

WOMEN AGAINST STATE PENSION INEQUALITY (WAPSI) CAMPAIGN – WRITTEN EVIDENCE (EMP0016)

Employment and COVID-19 inquiry

1. Executive Summary

The Women Against State Pension Inequality (WASPI) Campaign group has been operating for 5 years, and has learned a lot about the difficulties faced by older workers, and also about living with poverty in old age.

The working environment for these women was vastly different from what it is today. Many did not qualify for occupational pensions, even if they were available to men in the same company. Many had career breaks due to caring responsibilities and also worked part time. Pension wealth of women entering retirement today is one third that of men.

Unemployment for women in their fifties is increasing, and those out of work in their fifties tend to be long term unemployed.

A vast amount of research is now available citing the effects of poverty and unemployment amongst older workers

Although poverty amongst older women was exacerbated by the changing of the State Pension age in the 1995, 2007 and 2011 Acts, younger women aren't faring well either. It is estimated that 1.2million women in their 50s will reach retirement with no private pensions provision. This represents 5% of all women.

Better interventions are needed to prepare workers to work longer both in terms of health and in terms of reskilling.

WASPI will be happy to attend an Oral evidence session should the committee require it.

2. Background

I am the Chair of the Women Against State Pension Inequality (WASPI) Campaign. We represent women born in the 1950s who were subject to the changes to the State Pension age enacted in the 1995, 2007 and 2011 Pensions Acts. WASPI women lost up to 6 years State Pension, without receiving adequate notice to make any alternative arrangements. We continue our campaign for fair transitional arrangements for all women affected by these changes.

The Campaign has been running since 2015. In those 5 years we have learned a lot from our members about employment prospects for older workers. We have also learned about how failing health affects career progression, and how older workers are not equipped with the skills and abilities required in the changing

world of work. Unfortunately, we have also learned that discrimination still exists in the workplace, sometimes promoted by Government interventions e.g. the recent KickStart scheme giving financial incentives to employ younger workers.

WASPI women reached working age from the mid-1960s in a vastly different working environment. Equal pay legislation was not passed until the early 70s, and not achieved by the time many WASPI women retired. The Office for National Statistics (ONS) Gender pay gap in the UK: 2019 report notes that the gender pay gap among full time employees still stands at 8.9%. More worryingly for older workers the ONS find that "Among 50-59-year-olds, and those over 60 years old, the gender pay gap is over 15% and is not declining strongly over time."

A lifetime's gender pay gap leads to a considerable gender pensions gap. We have heard over the years from married WASPI women that their occupational pensions are a fraction of their husbands. The Pensions Policy Institute's (PPI) report "Understanding the Gender Pensions Gap" published in July 2019 confirms that their experience is not unique. It concludes that "In their early 60s the median private pension wealth of women is one third of men's private pension wealth. By retirement, women would have approximately accrued £51,000, whilst men would have about £157,000 of pension wealth." Women rely much more on the State Pension than men. Equalizing the State Pension age between men and women did just that, it did not create equality. In fact, it has made women much poorer in their old age, exacerbating the gender pensions gap. Women must carry on working way beyond when they expected to retire.

The Women's Budget Group Spiral of Inequality summarises the lifetime of inequality faced by women. The full report emphasises how caring responsibilities, mainly shouldered by women, have an adverse impact on earnings, career progression and economic status of women throughout their lives. It also means that more women work part-time, and rarely earned enough to qualify for workplace pensions. Smaller employers often didn't have workplace pension schemes. Even today's automatic enrolment earnings trigger is £10,000 from one employer. Women often have more than one part time job to fit in with their caring responsibilities and earnings requirements. This results in increased poverty as women get older. Women over 60 must continue to work because they are not eligible for State Pension until they reach 66. Predictions about the economic recession expected because of the social distancing measures could mean that the employment prospects for these women will not improve prior to them reaching State Pension age.

Because of their limited pensions wealth, due to both wage disparity and lack of availability of occupational pensions, women born in the 1950s rely heavily on their State Pension, and many must continue to work way beyond their expected retirement date.

3. The effects of Covid-19 on the labour market, especially older workers

The Office for National Statistics published a table in October 2016 showing the employment rates of people over State Pension age. Employment rates for older women steadily increased to 13% up until 2010 when the State Pension age for women began to change. By April 2016 the rate had dropped to 10%. For men working beyond retirement age the rate continued to increase from 10.5% in 2010 to 14.1% in 2016. Does this indicate that discrimination continues well into retirement age for women who must work?

Ipsos Mori undertook a survey of older people in England on behalf of the Centre for Ageing better. The survey took place 8 weeks after the start of lockdown in the UK. Initial findings suggest that almost half of people in their 50s and 60s (46%) believe their financial circumstances will worsen over the next year. Furthermore, only 39% of those who are currently furloughed or of working age but not in employment, are confident that they will be employed in the future. Older people fear the future will be even worse for them once things begin to settle down. Their views may be informed by the reduction in overall employment for the over 50s following the crash of 2008.

Several publications are now reporting the decline in women's health as a result of the changes to the State Pension age, the most recent from Kings College: Later retirement, job strain, and health: Evidence from the new State Pension age in the United Kingdom shows that "raising the State Pension age leads to an increase of up to 12 percentage points in the probability of depressive symptoms." The report concludes that "results show that the increase in the female State Pension age in the United Kingdom widened health disparities between 2009 and 2016. Specifically, women in lower socioeconomic groups affected by the reform suffered from declines in mental health, which are economically and clinically relevant"

The impact of coronavirus is likely to worsen employment prospects for our age group. A recent report from the Resolution Foundation highlights the fact that younger and older workers have experienced the brunt of the hit to jobs and pay. Additionally, in looking at their ability to weather the crisis by home working "the youngest employees and those aged 55 and older are the most limited in what they can do from home".

A recent report by the Centre for Ageing Better and the Learning and Work Institute focuses on the employment prospects for the over-50s post Covid-19. It notes that over-50s claiming unemployment benefits has nearly doubled from February 2020 to June 2020. The report also notes that 1 in 6 women aged between 50 and 59 (15%) and 60 and 64 (16%) worked in sectors shutdown during the pandemic. WASPI women feel that those sectors will not recover in the short or medium term. Many women have told us that they don't expect to work again before they reach State Pension age. One 63-year-old women recently told me that she has been called back from furlough for two weeks from 14 September to cover annual leave. She feels abandoned by her employer. The person she is standing in for is a much younger male. They both have similar skills, but he has his job back, whereas the older woman hasn't! The report also notes that workers over 50 who lose their job are more likely to be long term unemployed.

A WASPI woman wrote to us recently stating "I am 62 and was forced to take early retirement due to ill health last year. According to the Govnt's own, heinous, very stressful and persistent, Health and Fitness for Work Capability Assessments, that they subject you to, making you feel both humiliated and insulted and not in control of your own life.....they too, deem me unfit for work and do not expect me to seek work or even undertake work related activity!" This woman, although she has no hope of working again, has been placed on Universal Credit, which condemns her to spend the next 4 years in poverty. The saddest thing for this woman, and many like her, is that after 4 decades of work, she hasn't managed to save into an occupational pension, and has less than £15,000 in personal savings, or she wouldn't qualify for UC.

4. What support is offered by the Government to older workers currently.

Interventions are required to protect older workers from discrimination of any kind.

Responding to a debate on the State Pension Age for Women on 5 July 2017 the Parliamentary Under-Secretary of State for Work and Pensions, Guy Opperman told the House that the DWP had "created and now extended a network of older claimant champions in all 34 Jobcentre plus districts". Several WASPI women have since asked at their local Jobcentres about these champions. People working in the jobcentres aren't aware of them. Often there is no work coach available in their local job centre. Mr Opperman went on to state that "we have also extended apprenticeship opportunities, one of the best routes into skilled employment, for people of all ages and gender." To date, not a single WASPI woman has found an apprenticeship scheme for people aged over 60. On visiting jobcentres, WASPI women find that all employment support available is geared towards younger claimants. (for ease of reference Mr Opperman began to speak at 3.46)

Work Coaches would need to improve significantly to address the myriad of issues faced by women over 60 in today's employment market. Older workers who are no longer fit or able for their chosen careers, for example as a roofer, or delivery driver, need to be reskilled to continue working in jobs suitable to their physical abilities. Some could even be trained as work coaches for older workers, given their experience, if the Government is really serious about this.

The world of work continues to change, all workers need to be re-equipped to respond both in terms of coaching and re-skilling. It could be that the coronavirus pandemic will change the world of work even faster. Home working has proved itself to be a reasonable alternative for certain types of work, but not for older workers, as they are rarely employed in work that can be performed from home. Many WASPI women have told us that although high speed internet is available, they can't afford it. Many used to attend libraries to use the shared computers there. This service has not yet reopened in many libraries and is unlikely to while social distancing measures continue. As well as providing super-fast broadband to all, we should also look at affordability, perhaps even paying for service to unemployed workers of all ages.

Almost half of the cohort of women born in the 1950s are now in receipt of State Pension. Many of those are struggling to manage and are unable to work because of lack of skills and poor health. According to the House of Commons briefing paper Pensions: International Comparisons published in May 2019 the "UK devotes a smaller percentage of its GDP to state pensions and pensioner benefits than most other advanced economies". The UK ranks 28th of 35 countries in terms of the proportion of income derived from the State Pension. This report states that it "recognises that occupational pensions and personal savings make up 2/3rds of income of UK pensioners" – but older female workers don't have such occupational pensions or personal savings. Many 1950s women had already made decisions on their expectation of retiring at 60. Many of these women have found it impossible to return to work and have had to use any savings they had just to exist. Many 1950s women were not permitted to join occupational pension schemes, auto enrolment has only just started and part time workers earning under the threshold of £10,000 from a single employer are still excluded. We have already established that most part time workers are women. The PPI report mentioned earlier also concludes that "Currently, there are 50% more women than men heading towards retirement without any private pension savings. 1.2 million women in their 50s have no private pension wealth and hence will rely on the State Pension system and their partner to provide a retirement income. This represents approximately 5% of all women."

Universal Credit (UC) is a benefit which is designed to get people back to work. The thresholds are set accordingly, so that people are unable to live comfortably on UC for a long time. I believe that UC claimants' income is made up to £94.55 per week (£409.89 per month). Pensions Credit (PC) is a benefit for people in receipt of State Pension on low incomes. We understand that PC claimants' income is made up to £173.75 per week. Will workers over 60 who find themselves unemployed because of the Covid-19 pandemic regain employment before they reach retirement age? Rest Less, the fastest-growing digital community for the over-50s, think not; The Centre for Ageing Better think not; and WASPI women who find themselves out of work think not.

5. More appropriate solutions for women born in the 1950s and older workers.

5.1 Meet WASPI women half-way

WASPI have always campaigned for **fair transitional arrangements** for all women affected by the changes to the State Pension laws. **We recommend that WASPI women are compensated at the rate of 50% of today's weekly pension rate for every week past their 60th Birthday.** This could be anything from £87.60 for women born in April 1950 up to £27,331.20 for those who had to wait 6 years for their State Pension. The House of Commons Library briefing paper Increases in the State Pension Age for Women Born in the 1950s includes a supporting document "Constituency estimates of women affected by the State Pension age changes." This document states that 2.149

million of the 3.72 million women affected had to wait the 6 full years for their State Pension. The cost to the taxpayer would be vast, but it would represent half the savings made at our expense by the Treasury. The Government seem to forget that all these savings are at the expense of a woman now in her 60s and her family. There are professional women with lifelong careers whose pension provisions will see them safely through their retirement (e.g. Theresa May) Unfortunately, these women are in the minority. The Government could consider making any offer of compensation voluntary, only repaying those women who want to receive it.

5.2 Consider a flexible retirement age

In times of high unemployment people could be encouraged to retire early. This would enable both jobs and DWP resources to be focused on the younger labour market, ensuring that future State Pension recipients are better supported for their retirement than WASPI women were.

We hear daily from WASPI women who are no longer able to work because their jobs have disappeared as a result of the pandemic, or they can no longer continue in the job because of its physical nature, or they are seen as “too old” by prospective employers. A delivery driver in the Peak District felt unable to continue delivering goods. She was no longer able to cope with driving for 7 hours a day and was struggling with the weight of some of the items she had to deliver. Fortunately for her a job came up in the warehouse, and she was able to continue working. She is now Furloughed and has no idea when (or even if) she will be able to return to work. She is painfully aware that younger people have already been recalled to work before her. If she is laid off, she will be able to claim Universal Credit, which is a benefit designed to get people back to work. This is not appropriate for a 64-year-old who has little or no prospect of working again before she reaches State Pension age. WASPI women ask us daily why the Government won't allow them to claim State Pension early. It will save on other benefits, and resources provided by job centres to get older people back to work (e.g. training etc.). **We recommend that unemployed 60+-year-olds with poor job prospects are allowed to retire early with no reduction to their State Pension income.**

5.3 Enable unpaid carers to join an “auto enrolment” type of pension scheme

WASPI women rarely earn the full basic State Pension, because of gaps in their NI payments due to career breaks for childcare for example. Before 1978 parents received Family Allowance. Only those in receipt of Child Benefit which replaced Family Allowance had their NI contributions paid. WASPI women who chose to look after their children lost out on years of NI payments. WASPI women rely more on State Pension because they rarely had the opportunity to save into workplace pensions. A WASPI woman who worked full time for over 40 years amassed only 17 years contributions in an occupational pension scheme. Women still shoulder the majority of unpaid care work in the family. Should there be some sort of “auto enrolment pension scheme” for non-wage earners? The “employers” top up could be funded by the Government. This

would result in unpaid carers building up a private pension, which would mean less reliance on the State Pension in the longer term. It would help to equalise pension wealth between men and women. **We recommend that the Government fund and manage an “Auto Enrolment” type Pension Scheme to ensure that carers build Pension Wealth even though they are unable to take up paid work because of their caring responsibilities.**

5.4 Consider a “working life MOT” for all workers over the age of 40

Every worker should be given a “working life MOT” periodically, especially if they are in physically demanding jobs. Can a roofer continue carrying lead up roof ladders well into his 60s? Can a woman with arthritis carry on driving for 7 or 8 hours a day, sleeping in the cab of her lorry if she is a HGV driver? People need to be prepared for career changes as their lives and/or technology changes well before the event. WASPI women already in their sixties are unable to respond quickly to changes in their health or technology. They need to prepare to move into different roles while they are younger and still able to learn, and the investment in their learning is a viable option. No employer is prepared to take on a 60+ year old apprentice. It isn't worth their investment however a 40-year-old could give back 20 years or more once fully trained. **We recommend that a “working life M.O.T.” is offered to all employees at 10-year intervals so that options for more suitable future employment can be considered and prepared for well in advance of a career change being a necessity.**

5.5 Treat changes to pensions legislation in the same way as we treat changes to Vehicle Excise Duty.

Whenever the Government changes Vehicle Excise Duty (VED), it is for cars purchased in future. Currently owned cars are taxed as they were when purchased. This allows motorists certainty about what they will need to pay for the lifetime of their car.

Saving for retirement takes a lifetime of work. In 1995 when the Government changed the State Pension age for women, they should have applied those changes to people starting work from that day forward. Those already signed up to the old scheme would retain their old State Pension age. Only new workers paying into the NI scheme with revised rules would be subject to those new rules. People starting work at 16 would know their retirement age from their first day at work and could plan accordingly. They would have 50 years to save for their retirement, which is what is needed. WASPI women were only given 2 years notice of the changes to their State Pension age – totally inadequate. **We recommend that all future changes to State Pension laws apply to new workers commencing their employment from the date the law is passed.**

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