affect future pensioners. In addressing these in our report, we hope that the Government can take the action necessary to reverse recent increases in pensioner poverty.

1 Introduction

Background to our inquiry

1. On 29 July 2024, the Chancellor of the Exchequer, the Rt Hon Rachel Reeves MP, announced that from winter 2024/25, households in England and Wales would no longer be entitled to the Winter Fuel Payment unless they received Pension Credit or certain other means-tested benefits.[1] This decision brought to the forefront two key issues. The first was how the Government balances adequacy of state support for people of pension age with sustainability, in terms of the public finances. In 2024/25, spending on the State Pension was 5 percent of GDP; with a further 1 percent spent on other benefits targeted at pensioners. Chart 1 below shows the cost of DWP pensioner and working age benefits as a percentage of GDP from 1997/98 to 2029/30:[2]

Chart 1: Percentage of GDP spent on pensioner and working age benefits
Benefit expenditure constitent with current DWP coverage

Source: DWP Benefit expenditure and caseload tables 2025 – benefit summary table

1 HC Deb, 29 July 2024, cols 1038–9
2 Professor Baumberg Geiger's higher estimate of spending on working age benefits in 2023/24 (4.9 percent of GDP) includes some other payments, such as child-focused benefits. Source: Ben Baumberg Geiger, 'Is welfare spending 'out of control'?, Substack, 5 September 2024 [viewed 3 July 2025]

According to the Office for Budget Responsibility (OBR), spending on state pensions is set to rise to 7.7 percent of GDP by the early 2070s. In addition, spending on other benefits targeted at pensioners is projected to increase from 1.0 to 1.3 percent, mainly due to a 0.2 percentage point projected increase in spending on disability benefits.[3] The second issue was how best to provide support for energy costs, given that this can be done in other ways, such as direct discounts on bills. Rather than focus narrowly on the Winter Fuel Payments change, we decided to conduct an inquiry into pensioner poverty more broadly, looking at the range of costs pensioners face and the adequacy of all available support.

2. The Government's pensions review was an important part of the context. The first phase of the review, launched in August 2024 by the then Minister for Pensions, Emma Reynolds MP, focused on boosting investment in the UK, increasing saver returns and tackling waste in the pensions system. In May 2025, the Government confirmed that it would proceed with the second stage of this review.[4] While detailed terms of reference had not been published at the time of writing, the focus is to be on "the outcomes we are on track to deliver for future generations of pension savers and how these can be improved upon."[5] We refer to this as the 'pensions adequacy review' throughout this report.

Our approach

3. Following the 2024 general election, the Chair of the Committee was elected by the House on 11 September 2024 and the Committee members were appointed on 28 October 2024. We decided to look more closely at the challenges that pensioners in poverty face, and the mitigations that are in place or could be put in place. As such we launched as our first new inquiry, a deeper study into pensioner poverty, on 20 November 2024.[6]

4. In response to the call for evidence, we received over 60 pieces of written evidence which informed our approach. We held nine evidence sessions covering a wide range of issues, ending with a session on 4 June, where we heard from Minister for Pensions, Torsten Bell MP, and officials from the Department for Work and Pensions (DWP).

3 OBR, Fiscal risks and sustainability, CP 1343, July 2025, para 2.12 to 2.14. 'Other pensioner benefits' relate to Pension Credit, Attendance Allowance, Disability Living Allowance, Housing Benefit and Income Support

4 HM Treasury, Pensions Investment Review. Interim Report, Gov.UK, November 2024, p8

5 HM Treasury, Pensions Investment Review: Final Report, 29 May 2025, p7

6 The terms of reference for the inquiry are available on the Committee's website

5. As an individual, writing a submission to a select committee, or appearing before it to give evidence, can be both overwhelming and an impersonal way to engage. As such, we were very keen to find other ways to reach those with lived experience. One of the ways we did this was by undertaking a survey asking pensioners what costs they found most challenging and how they managed them, with 1,464 responses. We are grateful to Independent Age, for their help distributing the survey. Approximately, 600 respondents took the opportunity to also complete the free text response and whilst these comments varied significantly, several themes stood out, which we draw out in this report.

6. Responses to the survey helped to inform our work as we proceeded with the inquiry. We were keen to explore the themes from the survey with older people and organisations working with them and have fuller conversations about emerging issues. As such, we travelled to Glasgow, where we visited Glasgow's Golden Generation day centre, and then Manchester and Cardiff, where we held roundtables with pensioners and took evidence (see Annex).

7. We have tried to do justice to the range and quality of what we heard. Our report is structured as follows:

   - Chapter two looks at recent trends in pensioner poverty, what has driven them and the impact they have had on the lives of pensioners, their health, well-being and independence. It goes on to look at which groups are most at risk of low-income in retirement and at the drivers of retirement outcomes for women, how these are changing, and the case for regular reports on the gender pensions gap.

   - Chapter three looks at the evidence we received on the experience of pensioners on low incomes, the impact on their health, the way organisations are coming together in some areas to support pensioners and the case for a framework to better enable this work.

   - Chapter four explores the impact of the decision to link Winter Fuel Payment eligibility to Pension Credit in 2024/25 and considers the case for a more robust decision-making process taking account of a wider range of relevant factors and more meaningful impact assessments.

   - The need to improve take-up of Pension Credit was thrown into sharp relief by the decision to link Winter Fuel Payment eligibility to it. Chapter five looks at the barriers to take-up, what can be done to address them and what the benefits of increasing take-up might be.

   - Chapter six looks first at the role of the State Pension in preventing pensioner poverty, the case for adequacy benchmarks and how it delivers against them. It then goes on to discuss state pension benefits more widely and those features which appear to undermine adequacy.

- Chapter seven draws together some conclusions that we hope the pensions adequacy review will take into account.

2 Trends and drivers

8. This chapter looks at recent trends in pensioner poverty, what has driven them and the impact they have had on the lives of pensioners, their health, well-being and independence. It goes on to look at which groups are most at risk of low-income in retirement and at the drivers of retirement outcomes for women, how these are changing, and the case for regular reports on the gender pensions gap.

Stereotypes and reality

9. We heard that, with general stereotypes of well-off pensioners, those experiencing hardship are often overlooked in policy and media debates. Age UK said that many older people’s lives were “financially constrained and insecure, leaving them unable to meet their basic needs.”[7] Paul McGarry, Head, Greater Manchester Ageing Hub, told us that the persuasive narrative that “older people are okay at the moment in general, compared to younger people, is not borne out by the facts.”[8] Independent Age argued that “public perceptions of the wealth held by everyone in the older generation” risked masking the “challenges faced by those with the lowest incomes and wealth.”[9]

10. The purpose of this inquiry has been to highlight those challenges and what can be done to mitigate them. We were therefore encouraged to hear the Minister for Pensions, Torsten Bell MP, say that he believed it would be wrong to conclude that “pensioners are fine. There is nothing to look at here” and that a better approach was to think about the “wider challenges that we are seeing pensioners cope with.”[10]

Trends

11. Our first step was to understand the trends and what is driving them. The first thing to note is that the UK population is ageing. In 2023, there were around 12.9 million people aged 65 or over in the UK, making up 19% of the population. As shown in Chart 2 below, according to the ONS’s population

7 Age UK (PPCM0027)
8 Q174
9 Independent Age (PPCM0020)
10 Q381

projections, by 2072 this could rise to 22.3 million people, or 28% of the population. By contrast, 50 years ago in 1972 there were around 7.5 million people aged 65 or over, or 13% of the population:[11]

Chart 2: The changing age distribution of the UK's population
Percentage of total population by age group and sex

Chart sources: ONS, Estimates of the population for England and Wales, UK population estimates 1838 to 2022 edition, Table 3; ONS, Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland, Mid-2023 edition, Table MYE2; ONS, UK population projections (principal projections), via ONS Nomis.

12. Since 2004 pensioners as a whole have been less likely to be in poverty than other groups, such as children or working age adults.[12] According to the Department for Work and Pensions (DWP), the proportion of pensioners in households in relative poverty after housing costs fell substantially from 24% in 1997 to 13% in 2011/12, but then increased to 16% (1.9 million people) by 2022/23 (see Chart 3 below):[13]

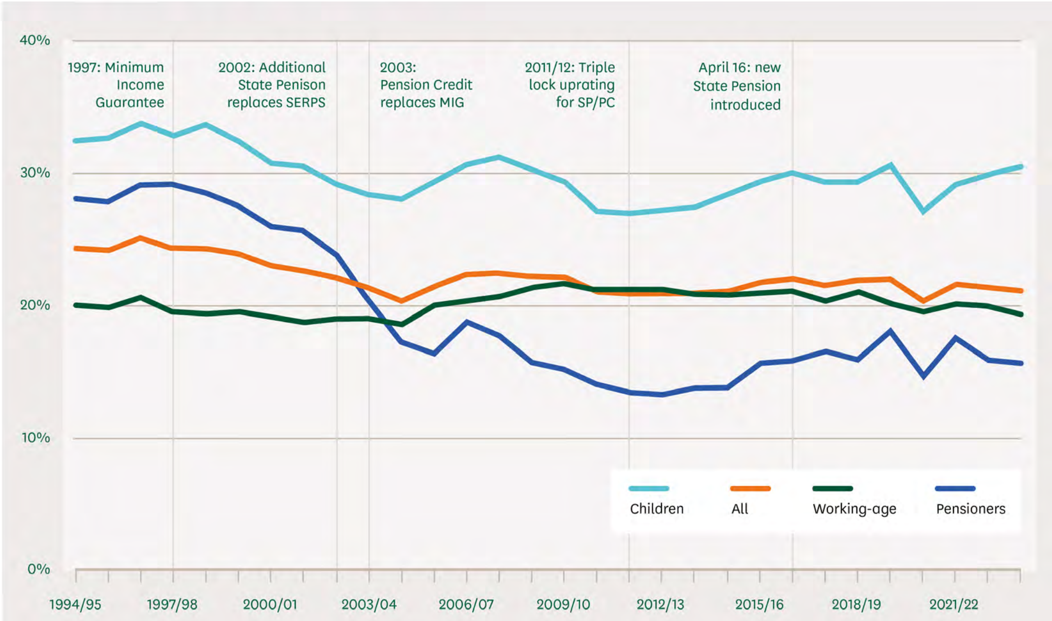
11 ONS, Estimates of the population for England and Wales, UK population estimates 1838 to 2022 edition, Table 3; ONS, Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland, Mid-2023 edition, Table MYE2; ONS, UK population projections (principal projections), via ONS Nomis

12 Department for Work and Pensions (PPCM0048), para 33

13 Department for Work and Pensions (PPCM0048), para 33

Chart 3: Pensioners in relative poverty (AHC)

Percentage of people living in households with less than 60% of median income, incomes measured after housing costs



Source: Department for Work and Pensions, Households below average income: for financial years ending 1995 to 2024, 27 March 2025 - tables 1_3a, 1_4a, 1_5a, 1_6a

13. The reductions in pensioner poverty from the late 1990s were driven by increases in means-tested benefits and particularly the introduction of Pension Credit in 2003.[14] According to the Institute for Fiscal Studies, the rise over the last decade was due to factors like employment growth and lower mortgage interest benefiting the working age population more than pensioners. The rise in pensioner poverty had been among those in rented accommodation.[15] Although the increase in pensioner poverty since 2010 is only about three percentage points, there are still close to 700,000 more pensioners in relative poverty than a decade ago.[16]

Cost-of-living

14. Peter Matejic of the Joseph Rowntree Foundation told us that the number of pensioners living in households below a Minimum Income Standard—which sets out what the public agree is needed for a minimum, dignified, socially acceptable standard of living—had gone up even faster that relative poverty:[17]

14 Q2; DWP, (PPCM0048), para 33
15 Q2 [Carl Emmerson]
16 Q4
17 Q4; Centre for Research in Social Policy (PPCM0039)

- Between 2008/09 and 2022/23, the number of pensioners in households below the Minimum Income Standard (MIS) rose from 1.5 to 2.8 million. For single pensioners the likelihood of living below the MIS had doubled over that period. The proportion of pensioners below 75% of MIS rose from 5.9% in 2020/21 to 9.5% in 2022/23. This means that nearly one in ten pensioners were living below the level at which the risk of material deprivation increases substantially.[18]

- In 2023/24, 1.3 million (11%) of pensioners experienced material deprivation, defined as lacking four or more items deemed to be necessary for a minimum acceptable standard of living.[19]

15. According to the Institute for Fiscal Studies, the proportion of pensioners saying they cannot afford certain items has risen since the onset of the pandemic.[20] The cost of some essentials has risen sharply. Energy prices are still around one and a half times what they were before the gas crisis arising from the Ukraine conflict.[21] This impacts on pensioners because they tend to spend more time at home, particularly if they live in hard to heat homes.[22] The Food Foundation's Basic Shopping Basket shows the cost of a weekly shop for an adequately nutritious diet has risen by over a quarter since April 2022 (27.3% for women and 28.6% for men).[23]

16. **CONCLUSION**

The reductions in pensioner poverty in the late 1990s and 2000s, with the introduction of Pension Credit, were a success. However, we are concerned that from 2010 rates started to rise again. And the latest data on living standards paints a bleak picture, with 2.8 million pensioners living in households below the Minimum Income Standard. No older person should be unable to have a minimum, dignified, socially acceptable standard of living.

18 Households living below a Minimum Income Standard: 2008–2023, Joseph Rowntree Foundation, February 2025, p3, p21 and Table 1a

19 DWP, Technical report: update to measures using material deprivation for households below average income FYE 2024, Updated 28 May 2025; DWP, Households Below Average Income: an analysis of the UK income distribution: FYE 1995 to FYE 2024, 28 May 2025, Figure 27

20 Institute for Fiscal Studies (IFS) (PPCM0006)

21 Q242; Committee on Fuel Poverty, Gov.UK [viewed June 2025]

22 Q12

23 Care & Repair Cymru (PPCM0013); The Food Foundation — Food prices tracker, Jan 2025

Groups at risk

17. The Minister for Pensions highlighted that while pensioner poverty had fallen over the last 25 years, pensioner inequality had not at all.[24] In more detail, he explained that a measure to assess inequality is to look at the share of income that different quintiles (20%) of the income distribution have. The data shows that there has been no reduction in the gap in the share of incomes between the top and middle and top and bottom quintiles for pensioners since the mid-90s. There has been an increase in the gap between the top and bottom quintiles for single pensioners over the past decade.[25] The Pensions Policy Institute (PPI) said income inequality between pensioners had reached a record high in 2022, due in part to the sevenfold rise in pension wealth since 1980 and in part to "the diminishing effect of cash benefits and lagging income growth among poorer pensioners who have less income from private pensions and other forms of financial wealth."[26]

18. Multiple witnesses identified similar groups as more likely be in poverty in retirement compared to the rate for the overall pensioner population (16%). The following figures are from Age UK: single households (22%); people aged 85+ (21%); both single women and women aged over 85 (23%); renters (34% for social renters and 35% for private renters); people from minoritised ethnicities (25% of Asian/Asian British and 26% of Black/African/Caribbean/Black British); disabled pensioners (22%); and unpaid carers (20%).[27] There were also regional variations. Regions with higher rates of poverty in England included the Northwest (18%), Yorkshire and the Humber (20%) and Inner London (27%).[28]

19. The Fabian Society told us that higher rates of poverty are associated with different demographics, living circumstances and health. Women and ethnic minorities were more likely to have lower lifetime earnings and gaps in National Insurance, affecting both private and state pension incomes. People who have experienced lifelong inequalities were also more vulnerable to premature labour market exit, limiting their capacity for private pension savings.[29]

20. Dr Ariane Agunsoye told us that the groups most likely to be affected by pensioner poverty are those who do not conform to the underlying assumptions of the current pension system: "Individuals working part-

24 Q381
25 Department for Work and Pensions (PPCM0068)
26 Pensions Policy Institute (PPCM0021)
27 Age UK (PPCM0027); Carers UK (PPCM0063); See also Independent Age (PPCM0020); Pensions Policy Institute (PPCM0021)
28 Age UK (PPCM0027)
29 Fabian Society (PPCM0037)

time, across multiple jobs, being self-employed and falling within the lower income range are disadvantaged in a pension system that works best for those with a full-time, continuous work trajectory."[30] As well as women with caring responsibilities, people with certain minority ethnic backgrounds are disproportionately affected:

> The lowest participation in private pension provisions is found in households headed by someone with a Bangladeshi ethnic background (48%), followed by households headed by someone with a Chinese (57%) and Black African (59%) ethnic background. In contrast, 82% of households headed by someone with a White British ethnic background and 83% Indian headed households [make] private pension contributions.[31]

Factors contributing to these differences included part-time working, self-employment, tending to experience breaks in employment and low earnings.[32]

21. In many cases, older people in poverty have been on low incomes throughout their lives.[33] David Finch, Assistant Director, Healthy Lives Team, Health Foundation, added that poverty was "shaping people's health through their lifetime." Having a lower income in working life meant you were less likely to have good health, which impacted your ability to earn or work, potentially leading to an "accumulation over a lifetime of worse health and worse outcomes."[34]

22. Individual circumstances, such as housing tenure and composition and structure, also play a part. The Institute for Fiscal Studies says that over the last two decades, the relative income poverty rate has been highest among private renter pensioners (38% in 2022–23, compared with 34% among social renters and 12% among owner-occupiers). While the full new State Pension and other benefits was likely to be enough to bring households above the poverty line, this was not the case for single renters.[35]

30 Dr Ariane Agunsoye (PPCM0005)
31 Dr Ariane Agunsoye (PPCM0005)
32 Dr Ariane Agunsoye (PPCM0005)
33 Q194
34 Q216
35 Institute for Fiscal Studies (IFS) (PPCM0006); Fabian Society (PPCM0037), see table for figures that illustrate this

The gender pensions gap

23. One of our evidence sessions looked specifically at outcomes for women, who make up over two-thirds (67%) of pensioners in poverty. with single women making up half (50%).[36] As discussed in chapter six, steps have been taken to improve state pension outcomes for women. However, the gender pensions gap—the disparity in retirement income or pension wealth between men and women—is primarily driven by labour market inequality and reflected in different private pension outcomes.[37] Dr Daniella Jenkins, Policy Advisor, Women's Budget Group, described the challenges facing women as "pernicious and persistent", with potential to become more acute for younger women, for the reasons discussed below.[38]

24. We heard that the challenges for women in balancing work and care remained significant:

- For older working age women (in their 50s and early 60s), Dr Jenkins argued that there were "blind spots" in understanding their employment and working patterns. Some were unpaid carers. For those in paid work, often this was nursing, care work or retail—"working on their feet, or lifting people"—which was likely to limit their ability to keep working and saving.[39] Focusing on younger women, while they were more likely to be in paid work than their predecessors, this could be non-standard work or multiple low-paid jobs none of which reached the threshold for auto-enrolment.[40]

- Sasjkia Otto, Senior Researcher, Fabian Society, told us that widespread recognition of the need to work longer, had "not been accompanied by a support package for [...] women in particular." While both men and women in poverty faced challenges relating to disability and health, women faced additional challenges relating to caring and the work environment. They often struggled to find working patterns that met their needs. Those thinking of leaving the labour market early said the thing that would help them most to stay was a "work environment that was not too stressful."[41]

25. In addition, there are issues relating to household composition and the way finances are shared.

36 Pensions Policy Institute (PPCM0021)
37 Pensions Policy Institute (PPCM0021); Work and Pensions Committee, Third Report of Session 2022–23, Saving for Later Life, HC 126, Chapter 7
38 Q41
39 Q42
40 Q41
41 Q42

- Dr Suzy Morrissey, Deputy Director, Pensions Policy Institute said that women with the poorest retirement outcomes were those that had experienced single parenthood at some point during their early life or had experienced divorce.[42]

- Dr Jenkins explained that within households, earned income might sometimes be pooled but pensions were not. This could become an issue on divorce if the woman did not have access to the higher pension her husband had built up. Younger women were more likely to be cohabiting and therefore to have no pension sharing rights.[43] In addition, younger women could often not afford to purchase property independently, which meant they might have rent to pay in retirement.[44]

- Sue Ferns, Senior Deputy General Secretary, Prospect called for better rights for cohabiting couples, more pension sharing orders on divorce and better provision for surviving partners in [Defined Contribution workplace pension] schemes.[45]

26. Our predecessor Committee, in its 2022 report, *Saving for Later Life*, recommended that DWP should "work with colleagues across government and other stakeholders to agree a definition of the gender pension gap and a target to reduce it."[46] In June 2023, the then Government produced the first official report on the gender pensions gap, which it estimated to be 35%.[47] Laura Trott MP, then Minister for Pensions, described agreeing a definition and reporting regularly on the gender pensions gap as a "crucial first step."[48]

27. Sue Ferns said Prospect had estimated that—based on current trends—the gender pensions gap would "not be eliminated until 2088." She called for reports on the gap to be published every two years, emphasising it was important to raise awareness and generate action:

> […] so many people, so many women, are unaware of the trajectory that they are on. If we have a figure, we publish that figure and we set targets, that is a good way to bring it to wider attention as well.[49]

42 Q44
43 Q39
44 Q41
45 Q47
46 Work and Pensions Committee, Protecting pension savings - five years on from the pension freedoms. Saving for later life, HC 126, para 91
47 DWP, The Gender Pensions Gap in Private Pensions, June 2023
48 HC Deb 7 February 2023 c267
49 Q44

28. **CONCLUSION**

Improving pension outcomes requires an understanding of the systemic challenges. Of the groups at risk, we took most evidence on the position of women, who make up two-thirds (67%) of pensioners in poverty. Some positive steps have been taken to improve their pension outcomes: in particular, through the introduction of the new State Pension. However, there remain 'blind spots' in policy making, which result in the reality of women's lives being insufficiently reflected in the design of the pensions system. Unpaid care work is often not credited; women in low-paid work, on short-term contracts, or in non-traditional employment, often fall out of the scope of auto-enrolment; and while pensions can be shared on divorce, this often does not happen in practice and does not apply to cohabitees. The previous Government's introduction of regular gender pensions gap reporting was an important first step in focusing on factors affecting retirement outcomes for women.

29. **RECOMMENDATION**

Sporadic reports on the size of the gender pensions gap are insufficient to track whether the situation is improving and to focus attention on the reasons for this. As such, the Government should commit to reporting on the gender pensions gap at least every two years.

30. **RECOMMENDATION**

The pensions adequacy review should consider pension inequalities, the groups who are more likely to live in poverty in retirement, and how this will be addressed.

3 Impact on older people

31. This chapter looks at the evidence we received on the experience of pensioners on low incomes, the impact on their health, the way organisations are coming together in some areas to support pensioners and the case for a framework to better enable this work.

32. As illustrated below, we heard compelling evidence directly from older people, and organisations that work with them about the impact financial pressures had on their lives.

Box 1: From a woman in her seventies

A woman in her seventies told us that after essential costs like housing and energy, all her remaining income went on "basic survival":

> Food and household goods are sourced from the cheapest outlets, clothes come from charity shops, holidays or any extras are out of the question. My ongoing priority is to reach and maintain a balance of mind and body. My success with this varies.

Outwardly, she was "living a very quiet, private and self-contained life." However, this did not capture her subjective experience:

> I feel like I am shrinking. My quality of life and sense of self are gradually diminishing. This is having an increasingly negative effect on my mental health and, inevitably, is impacting on my physical health. Unfortunately, I can see no change on the horizon; not a very reassuring outlook as I contemplate the remainder of my life […] my predominant state remains one of depression. […] I have come to feel that I am to blame for my current financial state. But looking back, […] I cannot see how I might have planned and structured my life differently.

Source: Anonymous (PPCM0007)

Box 2: A story provided by Age UK

Caroline Abrahams, Charity Director, Age UK, said one story that had stuck with her related to a woman in her 80s whose husband was dying:

> She knows they do not have enough money to pay their fuel during the winter, but she is going to spend it now so that he does not die being cold. She knows that will jeopardise her own wellbeing and her safety, but that was her choice. That is what she has decided to do.

Source: Q27

Box 3: The experience described to Christians Against Poverty

Christians Against Poverty gave the example of an individual with a pension "too low to live off despite working until she was 75", leaving her with £10 a week after paying her bills. The pensioner said:

> It's not living. It's not an existence. I am having to cut down on everything and it is taking its toll on my mental and physical health. My friends are telling me I've lost weight, my doctor is testing me for calcium deficiency, my arthritis is getting worse because I can't turn on the heating, and I am getting depressed. All I can say as an explanation is 'come and see how I have to live'. The current reality is putting old people in an early grave.

Source: Christians against Poverty (PPCM0019)

33. As part of our inquiry, we visited Glasgow, Manchester and Cardiff. Organisations told us of the impact pensioner poverty was having on health and well-being (see Box 4).

Box 4: A selection of experiences described during our visits

Manchester—1 April

Lauren McKechnie, Chief Executive, Age UK Bolton said:

> People are experiencing a struggle with the cost of heating, food and travel, and social isolation […] With energy costs, we find that our specialist staff are going into living situations where people are literally living in one room […] They are malnourished. We find that there is a very strong correlation between financial poverty for pensioners and the prevalence of malnutrition and dehydration. Linked to that, we know that to save money people are reducing their alarm system services. People are falling more and not getting the care they need.

Idowu Khadijat Morafa, Director, Across Ummah CIC, a community organisation, said the impact on pensioners was clear to see:

> They do not need to say it because you can read it all over them. Distress for some of them, even in terms of their hygiene as well. [...] They struggle to maintain basic needs for themselves in terms of their food and warming up their houses.

Cardiff—12 May

Older People's Commissioner for Wales, Rhian Bowen-Davies, shared accounts of:

> Older people who are not eating during the day, not heating their homes because they are afraid of how they will pay their bills, and cannot afford some of the basic items in their homes, like beds and are sleeping on the floor.

Victoria Lloyd, Chief Executive, Age Cymru, said new staff were "really shocked at the level of desperation that we are hearing from older people":

> We are hearing about people going to bed early because they cannot afford the heating in the evening. People are saying that they are cutting down on their food or fuel and are self-limiting what they can do. Connectedness to the community is also coming out; people are saying that they cannot afford to do the things that they once wanted to.

Source: Qq167–168; Q188; Q251

Health impacts

34. We explored with health experts the mechanisms by which poverty can impact on health in old age. We heard first from Professor Sir Michael Marmot, Professor of Epidemiology at University College London, Director of the UCL Institute of Health Equity and the author of a strategic review of health inequalities in England, commissioned by the Government, in 2010.[50] He explained to us that a follow-up review in 2020 documented that:

> Health inequalities had got bigger and health for the poorest people had got worse. Life expectancy had gone down. Then three years of the pandemic and life expectancy fell. We went through a 14-year

50 Fair Society, healthy lives: the Marmot Review: strategic review of health inequalities in England post-2010, Professor Sir Michael Marmot, January 2010; Health Equity in England: The Marmot Review 10 Years on, Professor Sir Michael Marmot, 25 February 2020

> period from 2009 to 2023 where life expectancy did not improve at all. Health inequalities got bigger and life expectancy for the poorest people declined and self-reported health got worse [...] We see that the poorer you are, the worse your survival and the higher your mortality, right up to the oldest age. It goes right through the life course.[51]

He explained risk factors included cold, which could cause excess winter mortality in older people, and social isolation, which was "as deadly for people 50 and over as smoking."[52]

35. David Finch of the Health Foundation said pensioners were more immediately vulnerable to health outcomes arising from living with cold or cutting back on food. As they were increasingly likely to have more than one health condition, the interaction of all these factors meant outcomes could become "much worse quite quickly in older age."[53] He also described stark differentials in health outcomes for persons living in the least and most deprived areas:

> [an] 18-year gap between how long a person living in the most deprived areas is expected to live in good health compared with people in the least deprived areas [and] where a woman aged 60 in England living in the most deprived areas had the same kind of health outcome as a 76-year-old living in the least deprived areas.[54]

36. Dr David Attwood, a GP partner at Pathfields Medical Group in Plymouth, explained that while the aim should be for the "older population to live longer, healthier and more independent lives", people in deprived areas did "not age normally":

> They seem to show signs of almost accelerated ageing—more rapid ageing than an age-matched counterpart in a more affluent area—with cumulative loss of health, and it eventually impacts on independence.[55]

The medical diagnosis for this accelerated ageing and loss of independence, was "frailty", which existed on a spectrum: mild, moderate and severe. The potential outcomes of frailty were grim:

> [...] in terms of hospitalisation, 50% of hospital beds are occupied by over-75s. 3 in 4 of them will have the medical diagnosis of frailty. If you are over 75 and hospitalised and you are not frail, your chance of dying

51 Qq193–194
52 Q200
53 Q216
54 Q216
55 Q207

> in that hospital bed on that very admission is 1 in 50. For mild frailty it doubles to 1 in 25. For moderate it is 1 in 17. For older people with severe frailty, there is a 1 in 5 chance of dying in that hospital bed on that very admission. If you are lucky enough to escape hospital [and are severely frail] there is a 1 in 7 chance of being readmitted 28 days later.[56]

When it came to the risk factors that needed to be addressed, Dr Attwood, noted that "deprivation was absolutely front and centre stage. Poverty is a big contributor to the development of frailty." Other factors were "loneliness, social isolation, bereavements, loss of a loved one, physical inactivity, mental health, chronic pain, then there are individual factors: smoking, alcohol, nutritional choices."[57]

37. Dr Ruth Law, Honorary Secretary, British Geriatrics Society said good management of the risk factors helped people to age better. Financial pressures made that harder. She gave an example:

> [...] some of my patients like to go down to the café to have their lunch, and if they do not have enough money, they are no longer doing that. They do not realise that that means they are not getting their daily walk, they are not getting their daily social contact, and they are also not sitting in a warm place.[58]

Cross-sector support

38. Professor Sir Michael Marmot told us that evidence from the UK and internationally shows it is possible to take a preventative approach aimed at prolonging healthy life expectancy.[59] This was already happening in parts of the UK, where local authorities and others were becoming 'Marmot places', which meant taking a cross-sector approach across a range of areas—including employment, education, transport, housing, the environment, health and social care—to break the link between poverty and poor health outcomes. He said it was interesting that none of these communities had used cuts to local government funding as an excuse not to do anything. Instead, they were saying "we are going to do the best we can with the resources we have." As a result, they were "improving communities, and the indicators are moving in a good direction."[60]

39. We heard evidence from different parts of Great Britain where organisations had come together with this aim:

56 Q207
57 Q207
58 Q215
59 Q203
60 Q197

- Mayor of Greater Manchester, Andy Burnham, said the strength of a "whole place" approach was that: "if we agree something here, everyone does it, the GMCA, all the councils, all the public bodies, the community and voluntary sector. It is the power of a whole place facing in the same direction and then pulling in the same direction. That is what makes the difference."[61]

- One of the successes of the Strategy for an Ageing Society in Wales was the implementation of 'age-friendly communities', which considered wider determinants of health, such as housing, transport, activity and community spaces. Wales was "starting to see more progress on the preventative health agenda relating to older people, particularly around responsiveness to falls."[62]

- In Plymouth, Dr David Attwood explained they had implemented an older people's hub with an integrated neighbourhood team, bringing together professionals across sectors to assess and target the things that would lead to the development of frailty. They were seeing reductions in frailty prevalence and severity and in the use of healthcare.[63]

- Jo Rowlands, Head of Financial Inclusion, Leeds City Council, said that a collaborative approach across council services and the third sector had enabled them to "engage with people in really difficult situations". She explained that cases and issues were becoming increasingly complex and that even if it could not solve the problem, collaboration "enables engagement and [...] a slow move into support where it is available."[64]

40. The Prime Minister has stated his commitment to prevention of ill-health and his desire to move to a model of healthcare that emphasised this.[65] The NHS 10 Year Plan, published on 3 July, recognises the work of Professor Sir Michael Marmot in showing that social determinants (including the quality of employment, housing, education and the availability of healthy food) "explain this country's wide and widening health inequalities." It says prevention will be how we restore the means to lead a healthy life in those places where it has been made most difficult. It sets out actions by which the Government proposes to achieve its goals by "harnessing a huge cross-societal energy on prevention". Specific actions are proposed to achieve this, including "a moonshot to end the obesity epidemic", expanding free

61 Oral evidence taken on 1 April 2025, Q67
62 Q216; Age friendly Wales: our strategy for an ageing society, Welsh Government, October 2021
63 Qq210–211
64 Q175
65 Oral evidence 8 April 2025 Q46

school meals to all children in families on Universal Credit, encouraging healthy choices and tackling harmful alcohol consumption. Integrated neighbourhood health teams will draw on talents across the NHS and social care and have flexibility to include staff from other sectors such as hospices.[66] Clearly, the detailed plans will take time to develop and be implemented. The Health Foundation sounded a note of caution, stating that without investment in social care and "co-ordinated action to address the wider social and economic causes of ill health, the plan remains largely a vision for the NHS, rather than a plan for rebuilding the nation's health."[67]

41. **CONCLUSION**

As pensioners are generally on a fixed income, they face challenges responding to cost-of-living increases. Those on low incomes are likely to respond by cutting back on food, energy use and social interactions, adding to existing health risks. Various social and environmental risk factors such as poverty, bereavement and isolation and cold as well as lifestyle factors such as diet contribute to accelerating the ageing process, so-called frailty, reducing healthy life expectancy and the capacity to live independently. From this follows significant increased demand for health and social care services and increasingly grim health outcomes. Without a much greater focus on a whole system approach to prevention, tackling the factors that cause ill-health amongst pensioners, including poverty itself, the Government will not be able to achieve its goal of building a health and social care service that is sustainable for future generations.

Case for a national strategy

42. We heard evidence suggesting that local efforts to take a preventative approach would be more effective if underpinned by a national strategy. This was because it provides a framework of accountability and focuses the work of organisations towards shared goals:

- Dr David Attwood said it was difficult to keep their model going in Plymouth because of "a variety of national and local drivers." It would be "lovely to have a long-term plan for healthy communities that is put out by all parties, and all Government departments should be signed up to this and engaged with all stakeholders."[68]

66 UK Government and NHS, Fit for the Future – 10 Year Health Plan for England, CP 1350, July 2025, p12, 33 and 58

67 The Health Foundation responds to the 10-year Health Plan, 3 July 2025

68 Q212

- Paul McGarry said what was needed was a framework for accountability, to ensure that "local authorities and others bring forward resources and focus on that issue."[69] He said a lot of research and public policy work had been done, so we know what is needed. A lot of it does not take a lot of resources. It needs implementation and integration.[70] The main thing that would make a difference was a "Government-wide strategy on the ageing of our population," as in other countries like Singapore, Australia and Norway.[71]

- In Wales, where the Government has a Strategy for an Ageing Society, we heard that this had the advantage of providing: a tool to scrutinise progress and provided accountability; a framework for engaging local government specifically on older people's issues; and a clear message to potential funders that the Government in Wales had "committed long-term to improve the lives of older people."[72] Faye Patton, Head of Policy and Insights, Care and Repair Cymru, gave an example of a service enabled by the strategy. Their Hospital to Healthier Home Service—which carries out adaptations and repairs required to enable older people to return home—had reduced hospital stays by an average of six days. Victoria Lloyd said the strategy brought "older people into a conversation" with local and central government.[73]

Government policy making

43. Carole Easton, Chief Executive, Centre for Ageing Better, called for a pensioner poverty prevention agenda and an ageing strategy where all aspects of later life were addressed.[74]

44. Professor Sir Michael Marmot said it would be "helpful if the government came in behind" the good work being done at local level, putting "equity of health and wellbeing" at the heart of policy making.[75] He gave two examples relating to older people where he thought this might make a difference. One related to increases in the pension age, which have a disproportionate impact on lower socio-economic groups: he argued that these were effectively saying "you work all your life, but we are not going to give you a pension for very long if you are relatively deprived."[76] The other related to the change in Winter Fuel Payment eligibility in 2024/25, which removed it from some people who were not on Pension Credit but were in fuel poverty.

69 Q174
70 Q177
71 Q173
72 Q253
73 Q253
74 Q5; Q12; Q17
75 Q199
76 Q202

He said this was effectively saying: “you are not going to get the Winter Fuel Payment. We know you will suffer but we are not going to give it to you.” He called for a more proportionate approach: given the extent of fuel poverty, restricting eligibility to receipt of some means-tested benefits “will not work.”[77]

45. Caroline Abrahams of Age UK also referred to Winter Fuel Payments as an example of policy change where wider government objectives—including to “support more older people to live at home for longer”—had not been considered:

> If that is where you are going—I think we will see that in the [NHS 10 Year Health Plan] when it comes out as well, quite rightly—you would not do a change like the winter fuel payment. Basically, if you want more older people to live at home for longer, often in quite bad health and dying, then let us keep them warm, and you have to allow them to have the money to keep warm.[78]

She said there was no mechanism for joining up policy:

> There is no Minister; there is no commissioner; there is no strategy; there is no cross-cutting unit of officials. So, despite the best efforts often of officials in individual Departments, there is no obvious way of joining these things up.[79]

As discussed in the next chapter, the Government did make a significant change in tack relating to its policy on the Winter Fuel Payment. Having restricted eligibility to Pension Credit recipients for winter 2024/25, (which provides an income of around £11,800 pa for a single person), for winter 2025/26, it has increased the eligibility threshold to £35,000.[80]

46. Evidence we received suggests that, if anything, taking a cross-departmental approach will grow in importance. For example, as the Pensions Policy Institute has said, meeting the challenge presented by growing numbers renting privately in retirement would likely come down to a policy choice between subsidising affordability now (building social housing), or subsidising income later (Housing Benefit).[81] As the Minister for Pensions acknowledged, a lot of the drivers of change and the longer-term answers lie outside the social security system.[82]

77 Q201.
78 Q29; See, for example, NHS Long Term Plan/Ageing well [viewed 27 June 2025]
79 Q29
80 HC Deb 29 July 2024 c1038–9; HC Deb 9 June 2025 c614–5
81 Pensions Policy Institute (PPCM0021); PPI, The UK Pensions Framework: Renting in Retirement - The Fault Line Below the UK Pension System, 2023, p7
82 Q333; Q338; Q375

47. We note that in its report on the *Rights of Older People*, the Women and Equalities Committee concluded that “our growing ageing population presents a range of significant cross-departmental challenges and opportunities” and that the “lack of a strategy on how to respond to these issues was concerning.” It recommended “the development of a government strategy for ageing and older people’s rights.”[83] In response, the Government said that it was taking a “cross-government approach to directly address the range of challenges faced by older people in this country.”[84] The Minister for Pensions agreed that there needed to be more collaboration between government departments:

> The academic evidence is clear on that […]. We are now collaborating between DESNZ, the Treasury, the Department for Work and Pensions and to a lesser degree the Department for Business and Trade. We absolutely do need to be doing that. […] It is easier to do at a local level, but there is no excuse for it not happening.[85]

48. **CONCLUSION**

The Government says it is taking a cross-department approach to address the challenges faced by older people. We were interested in arguments that it would help to have a strategy where the Government set out its objectives for older people and the mechanisms to ensure that those priorities are reflected in policy across government departments. As an example, the Government wants to take a more preventative model to ill health. However, it is hard to see how the removal of Winter Fuel Payments with little notice from most pensioners in winter 2024/25, aligned with this.

83 Women and Equalities Committee, Third Report of 2024–25, The rights of older people, HC 414, para 106–7

84 Women and Equalities Committee, Third Special Report of 2024–25, The rights of older people. Responses from Government, Advertising Standards Authority, Ofcom and IPSO, HC 910, p9

85 Q390

49. **CONCLUSION**
In addition, a preventative approach requires a cross-sector approach, with stakeholders across a range of policy areas pulling together in the same direction. We were impressed by the work in areas like Greater Manchester where local authorities are collaborating with third sector and community organisations to provide integrated support for pensioners, in spheres such as housing, health, community support and benefit take-up. However, the lack of framework to hold local government to account for this work and lack of central government strategy for an ageing society is holding back progress. Wales's national ageing strategy has given older people, organisations and their funders confidence that the Welsh Government has a commitment to improve the lives of older people long-term.

50. **RECOMMENDATION**
The Government should commit to a cross-government strategy for an ageing society, with equity of health and well-being for older people at its centre. This strategy should set out how cross-sector working is to be achieved, with effective mechanisms for holding the different parties involved to account.

The case for an Older People's Commissioner in England

51. All four nations of the UK have Commissioners for Children, but only Wales and Northern Ireland also have Commissioners for Older People.[86]

52. Carole Easton said a commissioner could help encourage people to encourage a holistic approach, oversee the ageing strategy and join departments up.[87] Morgan Vine, Director of Policy and Influencing, Independent Age, spoke of the importance of older people feeling heard. The people they spoke to felt "completely invisible":

> [T]he decisions coming from Government are making them feel like they are not being heard and that they are being lumped in an older people's bracket where all older people are affluent and wealthy. They feel completely voiceless. I think that is important.[88]

86 Commissioner for Older People for Northern Ireland; Northern Ireland Commissioner for Children and Young People; Older People's Commissioner for Wales; Children's Commissioner Wales; Children's Commissioner; Children & Young People's Commissioner Scotland

87 Q12

88 Q31

Dr Kingsley Purdam said research showed that people became less likely to vote in their 80s. Women aged 85 and over, were less likely to vote than men, and to feel that people like them could not have an influence:

> They are almost powerless in that sense, despite having had a stage in their life where they might have contributed national insurance and brought up their families, they are now at a stage in life where they feel powerless.[89]

Idowu Khadijat Morafa, Director, Across Ummah CIC, found it shocking to see pensioners still struggling, having worked hard all their lives. She said the Government needed to "step in for them to maintain and improve their dignity at this later stage of their lives."[90]

53. In Wales, the Older People's Commissioner for Wales acts as "an independent voice and champion for older people." The aim is for Wales to "lead the way in empowering older people, tackling inequality and enabling everyone to live and age well."[91] The Commissioner has legal powers, so can "review decisions of public bodies and governments in Wales and scrutinise and hold them to account around those decisions." Recent examples related to work on digital inclusion, a review of care homes, and work on access to GP practices that resulted in changes to the GP contract.[92] Rhian Bowen-Davies, the current Commissioner, described it as a "unique role in its ability to uphold and protect the rights of older people."[93] She argued that having commissioners across the UK would "bring the ability to work across nations, independently and separately from Government, to ensure that the voices and experiences of older people are heard in our policy making."[94]

54. Victoria Lloyd noted the importance of the "convening power" of the Commissioner. For example, during Covid, the role had helped "bring people from cross-sector organisations together to support the messages around change and to help get information out to older people." It provided a "point of focus" for older people in Wales. Faye Patton said that having a Commissioner demonstrated a commitment and was "a strong statement that in Wales we value older people."[95]

55. In a recent report on the rights of older people, the Women and Equalities Committee concluded that:

89 Q134
90 Q188
91 Older People's Commissioner for Wales (PPCM0010)
92 Q257
93 Q257
94 Q257
95 Q259

> There was strong support among witnesses for a Commissioner in England along the lines of the Older People's Commissioners already established in Northern Ireland and Wales. Not only is there insufficient cross-departmental government focus on the issues facing older people in England, but older people also lack a powerful and independent voice to advocate for them in policy making and help protect and enforce their rights.[96]

On 16 May, the Government said in response that it would "consider the experience and effectiveness of the Commissioner for Older people in Wales," which would inform further action that might be taken in England.[97]

56. In his evidence to us, the Minister for Pensions agreed that the Government should "definitely be learning" from experience with the Older People's Commissioner in Wales and committed they would look at it. He noted that it was a "basic job" of Government to be speaking to a wide range of people, but that a commissioner might be "valuable" if "part of a wider ecosystem [...] helping to hold the Government to account."[98]

57. **CONCLUSION**

Some older people do not feel that their interests are being heard in government decision making. Wales' Older People's Commissioner has made a substantial difference in areas including digital inclusion, care homes and access to GP practices. The Commissioner's statutory powers of review give the role authority and it has been able to bring together organisations across sectors to work together to support older people.

58. **RECOMMENDATION**

We recommend the Government appoint an Older People's Commissioner for England. If the Government decides not to, it should explain what alternative mechanism it proposes to address the issues of, for example, accountability, co-ordination and advocacy, and how this will ensure that older people in England have a strong independent voice to represent their interests, with equivalent authority to review decisions of public bodies and government.

96 Women and Equalities Committee, Third report of 2024–25, The rights of older people, HC 414, para 108

97 Women and Equalities Committee of 2024–25, Third Special Report, The rights of older people: Responses from the Government, Advertising Standards Authority, Ofcom and IPSO, HC 910

98 Q389

4 Winter Fuel Payments

59. Chapter four explores the impact of the decision to link Winter Fuel Payment eligibility to Pension Credit in 2024/25 and considers the case for a more robust decision-making process taking account of a wider range of relevant factors and more meaningful impact assessments.

Energy prices and fuel poverty

60. The Government recognises that "energy bill costs are an area of concern for pensioners, especially in winter months" and that "the energy price spikes in 2022/23 had a particular impact on pensioners."[99] Energy prices are still around one and a half times what they were before the gas crisis arising from the Ukraine conflict.[100] Energy UK—the trade association for the energy industry—says that energy bills remain "too high, placing a significant strain on households, hindering economic growth and lowering living standards."[101]

61. One way of capturing the impact on households is to use the definition of 'fuel poverty.' Different definitions are used in different nations. In Scotland and Wales, they relate to the proportion of income that a low-income family needs to spend on fuel to maintain a satisfactory heating regime—10% for fuel poverty, 20% for deep fuel poverty.[102] In England, there is an additional test relating to the energy efficiency rating of the home, although the Department for Energy Security and Net Zero (DESNZ) is currently considering an indicator that would "capture all low-income households who are unable to heat their homes."[103] Estimates of the number of households in fuel poverty in England are lower for older people: 2.4% for households where the oldest person is aged 60–74; 11.4% where they are aged 75 or over; compared to 13% of the overall population or 3.17 million households.[104] For households in receipt of disability benefits, an estimated 13.4% of households were in fuel poverty.[105]

---

99 Department for Energy Security and Net Zero (DESNZ) (PPCM0044)

100 Q279; Committee on Fuel Poverty, Gov.UK [viewed June 2025]

101 Written evidence received for the Energy Security and Net Zero Committee's inquiry into the Cost of Energy (COE0048), April 2025

102 House of Commons Library, Fuel Poverty in the UK, Research Briefing 8730, 14 April 2025, section 2

103 DESNZ, Review of the Fuel Poverty Strategy: consultation document, 7 February 2025

104 DESNZ (PPCM0044)

105 Committee on Fuel Poverty (PPCM0064)

62. Another measure relates to the proportion of households struggling with or behind on their bills. Again, this is less likely to apply to older households. According to Ofgem, just over a third (36%) of people aged 65 and over are struggling with their energy bills but only 1% are behind on them, compared to 53% and 8% for all age groups.[106] However, research by the Social Policy Research Unit at the University of York showed that around 3.2 million pensioner households were likely to be struggling with their energy bills and that 964,000 pensioner households were in deep fuel poverty (i.e. paying more than 20% of their household income just on energy).[107] Of those pensioners who responded to our survey (see para 5), over half (55%) found managing the cost of living in winter 2024/25 somewhat difficult and nearly one in five (17%) found it very difficult. For nearly four in five (79%) the most challenging cost was energy. Comments from those who responded included: "feeling very embarrassed and ashamed that after working all my adult life and [getting] to 72 years old, I am now unable to afford adequate food and heating for my wife and myself." Another said that "the increased cost of food, energy, water and council tax and the [removal] of winter fuel payment has been devastating and my health has deteriorated through the cold and lack of good food."[108]

Health impacts

63. We were struck by the evidence we received regarding the health impacts of fuel poverty for older people. Caroline Abrahams said older people, reluctant to go into debt, took pre-emptive action to avoid that, rationing their energy use "very considerably."[109] The British Geriatrics Society outlined the impact these pre-emptive actions, which included not putting heating on, only heating one room of the house or staying in bed to keep warm, could have on health:

> This may mean that they are less active than they otherwise would be, putting them at risk of deconditioning. Living in cold, damp homes puts them at risk of respiratory illnesses. Older people conscious of energy bills may also choose not to turn lights on, increasing their risk of falling in their home.[110]

64. The Health Foundation explained that "being unable to keep a home warm leaves vulnerable older people at risk of developing respiratory diseases and death." Cold was linked to respiratory diseases and things such as

106 Ofgem (PPCM0061)
107 Q283 [Simon Francis]; Gianluca Munalli, Jonathan Bradshaw and Dominic Richardson, Fuel Poverty is Still With Us, University of York Social Research Unit, Annex Table 1 and 2
108 Committee survey, see para 5
109 Q27
110 British Geriatrics Society (PPCM0058)

heart disease, but it could also “worsen musculoskeletal conditions, such as arthritis.”[111] Increased poor health also placed “a greater strain on health services, which are already experiencing extreme pressures.”[112]

Winter Fuel Payment eligibility

65. One way that pensioners have been helped to meet energy costs has been the Winter Fuel Payment. This was introduced in 1997 as an annual tax-free lump sum for people of pension age in England and Wales to help them with winter fuel bills. Since 2000/01, the standard amount has been £200. An additional £100 was introduced for households with someone aged 80 or over in from 2008/09.[113] Using devolved powers, the Scottish Government introduced a Pension Age Winter Heating Payment to replace the Winter Fuel Payment in 2024/25.[114]

Winter 2024/25

66. On 29 July 2024, the Chancellor of the Exchequer announced that the Government would change the rules to withdraw Winter Fuel Payment from pensioner households not in receipt of Pension Credit or certain other means-tested benefits. She said it had been a difficult decision:

> Let me be clear: this is not a decision I wanted to make, nor is it one that I expected to make, but these are the necessary and urgent decisions that I must make. It is the responsible thing to fix the foundations of our economy and bring back economic stability.[115]

67. The changes took effect for winter 2024/25.[116] As discussed below, this change prompted considerable anxiety among older people and organisations working with them.

68. Disappointment and anger at the lack of notice came through as a theme in responses to our survey. This theme was often linked to pensioners having spent their adult lives working and contributing to society. Several felt that pensioners were not valued:

111 Q229
112 The Health Foundation (PPCM0059); Q229
113 House of Commons Library, Winter Fuel Payments update, Briefing Paper 6019, 5 November 2019
114 Scottish Government, Winter Heating Payment, mygov.scot, Last updated 28 July 2024; Social Security (Scotland) Act 2018, s30; The Winter Heating Assistance (Pension Age) (Scotland) Regulations 2024 (SSI 2024/351)
115 HC Deb 29 July 2024 c1038–9; HM Treasury, Fixing the foundations: public spending audit 2024–25, 29 July 2024, Table 2
116 The Social Fund Winter Fuel Payment Regulations 2024 (SI 2024/869)

Box 5: Survey responses on the Winter Fuel Payment change

> "The removal of heating allowance is unfair and unjust."
>
> "The lack of notice withdrawing fuel allowance did not give vulnerable pensioners time to plan or save up during summer months. Badly thought out, callous, uncaring decision"
>
> "This was grossly unfair and we didn't have a choice or a chance to plan ahead for not having the money."
>
> "We are not entitled to the winter fuel allowance now. We weren't prepared for that."
>
> "It is shocking that in this day and age that pensioners are being treated like this. We have worked all our lives paid taxes and national insure to then be taxed again on our pension. I think we have contributed enough."

Source: Committee survey of pensioners—see para 5

Winter 2025/26

69. On 21 May 2025, the Prime Minister said he recognised that people were "still feeling the pressure of the cost-of-living crisis." The Government wanted more pensioners to be eligible for the Winter Fuel Payment in future: "as the economy improves, we want to make sure that people feel those improvements each day as their lives go forward."[117]

70. On 9 June, after we had finished taking evidence, the Minister for Pensions announced that everyone over pension age in England and Wales with an income up to and including £35,000 would benefit from a Winter Fuel Payment in 2025/26. He explained how this would work:

- "The payment of £200 per household, or £300 per household where there is someone aged over 80, will be made to all pensioner households in England and Wales."
- "Individual pensioners with taxable income above £35,000 will have any winter fuel payment automatically recovered via His Majesty's Revenue and Customs without the need for them to take any action. [...] Those that prefer not to receive a payment can opt out of receiving it."

117 HC Deb 21 May 2025 c1015

- "As was previously the case before July 2024, where the household is not getting an income-related benefit and there is more than one pensioner in the household, shared payments split across the recipients will be made."[118]

He explained that it was "right to means-test the winter fuel payment [...] on grounds of fairness and fiscal sustainability." However, the Government had "listened to concerns about the level of the means test" and was "acting to ensure that all lower-income pensioners receive support."[119]

Scotland

71. The Scottish Government followed the UK Government in restricting eligibility for its Pension Age Winter Heating Payment to Pension Credit recipients for winter 2024/25. In November 2024, it said all pensioners would receive a payment of £100 in winter 2025/26, with households on Pension Credit receiving £200 or £300, depending on their age.[120] However, on 18 June 2025, it withdrew those regulations and said that instead all pensioners with income of less than £35,000 would receive Pension Age Winter Heating Payments of either £203.40 or £305.10 per household depending on age.[121]

Debate on eligibility criteria

72. Over the years, reports from organisations like the Institute for Fiscal Studies, Resolution Foundation and Social Market Foundation have called for the Winter Fuel Payment to be reformed.[122] One criticism of the universal payment was that it was not well-targeted. A 2016 report from our predecessor Committee described it as "a universal benefit that is not focused on those who need it most."[123]

73. Similar concerns were raised in evidence to our inquiry. Anthony Pygram, member, Committee on Fuel Poverty, said that until winter 2024/25, the Winter Fuel Payment had gone to all pensioners, "irrespective of whether they needed it." At the same time, pensioners in fuel poverty needed more:"

118 HC Deb 9 June 2025 c614; HM Treasury, Nine million pensioners to receive Winter Fuel Payments this winter, 9 June 2025
119 HC Deb 9 June 2025 c614
120 Scottish Government, Support for pensioners with energy costs, 28 November 2024
121 Scottish Government, Pension Age Winter Heating Payments, 18 June 2025
122 Social Market Foundation, Osbourne's Choice: Combining fiscal credibility and growth, February 2012; IFS, Pensioners and the tax and benefit system, June 2012; Resolution Foundation, Cold Comfort. 1 October 2024
123 Work and Pensions Committee, Intergenerational fairness, 4 November 2016 para 80; See also, Energy and Climate Change Committee, Energy Prices, Profits and Poverty, HC 108, 29 July 2013, para 114

if you have a fuel poverty gap of over £400, in rural areas over £700, getting £200 will help, but it will not solve things."[124] He said that "low income is clearly a key factor in fuel poverty, so in a sense a means-tested benefit is a good starting point."[125]

74. On the other hand, organisations working with older people said the advantage of universality was that it got the money to everybody who needed it, more effectively than means-tested approaches.[126] Adam Stachura of Age Scotland made the point that pensioners had come to rely on it as "part of their finances" and "part of their entitlement."[127] Caroline Abrahams said it gave pensioners the "confidence to run their heating during the winter."[128] They argued that, in linking eligibility to Pension Credit the Government had set the bar too low, and were concerned about three groups, in particular, who missed out:

i. Those eligible for and not claiming Pension Credit;

ii. Those just above the Pension Credit threshold; and

iii. Disabled pensioners not on means-tested benefits.[129]

75. The measures announced in July 2024 by the Government to mitigate the impact of the change, had important but limited effects:

- *Measures to increase Pension Credit take-up.*[130] Following the announcement of the change in July 2024, there were an additional 60,000 successful awards of Pension Credit, compared to the same period the previous year.[131] This is in the context of up to 760,000 pensioner households eligible for Pension Credit but not claiming it in July 2022/23.[132]

124 Q284
125 Q296
126 Q34 [Morgan Vine]; Q35 [Caroline Abrahams, Adam Stachura]
127 Q35
128 Q27
129 New Age UK analysis shows 2.5 million older people on low incomes - a higher number than first estimated - are set to lose their Winter Fuel Payment and will struggle without it, 10 September 2024; Q27; Q31
130 HC Deb 29 July 2024 c1038–9
131 Q335
132 DWP, Income-related benefits: estimates of take-up: financial year ending 2023, October 2924

- *£1 billion in funding for local welfare support to continue until April 2026.*[133] We heard that some local authorities in England used this to target resources at people who lost the Winter Fuel Payment and were just above the Pension Credit threshold.[134] We do not know how many did so: more detail will become available as DWP analyses and reports on the data.[135] Where local authorities did try to do this, there were challenges in identifying people in their target group and getting payments to them.[136]

- *Raising the State Pension "significantly above inflation" in April 2025.*[137] Carl Emmerson, Deputy Director, Institute for Fiscal Studies, agreed with the Minister that the State Pension was "much more important" than the Winter Fuel Payment which had halved in value in real terms over the last 23 years.[138] On the other hand, Adam Stachura of Age Scotland said that the increase in the State Pension in April did not come in a lump sum and did not compensate.[139]

76. Organisations working with older people suggested alternative approaches, if the payment was not to be reinstated as universal. These ranged from withdrawing it from higher rate taxpayers, to linking entitlement to a wider range of benefits including Housing Benefit, Council Tax Support or Attendance Allowance.[140] Others wanted to include those just above the Pension Credit threshold, although it was pointed out that it was difficult to obtain data on and target this group.[141]

77. The Government's change in approach for winter 2025/26 was welcomed by many of those who gave evidence to our inquiry. Age UK said it was the right thing to do and something that will bring much needed reassurance for older people and their families."[142] Independent Age said many "older people in financial hardship would now receive this vital lifeline in time for winter."[143] The National Pensioners Convention described it as "a victory for common

133 HM Treasury, Autumn Budget 2024, HC 295, October 2024,para 2.29. To note, the Government announced at Spending Review 2025 that it plans to replace the Household Support Fund and establish a new Crisis and Resilience Fund, worth £1 billion per year, including Barnett consequentials. The new fund will incorporate Discretionary Housing Payments.
134 Qq94–95; Leeds Older People's Forum, Leeds City Council (PPCM0014)
135 Qq356–357
136 Q107
137 Q333
138 Q17
139 Q22
140 Q34; Citizens Advice Liverpool (PPCM0056)
141 Cumbria Community Foundation (PPCM0035); Independent Age (PPCM0020)
142 Age UK responds to news that nine million pensioners will receive a Winter Fuel Payment this winter, 9 June 2025
143 Independent Age reacts to widening of eligibility criteria for Winter Fuel Payment, 9 June 2025

sense", although it was concerned that there was no recognition of the "devastating impact" that the withdrawal of the payment had had on older people last year.[144]

78. **CONCLUSION**

For winter 2024/25, the Government linked eligibility for the Winter Fuel Payment to receipt of Pension Credit. This removed the payment from many who needed it and set the bar for continued payment too low. Up to 760,000 pensioner households do not claim Pension Credit that they are entitled to, and many just above the Pension Credit threshold, for whom this was an addition to the list of passported benefits they miss out on, felt the impact was unfair. We welcome the Government's decision to make payments automatically to all pensioners in winter 2025/26, recovering it via HMRC from people with incomes of over £35,000. This will mean the payment gets to those who need it.

Decision-making process

79. In terms of the numbers affected and the cost to the taxpayer, the Government expected the link to Pension Credit to result in savings to the Exchequer of £1.3 billion in 2024/25 and around £1.5 billion in subsequent years. It would reduce the numbers eligible from 12 million to 1.7 million in 2024/25, dropping to 1.2 million by 2029/30.[145] In line with the statutory requirements, the Government conducted a high-level equality analysis of the change. It estimated that the change would result in an estimated additional 100,000 pensioners in poverty in 2025/26, 50,000 in both 2026/27 and 2027/28 and 100,000 in 2028/29.[146]

80. Announcing the change in approach for winter 2025/26, the Minister for Pensions said the Government had listened to concerns. The eligibility threshold of £35,000 for winter 2025/26, was "significantly above the income of pensioners in poverty, and broadly in line with average earnings."[147]

81. At the time of the July 2024 announcement the Social Security Advisory Committee, an advisory non-departmental public body for DWP, said "a more detailed assessment is urgently required, in particular on the potential

144 NPC campaign success as nine million to get Winter Fuel Payment back, 9 June 2025
145 Explanatory Memorandum to the Social Fund Winter Fuel Payment Regulations 2024, para 9.4 and DWP, High Level Equality Analysis, July 2024
146 Letter from the Secretary of State for Work and Pensions to the Chair, 19 November 2024
147 HC Deb 9 June 2025 c614–5

poverty impact." It asked about the extent of evidence of the disparity of impact by protected characteristic and the extent to which pensioners already in poverty would find themselves in deeper poverty.[148]

82. The evidence we received, suggests there could have been a fuller assessment of impact, taking more account of the context in which the decision was being made. Rhian Bowen-Davies argued for more meaningful impact assessments that would "take account of the cumulative impact of decisions." Older people had the sense of being "disproportionately impacted by the decisions that have been made in the last 12 months," which was having a "significant and severe impact on their day-to-day lives."[149]

83. Since the Winter Fuel Payment change, the Minister for Pensions said the data did not demonstrate that there had been a detrimental health impact.[150] David Finch of the Health Foundation noted that one challenge of trying to understand the impact of different policy changes was the lack of linked administrative data relating to factors such as health outcomes, use of health services, income and temperature changes.[151]

84. However, organisations working with older people expressed concern about the impact of pre-emptive actions they were taking to manage their costs. Rhian Bowen-Davies said that "on the whole, the older people I have spoken to have really experienced hardship as a result of missing out on the winter fuel payment."[152] She had heard from "older people who have cut out a meal a day in an attempt to be able to afford to heat their homes."[153] Independent Age said that "with the loss of the Winter Fuel Payment, many more older people are now making decisions which will negatively affect their health." One in five (21%) expected to cut back on essential costs (e.g. food and water) but had not expected to do this before the withdrawal of the Winter Fuel Payment. Over three quarters (77%) expected to turn on the heating less than they would like.[154] In January 2025, Dr Allsop, DWP's Chief Medical Adviser, said her team had not been involved in the winter fuel changes initially, because they sat in a different policy area, but had been more recently.[155]

85. Anthony Pygram encapsulated the impact of the withdrawal of the Winter Fuel Payment alongside the context of energy prices rises:

148 Letter from the Chair of SSAC to the Secretary of State for Work and Pensions, Social Fund Winter Fuel Payments Regulations 2024, 20 September 2024
149 Q260; Older People's Commissioner for Wales (PPCM0010)
150 Q333
151 Q230
152 Q263
153 Older People's Commissioner for Wales (PPCM0010)
154 Independent Age (PPCM0020)
155 Oral evidence on 18 January 2025, Q22

> [It] prompted a huge amount of uncertainty about people's outgoings, and at a difficult time. This was a time when there were rumours afoot that energy prices were going to surge again—as they did—and we have seen three successive price increases since that announcement. [...] Remember, last winter came off the back of three successive winters of people really, really struggling. All their financial resilience had ebbed away, people had largely gone through their savings, so it was difficult for them. Faced with all of that, people could only cut back.[156]

86. The evidence also suggested more notice of the change would have helped. Carole Easton, CEO, Centre for Ageing Better said the change had been "too quick and too soon." Carl Emmerson of the IFS said at least a years' notice would have helped ensure the change "landed safely", with time to get people onto Pension Credit.[157] Simon Francis, Co-ordinator, End Fuel Poverty Coalition, said there had been "a lack of time for pensioners to prepare for the decision that was coming in, a lack of consultation [...] and a lack of foresight, not warning any of the charities that work with older people to ramp up their services."[158]

87. **CONCLUSION**

Our predecessor Committee is amongst those that have criticised Winter Fuel Payments for being poorly targeted and a 'blunt instrument' for tackling fuel poverty. As a universal payment, Winter Fuel Payments went to pensioners who did not need it, and its real terms value has dwindled over two decades since it was introduced. However, we heard very clearly that pensioners valued it, had come to rely on it and that it gave them confidence to turn the heating on. The change in eligibility was announced in July, giving limited time for older people and organisations working with them to prepare for the coming winter, and followed years of high energy prices. Whatever the merits of the change, it created uncertainty and anxiety for pensioners about how they would manage.

156 Q285
157 Q17
158 Q285; See also Q34 [Morgan Vine]

88. **CONCLUSION**
The Government conducted a very limited high-level equality analysis of Winter Fuel Payments reform, estimating the impact on the number of pensioners in poverty. We heard repeatedly about the possible impacts on their health, as well. While this may be difficult to quantify, a fuller impact assessment, considering the cumulative impact and broader impact of policies and the views of pensioners, might have contributed to a different policy change or more effective plans for implementation.

89. **RECOMMENDATION**
As previously recommended in our report on Safeguarding Vulnerable Claimants, DWP should analyse the potential impacts of new policies or key policy changes on claimants that will be affected, including older people. This should include reviewing the capacity, data and processes it needs to do this effectively. As also recommended in that report, changes should be assessed by the Chief Medical Advisers' team to understand the potential health impacts.

A longer-term approach to support with energy costs

90. In the longer-term, we noted that there was widespread support for the targeted support with energy in the form of discounts on bills, sometimes referred to as a 'social tariff.'[159]

91. We heard that this could build on the current Warm Homes Discount, which provides: an annual £150 discount on energy bills for people on the Pension Credit Guarantee; and goes to people on a wider range of means-tested benefits, subject to them also living in a 'high cost to heat' property. In 2025–26, the removal of this 'high cost to heat' test is expected to double the numbers receiving support.[160] Fuel poverty experts argued that advantage of the scheme is that it enables automatic payment.[161] They also favoured direct reductions on bills over cash supplements on the basis that pensioners tend to ration their energy use in favour of other elements of a household budget.[162] However, they said the current Warm Homes Discount scheme falls short of what is needed to tackle fuel poverty in two ways:

159 Marie Curie (PPCM0011); Independent Age (PPCM0020);Age UK (PPCM0027)
160 DESNZ, Expanding the Warm Home Discount Scheme, 2025 to 2026: consultation outcome, June 2025; Housing Benefit, Income-related Employment and Support Allowance (ESA); income-based Jobseeker's Allowance, Income Support; the 'Savings Credit' element of Pension Credit and Universal Credit; Q343
161 Fair By Design (PPCM0022)
162 Q282

- The amount—£150—is low compared to a 'fuel poverty gap' of £400 (£700 in rural areas) and has only increased by £10 since around 2008.[163]
- Its scope is too narrow, excluding people in fuel poverty but not in receipt of means-tested benefits.[164]

92. The evidence suggests there is common ground on the key principles of wider, deeper coverage:

- Anthony Pygram said the key thing was for people to get a meaningful reduction when they needed it.[165]
- Simon Francis said that "one of the things that we probably all [...] agree on is that we need a more comprehensive," targeted bill support scheme, called the social tariff, a unit rate discount so that we help people who are vulnerable and reliant on it."[166]
- Fair by Design said its key ask of the Government was to introduce a social tariff for energy, designed to make sure everyone can afford enough energy to keep warm and healthy, that was "typically below the price of the cheapest available energy tariff.[167]
- Ned Hammond, Deputy Director for Customers, Energy UK, called for "a new long-term targeted support scheme that replaces the existing warm homes discount." This would need to be better targeted, than the existing scheme—moving from using means-tested benefits as a proxy for customers who need support, to one where "we are using income and health and energy consumption data for that." It needed to be sufficiently generous to address the fuel poverty gap.[168]

93. Matt Copeland, Head of Policy and Public Affairs, National Energy Action told the Energy and Net Zero Committee that the real crux of the issue was "breadth and depth"—being able to identify the people who need it and give them a significant amount of support."[169] Important issues that would need to be considered in designing a new scheme would include its scope, level, whether bill reductions are upfront or ongoing, and whether funded by bill payers or general taxation.[170] Better arrangements on data sharing would also be needed.[171] The previous government had

163 Q301; Q284
164 Q285
165 Q301
166 Q283
167 Fair By Design (PPCM0022)
168 Qq313–315; Q326
169 Oral evidence to Energy Security and Net Zero Committee 4 June 2025 Q16; Q307
170 Qq301–303
171 Oral evidence to Energy Security and Net Zero Committee 4 June 2025 Q6

committed to “working with consumer groups and industry to consider the best approach.”[172] We note the Energy Security and Net Zero Committee’s ongoing inquiry on the Cost of Energy, which has taken evidence on these issues.[173]

94. **CONCLUSION**

Direct reductions in energy bills ensure that money is spent on energy, giving pensioners the confidence needed to turn the heating on. This is currently provided through the Warm Homes Discount, which provides a discount of £150 on bills for households on means-tested benefits. There is general agreement that this does not go far enough. There are many people on fuel poverty but not in receipt of means-tested benefits and the amount is insufficient to meet a fuel poverty gap of £400 (£700 in rural areas). There is widespread support for a scheme to provide more generous discounts on bills to a wider range of people (sometimes referred to as a ‘social tariff’).

95. **RECOMMENDATION**

As a matter of urgency, DWP and DESNZ should consult on a new long-term targeted energy bill support scheme (a ‘social tariff’) able to provide more generous support than the existing Warm Homes Discount scheme and also to reach a wider group of pensioners in fuel poverty but not in receipt of means-tested benefits.

Data sharing

96. Fair by Design said that one of the barriers to implementing a social tariff was “data sharing between government departments to identify and auto-enrol eligible households based on either their eligibility for income support (DWP) and their level of income (HMRC).” It wanted to see HMRC and DWP “introduce the mechanisms necessary to permit data sharing between departments for this purpose.”[174] Head of Policy, Maria Booker, told the Energy Security and Net Zero Committee that:

> the real blocker here is the political will around data sharing. We are not that far off—it does not require too much legislative change or too many changes to regulation—but it does require a culture change, particularly around income data, for Ministers to grab the bull by the horns and say, “We are going to fix this.”[175]

172 BEIS in the Autumn Statement, Gov.UK, 18 November 2022 [viewed 27 June 2025]
173 Energy Security and Net Zero Committee, The cost of energy [viewed 27 June 2025]
174 Fair By Design (PPCM0022)
175 Oral evidence to Energy Security and Net Zero Committee 4 June 2025 Q16

97. Energy UK said that the Government currently shared data with energy suppliers to enable the delivery of the Warm Homes Discount. However, this did not enable the Government or suppliers to target support as effectively as either would like. By drawing on income and health data, alongside energy consumption from suppliers, it would be possible to target more effectively. Energy UK said this was a "vital element of an enduring strategy to tackle the energy affordability challenge and debt crisis." Short term changes to secondary legislation could help but there was an "apparent need for primary legislation to deliver a more enduring solution." It would also help if suppliers were able to use Pension Credit data—already shared for the Warm Homes Discount—to populate their Priority Services Register.[176]

98. The Department for Energy Security and Net Zero is working with other government departments to "drive better availability and sharing of data to enable us to more effectively target support."[177]

99. Better data sharing has potential for wider benefits: with social tariffs in other sectors, like water, remaining under-claimed.[178] Some progress has been made. For example, the majority of the energy and water sectors now share Priority Services Register data, creating a 'tell us once' system.[179] However, Anthony Pygram pointed out that Priority Services Registers are helpful but focused on non-financial, rather than financial vulnerabilities.[180]

100. **CONCLUSION**

Data is needed to identify people not on means-tested benefits but in need of bill support. Not having the mechanisms for this is one of the barriers to the introduction of a social tariff for energy. It is already an issue in other sectors, such as water, where social tariffs are underclaimed.

101. **RECOMMENDATION**

The Government should report back to the Committee by the end of 2025 on: the changes to primary legislation for data sharing needed to enable the introduction of a social tariff; and any short-term changes to secondary legislation that could improve access to data to enable suppliers to more effectively target households in need of bill support and to populate Priority Services Registers.

176 Energy UK (PPCM0069)
177 Department for Energy Security and Net Zero (PPCM0044)
178 Policy in Practice (PPCM0031)
179 Ofgem (PPCM0061)
180 Q308

5 Pension Credit take-up

102. The need to improve take-up of Pension Credit was thrown into sharp relief by the decision to link Winter Fuel Payment eligibility to it. This chapter looks at the barriers to take-up, what can be done to address them and what the benefits of increasing take-up might be.

Background

103. Age UK estimates that "a total of over £8bn was not going to pensioners eligible for it" adding together the potential amounts missed out in Pension Credit, Housing Benefit, Attendance Allowance and Council Tax Support (all for pensioners).[181] For Pension Credit alone, the take-up rate in 2022/23 was 65%, meaning that an estimated 700,000 (and up to 760,000) households were eligible but not claiming. This amounted to up to £1.5 billion unclaimed: on average, £1,900 per year for each family who did not claim.[182] Independent Age described this as a long-standing problem, with the Pension Credit take-up rate stagnant at between 61% and 66% for the past 10 years.[183] Work and Pensions Secretary, Rt Hon Liz Kendall MP, described the numbers missing out on up to £3,900 in Pension Credit they were entitled to, as a "scandal" that she would "move heaven and earth" to put right.[184]

The Government's approach

104. Following the Winter Fuel Payment announcement the Government set out steps to increase Pension Credit take-up, including contacting pensioners who received Housing Benefit but not Pension Credit. Longer term, it planned to bring together the administration of Pension Credit and Housing Benefit from 2026.[185]

105. The announcement of the change in Winter Fuel Payment eligibility resulted in an increase in claims for Pension Credit. Between 29 July 2024 and 25 May 2025, DWP received 285,600 Pension Credit claims—a 51% increase

181 Age UK (PPCM0027)
182 DWP, Income-related benefits: estimates of take-up: financial year ending 2023, October 2024
183 Independent Age (PPCM0020)
184 Oral evidence on 13 November 2024, Q6
185 HM Treasury, Autumn Budget 2024, HC 295, para 5.139–40

or 96,200 extra applications on the comparable period a year previous. Around half of these claims (146,000) did not result in an award.[186] There had been delays in processing times of up to 15 or 16 weeks at one point, which welfare rights advisers felt may have undermined confidence in the system for some of those affected.[187] The Minister told us that the Civil Service had done a brilliant job "stepping up, taking new approaches and more people and understanding the urgency of this." The stock of claims was now significantly lower than when the Government took office.[188]

106. The Minister told us that overall, the result had been an additional 60,000 Pension Credit awards versus the same period the previous year.[189] We note that in its high-level equality analysis, DWP forecast 100,000 additional awards (14 % of eligible non-recipients).[190]

Barriers to claiming

107. Dr Kingsley Purdam said that research going back to the 1980s showed there were a number of interlinked factors associated with non-take-up of means-tested benefits including:

> [...] lack of awareness, not recognising their vulnerability, embarrassment, a lack of trust and the complexity of applying. There was a determination amongst some older people to not be seen as being in need.[191]

108. The Minister thought more could be achieved. To do so, it was important to understand the barriers correctly:

> The reason people do not apply is because they are often not aware that they can, and they do not get enough help to apply. It is the trigger of awareness. That is why you have seen the effects. That is why we have often targeted family and friends, not just those eligible, so people can go and speak to people and say, "You could apply for this". That is why I think we are seeing an increase.[192]

---

186 DWP, Pension Credit applications and awards: May 2025; 'Pension Credit claims double as cost-of-living crisis squeezes retirement incomes', IFA magazine, 10 August 2023
187 Q156
188 Q350
189 Q335
190 Letter from Chair of SSAC to the Secretary of State for Work and Pensions, The Social Fund Winter Fuel Payments Regulations 2024, 20 September 2024
191 Dr K Purdam (Researcher at University of Manchester) (PPCM0025); Q130 and Q151
192 Q349

The Department was doing "new research on what works, broadly, and what triggers people to apply" and he was open to suggestions about things that would help.[193] He did not think the evidence supported the assumption that no progress could be made because pensioners "just will not claim" or that it was "a complete nightmare" to apply:

> Where people are aware of their entitlement, it is made as easy as possible for them to claim. 90% are now applying online or over the phone; 16 minutes is the average completion time for an award that is, on average, £4,000.[194]

Neither did he think pensioners were put off claiming because they felt that means-testing was stigmatising. However, he was "very alive to" broader questions around the reputation of the Department and wanted to get out the message that it was there to support people:

> "This is well worth doing. We are here to help you. We now make it easier. You can do it with family and friends. You are not on your own to do this. You can go into your citizens advice or into your MP's surgery. Others can help you do it." Our message should be that if you are entitled to this, the system is there to support you.[195]

109. We heard from welfare rights advisers that government messages about the need to make savings in social security spending put off some pensioners from claiming. Gary Vaux, Head of Money Advice, Hertfordshire County Council, said:

> We cannot have a system where we are effectively putting out a public message which says, "Claiming benefits is bad, but actually claiming this benefit is good." Pensioners pick up both of those messages at the same time and […] think, "Well, if claiming benefits is bad for the country, claiming Pension Credit must be as well."[196]

Sue Forster, Welfare Rights Co-ordinator, Citizens Advice Liverpool also thought government messaging about "the cost to taxpayers and the burden to taxpayers of those who are economically inactive, sick and disabled and their carers" had created problems of people not claiming what they needed out of "generational pride."[197]

193 Q349
194 Q351
195 Q351
196 Q152
197 Q189

110. The evidence we received suggested that an effective strategy to improve take-up should include action in four areas: messaging, streamlining the process for claiming different benefits, wider and more effective use of face-to-face support, and better data sharing.

111. **CONCLUSION**
We welcome the Government's commitment to increase Pension Credit take-up and progress so far, with 60,000 additional awards since July 2024. Long experience and extensive research demonstrate that the main barriers to claiming relate to pride, not wanting to ask for help and a feeling that 'benefits are not for people like me.' We agree with the Minister that the message should be that it is worth claiming and that the Department is there to support people in doing so.

112. **CONCLUSION**
The Minister referred to the reputation of the Department and the reluctance of people to engage with it. We know that trust issues exist between working age people and the Department, and these will endure as they reach pension age. Given this, we disagree with the Minister that there is not an impact in terms of trust that might impact on older peoples' willingness to claim.

113. **RECOMMENDATION**
The Department should put in place the resources needed to process claims in an efficient and timely manner and helpline advisers able to give the advice needed to navigate the system in more complex cases. The Government communications on social security benefits should emphasise that DWP is there to support people and encourages them to claim the benefits they are entitled to. DWP should also invest in more place-based promotion through trusted advocates.

Merging applications processes

114. We heard evidence that lack of joining up applications for benefits was leading to people missing out on benefits they were entitled to. Deven Ghelani of Policy in Practice, for example, told us that he claimed benefits in 2007, but no-one told him about Housing Benefit, although he was renting in London. He "found out later that one part of the system does not speak to the other part of the system. A whole range of benefits have their own rules."[198]

198 Q102

115. However, Gareth Morgan, CEO, Ferret Information Systems told us that joining up applications was not straightforward. Differences in the rules meant that—without rewriting the whole benefits system—it was not possible to use one set of information to award other benefits the person might be entitled to:

> […] when you look at the really granular detail underlying the rules of all the benefits, there are so many differences between them—different ways of calculating income, different periods you average it over, different dates you need to claim by, different definitions of who counts as a close relative for all sorts of benefits.[199]

116. The Government is working on the plans announced in Autumn 2024 to merge Housing Benefit and Pension Credit bringing this forward to April 2026, two years earlier than planned by the previous government.[200] The Secretary of State told us that the aim was to tackle low take-up by making Pension Credit much more of an automatic entitlement.[201] The National Housing Federation said it supported the aim but called on DWP to work closely with the housing sector in delivering the reform. It noted that a merger was legislated for in the Welfare Reform Act 2012[202] but was "pushed back multiple times, in part due to the complications relating to merging the two benefits."[203] The Minister for Pensions told us there would be a formal consultation but the work was ongoing:

> I do not want to pretend it is easy. That is a significant change, but it is an important one because, as we have seen from the evidence over the course of this winter, the overlap between the two populations [Housing Benefit and Pension Credit] is significant. If we can make that easier, it will definitely make a real difference.[204]

117. Beyond this, there are specific changes that would ease the process in other areas. One example is where an individual only qualifies for Pension Credit if an additional amount for carers is included in their award. This requires them to first claim Carer's Allowance, even though they might not actually receive it because it overlaps with the State Pension.[205] Carers UK said that only 9,749 unpaid carers aged 66 and over have pensions so low that they are paid Carer's Allowance, whereas 327,801 carers in the same age group

---

199 Q158
200 HM Treasury, Autumn Budget 2024, para 2024
201 Oral evidence 13 November 2024 Q6
202 Welfare Reform Act 2012
203 National Housing Federation (PPCM0018)
204 Q369; Q349
205 Carers UK (PPCM0063); Social Security (Overlapping Benefits) Regulations 1979 No 597

have an 'underlying entitlement' to Carer's Allowance. A proportion of these would be missing out on Pension Credit. It recommended a range of measures to address this, including:

- Simplified processes for getting the carer addition, using new questions on the Pension Credit claim form and simple tick-boxes. Because most claims are made digitally, this could be changed fairly simply, supported by better back-office functions between the Carer's Allowance Unit and Pension Credit.
- Bring into force the legislation in the Welfare Reform Act 2012, which allows direct access to the carer addition without having to make a claim for Carer's Allowance.[206]

118. Another area where we heard co-ordination could be improved was allowing working age adults on Universal Credit to flow more smoothly onto Pension Credit at pension age. The Institute for Fiscal Studies recommended integration of the pensioner benefit system with that of working-age adults.[207] Andrew Latto, Deputy Director, Devolution, Pensioner Benefits and Carer's Allowance Policy Group, DWP, told us they were looking at better integration of the service, so that when people phone up to claim their State Pension, they are also asked whether they might be entitled to Pension Credit and, if so, whether they would like help to claim.[208]

119. **CONCLUSION**

Differences in rules mean that it is not straightforward to award one benefit based on information provided for another without changes in legislation. We look forward to seeing the consultation on the Government's proposed merger of Housing Benefit and Pension Credit and how the challenges arising from the differences are proposed to be overcome. In addition, we heard that in the case of carers, there is a specific change that could be made to increase Pension Credit take-up.

120. **RECOMMENDATION**

The Government should include questions on caring responsibilities in the Pension Credit application and implement provisions in the Welfare Reform Act 2012 to allow direct access to the carer addition in Pension Credit without a claim for Carer's Allowance. It should take forward plans to ensure Universal Credit claimants claiming their State Pension are also made aware of potential entitlement to Pension Credit.

206 Carers UK (PPCM0063)
207 Institute for Fiscal Studies (IFS) (PPCM0006)
208 Q336

Face to face support

121. Dr Kingsley Purdam said that extensive research going back to the 1980s showed "the most convincing intervention to be face-to-face support."[209] Gary Vaux agreed that what worked was "boots on the ground"—trusted individuals talking to pensioners and persuading them to claim.[210]

122. When asked what the Department had learned about take-up over the last nine months, the Minister responded that close collaboration between central government, local authorities and the third sector could have "quite a significant impact." Face to face and relational issues were important: recent DWP marketing had focused on family and friends because their support was "clearly effective." For Attendance Allowance take-up, they had targeted GPs and charities. They had also reached out to libraries.[211]

123. We heard about different approaches which had led to successful collaboration:

- Sue Forster explained that Citizens Advice Liverpool had "an advice-on-prescription service where the NHS or clinical commissioning group invests in our service so that every GP and healthcare professional in Liverpool can refer their patient directly to Citizens Advice for the practical advice they need and social prescribing and to address issues like social isolation and loneliness."[212]

- Gareth Morgan spoke of the Welsh Government's Dangos project, which involves training frontline workers (for example, housing support officers, social workers, police community support officers and hairdressers) to raise awareness and then signpost to expert advice.[213]

- Paul McGarry, Head of the Ageing Hub, said that all ten local authorities in the Greater Manchester Combined Authority (GMCA) were seeking to maximise income and ensuring older residents were claiming all the financial support they are entitled to. Over time, they had built up relationships with partners at community, city and regional and local authority level.[214]

- Idowu Khadijat Morafa, Director, Across Ummah CIC said her organisation worked with a diverse range of pensioners, taking a holistic approach that they could relate to with their cultural

209 Q150
210 Q151
211 Qq354–355
212 Q189
213 Q153
214 Q176

background, providing help with language and digital skills, GP appointments and food production as well as help people claim benefits.[215]

- Lauren McKechnie, Chief Executive, Age UK Bolton explained that "grassroots organisations and street-level hyperlocal organisations" were often where older people engaged first. By developing links with other organisations, those organisations could then "passport" them to "more holistic support in the imminent and longer term."[216]

124. In addition, the complexity of the benefits system, means that people may need expert welfare rights advice to make a successful claim.[217] Sue Forster gave an example to illustrate:

> You can have a pensioner who struggles to pay their rent. They will struggle and somehow manage to make a claim for Housing Benefit. They are disabled. They have savings over £16,000 and Housing Benefit is refused because they are above the upper capital limit. If they see a welfare rights adviser, a welfare rights adviser can tell them there is no upper capital limit for Pension Credit. We claim your Pension Credit and then you will get access to passported entitlement to maximum Housing Benefit, maximum Council Tax support, your Winter Fuel Payment, your free dental and glasses costs.[218]

Daphne Hall, Co-Chair, National Association of Welfare Rights Advisers, gave another example relating to additional amounts in Pension Credit:

> There are people who would not be eligible for the basic level of Pension Credit, but perhaps because of disabilities or caring, they would be. It needs a more nuanced bit of take-up. That brings us back to the local point, where people who know you and know that you have a disability, and think "Well, actually, we need to look at a disability benefit as well." It is much broader than just, "Fill in this claim."[219]

215 Q189
216 Q175
217 Q156
218 Q191
219 Q156

Gains from take-up

125. Paul McGarry said that senior officials were astounded to be told that pensioners in the Greater Manchester area had left £500 million of various entitlements unclaimed, which could have been money coming into the poorest neighbourhoods.[220] Deven Ghelani, Policy in Practice, argued that the effects of providing advice were evident:

> Across four of five boroughs, we had a take-up rate, on average, of 5%, one in 20, which feels low, but in terms of economic impact the economic return was 40 to one. The additional Pension Credit that was claimed subsequently was £40 for every £1 spent on the campaign, which is quite considerable—and again, that is in year one. If you factor in the life expectancy of that individual, it is going to be considerably more than that, and again that targeting approach can be refined.[221]

He said he would love to be able to do this work with "greater scientific rigour" and to measure the "fiscal savings for the local authorities because people are eating better, heating their homes better [...] and participating more actively in society, which means they may delay their social care costs ... "[222]

126. Dr Juliet Stone undertook research for Independent Age which found that, if Pension Credit had been taken up in full during a year when £2.1 billion in Pension Credit was not received by those eligible, it could have saved the NHS and social care systems £4 billion.[223] Her approach was to estimate the impact of a percentage increase in median income on the risk of going into hospital, or accessing primary or social care, and then compare that with local take-up rates.[224]

What is needed to extend best practice

127. Despite the potential gains described above, it appears that not all local authorities run take-up campaigns. Policy in Practice found that the authorities that could benefit most from take-up campaigns were the ones that struggled to put the resources in place to run them. It was "trying to reduce the effort required to run them through analytics and technology."[225]

220 Q183
221 Q125
222 Q103
223 Independent Age (PPCM0020)
224 Q148
225 Q111

128. Paul McGarry said that for a long time there were no genuine national take-up campaigns. The lack of accountability meant few local authorities made this work routine.[226] GMCA described advice sector capacity as being the "biggest single barrier to take up of entitlements locally."[227] We were told that provision was patchy and being cut-back in some areas:

- Daphne Hall said some areas had much better provision than others. There were "huge deserts." Frequently, they were seeing "places are going down to one or two people in an office and trying to manage it, and then they are having to resort more to phone or online because of that."[228]

- Sue Forster said that in Liverpool they were seeing cuts to advice and support services, despite rising and unprecedented demands.[229] A major concern for the future was how they would reach the people who needed them.[230]

- Gary Vaux said some of the poorest boroughs did not have a local authority welfare rights service anymore.[231]

129. Sue Forster argued for a "properly funded, trusted and expert help-to-claim service for pensioners." Experience of the help to claim service for Universal Credit, run by Citizens Advice, was that this helped to "overcome the main problems with the current system."[232] However, the Minister for Pensions did not think the help to claim model was what was needed. He argued that in the Universal Credit case, people knew they wanted to claim but needed to help to navigate the system. For pensioners, the biggest barrier was knowing the benefit existed and thinking they might claim. Once at that point, they could claim by phone or with the help of family and friends.[233]

130. Independent Age called on the Government to "produce a strategic plan to increase the take up of social security entitlements, including key benefits older people on a low income are eligible for including Pension Credit, Housing Benefit, Attendance Allowance and Council Tax Reduction."[234]

226 Q176
227 Greater Manchester Combined Authority (PPCM0034)
228 Q161
229 Q189
230 Q191
231 Q161
232 Q191
233 Q359
234 Independent Age (PPCM0020)

131. **CONCLUSION**
Effective take-up work requires, firstly, face to face support and encouragement from trusted individuals and organisations on the ground. The complexity of the benefits system means that expert welfare rights advice is often also needed. In some areas, local authorities, third sector and community organisations work together effectively to do this. The rewards are significant—increasing the incomes of the poorest pensioners, bringing money into the local economy and reducing demand on health and social care services. However, not all local authorities co-ordinate action to support benefit take-up, often as a result of resourcing challenges. These tend to be the same local authorities who would benefit most from planned engagement activities.

132. **RECOMMENDATION**
DWP should develop a strategy for benefits take-up in England by the end of 2025. It should work with the Ministry of Housing, Communities and Local Government to develop a framework for monitoring local authority work on take up and holding them to account for the results. We have heard about the research conducted on the economic gains from take-up. This research should be promoted to encourage the investment needed, including in welfare rights advice and community advocacy.

Role of local welfare support

133. Local authorities in England told us of two ways in which they had used the Household Support Fund (HSF) to help with take up work. The first was to make initial crisis payments in cases of need. Leeds City Council said this had allowed it to reach "more vulnerable cohorts of individuals and households, some of which may not wish to engage with local authority services."[235] The other was to fund advice work. Gary Vaux said HSF guidance had initially prioritised direct support over advice work, which he considered "short-sighted:"

> [...] we can give out £100,000-worth of vouchers and that will cost £100,000, and people get £100,000—zero sum. Give the advice sector in my authority £100,000 and we will bring in £1.5 million.[236]

Later iterations of the guidance had been more permissive. However, funding had been short-term, making it difficult to plan and to recruit and retain advice workers.[237] The Local Government Association called for the

235 Leeds Older People's Forum, Leeds City Council (PPCM0014)
236 Q161
237 Q161

Household Support Fund to be put on a sustainable footing.[238] In the 2025 Spending Review, the Government announced multi-year funding for a new Crisis and Resilience Fund to replace the Household Support Fund. This would enable local authorities to "provide preventative support to communities—working with the voluntary and community sector—as well as to assist people when faced with a crisis."[239]

134. In Wales, Gareth Morgan told us that the Welsh Government had set up national and regional advice networks.[240] On the other hand, we were told that the eligibility criteria for its Discretionary Assistance meant it was difficult for older people to access. Rhian Bowen-Davies told us there was a need for a specific fund for older people, administered locally.[241]

135. **CONCLUSION**

Local Welfare Support plays an important role both in crisis support and in funding take-up campaigns. We note the importance of longer-term funding to allow local authorities to plan ahead and so welcome the announcement in the Spending Review of a multi-year settlement for the Crisis and Resilience Fund in England

136. **RECOMMENDATION**

When the guidance is produced, it should encourage the use of the Crisis and Resilience fund for benefit take-up work. The Government should assess what more is needed to increase the advice sector capacity needed to support this work.

Data-sharing

137. In evidence to the Committee on 13 November 2024, Secretary of State, Liz Kendall said that "we must find new ways to contact people and share that data, keeping privacy but sharing data so that people are alerted."[242]

138. Policy in Practice told us that its Low-Income Family Tracker (LIFT) allowed local authorities to combine their data with DWP data to run successful benefit take-up campaigns. The same data and tools could also be used to target discretionary funds, but "the onerous requirements relating to sharing data" created "a powerful suppressive effect."[243]

238 Local Government Association (PPCM0040)
239 HM Treasury, Spending Review 2025, June 2025, para 5.128
240 Q161
241 Q272
242 Oral evidence 13 November 2024 Q45
243 Policy in Practice (PPCM0031)

139. Policy In Practice also said local authority Pension Credit uptake campaigns and central government led uptake campaigns were complimentary. Local authorities could offer 'wrap around' support, as they were often dealing with residents on multiple issues. It said the minimum needed to improve take-up was to share Universal Credit data on all residents with local authorities. Currently DWP shared data on 35–40% of households in Universal Credit with local authorities in its Universal Credit Data Share. With 880,000 Universal Credit recipients within ten years of retirement age, that meant a 'visibility gap' of 550,000 Universal Credit recipients. Sharing this data would triple the impact of local authorities to support people through financial resilience, homelessness prevention and employment support.[244] In addition, it said DWP should share Pension Credit data on all residents with local authorities (they currently only have 75% visibility). This data would be shared for the purposes of benefit take-up, wrap around support (such as extending invitations to Warm Places) and addressing fuel poverty (for example, providing energy saving measures).[245]

140. The Minister for Pensions described the barriers he saw to data sharing:

> One is local authorities knowing that there is more flexibility for them to use than some think there is, because the change has happened, but it does not always seep through. It is on us to make sure that we are getting that message across and I hope that all the local authorities that are avidly listening this morning will be more relaxed about that in future. There are constraints within the legislation; we are running to provide as much data sharing as we can, subject to legislation. That is not just absolute constraints. It is not a particularly enabling set of legislations.[246]

In a letter following the session, the Minister explained that "if data sharing legislation were less specific and set out in broader more general terms, that would allow for greater flexibility and freedom to use and re-use data." Officials in DWP were "investigating what might be possible in this area." There were also practical barriers: "an up-to-date automated IT-based data share solution can be costly and takes time to develop build and maintain. The various data sources are often held on different IT platforms; systems can be incompatible and the necessary expertise to deliver it can be limited."[247]

244 Policy in Practice (PPCM0055)
245 Policy in Practice (PPCM0055)
246 Q362
247 Department for Work and Pensions (PPCM0068)

141. **CONCLUSION**

We welcome the Government's recognition of the importance of better data sharing arrangements to increase take-up of means-tested benefits, and the work it is doing to address the issues.

142. **RECOMMENDATION**

DWP should report back by the end of 2025 on progress in addressing the barriers to data sharing identified by the Minister, particularly in relation to enabling DWP to give local authorities more visibility of Pension Credit and Universal Credit data; and on sharing of HMRC data.

6 State Pension adequacy

143. This chapter looks first at the role of the State Pension in preventing pensioner poverty, the case for adequacy benchmarks and how it delivers against them. It then goes on to discuss state pension benefits more widely and those features which appear to undermine adequacy.

Role in preventing poverty

144. The forthcoming pensions adequacy review will look at what is needed to improve outcomes.[248] The Minister for Pensions described the State Pension—and for a significantly smaller proportion, Pension Credit—as the "bedrock of Government support for pensioners," the "core of the offer" and "our answer to everything on pensioner living standards, in so far as it is driven by the social security system."[249] Nearly all pensioners (98%) are in receipt of the State Pension, with nearly seven in ten (69%) also receiving a workplace or personal pension.[250] Particularly for those on lower incomes, the State Pension and other benefits form a significant part of their retirement income:

- State benefits make up more than 80% of the total income of low-income pensioners—63% from the State Pension, 18% from other state benefits.[251]

- One in eight (13%) pensioners have no income other than the State Pension and state entitlements. This rises to one in five for single pensioners.[252]

145. The level and design of these entitlements can play a significant role in preventing and mitigating pensioner poverty, as happened in the late 1990s and 2000s with increases in means-tested benefits for pensioners and the introduction of Pension Credit.[253] Professor Clare Bambra and colleagues from Newcastle University, pointed to evidence that this also improved health outcomes. For example:

248 HM Treasury, Pensions Investment Review. Interim Report, November 2024, p8
249 Q343
250 Department for Work & Pensions (PPCM0048), para 5
251 Institute for Fiscal Studies (IFS) (PPCM0006)
252 Department for Work and Pensions (PPCM0068); Independent Age (PPCM0020)
253 Department for Work & Pensions (PPCM0048);Institute for Fiscal Studies (IFS) (PPCM0006)

- Research exploring the impact of a large increase in means-tested support for pensioners between 1999 and 2002 showed that "for men, and particularly for those living in the most deprived local authorities in England, a large boost to pensions income improved their reports of anxiety and depressive symptoms."

- The English health inequalities strategy (2000–2010), reduced pensioner poverty through pension increases and the introduction of other in-kind benefits (Winter Fuel Payments, free bus passes, free TV licenses). Over the period of the strategy, "the gap in the pensioner mortality rate between the least deprived 20% local authorities and the most deprived dropped by 9.66 per 100,000."

- A systematic review of international research based on eight high-income countries (including the UK) found that "increased social security benefit eligibility/generosity is associated with improvements in mental health, whilst changes that reduce eligibility/generosity are related to worse mental health."[254]

146. **CONCLUSION**

We note evidence from the UK and internationally shows that the design and level of state pension benefits can have a significant impact on pensioner poverty, as well as improving health outcomes.

The current system

The State Pension

147. The State Pension was reformed under the Pensions Act 2014:

- The old State Pension, for people who reached pension age before 2016, had two tiers: the basic State Pension (£176.45 pw in 2025–26) for people with sufficient 'qualifying years' of National Insurance Contributions or credits; and the earnings-related additional State Pension.[255]

- The new State Pension (£230.35 pw) brought together these two tiers into one payment, for people reaching State Pension age from 6 April 2016.[256]

254 Newcastle University (PPCM0065)

255 Social Security Contributions and Benefits Act 1992, part 2; The basic State Pension/How much you get, Gov.UK [viewed 18 June 2025]

256 Pensions Act 2014, part 1; The new State Pension/What you'll get, Gov.UK [viewed 18 June 2025]

148. The purpose of the reform was for the new State Pension to provide a "simpler, clearer and more sustainable foundation for private saving." The full rate of the new State Pension was set above the basic means test in Pension Credit to "remove disincentives to saving and, over time, to reduce means testing." It was also designed to "remove many of the inequalities under the previous system, in particular for women, self-employed people and lower paid workers."[257]

149. In 2024/25, there were 7.9 million people in receipt of the old State Pension in Great Britain, at an estimated cost of £88 billion; and 3.9 million in receipt of the new State Pension at an estimated cost of £47 billion. The Minister told us that as a result of the triple lock (according to which the new State Pension and basic State Pension rise each year by the highest of earnings growth, inflation or 2.5%) he expected an increase of £1,900 in the new State Pension and £1,500 in the basic State Pension over the course of this Parliament and an increase in annual spending on the State Pension of £31 billion.[258]

Pension Credit

150. DWP explains that "Pension Credit provides extra money to help with living costs for people over State Pension age and on a low income." It is a non-taxable, non-contributory income-related benefit. The average award is worth around £82 a week—over £4,200 per year. Pension Credit tops up pensioners' other income to a minimum level—the Standard Minimum Guarantee—which is £227.10 for single people, £346.60 for couples (2025/26 rates). This minimum level can be increased, with additional amounts for carers, severely disabled people and certain housing costs. This 'Guarantee Credit', provides the "safety net for low-income pensioners." People who reached pension age before 6 April 2016 can also be entitled to a 'Savings Credit'—an "additional payment for pensioners with some modest retirement provision of their own."[259] An estimated 11.7% of pensioners in Great Britain claim Pension Credit.[260] In May 2025, the caseload was 1.39 million.[261] Expenditure was forecast to be £6 billion in 2024/25.[262]

257 Department for Work & Pensions (PPCM0048)

258 Department for Work & Pensions (PPCM0048), para 2–4. DWP explains that these matters are in most cases reserved in Great Britain and transferred in Northern Ireland. Its evidence therefore relates to Great Britain unless otherwise specified; Q386

259 Department for Work & Pensions (PPCM0048)

260 Constituency data: Pension Credit claimants, House of Commons Library, 19 May 2025

261 DWP benefits statistics: May 2025 (Stat-Xplore)

262 Pension Credit PQ 34569 27 February 2025. DWP explains that these matters are in most cases reserved in Great Britain and transferred in Northern Ireland (PPCM0048), para 2–4

Adequacy benchmarks

151. Given the importance of the State Pension and Pension Credit as part of retirement incomes, particularly for poorer pensioners, it is important to assess their adequacy of support. There is no single generally accepted benchmark. As our predecessor Committee said in its 2024 report on *Benefit levels in the UK*, it was an interesting challenge that there was no way to decide what an adequate level of benefits should be—despite there being "a wealth of evidence that benefit levels are not meeting need." That report recommended that the Government set a "clear benchmark" for income-related working age benefits which related to "living costs as well as incentivising work."[263] In the case of pensions, there are commonly referred to benchmarks, serving different purposes, including: replacement rates, the income poverty threshold (60% of median income) and Minimum Income Standards.

Replacement rates

152. Replacement rates measure retirement income as a ratio of earnings in working life, with the aim of ensuring people can have a similar lifestyle before and after retirement. The 2005 Pensions Commission took this approach to guide its proposed reforms on the introduction of auto-enrolment and reforms to the State Pension. It intended these to enable a replacement rate of around 80% for low earners, 60–66% for median earners and 50% for higher earners. For median earners, the 60–66% would be comprised 30% through the State Pension, 15% through auto-enrolment and the remainder through additional voluntary savings.[264]

Proportion of median earnings

153. Carl Emmerson, Deputy Director, Institute for Fiscal Studies (IFS), told us the full amount of the new State Pension provided about 30% of median earnings. He said that while this was high by UK historic standards, it was not a level of income that many people were going to be very happy on when they retired.[265]

263 Work and Pensions Committee, Second Report 2023–24, Benefit levels in the UK, HC 142, para 84
264 Pensions Commission, A New Pensions Settlement for the 21st Century, 30 November 2005
265 Q8

The income poverty threshold

154. Another approach is to look at the extent to which the State Pension lifts pensioners out of poverty—i.e. how it compares to 60% of median income (currently around £17,500) which enables a focus on whether the incomes of poorer households are keeping up with the rest of society.[266] The Minister for Pensions told us that the full amount of the new State Pension was above the poverty line.[267]

Minimum Income Standards

155. Minimum Income Standards (MIS) set out "what the public agree is needed for a minimum, dignified, socially acceptable standard of living, meeting essential material needs, but also enabling participation in society." The Centre for Research in Social Policy (CRSP) at Loughborough University[268] found that in 2024 the new State Pension provided pensioners with an income that was closer to MIS than working-age benefits for younger households:

- A single pensioner receiving the full State Pension had 94% of the disposable income needed to reach MIS.
- Two partnered pensioners receiving the full State Pension had 91% of the disposable income needed to reach MIS.
- A single working-age adult on out-of-work benefits in 2024 had a disposable income of 28% of MIS.[269]

A smaller proportion of pensioners lived in households with incomes below MIS—20.5%, compared to 29% of working age adults, and 41.7% of children. However, they have seen the largest increase in the likelihood of having incomes below MIS of any demographic group.[270] The proportion of pensioners in households below the MIS rose from 13.1% (1.5 million) in 2008/09 to 23.6% (2.8 million) in 2022/23.[271] Other work by CRSP has "highlighted the growing pressures on pensioner incomes, particularly in relation to housing costs and the impact of relationship breakdown later in life."[272]

266 DWP, Households below average income (HBAI) statistics, updated 27 March 2025
267 Q349; ; See also Fabian Society (PPCM0037)
268 The Centre for Research in Social Policy's biggest role is the researching and analysis of A Minimum Income Standard for the United Kingdom
269 Centre for Research in Social Policy (PPCM0039)
270 Centre for Research in Social Policy (PPCM0039)
271 Households living below a Minimum Income Standard: 2008–2023, Joseph Rowntree Foundation, February 2025, p3 and Table 1a
272 Centre for Research in Social Policy (PPCM0039)

Should there be a target for adequacy?

156. The Pensions Policy Institute has proposed three objectives for the State Pension system, adequacy, sustainability and fairness.[273] A number of organisations saw the pensions adequacy review as an opportunity to clarify the purpose of the State Pension, including an objective relating to adequacy:

- Age UK said that "the Government should review the purpose of the State Pension and set a target for its long-term value in light of that."[274]
- Independent Age said the Government needed to "take action to ensure that the social security system post-State Pension age is adequate to prevent poverty and financial hardship in later life. The first step in this would be agreeing what an adequate income in later life would be."[275]
- Jonathan Safir, Policy Officer, National Pensioners Convention said they had a policy that the State Pension should be set at 70% of the national living wage. That would enable older people to live with dignity and respect.[276]
- Pensions research consultant, Daniela Silcock argued that the Government needed to figure out what it was aiming for, how to get there, set a target and then aim for it. She asked how it was possible to "make a decision about whether or not to maintain the triple lock when we do not know what we are aiming for?"[277]
- Carl Emmerson said that "if you think the State Pension should be more generous than the 30% of median earnings that it is at the moment, you should set a target for what it should be and a pathway to get to that target."[278] One of the final recommendations of the IFS Pensions Review, published in July 2025, was for a "government target level for the new state pension, expressed as a share of median full-time earnings" to ensure that pensioners benefit when the incomes of working-age households rise.[279]

273 Pensions Policy Institute, The UK Pensions Framework, 2022
274 Age UK (PPCM0027)
275 Independent Age (PPCM0020)
276 Q23
277 Q8
278 Q11
279 IFS, Pensions Review: final recommendations, July 2025, p9

157. Professor Matt Padley, Co-director, CRSP, told us there were three dimensions to adequacy—all of them bringing challenges to deciding "what adequacy looks like":

- Adequacy for what: "what is it that we think the state pension should provide? [...] What should it enable older people to do?" It was also important to think about costs and to consider the context—housing and community relationships as well as income.[280]

- Adequacy for when: "it is important that we think about people's income before retirement and what we need them to do in order to enable incomes in retirement to be adequate." We need to look at adequacy "across the life course, rather than just these discrete points in time."

- Adequacy for whom: "retired households do not look the same as they did 20 or 30 years ago. [There is] an increase in multigenerational households, and relationship breakdown in later life."[281]

158. Professor Padley thought the value of the MIS was as a useful guide in thinking about living standards rather than a "functioning target."[282] Everyone below the MIS was unable to "afford the goods and services the public agree everyone needs to meet their material needs and to participate in society."[283] It would be helpful to have a "guiding principle" for what we want the State Pension to do and what we want it to enable, touching on things like community and combatting loneliness.[284] Aligning the State Pension with what was required to reach MIS would "mean a significant increase in its level" which in the current context would pose a political and economic challenge. However, this did not mean that the level of the State Pension should be set without regularly updated evidence on what the public agree is needed to live in dignity.[285] Dr Juliet Stone, Research Fellow, CRSP, thought it would be difficult to have a fixed target for private pension saving because people's circumstances over their life courses—particularly for women—made that challenging. She argued for a focus on outcomes.[286]

159. The Minister for Pensions said he wanted the next stage of the pensions review to be "the vehicle where we have a holistic discussion" on adequacy benchmarks. He said there were different ways of thinking about it and "you do want a range of metrics because there is no one metric."[287] It would be

280 Q136
281 Q129
282 Q139
283 Centre for Research in Social Policy (PPCM0039)
284 Q139
285 Centre for Research in Social Policy (PPCM0039)
286 Q139
287 Q384

important to acknowledge the "messiness of life", avoiding over-relying on standardised models, and to acknowledge that people live in households, which was not captured by just focusing on individual income.[288]

160. **CONCLUSION**

We welcome the pensions adequacy review and its focus on outcomes. We note that there are different measures, which are all helpful in telling us different things, such as: replacement rates indicate the extent to which people are able to maintain a standard of living throughout life; the relative poverty measure tracks how people on low income keep up with the rest of society; and the Minimum Income Standard sets out what the public agree is needed for a minimum, dignified, socially acceptable standard of living.

161. **RECOMMENDATION**

The pensions adequacy review should consult on objectives for the State Pension, taking account of adequacy, sustainability and fairness. Given that it is the core of the Government's offer to pensioners, relied on by many pensioners on low incomes, a guiding principle should be that it provides the amount needed for a minimum, dignified, socially acceptable standard of living. The Government should set a strategy to reduce both the proportion of pensioners living below this level in future and inequality between pensioners.

Outcomes from the current system

162. Many pensioners face significant financial pressures. We heard evidence that the support can fall short, even when people are claiming all their entitlements.[289] The Older People's Commissioner for Wales said that "current State Pension and pension age benefits are not enabling all older people to have a safe, healthy and comfortable standard of living in later life."[290] Greater Manchester Combined Authority said that "most older residents in receipt of all eligible pension age benefits still struggle in the absence of a private pension, many are running a negative budget."[291]Age UK said that "the State Pension can prevent poverty for people who have a high value State Pension supplemented by other sources of income." However, 13% of pensioners had no other source of income than the State Pension and pension age social security benefits.[292]

288 Q384
289 Pensions Policy Institute (PPCM0021); Independent Age (PPCM0020)
290 Older People's Commissioner for Wales (PPCM0010)
291 Greater Manchester Combined Authority (PPCM0034)
292 Age UK (PPCM0027)

163. As discussed below, in some cases, the reason for incomes falling short is that pensioners get less than the full amount of the new State Pension, particularly if they are on the old State Pension. In others, it is due to the design of means-tested benefits such as Housing Benefit and Pension Credit.[293]

Old State Pension

164. Important steps have been taken to make women's retirement outcomes more equal, including the introduction of the new State Pension which, as the Minister for Pensions told us, is "much more equal" than the old State Pension and that has made a "big difference on the gender front."[294] The reason for this is that the old State Pension had features which tended to advantage men more than women. In particular, it had an earnings-related element and although reforms were introduced to better reflect caring responsibilities and reduce the number of 'qualifying years' required, these were only gradually reflected in better outcomes for women. The new State Pension brought forward by a decade to the 1940s the date at which state pension outcomes for women would equalise with those for men.[295]

165. A majority of current pensioners receive the old State Pension (8.7 million), with 2.1m of this group receiving less than the full basic State Pension.[296] Women are more likely than men to have low outcomes from the old State Pension.[297] Sasjkia Otto, Senior Researcher, Fabian Society, told us that women over the age of 85 were "more likely than most other age groups to be in poverty." Their research had found that extending the new State Pension to everyone is not much more expensive than giving means-tested support.[298]

293 Q5 [Carl Emmerson]; Fabian Society (PPCM0037)
294 Q382
295 For more detail, see Commons Library, The new State Pension - background, Research Briefing, CBP 06525, August 2016
296 Independent Age (PPCM0020)
297 Q382
298 Q39; Q43

166. **CONCLUSION**

One in eight pensioners rely solely on the State Pension and it makes up 80% of the retirement income of the poorest pensioners. The Minister for Pensions said to us that the State Pension formed the 'bedrock of Government support' for pensioners, yet we heard that many of those who rely on it are experiencing financial difficulties and hardship. Some of the reasons for this relate to the design of means-tested benefits such as Pension Credit and Housing Benefit and some to low-take up. However, it is also the case that many pensioners do not receive the full new State Pension. Comparisons are complex, partly due to the interaction with workplace pensions. However, those at risk are likely to include the 2.1 million who receive less than the full basic State Pension.

167. **RECOMMENDATION**

Once an objective for the State Pension relating to adequacy has been agreed, the Government should put in place a plan for getting everyone to that level. The first step should be to review those aspects of the State Pension and benefits system that undermine its adequacy for some pensioners.

Means-tested pension age benefits

The Pension Credit 'cliff-edge'

168. Witnesses to our inquiry drew attention to the 'cliff-edge' effect—whereby those just above the Pension Credit threshold can miss out on thousands of pounds of passported benefits. These included in winter 2024/25, the Winter Fuel Payment (£200 or £300). Other passported benefits, with estimated potential awards, were Housing Benefit (£4,338), Council Tax Support (£1,670), broadband (£200), free TV Licences (£170), water, (£160), and the Warm Homes Discount (£150).[299]

169. One of the reasons for setting the new State Pension above the Pension Credit threshold was that this sent a clear message that it pays to save. Our predecessor Committee, considering the draft legislation to introduce the new State Pension, said that the requirement that it should be set higher than the Standard Minimum Guarantee was "a fundamental principle of the reform that should be set out on the face of the Bill."[300]

299 Policy in Practice (PPCM0031); Trade Union Congress (TUC) (PPCM0047)

300 Work and Pensions Committee, Fifth report of 2012–13, The single-tier State pension: Part 1 of the draft Pensions Bill, CM 8620, para 132

170. One of the themes in response to our survey related to people who had just missed out on extra support, often as a result of putting savings into a small, private pension. They felt this was unfair. Some of those with lesser financial means expressed concerns in the context of the loss of Winter Fuel Payments—discussed in chapter four—and the impact it may have on their future:

Box 6: Comments from pensioners above the threshold

> "The worry, now that I am a pensioner after recent retirement, is something that I didn't expect so soon. I am ineligible for benefits but that doesn't mean I am financially comfortable. The thought that 'this is it' for the rest of my life is really depressing."
>
> "My very small private pension of £110 a month puts me over the limit for pension credit which means I cannot apply for other benefits and support. It should be judged on a sliding scale not a fixed sum. Come April I've also got to pay tax so I'll be even worse off, but if they increased the tax threshold that would help a little."
>
> "The pension credit cliff edge is too severe and many people no longer qualify for help since [WFP] became means tested despite only being marginally above the cut-off point."

Source: Committee survey of pensioners—see para 5

171. Age UK suggested that the increase in unsuccessful claims for Pension Credit following the Winter Fuel Payments change might reflect the fact that people just above the Pension Credit threshold were struggling financially. It argued that the Government should "review the steep cliff edge with Pension Credit—too many people just outside eligibility miss out on potentially thousands of pounds per year."[301] Trish Martin, Advice Services Manager, Southway Housing Trust in Manchester, told us she had recently been in touch with a man who had recently retired and was just over the threshold. They had given him a foodbank voucher and energy vouchers. He had no savings and was "already struggling."[302]

172. Some witnesses suggested opportunities and options for addressing the cliff-edge, focusing on introducing tapers:

- Deven Ghelani, Director, Policy in Practice, one of the architects of Universal Credit, suggested that the planned merger of Housing Benefit and Pension Credit (due to come into effect for new claimants from 2026) was an opportunity to introduce a taper to Pension Credit,

301 Age UK (PPCM0027)
302 Q171

as there is for Housing Benefit and Universal Credit. This would remove the cliff-edge and expand access to passported benefits, such as the Winter Fuel Payment.[303]

- Daphne Hall, Co-Chair, National Association of Welfare Rights Advisers, hoped the Government would consider a taper applied to earnings, and an increased disregard, which would enable more pensioners to benefit from employment.[304]

- Older People's Commissioner for Wales, Rhian Bowen-Davies, also supported a tapered approach, "so that those who are missing out by pence and pounds are not missing out more widely on Pension Credit and the benefits that come with it."[305]

173. The Minister told us that one of the advantages of a taper was "fairness, avoiding people receiving something on one side of a line and not the other." The challenge was that tapering involved more complexity and the need to administer it—the "costs of doing so relative to the benefits." It was also important to think about the "incentive effects" of such an approach.[306]

174. **CONCLUSION**

The reason the new State Pension was set above the Pension Credit Guarantee was to improve savings incentives. However, over the years more 'passported benefits' have become linked to it, meaning that being just a few pounds above Pension Credit level can now mean missing out on thousands of pounds of passported benefits. The decision to link the Winter Fuel Payment to Pension Credit shone a spotlight on this 'cliff-edge'. Pensioners just above the threshold told us in strong terms that this was unfair, and organisations working with older people outlined severe hardship in this group. We heard that some form of taper could offer a solution, and that the planned merger of Pension Credit and Housing Benefit from 2026 was an opportunity to implement this. The Minister acknowledged that a taper could reduce the sense of unfairness associated with the 'cliff edge', but identified other factors that would need to be considered, such as complexity and incentive effects.

175. **RECOMMENDATION**

The Government should consider the case for a taper in Pension Credit, paying particular attention to equity of outcomes for people close to the threshold, and assess other options to mitigate the cliff-edge effect.

303 Q112
304 Q157
305 Q252
306 Q342

Mixed age couple rule

176. Until 15 May 2019, 'mixed age couples'—where one is over and one under pension age—could claim Pension Credit. The Coalition Government legislated in the Welfare Reform Act 2012 to change the rules so that the transition to Pension Credit took place only where the younger partner reached pension age. The intention was to introduce the change as Universal Credit was rolled out. The rationale was that people of working age were expected to meet work-related requirements.[307] The Government estimated that the number of mixed age couples affected would rise from 15,000 in 2019/20 to 60,000 in 2023/24. Estimated policy savings would rise from £45 million to £385 million over the same period.[308] At the time, the Institute for Fiscal Studies estimated that the median net income of couples affected was £19,400. Once the policy was fully in place, about 250,000 households would (at a point in time) have lower entitlement than if the reform was not in place, losing on average £4,500 per year. For 12% of couples, the age difference was more than 10 years, meaning that they will have to wait at least an additional decade to become potentially eligible for Pension Credit—at which point the older member would be above 75.[309]

177. Organisations working with older people set out what they saw as the problems with this rule:

- Age UK said that with a State Pension age of 66, a couple with a 5-year gap could include a 70-year-old who has a long-term health condition and is unable to work. Forthcoming rises in the State Pension age to 67 and 68 would exclude even more older people from Pension Credit in future.[310]
- Daphne Hall said there would be people in their 70's on a working age benefit, which had "really increased poverty" for those affected.[311]
- Citizens Advice Liverpool said approximately 56% of mixed age couples were also claiming a disability benefit and would have been unlikely to work due to ill health or caring responsibilities. They had worked with a severely disabled pensioner and his full-time carer wife, providing them with the "intensive support" they needed to navigate the working age benefits system.[312]

307 HC Deb 20 December 2011 c1091W
308 DWP, Mixed age couples: benefit impacts of ending access to Pension Credit and pension age Housing Benefit, April 2019
309 Institute for Fiscal Studies, Changes to pension credit rules for 'mixed age couples' mean a large number have to wait many years before they can claim, 4 July 2019
310 Age UK (PPCM0027)
311 Q154
312 Citizens Advice Liverpool (PPCM0056)

- Linda Tookey, a benefits advisor who submitted evidence to the inquiry, said the problem was that, under Universal Credit, there was no recognition of the additional costs of being a pensioner. Advisers look to see whether the pension age claimant might be assessed as having a limited capability for work, as this would allow them to have an extra amount in their Universal Credit.[313]

178. The Minister for Pensions told us that he did not know how many couples were affected, but he was not intending to change the rules in the near future. He emphasised the trade-offs inherent in changing the policy:

> In the previous system where people could claim Pension Credit as soon as one person was over the State Pension age and receiving the State Pension, because you cannot be receiving Universal Credit and Pension Credit when it is one household, the younger person received no support to work. Some people would focus on the conditionality, but they receive no support to work. It also has a very big effect on their work incentives to carry through and there are lasting effects from that.[314]

179. **CONCLUSION**
The mixed age couple rule means that where one member of a couple is under pension age, they must claim working age benefits, rather than pension benefits as previously. The outcome is that some people in their 70s are still on Universal Credit, which is paid at a significantly lower level than Pension Credit. The rationale for this approach is based on assumptions about their partners' capacity for paid work, that the Department appears to have limited evidence to support.

180. **RECOMMENDATION**
The Government should investigate the extent to which it is reasonable to assume that the younger partners in these couples should be subject to work conditionality—taking account of any health conditions and caring responsibilities—and report back to the Committee by the end of 2025.

Housing Benefit

181. Witnesses drew particular attention to the role of Housing Benefit and its interaction with patterns of home ownership. According to the Institute for Fiscal Studies, the relative income poverty rate is highest among private renter pensioners: 38% in 2022/23, compared to 34% among social renters

313 Ms Linda Tookey (PPCM0028)
314 Q375; See also, HL Deb 26 October 2021 c751

and 12% among owner occupiers.[315] While this is a current issue for those pensioners in the private rented sector, this also has the scope to be a much bigger factor for future pensioners. Analysis by the Pensions Policy Institute found that, if patterns of home ownership among today's 45–64-year-olds were to persist, by 2041 the percentage of pensioners owning their own home could fall from 78% to 63% and the percentage of private renters rise from 6% to 17%. Very few renters would have adequate savings to cover the cost of living and renting in later life, and up to 400,000 more households could become dependent on income-related pensioner benefits. In this context, it noted the freezing of the Local Housing Allowance and the potential impact on income in later life.[316]

182. The Local Housing Allowance is the rate which determines the amount of support available to claimants in the private sector in receipt of Housing Benefit. It is determined by the Valuation Office Agency and calculated with reference to: the size of property a household is entitled to (with bedroom entitlement based on family size and characteristics) and private market rents being paid by tenants within the 'Broad Rental Market Area.' There are some exemptions, including receipt of Attendance Allowance.[317]

183. Independent Age told us that housing costs were driving poverty in later life and that Local Housing Allowance rates was a key element of that. Their research showed that "over half of older people in the private rented sector claiming housing benefit feel anxious about affording their rent, so the housing benefit is not providing assurance that their rent will be covered."[318] The Government has pledged to deliver 1.5 million homes this Parliament. It has said that the long-term housing strategy, which will be published later this year, will incorporate the findings of the Older People's Housing Taskforce, which includes, for example, a recommendation that a target be set of 10% of delivery through the Affordable Homes Programme being for Older People's Housing.[319]

---

315 Institute for Fiscal Studies (IFS) (PPCM0006)
316 Pensions Policy Institute (PPCM0021)
317 Housing Benefit, Gov.UK
318 Oral evidence on 18 June 2025, Q18
319 MHCLG, Ministers set to unleash biggest building book in half a century, 5 December 2024; Written Ministerial Statement, Older People's Housing Taskforce, 26 November 2024, UIN HCWS249

184. **CONCLUSION**

The Pensions Policy Institute expects the number and proportion of pensioners renting privately to grow from around 6% now to 17% in 2041. As many as 400,000 households could become dependent on means-tested benefits. Pensioners renting privately are already at risk of poverty, with the operation of the Local Housing Allowance a contributing factor.

185. **RECOMMENDATION**

The Government should assess the impact of the Local Housing Allowance on pensioners and whether it leaves them with the income needed for a minimum, dignified, socially acceptable standard of living and report back to the Committee by the end of 2025. The long-term housing strategy, which will set out how the Government will deliver its plan for 1.5 million new homes this Parliament, must include plans for housing for older people, addressing security of tenure, at affordable and sustainable rents.

Increases in the State Pension age

186. Professor Matt Padley told us that the State Pension needs to be sustainable in terms of public finances, as well as adequate.[320] Increases in the State Pension age (SPa) enable the Government to manage expenditure on the State Pension.[321]

187. The most recent increases to the SPa were those for women from 60 to 65 between April 2010 and November 2018, and the rise to 66 for men and women by October 2020.[322] The Fabian Society said that this group had the highest rates of poverty of any social group:

> Between 2010 and 2022, the numbers in poverty between 60 and the state pension age increased by more than 700,000 people. Many face long-term barriers to work—for example, ill health, family responsibilities or job loss.[323]

320 Q133
321 Q8
322 Pensions Act 2011, s1
323 Fabian Society (PPCM0037)

It said that despite another imminent SPa increase—from 66 to 67 between April 2026 and 2028, there is currently no support package for those affected.[324] Carole Easton said careful consideration was needed before the next increase.[325]

188. The wider context, as identified in the 2020 Marmot review (see chapter three), is that the continuous improvements in life expectancy seen in England over the 20th century have "slowed dramatically, almost grinding to a halt." The slowdown has been greatest in more deprived areas of the country, and inequalities in life expectancy had increased since 2010, especially for women. The amount of time people spent in poor health also increased across England since 2010. Although there were no routinely produced figures based on race or ethnicity, the figures available pointed to "half of minority ethnic groups—mostly black, Asian, and mixed—having significantly lower disability free life expectancy than white British men and women."[326] As a result, if you increase the pension age from 65 to 67, "two thirds of the population, the most deprived two thirds, will not have disability-free life expectancy as long as 67." Overall, people who were relatively deprived had shorter life expectancy and got their pension for a shorter amount of time.[327] Estimates of healthy life expectancy published by the Office of National Statistics (ONS) on 4 July 2025 showed that in 2020 to 2022, at birth, males in the most deprived areas of England were expected to spend 70.4% of life in 'good' health, compared with 84.5% in the least deprived areas; "during the same period, for females, these figures were the lowest since our time series began (2013 to 2015) at 65.1% and 81.5% respectively."[328]

189. Carl Emmerson said an increase in the SPa was a "coherent response when people are living longer" and a way of managing the sustainability of the system. However, the differences in means-tested support for people of working age and pension age were large. In 1988, support for pensioners was about 1.3 times that for a working-age person, whereas now it was 2.5 times that. Therefore, "There is a huge cliff edge. If you are out of work or on a low income before state pension age, you are much more likely to be in poverty."[329] Consequentially, the IFS has recommended making Universal Credit somewhat more generous, for example in the year before SPa.[330]

324 Fabian Society (PPCM0037)
325 Q8
326 Professor Sir Michael Marmot and others, Health Equity in England: The Marmot Review 10 Years on, 25 February 2020, pp 3, 5, 10, 13, 21 and 23
327 Q202
328 ONS, Healthy life expectancy by national area deprivation, England and Wales: between 2023 to 2015 and 2020 to 2022, 4 July 2025
329 Q15
330 Institute for Fiscal Studies, Means-tested support for people approaching and beyond pension age, December 2024

190. The Minister for Pensions indicated that the increase in the poverty rate for the pre-pension age group was due to the increase in the numbers in that group as the SPa rose.[331] DWP statistics show that the increase in the SPa to 66 had the effect of adding 78,000 to the incapacity benefit caseload.[332]

191. **CONCLUSION**

The State Pension age is an important tool for containing the costs of the State Pension. However, improvements in life expectancy across the country have stalled. People living in the most deprived areas of the country have lower life expectancy and lower healthy life expectancy than people in less deprived areas. Increases in the State Pension age have a disproportionate impact on them: they receive it for a shorter amount of time. The last time the State Pension age increased, there was an increase in the number of pre-pensioners in poverty. Those unable to keep working are likely to have to continue to use up savings and to rely on means-tested benefits for people of working age, which are much less generous.

192. **RECOMMENDATION**

By the end of 2025, the Government must produce an impact assessment of the forthcoming increase in the State Pension age from 66 to 67. This should consider the cumulative impact of policies and set out the impact on pre-pensioner and pensioner poverty, by income decile and protected characteristic. It also should explain what measures the Government has considered to mitigate the impact, which it has accepted or rejected, and the reasons for this.

1950s women

193. Women born in the 1950s were affected by increases in their State Pension age (SPa) under the Pensions Act 1995, which contained provision to increase it from 60 to 65 in stages between April 2010 and 2020. The Pensions Act 2011 brought forward the increase to 65 to November 2018, at which point the equalised SPa started to rise to 66, which it reached in October 2020.

194. In July 2021, in the interim report of an investigation of six sample complaints from 1950s women that they did not receive adequate notice of the rise in their SPa, the Parliamentary and Health Service Ombudsman

331 Q375

332 DWP, Decomposition of growth in the number of claimants of Universal Credit with Limited Capability for Work and Work-related Activity or in the Employment and Support Allowance Support Group, January 2025

(PHSO) found maladministration in DWP's communication of the 1995 Act changes between 2005 and 2007.[333] In its final report in March 2024, the PHSO found that this maladministration led to "indirect loss", which meant "complainants losing opportunities to make informed decisions about some things and to do some things differently." It recommended that the six sample complainants should be paid financial compensation at level four of its "severity of injustice scale" (£1,000 to £2,950). Regarding a wider compensation scheme, the PHSO said that in principle redress should reflect individual impact. However, in this case, the numbers affected and the need to avoid further delay might "indicate the need for a more standardised approach". It recognised the "very significant cost to taxpayers of compensating all women affected by DWP's maladministration" at level 4: between £3.5 billion and £10.5 billion of public funds.[334] However, it also concluded that finite resources should not be used as an excuse not to provide a fair remedy.[335]

195. On 17 December 2024, the Secretary of State for Work and Pensions, Liz Kendall MP, told the House of Commons in a statement that the Government accepted the PHSO's finding of maladministration but did not agree with its approach to injustice or remedy. This was on the grounds that the PHSO had not properly taken into account research showing that there was "actually considerable awareness that the state pension age was increasing." In addition, the Government did not think that sending letters earlier would have had the impact the PHSO said. Overall, given that the "vast majority of women knew the state pension age was increasing, it did not believe that paying a flat rate to all women, at a cost of up to £10.5 billion, would be a fair or proportionate use of taxpayers' money."[336]

196. One campaign group—CEDAWinLAW—told us it was concerned that the PHSO report did not "address the scope of poverty experienced by 1950s women" due to SPA increases or their discriminatory impact.[337] These important issues have been debated in Parliament many times.[338] For this inquiry, the pressing issue was the PHSO's investigation and the Government's response to it. Debbie de Spon, Communications Director, WASPI campaign, told us the focus of the campaign had been on "the lack of notice that women received and the impact that that had on those

333 PHSO, Women's State Pension age: our findings on the Department for Work and Pensions' communication of changes, summary, para 3–5
334 PHSO, Women's State Pension age: our findings on injustice and associated issues, HC 638, 21 March 2024, paras 502–4
335 PHSO, Women's State Pension age: our findings on injustice and associated issues, HC 638, 21 March 2024, paras 504
336 HC Deb, 17 December 2024 c168
337 CEDAWinLAW (PPCM0049);CEDAWinLAW (PPCM0050)
338 House of Commons Library, Increases in the State Pension age for women born in the 1950s, Research Briefing 7405, 19 November 2021, section 7

women." They felt "exonerated" by the PHSO's finding that there had been maladministration.[339] However, the Government's decision not to compensate women had left them "upset and angry and they feel let down and they feel betrayed."[340]

197. Karl Banister, Deputy Ombudsman, told us the PHSO welcomed the fact that the Government had accepted the finding of maladministration and apologised. However, he did not think it was helpful that the Government had then undermined that by saying, for example, that it did not accept that women did not know about the changes.[341] The point of the PHSO's investigation was that DWP had accepted at the time that women who should know about the changes, did not know they were affected:

> It identified that and thought it should do something about it [...] it did not act on what it said it should do at the time. That is the maladministration.[342]

198. If it was accepted that there was maladministration, and that women were affected, then, he argued, there needed to be "a conversation about how you factor cost into the need to do justice." The cost of the scheme did not have to be the "£10 billion flat-rate scheme across the piece"—it could be limited by how it was applied.[343] In follow-up written evidence, he provided further details of a possible approach to compensation, under which: women would be asked to apply for compensation and provide a statement that they met the eligibility; there would be a process for DWP to assess whether the criteria was met, with an opportunity for women to request a review; compensation payments could be standardised. He stressed that, ultimately, DWP was best placed to develop proposals on a costed redress scheme.[344]

199. The Chair wrote to the Secretary of State on 5 March asking for details of the compensation schemes the Department had considered and why particular schemes were felt not to be feasible or appropriate. In response on 24 March, the Minister for Pensions said the department "considered schemes that assessed individual claims and [...] considered self-certification schemes."[345]

339 Q57
340 Q57
341 Q68
342 Q75
343 Q75
344 Parliamentary and Health Service Ombudsman (PHSO) (PPCM0054)
345 Correspondence from the Minister for Pensions, relating to the Parliamentary and Health Service Ombudsman's report on 1950s women – options for remedy; Correspondence with the Secretary of State relating to the Government response to the Parliamentary and Health Service Ombudsman's report on 1950s women – options for remedy

200. The WASPI campaign is currently seeking legal redress, applying for a judicial review of the Government's response to the PHSO report.[346]

201. **CONCLUSION**

We recognise that many 1950s women are deeply disappointed by the Government's refusal to pay compensation following the Parliamentary and Health Service Ombudsman's finding of maladministration. The decision has been legally challenged and we await the outcome of that process.

346 WASPI Legal Action - Women Against State Pension Inequality [viewed 19 June 2025]

7 Conclusion

202. We welcome the forthcoming pensions adequacy review, focusing on outcomes for future pensioners and look forward to seeing the terms of reference. Although our focus has been on current pensioners, we hope our report is a helpful contribution to the review. We would like to leave the reviewers with the following thoughts:

- We hope the review will explore the cause of pension inequalities, the groups most likely to be in poverty in retirement—including women, disabled people, unpaid carers and certain ethnic groups—and how this should be addressed.
- We agree with the Minister that some of the longer-term solutions lie outside the social security system. We heard that trends in housing tenure will mean increasing numbers renting privately in retirement, which is associated with pensioner poverty. We hope the reviewers will look at what changes in housing policy are needed.
- We agree with the Minister that the State Pension—and for a small but significant proportion, Pension Credit—is the “bedrock of support for pensioners and the core of the Government’s answer on living standards, in so far as it is driven by the social security system.”[347] A core part of the review’s work should be to clarify the purpose of the State Pension, taking into account adequacy, fairness and sustainability. In terms of adequacy, we think that a guiding principle should be that it provides the amount needed for a minimum, dignified, socially acceptable standard of living. An issue we have not explored in this report, but will return to, is the pensions dashboard, which for many will play a vital role in raising their awareness of the need to save more.[348]

203. The fact that the review is forward looking, must not lead to the needs of current pensioners being overlooked. Once an adequacy benchmark is established, the Government should put in place a plan to get all pensioners to it. This should start with a review of those aspects of the State Pension and benefits system that we were told undermine adequacy in some cases (see chapter six). These include low outcomes from the old State Pension, the Pension Credit ‘cliff-edge’, the ‘mixed age couple’ rule in Pension Credit

347 Q343
348 Oral evidence to the Committee, 19 February 2025, Q7

and the impact of a rising State Pension age for those unable to continue in paid work. We call on the Government to review these rules and report back to us on the results. And, as we say in chapter five, the Government must build on its recent work to tackle the ‘scandal’ of low Pension Credit take-up.

Conclusions and recommendations

Trends and drivers

1. The reductions in pensioner poverty in the late 1990s and 2000s, with the introduction of Pension Credit, were a success. However, we are concerned that from 2010 rates started to rise again. And the latest data on living standards paints a bleak picture, with 2.8 million pensioners living in households below the Minimum Income Standard. No older person should be unable to have a minimum, dignified, socially acceptable standard of living. (Conclusion, Paragraph 16)

2. Improving pension outcomes requires an understanding of the systemic challenges. Of the groups at risk, we took most evidence on the position of women, who make up two-thirds (67%) of pensioners in poverty. Some positive steps have been taken to improve their pension outcomes: in particular, through the introduction of the new State Pension. However, there remain 'blind spots' in policy making, which result in the reality of women's lives being insufficiently reflected in the design of the pensions system. Unpaid care work is often not credited; women in low-paid work, on short-term contracts, or in non-traditional employment, often fall out of the scope of auto-enrolment; and while pensions can be shared on divorce, this often does not happen in practice and does not apply to cohabitees. The previous Government's introduction of regular gender pensions gap reporting was an important first step in focusing on factors affecting retirement outcomes for women. (Conclusion, Paragraph 28)

3. Sporadic reports on the size of the gender pensions gap are insufficient to track whether the situation is improving and to focus attention on the reasons for this. As such, the Government should commit to reporting on the gender pensions gap at least every two years. (Recommendation, Paragraph 29)

4. The pensions adequacy review should consider pension inequalities, the groups who are more likely to live in poverty in retirement, and how this will be addressed. (Recommendation, Paragraph 30)

Impact on older people

5. As pensioners are generally on a fixed income, they face challenges responding to cost-of-living increases. Those on low incomes are likely to respond by cutting back on food, energy use and social interactions, adding to existing health risks. Various social and environmental risk factors such as poverty, bereavement and isolation and cold as well as lifestyle factors such as diet contribute to accelerating the ageing process, so-called frailty, reducing healthy life expectancy and the capacity to live independently. From this follows significant increased demand for health and social care services and increasingly grim health outcomes. Without a much greater focus on a whole system approach to prevention, tackling the factors that cause ill-health amongst pensioners, including poverty itself, the Government will not be able to achieve its goal of building a health and social care service that is sustainable for future generations. (Conclusion, Paragraph 41)

6. The Government says it is taking a cross-department approach to address the challenges faced by older people. We were interested in arguments that it would help to have a strategy where the Government set out its objectives for older people and the mechanisms to ensure that those priorities are reflected in policy across government departments. As an example, the Government wants to take a more preventative model to ill health. However, it is hard to see how the removal of Winter Fuel Payments with little notice from most pensioners in winter 2024/25, aligned with this. (Conclusion, Paragraph 48)

7. In addition, a preventative approach requires a cross-sector approach, with stakeholders across a range of policy areas pulling together in the same direction. We were impressed by the work in areas like Greater Manchester where local authorities are collaborating with third sector and community organisations to provide integrated support for pensioners, in spheres such as housing, health, community support and benefit take-up. However, the lack of framework to hold local government to account for this work and lack of central government strategy for an ageing society is holding back progress. Wales's national ageing strategy has given older people, organisations and their funders confidence that the Welsh Government has a commitment to improve the lives of older people long-term. (Conclusion, Paragraph 49)

8. The Government should commit to a cross-government strategy for an ageing society, with equity of health and well-being for older people at its centre. This strategy should set out how cross-sector working is to be achieved, with effective mechanisms for holding the different parties involved to account. (Recommendation, Paragraph 50)

9. Some older people do not feel that their interests are being heard in government decision making. Wales' Older People's Commissioner has made a substantial difference in areas including digital inclusion, care homes and access to GP practices. The Commissioner's statutory powers of review give the role authority and it has been able to bring together organisations across sectors to work together to support older people. (Conclusion, Paragraph 57)

10. We recommend the Government appoint an Older People's Commissioner for England. If the Government decides not to, it should explain what alternative mechanism it proposes to address the issues of, for example, accountability, co-ordination and advocacy, and how this will ensure that older people in England have a strong independent voice to represent their interests, with equivalent authority to review decisions of public bodies and government. (Recommendation, Paragraph 58)

Winter Fuel Payments

11. For winter 2024/25, the Government linked eligibility for the Winter Fuel Payment to receipt of Pension Credit. This removed the payment from many who needed it and set the bar for continued payment too low. Up to 760,000 pensioner households do not claim Pension Credit that they are entitled to, and many just above the Pension Credit threshold, for whom this was an addition to the list of passported benefits they miss out on, felt the impact was unfair. We welcome the Government's decision to make payments automatically to all pensioners in winter 2025/26, recovering it via HMRC from people with incomes of over £35,000. This will mean the payment gets to those who need it. (Conclusion, Paragraph 78)

12. Our predecessor Committee is amongst those that have criticised Winter Fuel Payments for being poorly targeted and a 'blunt instrument' for tackling fuel poverty. As a universal payment, WFP went to pensioners who did not need it, and its real terms value has dwindled over two decades since it was introduced. However, we heard very clearly that pensioners valued it, had come to rely on it and that it gave them "confidence to turn the heating on." The change in eligibility was announced in July, giving limited time for older people and organisations working with them to prepare for the coming winter, and followed years of high energy prices. Whatever the merits of the change, it created uncertainty and anxiety for pensioners about how they would manage. (Conclusion, Paragraph 87)

13. The Government conducted a very limited high-level equality analysis of WFP reform, estimating the impact on the number of pensioners in poverty. We heard repeatedly about the possible impacts on their health, as well. While this may be difficult to quantify, a fuller impact assessment, considering the cumulative impact and broader impact of policies and the views of pensioners, might have contributed to a different policy change or more effective plans for implementation. (Conclusion, Paragraph 88)

14. As previously recommended in our report on Safeguarding Vulnerable Claimants, DWP should analyse the potential impacts of new policies or key policy changes on claimants that will be affected, including older people. This should include reviewing the capacity, data and processes it needs to do this effectively. As also recommended in that report, changes should be assessed by the Chief Medical Advisers' team to understand the potential health impacts. (Recommendation, Paragraph 89)

15. Direct reductions in energy bills ensure that money is spent on energy, giving pensioners the confidence needed to turn the heating on. This is currently provided through the Warm Homes Discount, which provides a discount of £150 on bills for households on means-tested benefits. There is general agreement that this does not go far enough. There are many people on fuel poverty but not in receipt of means-tested benefits and the amount is insufficient to meet a fuel poverty gap of £400 (£700 in rural areas). There is widespread support for a scheme to provide more generous discounts on bills to a wider range of people (sometimes referred to as a 'social tariff'). (Conclusion, Paragraph 94)

16. As a matter of urgency, DWP and DESNZ should consult on a new long-term targeted energy bill support scheme (a 'social tariff') able to provide more generous support than the existing Warm Homes Discount scheme and also to reach a wider group of pensioners in fuel poverty but not in receipt of means-tested benefits. (Recommendation, Paragraph 95)

17. Data is needed to identify people not on means-tested benefits but in need of bill support. Not having the mechanisms for this is one of the barriers to the introduction of a social tariff for energy. It is already an issue in other sectors, such as water, where social tariffs are underclaimed. (Conclusion, Paragraph 100)

18. The Government should report back to the Committee by the end of 2025 on: the changes to primary legislation for data sharing needed to enable the introduction of a social tariff; and any short-term changes to secondary legislation that could improve access to data to enable suppliers to more effectively target households in need of bill support and to populate Priority Services Registers. (Recommendation, Paragraph 101)

Pension Credit take up

19. We welcome the Government's commitment to increase Pension Credit take-up and progress so far, with 60,000 additional awards since July 2024. Long experience and extensive research demonstrate that the main barriers to claiming relate to pride, not wanting to ask for help and a feeling that 'benefits are not for people like me.' We agree with the Minister that the message should be that it is worth claiming and that the Department is there to support people in doing so. (Conclusion, Paragraph 111)

20. The Minister referred to the reputation of the Department and the reluctance of people to engage with it. We know that trust issues exist between working age people and the Department, and these will endure as they reach pension age. Given this, we disagree with the Minister that there is not an impact in terms of trust that might impact on older peoples' willingness to claim. (Conclusion, Paragraph 112)

21. The Department should put in place the resources needed to process claims in an efficient and timely manner and helpline advisers able to give the advice needed to navigate the system in more complex cases. The Government communications on social security benefits should emphasise that DWP is there to support people and encourages them to claim the benefits they are entitled to. DWP should also invest in more place-based promotion through trusted advocates. (Recommendation, Paragraph 113)

22. Differences in rules mean that it is not straightforward to award one benefit based on information provided for another without changes in legislation. We look forward to seeing the consultation on the Government's proposed merger of Housing Benefit and Pension Credit and how the challenges arising from the differences are proposed to be overcome. In addition, we heard that in the case of carers, there is a specific change that could be made to increase Pension Credit take-up. (Conclusion, Paragraph 119)

23. The Government should include questions on caring responsibilities in the Pension Credit application and implement provisions in the Welfare Reform Act 2012 to allow direct access to the carer addition in Pension Credit without a claim for Carer's Allowance. It should take forward plans to ensure Universal Credit claimants claiming their State Pension are also made aware of potential entitlement to Pension Credit. (Recommendation, Paragraph 120)

24. Effective take-up work requires, firstly, face to face support and encouragement from trusted individuals and organisations on the ground. The complexity of the benefits system means that expert welfare rights advice is often also needed. In some areas, local authorities, third sector and community organisations work together effectively to do this. The rewards are significant—increasing the incomes of the poorest pensioners, bringing money into the local economy and reducing demand on health and social care services. However, not all local authorities co-ordinate action to support benefit take-up, often as a result of resourcing challenges. These tend to be the same local authorities who would benefit most from planned engagement activities. (Conclusion, Paragraph 131)

25. DWP should develop a strategy for benefits take-up in England by the end of 2025. It should work with the Ministry of Housing, Communities and Local Government to develop a framework for monitoring local authority work on take up and holding them to account for the results. We have heard about the research conducted on the economic gains from take-up. This research should be promoted to encourage the investment needed, including in welfare rights advice and community advocacy. (Recommendation, Paragraph 132)

26. Local Welfare Support plays an important role both in crisis support and in funding take-up campaigns. We note the importance of longer-term funding to allow local authorities to plan ahead and so welcome the announcement in the Spending Review of a multi-year settlement for the Crisis and Resilience Fund in England (Conclusion, Paragraph 135)

27. When the guidance is produced, it should encourage the use of the Crisis and Resilience fund for benefit take-up work. The Government should assess what more is needed to increase the advice sector capacity needed to support this work. (Recommendation, Paragraph 136)

28. We welcome the Government's recognition of the importance of better data sharing arrangements to increase take-up of means-tested benefits, and the work it is doing to address the issues. (Conclusion, Paragraph 141)

29. DWP should report back by the end of 2025 on progress in addressing the barriers to data sharing identified by the Minister, particularly in relation to enabling DWP to give local authorities more visibility of Pension Credit and Universal Credit data; and on sharing of HMRC data. (Recommendation, Paragraph 142)

State Pension adequacy

30. We note evidence from the UK and internationally shows that the design and level of state pension benefits can have a significant impact on pensioner poverty, as well as improving health outcomes. (Conclusion, Paragraph 146)

31. We welcome the pensions adequacy review and its focus on outcomes. We note that there are different measures, which are all helpful in telling us different things, such as: replacement rates indicate the extent to which people are able to maintain a standard of living throughout life; the relative poverty measure tracks how people on low income keep up with the rest of society; and the Minimum Income Standard sets out what the public agree is needed for a minimum, dignified, socially acceptable standard of living. (Conclusion, Paragraph 160)

32. The pensions adequacy review should consult on objectives for the State Pension, taking account of adequacy, sustainability and fairness. Given that it is the core of the Government's offer to pensioners, relied on by many pensioners on low incomes, a guiding principle should be that it provides the amount needed for a minimum, dignified, socially acceptable standard of living. The Government should set a strategy to reduce both the proportion of pensioners living below this level in future and inequality between pensioners. (Recommendation, Paragraph 161)

33. One in eight pensioners rely solely on the state pension and it makes up 80% of the retirement income of the poorest pensioners. The Minister for Pensions said to us that the State Pension formed the 'bedrock of Government support' for pensioners, yet we heard that many of those who rely on it are experiencing financial difficulties and hardship. Some of the reasons for this relate to the design of means-tested benefits such as Pension Credit and Housing Benefit and some to low-take up. However, it is also the case that many pensioners do not receive the full new State Pension. Comparisons are complex, partly due to the interaction with workplace pensions. However, those at risk are likely to include the 2.1 million who receive less than the full basic State Pension. (Conclusion, Paragraph 166)

34. Once an objective for the State Pension relating to adequacy has been agreed, the Government should put in place a plan for getting everyone to that level. The first step should be to review those aspects of the state pension and benefits system that undermine its adequacy for some pensioners. (Recommendation, Paragraph 167)

35. The reason the new State Pension was set above the Pension Credit Guarantee was to improve savings incentives. However, over the years more 'passported benefits' have become linked to it, meaning that being just a few pounds above Pension Credit level can now mean missing out on thousands of pounds of passported benefits. The decision to link the Winter Fuel Payment to Pension Credit shone a spotlight on this 'cliff-edge'. Pensioners just above the threshold told us in strong terms that this was unfair, and organisations working with older people outlined severe hardship in this group. We heard that some form of taper could offer a solution, and that the planned merger of Pension Credit and Housing Benefit from 2026 was an opportunity to implement this. The Minister acknowledged

that a taper could reduce the sense of unfairness associated with the 'cliff edge', but identified other factors that would need to be considered, such as complexity and incentive effects. (Conclusion, Paragraph 174)

36. The Government should consider the case for a taper in Pension Credit, paying particular attention to equity of outcomes for people close to the threshold, and assess other options to mitigate the cliff-edge effect. (Recommendation, Paragraph 175)

37. The mixed age couple rule means that where one member of a couple is under pension age, they must claim working age benefits, rather than pension benefits as previously. The outcome is that some people in their 70s are still on Universal Credit, which is paid at a significantly lower level than Pension Credit. The rationale for this approach is based on assumptions about their partners' capacity for paid work, that the Department appears to have limited evidence to support. (Conclusion, Paragraph 179)

38. The Government should investigate the extent to which it is reasonable to assume that the younger partners in these couples should be subject to work conditionality—taking account of any health conditions and caring responsibilities—and report back to the Committee by the end of 2025. (Recommendation, Paragraph 180)

39. The Pensions Policy Institute expects the number and proportion of pensioners renting privately to grow from around 6% now to 17% in 2041. As many as 400,000 households could become dependent on means-tested benefits. Pensioners renting privately are already at risk of poverty, with the operation of the Local Housing Allowance a contributing factor. (Conclusion, Paragraph 184)

40. The Government should assess the impact of the Local Housing Allowance on pensioners and whether it leaves them with the income needed for a minimum, dignified, socially acceptable standard of living and report back to the Committee by the end of 2025. The long-term housing strategy, which will set out how the Government will deliver its plan for 1.5 million new homes this Parliament, must include plans for housing for older people, addressing security of tenure, at affordable and sustainable rents. (Recommendation, Paragraph 185)

41. The State Pension age is an important tool for containing the costs of the State Pension. However, improvements in life expectancy across the country have stalled. People living in the most deprived areas of the country have lower life expectancy and lower healthy life expectancy than people in less deprived areas. Increases in the State Pension age have a disproportionate impact on them: they receive it for a shorter amount of time. The last time the State Pension age increased, there was an increase in the number of

pre-pensioners in poverty. Those unable to keep working are likely to have to continue to use up savings and to rely on means-tested benefits for people of working age, which are much less generous. (Conclusion, Paragraph 191)

42. By the end of 2025, the Government must produce an impact assessment of the forthcoming increase in the State Pension age from 66 to 67. This should consider the cumulative impact of policies and set out the impact on pre-pensioner and pensioner poverty, by income decile and protected characteristic. It also should explain what measures the Government has considered to mitigate the impact, which it has accepted or rejected, and the reasons for this. (Recommendation, Paragraph 192)

43. We recognise that many 1950s women are deeply disappointed by the Government's refusal to pay compensation following the Parliamentary and Health Service Ombudsman's finding of maladministration. The decision has been legally challenged and we await the outcome of that process. (Conclusion, Paragraph 201)

Annex: Notes from roundtables

Summary note of pensioner roundtables in Glasgow and Manchester – 31 March and 1 April

Key themes

- Many reported struggling financially and felt strongly that this was unfair, having contributed all their lives.
- Participants shared how they have adapted their lifestyles to cope, such as going to bed early to stay warm, wearing more layers, cooking in batches to last multiple days and making a conscious effort to move around their homes. Simple chair-based exercises and accessing local warm spaces, including libraries, were among the strategies employed to manage the cold.
- Some relied on family to help with bills or extras and in some cases were concerned about the impact this had on them.
- Financial insecurity caused anxiety, participants did not feel they could relax due to concern about how they would manage if costs rose again.
- Having to communicate with services (banking/GP/benefits) online or by phone was a challenge to many participants, who wanted to be able to sit down with someone.
- Community organisations were highly valued because people could go there for company, lunch or other activities.
- Participants valued highly the relationships they had developed with community centre staff, and trusted them to suggest sources of financial support, help them to claim and sort out any problems.
- Another advantage of community organisations was that pensioners got tips and learned about sources of support from each other.

- Participants were concerned that community organisations were under pressure, having seen others close. They wanted them to survive, with consistent sources of funding.

Cost of living

Not all pensioners felt they were poor but said they knew people who were. For some, family members were important in providing practical help, for example, helping them to do their shopping and plan meals and paying the difference where they were struggling to heat their homes. However, in some cases, they worried about the strain it put on their family. For those without such support, the cost of living could be a significant concern Participants felt strongly that they had worked all their lives and should not have to make these sorts of choices. Some felt that younger people were able to navigate the system more easily and access support, which in some cases they might not be eligible for or deserve. However, there was also sympathy for people with young families, struggling to pay their bills, without access to social housing, working long hours which meant they were unable to spend enough quality time with their children.

Energy costs

The cost of heating their homes was a significant concern for participants. Participants reported heating only one room, or having the heating on for a short time, and otherwise using heated rugs to keep warm. The type of accommodation also had an impact. Some of the buildings that participants lived in were hard to heat and had problems with damp and mould. Those who had lost eligibility to the Winter Fuel Payment noticed the difference. Some had received support from their energy company.

Food

Participants reported having changed their shopping and cooking habits in response to cost of living rises. For example, they would make enough soup for four meals and freeze two of them. Some always chose the cheapest option, although they did not feel they should have to do this. Food costs varied according to circumstances. Lack of accessibility to the bigger supermarkets meant paying more in small local shops. Costs had gone up since the Ukraine war: ‘You used to be able to make a meal for £1, now it’s at least £2.’

Travel

The free bus pass was highly valued by participants, enabling them to see friends and go on trips. However, because public transport could be 'dicey', some used taxis and felt the cost of this meant fewer people now attended day centres. Some participants were provided by the community centre with a door-to-door bus, which meant they were 'guaranteed to come.'

Housing

Some participants rented from housing associations or similar bodies. They did not think there was enough social housing for people who wanted it. For those not on Pension Credit, rent, service charges and council tax could form a significant part of their weekly budget. There was concern about how they would manage if costs rose again.

Claiming benefits

Participants reported feelings of pride that made them reluctant to claim benefits. The complexity of the system was also an issue. Also, people were not always aware of the different forms of support. Some had previously relied on a partner who had passed away. They found it helpful to be able to learn from others. Pensioners were often not comfortable applying online or by phone, preferring face to face appointments. They spoke highly of the help they had got from community organisations in signposting the support available and helping them access it. This was needed not just at the outset but when circumstances changed. Participants also valued the opportunities community centres provided to socialise and share experiences. They felt staff at these organisations were approachable and they were able to speak to them in confidence. They could attend a community event or lunch and get help with claiming at the same time. They felt that community organisations were under financial pressure and wanted them to get more longer-term funding so that they could plan ahead. Housing associations were described as a valued source of support. MoneySavingExpert, Martin Lewis, was mentioned as a valued source of accessible information. Libraries were local and accessible and could be a good place from which to access services.

Problems with the system

Some participants missed out on passported benefits because they were just above Pension Credit level, for example, due to a small occupational pension. One was not eligible due to the 'mixed age couple' rule, and so received Universal Credit, the payments from which were 'very small.' An issue mentioned as being important for Muslim pensioners was understanding how their pension funds were invested.

Policy decisions

Participants expressed concern about the decision to link the Winter Fuel Payment to Pension Credit, which they said had resulted in people 'right on the line…falling through the cracks.' The free bus pass was highly valued, and participants said they would react with rage to any attempt to remove it. They did not feel politicians always understood how ordinary people lived.

Summary note of pensioner roundtables in Cardiff – 12 May 2025

Challenges with cost of living

Electricity bills going up over the winter had been extremely expensive, across the community, especially for those who faced increased medical support, for example, needing to run medical equipment overnight. Heating bills had been very expensive over the winter months. Cutting back on food to manage this meant it was challenging to cover the costs for food and having nutritional meals. Price increases at the supermarket were having a big impact. Where Winter Fuel Payment was still in payment, it did not keep up with the increasing costs of energy.

Adequacy of state pension benefits

The State Pension now only provided 45% of the weekly income of a full-time worker on the National Living Wage (although many in work still have housing costs to pay, which pensioners often do not). Final salary occupational pension schemes which had been available in the past, had made a significant contribution to retirement income for those eligible, but were now much less widely available. The full new State Pension was just above Pension Credit level, with the result that people with a full contribution record could find that they missed out on passported benefits worth potentially thousands of pounds a year. These factors meant that the Winter Fuel Payment eligibility change had a significant impact on some pensioners. Even if all the pensioners missing out on Pension Credit took it up, this would only be ten percent of those in Wales who had lost that support.

Health services and social care

Accessing help with medication, such as pain relief, was mentioned as a challenge. The decline in bus services increased the risk of missing transport connections and, therefore, medical appointments, which it could then be hard to reschedule.

Older People's Commissioner

Participants valued the Older People's Commissioner for Wales as providing an independent voice for pensioners. It was also a focus point for directing concerns. Pensioner organisations, such as the National Pensioners Convention, had good access and a close working relationship with the Commissioner.

Benefit take-up

One participant helped others in the community to access support as they could speak English, although they were not a specialist. They would like DWP to provide a service that was more 'person centred', having approached them many times for support. It should be easier to claim – for example, if information was shared between different bodies – or the questions were simplified. Not all pensioners could claim online. The third sector often helped, as bodies with whom pensioners built up relationships of support and trust. Changing the language is used – to stress entitlements rather than benefits, might also help.

Supporting older people to stay in work

People cannot always carry on working in the same role – for example, in heavy industry – but there might be potential to help them convert to, for example, mentoring or training younger workers. Apprenticeships can help if they lead to real opportunities in skill shortage areas.

Formal Minutes

Wednesday 9 July 2025

Members present:

Debbie Abrahams, in the Chair

Johanna Baxter

Steve Darling

Damien Egan

Gill German

Amanda Hack

Frank McNally

David Pinto-Duschinsky

Pensioner poverty: challenges and mitigations

Draft Report (*Pensioner poverty: challenges and mitigations*), proposed by the Chair, brought up and read.

Ordered, That the draft Report by read a second time, paragraph by paragraph.

Paragraph 1 to 203 read and agreed to.

Summary agreed to.

Annex agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Wednesday 16 July at 8.30 am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Wednesday 18 December 2024

Carl Emmerson, Deputy Director, Institute for Fiscal Studies; **Peter Matejic**, Chief Analyst, Insight and Policy, Joseph Rowntree Foundation; **Carole Easton**, CEO, Centre for Ageing Better; **Daniella Silcock,** Independent Research Consultant Q1–17

Caroline Abrahams, Charity Director, Age UK; **Morgan Vine**, Director of Policy and Influencing, Independent Age; **Adam Stachura**, Associate Director of Policy, Communications and External Affairs, Age Scotland; **Jonathan Safir**, National Administration and Information Manager, National Pensioners Convention Q18–37

Wednesday 22 January 2025

Dr Suzy Morrissey, Deputy Director, Pensions Policy Institute; **Sue Ferns**, Senior Deputy General Secretary, Prospect; **Sasjkia Otto**, Senior Researcher, Fabian Society; **Dr Daniella Jenkins**, Policy Advisor, Women's Budget Group, Senior Lecturer, University of Bristol Q38–55

Angela Madden, Campaign Chair, **Debbie de Spon**, Communications Director, The WASPI Campaign Q56–66

Karl Banister, Director of Operations, Legal and Clinical, and Deputy Ombudsman, Parliamentary and Health Service Ombudsman Q67–90

Wednesday 26 February 2025

Alistair Smyth, Director of Policy and Research, National Housing Federation; **Fabian Chessell**, Central Government Lead, Policy in Practice; **Deven Ghelani**, Director and Founder, Policy in Practice; **Councillor David Fothergill**, Chair of Community and Well-being panel, Local Government Association Q91–128

Wednesday 26 March 2025

Professor Matt Padley, Co-Director; **Dr Juliet Stone**, Research Fellow, Centre for Research in Social Policy, Loughborough University; **Dr Kingsley Purdam**, Lecturer, Social Statistics, Manchester Universit Q129–151

Gary Vaux, Head of Money Advice, Hertfordshire County Council; **Gareth Morgan**, CEO, Ferret Information Systems; **Daphne Hall**, Co Chair, National Association of Welfare Rights Advisers Q152–165

Tuesday 1 April 2025

Lauren McKechnie, Chief Executive, Age UK Bolton; **Paul McGarry**, Head, Greater Manchester Combined Authority's Ageing Hub; **Jo Rowlands**, Head of Financial Inclusion, Leeds City Council; **Trish Martin**, Advice Services Manager, Southway Housing; **Jo Volpe**, Chief Executive, Leeds Older People's Forum Q166–186

Sue Forster, Welfare Benefits Coordinator, Citizens Advice Liverpool; **Idowu Khadijat Morafa**, Founder and Director, Across Ummah CIC Q187–192

Wednesday 30 April 2025

Professor Sir Michael Marmot, Director, UCL Institute of Health Equity Q193–205

Dr David Attwood, GP Partner, Pathfields Medical Group Q206–213

Dr Ruth Law, Honorary Secretary, The British Geriatrics Society; **David Finch**, Assistant Director of the Healthy Lives Team, The Health Foundation; **Toby North**, Head of Public Affairs, Marie Curie Q214–248

Monday 12 May 2025

Rhian Bowen-Davies, Older People's Commissioner for Wales; **Victoria Lloyd**, Chief Executive, Age Cymru; **Faye Patton**, Head of Policy and Insights, Care and Repair Cymru Q249–277

Wednesday 21 May 2025

Anthony Pygram, Member, Committee on Fuel Poverty; **Peter Smith**, Director of Policy and Advocacy, National Energy Action; **Simon Francis**, Co-ordinator, End Fuel Poverty Coalition Q278–309

Ned Hammond, Deputy Director for Customers, Energy UK Q310–329

Wednesday 4 June 2025

Torsten Bell MP, Minister for Pensions; **Andrew Latto**, Deputy Director, Devolution, Pensioner Benefits & Carer's Allowance, Policy Group; **Laura Adelman**, Deputy Director, Pensions and Later Life Analysis, Department for Work and Pensions Q330–394

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

PPCM numbers are generated by the evidence processing system and so may not be complete.

1	Across Ummah CIC	PPCM0042
2	Advice NI	PPCM0038
3	Age UK	PPCM0027
4	Agunsoye, Dr Ariane	PPCM0005
5	Anonymised	PPCM0007
6	APPG for State Pensions Inequality for Women	PPCM0046
7	Barrett, Dr David (Senior Lecturer, University of Exeter); and Kolaczkowski, Dr James (Lecturer, University of Exeter)	PPCM0024
8	British Geriatrics Society	PPCM0058
9	CEDAWinLAW	PPCM0049; PPCM0050
10	Care & Repair Cymru	PPCM0013
11	Carers UK	PPCM0063
12	Centre for Research in Social Policy	PPCM0039
13	Christians against Poverty	PPCM0019
14	Citizens Advice Liverpool	PPCM0033; PPCM0056
15	Committee on Fuel Poverty	PPCM0064
16	Convention of Scottish Local Authorities	PPCM0053
17	Cook, Mr Nigel D	PPCM0032
18	Cumbria Community Foundation	PPCM0035
19	Department for Energy Security and Net Zero	PPCM0044
20	Department for Health and Social Care	PPCM0052
21	Department for Work & Pensions	PPCM0048
22	Edenred Reward Gateway	PPCM0017
23	End Fuel Poverty Coalition	PPCM0051

24	Fabian Society	PPCM0037
25	Fair By Design	PPCM0022
26	George, Roger (Committee member & treasurer, Midland Clawback Campaign); and Ball, Mrs Nancy (Committee chair, Midland Clawback Campaign)	PPCM0015
27	Greater Manchester Combined Authority	PPCM0034; PPCM0062
28	Independent Age	PPCM0020
29	Institute for Fiscal Studies	PPCM0006
30	Kanabar, Dr Ricky	PPCM0009
31	Land, Mr Antonio	PPCM0026
32	Leeds Older People's Forum; and Leeds City Council	PPCM0014
33	Local Government Association	PPCM0040
34	Marie Curie	PPCM0011
35	My Pension Expert	PPCM0003
36	NOW:Pensions	PPCM0041
37	National Housing Federation	PPCM0018
38	Newcastle University	PPCM0065
39	Ofgem	PPCM0061
40	Ofwat	PPCM0060
41	Older People's Commissioner for Wales	PPCM0010
42	Parliamentary and Health Service Ombudsman	PPCM0054
43	Pensions Policy Institute	PPCM0021
44	Pensions and Lifetime Savings Association	PPCM0030
45	Phoenix Group	PPCM0036
46	Policy in Practice	PPCM0031; PPCM0055
47	Purdam, Dr K (Researcher, University of Manchester)	PPCM0025
48	Royal British Legion	PPCM0012
49	Smith, Mr Richard (Independent Pensions Dashboards Consultant)	PPCM0016
50	The Health Foundation	PPCM0059
51	The Money and Mental Health Policy Institute	PPCM0004
52	The WASPI Campaign	PPCM0045
53	Tookey, Ms Linda	PPCM0028

54	Trades Union Congress	PPCM0047
55	Understanding Society, the UK Household Longitudinal Survey	PPCM0023

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2024–25

Number	Title	Reference
1st	Safeguarding Vulnerable Claimants	HC 402
3rd Special	Safeguarding Vulnerable Claimants: Government Response	HC 1248
2nd Special	Defined Benefit Pensions Schemes: Government Response	HC 870
1st Special	Statutory Sick Pay: Government Response	HC 787