

## **Written evidence submitted by The Pensions Action Group to the Pension Services Public Bill Committee (PSB02)**

We, the Pensions Action Group, are writing to the Committee to ask you to include an additional amendment to the current Pensions Bill that you are scrutinising.

The three amendments that have already been published give us no concern, but the omission of the potential amendment detailed below is notable by its absence, and no mention of it was included in The Bill, despite the DWP and the Pensions Minister being well aware of a need for it.

While we cannot write the amendment for you, we would suggest that it should read as follows:

‘The government should include provision within the Bill to provide a minimum level of annual indexation increases to the pre April 1997 period of pensionable service applicable to those in the Financial Assistance Scheme whose original occupational schemes provided it, and therefore those scheme members paid for it.’

The background to this is that the FAS, which was last substantially updated in 2007, fails to include any provision for indexation relating to the pre April 1997 element of a worker’s pensionable service. For many workers whose schemes failed in the late 1990’s this is most, and in some cases all, of their pensionable service.

Any post 1997 pensionable service is limited to a maximum of 2.5%pa based on the CPI, even though members paid for indexation at up to 5%pa based on the higher RPI.

In addition, the GMP element of any pension does not attract any indexation.

As you can imagine the lack of this indexation is making each pensioner’s life much poorer. The average FAS award is not a substantial amount, so the addition of the level of indexation that the member paid for is critical financially, especially after the last few years of high inflation.

Our living costs have risen substantially since the introduction of FAS in 2004, and again over these last few years we have seen unsustainable rises in our Council Tax, food costs, utility costs, transport costs, insurance premiums, to name but a few expenses that cannot be avoided.

We have attached several documents produced by the Pensions Action Group that give evidence and more detailed background to this situation.

Two members of the PAG previously gave this evidence to the Works & Pensions Select Committee in their research into Defined Benefit Pension Schemes in November 2023. Their Report was published in March 2024 when the then Pensions Minister was Paul Maynard, MP.

To summarise the Report's findings with regard to this matter we refer to Section 161 of the Report:

**161. Financial Assistance Scheme (FAS) members are likely to have more of their service before 1997, so are particularly likely to be affected by non-indexation of pre-1997 benefits. Any improvements for PPF members should also apply to FAS members. Given the age of many FAS members, the Government should legislate as a matter of urgency to provide indexation on FAS compensation for pre-1997 rights, where their schemes provided for this, funded by the taxpayer. The Government should review the Financial Assistance Scheme, including looking at the case for removing other discrepancies in FAS compensation, compared to the PPF, such as the continued application of the compensation cap and lack of interest on arrears.**

We understand that Paul Maynard, as Pensions Minister, reached an agreement to introduce the pre 97 indexation, with the approval of both the then Secretary of State and The Treasury. This was curtailed by the announcement of the General election in July 2024.

We met the new Pensions Minister Torsten Bell, MP in February of this year and he sympathised with our position and promised to look at in detail. However, since then, despite assurances from him to us and the PPF and the WPSC that he will take a decision this has failed to materialise, and was not mentioned in the introduction to the Pensions Bill last week in the House of Commons.

Mr Bell continues to state that he is looking at this issue, but our members and others in the FAS do not have the luxury of time to wait much longer. The number of FAS recipients has now reduced from the initial 140,000 to around 90,000 including over 4,000 who have passed away since we gave evidence to the WPSC in 2023. These pensioners need help now.

They have effectively not had any increase in their paid for pension for over 20 years, and many are now receiving in the region of 50% of their expected pension despite the FAS paying an initial 90%. Any spouses who are due half of their widowed partners' awards are really struggling now. Furthermore, some recipients are now receiving a lesser nett amount than their initial FAS annual award due to the freezing of their income tax thresholds.

The Minister claims that the taxpayer will have to pay for this indexation, although the predicted total cost is not relatively large, between £400m and £700m spread over the next 10-20 years, the remainder of the life of FAS, as an ongoing basis, less any income tax receipts that will go back to HMRC. However, the Minister fails to acknowledge that the 2007 government took approximately £2bn of the residual assets of these closed schemes and absorbed those funds into the general government resources at that time to support their balance sheet, rather than ring fencing and investing them which could have provided the funds to provide our pre 1997 indexation.

The Pensions Action Group has been campaigning for the full restoration of our pensions since 2003, and our campaign helped to introduce the FAS and the PPF. The previous governments had failed to introduce a safety net scheme, as was required under EU law with Article 8 of the Insolvency Directive. At the same time government literature told the public that their pensions were safe and guaranteed, no matter what happened to the sponsoring

company. The Parliamentary Ombudsman in her 2006 Report 'Trusting in the Pensions Promise' found the government guilty of maladministration and recommended that our pensions be paid.

The Chair of the WPSC, Debbie Abrahams MP, recently raised the issue with the Pensions Minister, see attached letter dated 19<sup>th</sup> June 2025, and later as quoted in Hansard at the House of Commons debate on the 2025 Pensions Bill, stating:

*There is another issue, which the Pensions Minister will know about. PPF and financial assistance scheme members, particularly those in their later years, are really struggling. I came across a piece—I think it was in The Daily Telegraph—that said that one of the key supporters of the Pension Action Group and a FAS member, Jacquie Humphrey died a few days ago, just 11 weeks after the death of her husband. They were both employed by Dexion, which folded, and, like hundreds of others, refused to leave it there. Is there any comfort that we can provide? I understand and recognise what the Minister says about the PPF surplus being on the public sector's balance sheet, but given that these people, who are in their 70s and 80s, are unable to live in dignity, what can we do to provide that for them in their later years?*

We also know that the PPF, where there is now a £14bn surplus, are supportive of being allowed to pay pre 1997 indexation.

We have attached several documents as evidence to support our request for an additional amendment to be included within the Bill.

We would ask you to seriously study the matter and, if possible, to introduce the additional amendment to allow the government to provide the indexation as explained above.

FAS recipients are from the generation of hard working people who generally worked for just one or two companies over their working lives, and who took government advice, saved diligently for their pensions to provide a decent retirement, and who now feel let down by a succession of governments of all colours. We continue to campaign against our injustice and to fight for what we paid for.

The government is encouraging workers to save for their retirements, but when events occur and these workers lose a substantial part of their pensions through no fault of their own, the public confidence in saving for a pension is greatly diminished when the government later fails to accept its accountability and responsibility.

### **FACT SHEET, the details**

The PAG has been campaigning for over 22 years to try and restore the full value of the Defined Benefit occupational pensions that our members lost during the period between 1997 and 2004, as their companies closed down their pension schemes, primarily due to the company going into liquidation or where it had established a 'Compromise Agreement' with the trustees to try and prevent liquidation.

We have seen, however, that there is a great deal of misunderstanding about what happened to our pensions when the schemes closed down, how much was lost and where the funding needs to come from to restore our full, paid for, pensions.

So here is a Summary of the facts, followed by a further more detailed breakdown:

### **SUMMARY, main points**

- Defined Benefit Occupational pensions schemes introduced after the Second World War were the envy of the rest of the world, and encouraged employment and retention of workers.
- Following the Robert Maxwell scandal in 1991 workers were told, in writing, by the government that their pensions were guaranteed and safe, no matter what happened to their employer and sponsoring company. So, workers joined their company schemes and many paid extra for both pre 1997 and post 1997 indexation to protect them in their retirement.
- In the 1990's Governments reduced, then totally removed, the income tax relief pension schemes enjoyed on the dividends from their investments, raising over £5bn each year for The Treasury.
- Government in the late 1990's reduced the Minimum Funding Requirement against strong advice. The MFR in itself was already flawed, as it assumed a scheme will be ongoing, but when it closes, even if it was funded in excess of 100%, some members might only receive as low as 10% or 15% of their expected pension, due to the Priority Order, which prioritises the existing retired pensioners.
- Between 1997 and 2005, many schemes from insolvent employers were wound up with employees receiving only a fraction of the pensions they were promised, and in some cases, nothing at all.
- Government ignored the EU Insolvency Directive which would have provided a safety net.
- Government ignored the High Court, a Parliamentary Ombudsman Report, and Select Committees.
- A long campaign by the PAG and others resulted in the introduction of the Financial Assistance Scheme (FAS).
- The initial version of FAS was as a result of the PAG campaign when those yet to retire found that a Priority Order was in place with their original scheme which paid existing retirees their full 100% pensions with the full original scheme indexation and

the remainder were left to take a share of what remained, in many cases giving less than 10% of their expected pension.

- At that time the legislation meant that pensions, when due, had to be provided by buying annuities from an insurer such as L&G or The Prudential. These were very expensive because the insurer protected the investment risk and the mortality risk, and obviously also took their profit margin from the depleted funds.
- The Andrew Young Review in 2007 stated that the purchase of annuities should cease.
- The 2007 version of FAS proclaims that the pensioner will receive 90% of his pension, but caveats introduced by government reduces that significantly, mostly due to the lack of any indexation on a member's pre 1997 pensionable service. Most recipients will receive a figure around 50% or less after only 18-20 years.
- The original GMP element of any FAS award also attracts Zero indexation
- Schemes entered FAS during the early 2000's with the £1.9bn residual values of these schemes transferring to The Treasury, but this money was not ring fenced to provide any further uplifts to FAS members.
- After the introduction of FAS government changed the criteria for setting the indexation levels on post 1997 pensionable service from the higher PRI to the much lower CPI.
- The PAG continued to campaign for the reform of the FAS to provide the full pensions that workers had paid for.
- Meanwhile the government spent millions of Pounds on legal fees and DWP costs trying, often unsuccessfully, to prevent any increase in FAS payments.
- The Works & Pensions Select Committee in March 2024 produced a Report on Defined Benefit schemes which recommended that government pay the pre 1997 indexation.
- Specifically, Section 161 of the Report states:

**161. Financial Assistance Scheme (FAS) members are likely to have more of their service before 1997, so are particularly likely to be affected by non-indexation of pre-1997 benefits. Any improvements for PPF members should also apply to FAS members. Given the age of many FAS members, the Government should legislate as a matter of urgency to provide indexation on FAS compensation for pre-1997 rights, where their schemes provided for this, funded by the taxpayer. The Government should review the Financial Assistance Scheme, including looking at the case for removing other discrepancies in FAS compensation, compared to the PPF, such as the continued application of the compensation cap and lack of interest on arrears.**

- The previous government did not respond to this Report as the General Election was called, although we understand that the then Pensions Minister had an agreement with both the Secretary of State for Pensions and The Treasury to pay the pre1997 indexation.
- The current government is studying the Report and hopefully will respond positively very soon.
- The cost of providing pre 1997 indexation and max 5%pa post 1997 indexation is manageable, at around a total of between £400m to £700m over the next 20 years on an ongoing basis, and given the £5bn received each year since 1997, plus the £1.9bn absorbed by the Treasury we believe that the money is there to pay it, and The Treasury will receive 20% of any uplift back in income tax, so reducing the nett cost figure to less than £11.9m per year.
- The PPF, which administers the FAS has produced a surplus of £14bn and the PPF is recommending that the government uses some of this surplus to pay the pre1997 indexation.
- The DWP continues to lose approximately £8bn per year in mistakes and fraud.
- Righting this travesty will help to restore confidence in Pensions savings for the current generation, and allow the government to assure pensioners that it is caring for them.

### **The More Detailed Breakdown**

#### **What helped to cause the closure of these schemes?**

In the 1990's most Defined Benefit (final salary) occupational pension schemes were quite healthy, in fact some were 'overfunded'. However, government regulation meant that if a scheme was heavily over funded it would be taxed more, so companies reduced their input into the schemes, or took pensions holidays, which lowered their contributions.

The government had introduced the Minimum Funding Requirement (MFR) which schemes had to comply with to be able to provide their employees' pensions as they fell due, and if they were 'underfunded' they had a period of time to make up any shortfall.

In the 1990's as schemes were seemingly doing well, the then Conservative government reduced the income tax relief that schemes had enjoyed from the dividends on their investments so taking away some of the returns needed to pay the pensions.

The subsequent Labour government totally abolished this tax relief, and therefore The Treasury gained about £5 billion per year. In addition, any pensions scheme shortfalls had

now to be shown on a company's balance sheet, so reducing profitability and possibly any potential future borrowing, compromising the company's solvency.

Gordon Brown, as Chancellor, against strong professional actuarial advice, but under pressure from businesses then reduced the level of the Minimum Funding Requirement, when in reality he should have strengthened it.

This was a serious blow to any future pensioners if their scheme and company closed.

The government's Minimum Funding Requirement was in itself flawed, as it was designed to give a picture of the health of the scheme if it was ongoing. But if the scheme closed then that was a different matter. The MFR was set at the level at which only 50% of schemes would have enough funds to meet their liabilities, assuming that the scheme continued to run. So, members only had a 50:50 chance of receiving their full pension, even from a scheme which was fully compliant with the MFR. So, in simple terms, a scheme that might have shown an MFR of over 100% would actually not be able to pay the pensions in full.

Worse than this, the law required schemes which were winding up (usually as the result of insolvency) to transfer their assets into low-risk investments such as equities which have a much lower rate of return. The Government knew that members would lose an even higher proportion of their pension but did nothing to warn them.

Between 1997 and 2004 many schemes closed as their sponsoring companies failed, leaving the workers without a job, and without the pension they had paid for. This affected over 140,000 workers.

When a scheme closes a defined Priority Order takes place immediately. This means that pensioners who have already retired get 100% plus their scheme's original full indexation and all other benefits, through the purchase of annuities (which are very expensive). What is left in the fund is then shared among the remaining deferred members, some of whom may get as low as 10% to 15% of their expected pension.

### **Why was there no protection at that time, and what happened next?**

As the UK was a member of the EU at that time it should have created a safety net, similar to the current Pensions Protection Fund. This was mandatory under Section 8 of the EU Insolvency Directive.

UK governments had simply ignored this requirement, and so the deferred pensioners were faced with losing most, if not all, of their expected pensions. Obviously, this was devastating for them, and sadly the PAG is aware of several workers took their own lives rather than face a financially bleak future.

The Pensions Action Group was formed by a group of workers who faced this terrible position. They met and formed a committee to demand the return of the pensions they had paid for over their working lives.

With the help of some unions, and Dr Ros Altmann (now Baroness Altmann, later herself to become a pensions minister), the case was taken to the European Court in Luxembourg where the Judges told the UK to remedy the situation.

The government ignored that instruction, and so further legal cases were held in the High Court in London, and subsequently a Parliamentary Ombudsman Report, 'Trusting in the Pensions Promise' found the government guilty of maladministration, and recommended that the government take immediate action.

Further challenges ensued, and eventually the government introduced the Financial Assistance Scheme in 2004, but this was a very weak scheme, providing very little to very few. The FAS covers schemes that closed before 2004, and the Pensions Protection Fund (PPF) applies from 2005 onwards, and has similar limitations to its indexation, although their recipients would have had much less pre 1997, and much more post 1997, pensionable service. The PPF now administers the FAS on behalf of the DWP.

Further campaigning forced the government to upgrade the scheme in 2007, but even this safety net was full of holes and caveats, reducing the value of their announcement that pensioners would receive 90% of their expected pension. The biggest effect met by most FAS recipients is that the pre- 1997 years of their pensionable service would not attract any indexation at all! Even any post 1997 indexation would be limited to a maximum of 2.5%pa, when most schemes originally paid between 3%pa and 5%pa.

Later the government further reduced the value of even that limited indexation by adopting for FAS calculations the annual Consumer Protection Index (CPI), rather than the higher Retail Price Index (RPI) which the original company schemes paid, and which members had paid for. Currently the CPI is running at 2.2% while the RPI is 3.9%.

In addition, if the scheme had been contracted out the worker would have received the GMP, Guaranteed Minimum Pension, which would have provided an annual indexation rate of approximately 5%pa. The GMP element within their FAS award, however, is not indexed at all.

The biggest loss is this lack of pre 1997 indexation. With inflation hitting high figures over the last few years some FAS pensioners have seen their actual annual 'awards' reduce from the mythical 90% to nearer, or less than, 50% of their original expectation. Some workers reached their retirement age in, or before 1997, so they receive no indexation at all. The widows or widowers of any member should have received 50% of their partner's pension, but will now receive 50% of the much lesser amount.

### **What should happen now, and who should pay?**

Members of their original schemes had been told, in writing, by the government after the 1991 Maxwell Scandal, where Robert Maxwell plundered the pension funds of the Mirror newspaper group, that their pensions were safe and guaranteed and would still be there for them whatever happened to their sponsoring company.



Most FAS recipients paid extra into their company pension schemes during their working lives to provide both pre 1997 and post 1997 indexation. The PAG is not asking for this indexation for those schemes that did not originally provide it, and therefore their members had not paid for it.

The governments' ignoring of the EU Insolvency Directive and the Courts, the maladministration identified by the Ombudsman, along with the regulatory changes, weakening of the MFR and arbitrary tax raids are the reasons that the PAG hold the government responsible and accountable for us being in this position, one of the biggest injustices of the last century.

The last government also spent several millions of Pounds in legal fees and administration costs trying to defend any upgrades to FAS, and the PPF. While the restrictions to the FAS and PPF awards are similar, the courts treat the two schemes separately, with FAS not receiving the same uplifts as the PPF. There are still some other punitive anomalies between the FAS and the PPF, such as a Cap that still applies to FAS but not the PPF, and interest on any back payments.

We understand the concerns that the taxpayer may have to help fund the pre 1997 indexation that FAS currently does not provide, but the government fails to mention that they quietly absorbed the residual funds from these failed schemes, to the tune of £1.9 billion, which includes the members' contributions. Gordon Brown used that money to shore up his own 'Black Hole'. If that money had been ring fenced and invested, as the PPF funds have been, and which are now well in surplus, we would now not be in the position we are.

So, the Treasury took, and still takes, about £5 billion each year by cancelling the dividend tax reliefs, plus it took the £1.9 billion funds from our schemes. Therefore, the Treasury is in a strong position to provide the required total of £400m to £700m over the next 20 years to provide our pre 1997 indexation on an ongoing basis. They will then immediately get 20% back in income tax. And that is only to the maximum indexation of 2.5%pa based on the CPI and many schemes would have paid up to 5%pa based on the higher RPI. After 10 years there will be a minimal ongoing cost as sadly most of the FAS recipients will have passed away.

The PAG believes, therefore, that there is adequate funding available to right this travesty.

And let's not forget that the DWP loses an average of £8 billion each year through its own mistakes and fraud!

We have had to observe over the last few years of ultra high inflation as public servants, those on State Benefits, the Minimum Wage and the UK average income all enjoyed annual indexation increases, while we are left behind with Zero Pre 1997 Indexation. We are only asking for what we have paid for. We need what we paid for!

The Works and Pensions Select Committee, an all party committee under Sir Stephen Timms, in its Report into Defined Benefit schemes, published in March 2024 and handed to the previous government, recommended that the government pay the pre 1997 indexation that

is currently missing in FAS. The General Election meant that there was no official response from the last government but the PAG is asking the new government to respond without any further delay and to implement the WPSC recommendations.

The number of the original 140,000 workers affected is sadly now below 95,000 as so many have passed away, and the number decreases every day, that is why action is needed now!

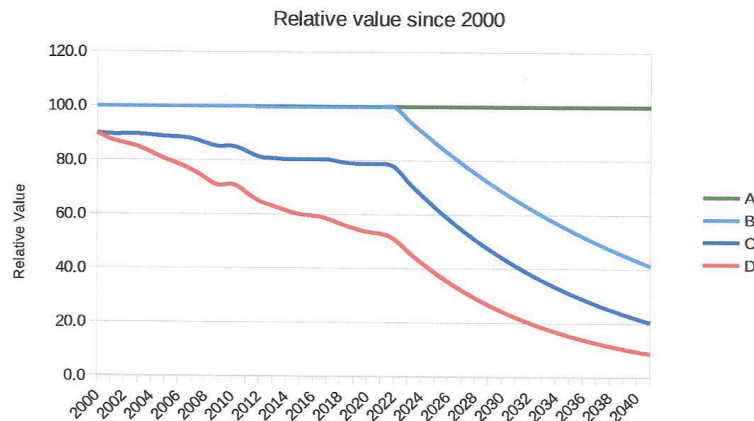
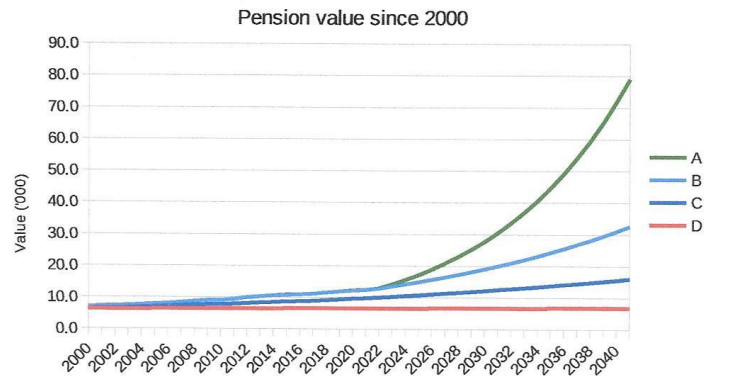
**Pensions Action Group**

[www.pensionstheft.org](http://www.pensionstheft.org)

14 July 2025

## Illustration of pension loss for a typical member of the FAS

Prepared by the Pensions Action Group, June 2022



- A – Pension required to keep up with inflation (RPI)
- B – Scheme terms, capped at 5% RPI
- C – FAS terms, capped at 2.5% on all contributions
- D – Current FAS terms

For a member retiring in 2000 with 28 years of contributions of which 3 are post 1997 and a pension entitlement of £7k pa indexed at RPI, capped at 5%

Year	Expected pension	Plus Increase 3%/a	FAS	FAS qualifying amount	2.5% annual increase	FAS pre 97 non quality	Total FAS	FAS % of Expected
START	10000		9000	1260		7740	9000	90%
Year 1	10000	300		1260	31	7740	9000	
Year 2	10300	309		1291	32	7740	9031	87.67%
Year 3	10609	318		1323	33	7740	9063	85.42%
Year 4	10927	328		1356	34	7740	9096	83.24%
Year 5	11255	337		1390	35	7740	9130	81.11%
Year 6	11592	348		1425	36	7740	9165	79.06%
Year 7	11940	358		1461	37	7740	9201	77.06%
Year 8	12298	369		1498	37	7740	9238	75.11%
Year 9	12667	380		1535	38	7740	9275	73.22%
Year 10	13047	391		1573	39	7740	9313	71.38%
Year 11	13438	403		1612	40	7740	9352	69.59%
Year 12	13841	415		1652	41	7740	9392	67.85%
Year 13	14256	427		1693	42	7740	9433	66.16%
Year 14	14683	440		1735	43	7740	9475	64.53%
Year 15	15563	467		1778	44	7740	9518	61.15%
Year 16	16030	480		1822	46	7740	9562	59.65%
Year 17	16510	495		1868	47	7740	9608	58.19%
Year 18	17005	510		1915	48	7740	9655	56.77%
Year 19	17515	525		1963	49	7740	9703	55.39%
Year 20	18040	541		2012	50	7740	9752	54.05%
Year 21	18581	557		2062	52	7740	9802	52.75%
Year 22	19138	574		2114	53	7740	9854	51.48%
Year 23	19712	591		2167	54	7740	9907	50.25%
Year 24	20303	609		2221	56	7740	9961	49.06%
Year 25	20912			2277		7740	10017	47.90%
Totals	370162						236503	

Member with expected original pension of £10,000pa, with 3%pa increase. Member had 21 years pensionable service, 18 years pre 1997, and 3 years post 1997

**RICHARD NICHOLL** *as given to the WPSC Evidence Consultation*

Here are my own personal annual cost increases since I started receiving my FAS 'award' in 2019 up to September 2023:

<b>Service/utility</b>	<b>Sept 2019</b>	<b>Sept 2023</b>	<b>% increase</b>
Electricity	£1092	£2148	96.7%
Council Tax	£1608	£1908	18.6%
Broadband	£302	£432	43.0%
Car Insurance	£320	£553	72.8%
House Insurance	£204	£258	26.4%
Fuel for car, 1560L	£2028	£2516	24.1%
Heating Oil, 1000L	£540	£640	18.5%
<b>TOTAL</b>	<b>£6094</b>	<b>£8455</b>	<b>38.7%</b>

Over the same period:

**FAS increase: 0.67% total over 4 years, or 0.16% pa !**

Made up of:

MAXIMUM of 2.5%pa (CPI) on 3 out of 24 years of my pensionable service, post April 1997 to scheme closure in 2000,

*and*

**0% (ZERO)** on 21 out of 24 years of my pensionable service relating to pre April 1997.

**The original company scheme** provided, and members paid for **all** years of pensionable service, with maximum 3%pa pre 1997 and a guaranteed post 97 minimum indexation rate of 3%pa, rising to a maximum 5%pa.

**In addition to the above utility increases, food inflation is running at approximately 18%pa.**

**Subsequent 2024 increases:**

Council Tax 5%

Electricity 8%

Severn Trent Water 7%

**Planned increases for 2025:**

Council Tax 5%

Severn Trent Water 10%

**Planned increases for 2025/6:**

Severn Trent Water 40.8%

**Personal tax allowances** have remained **frozen** so nett income is further reduced.

By comparison, the UK national average wage increase recorded in June 2023 was 7.9% in the private sector, and 9.6% in the public sector.

**For 2025 the minimum wage increase is 6.7%.**

Extract from a letter from the PPF dated 10 June 2025 giving estimated costs of applying pre97 indexation to FAS as an ongoing basis and or with retrospective payments:

The following table shows the PPF's estimate of the cost of providing pre-97 indexation to FAS members, assuming full retrospection, and that pre-97 assistance is increased in line with CPI capped at 2.5% pa (based on cashflow data at 31 March **2024** i.e. the same date as the latest PPF-equivalent figures provided to the Select Committee). We show a range as we do not possess all the necessary data to assess at an individual member data level and as a result we have had to make some high-level estimates.

	<b>Full retrospection</b>
Prospective increases only	£0.4bn - £0.7bn
Retrospective increase (excluding arrears)	£1.1bn
Arrears	£0.2bn
<b>Total cost</b>	<b>£1.7bn - £2.0bn</b>

We anticipate that when we publish the PPF's latest annual report and accounts, expected to be in mid-July, this will quickly lead to a request from the WPSC for updated figures, and we will of course respond. The Committee will publish our response in their usual manner. When we provide updated figures (as at 31 March 2025) to the Select Committee for PPF, we'll include updated figures for FAS too. I will, of course, let you know when that happens.



## Work and Pensions Committee

Thursday, 19 June 2025

### **Torsten Bell MP**

Minister for Pensions  
Department for Work and Pensions  
(By e-mail only)

Dear Torsten

### **Evidence to Pensioner Poverty inquiry**

Thank you very much for the evidence you gave to my committee on 4 June. We were very interested in what you had to say about pensioner poverty and what is needed to address it.

We would be grateful for further information on the below as we prepare our report:

- Data sharing - You mentioned that most important was data sharing with HMRC, to allow you to directly target people that might be entitled to Pension Credit. We would be grateful for further detail on the barriers to this and the process and timescale you have set for resolving them ([Q312](#)).
- You told us that "inequality among pensioners is not coming down at all, particularly the gap between the middle and the top, so we do need to get into these wider issues" ([Q344](#)). It would be helpful to have more detail of how you understand these trends and what is driving them.
- The proportion and number of pensioners who are just receiving the State Pension as their income, by gender ([Q348](#)). In addition, Stat-Xplore provides figures for average State Pension incomes by gender and age (in five-year bands). It would be helpful to have data showing the range of State Pension incomes by age and gender.
- In addition, in response to my question about indexation on pension compensation for pre-1997 benefits, you said there was "not a straightforward solution, because the balance sheet of the PPF is the public balance sheet" ([Q356](#)). The PPF [told us in December 2024](#) that providing prospective pre-1997 pension increases where scheme rules allowed for that, capped at 2.5%, would reduce the PPF's reserves by £1.7 billion, to £11.5 billion. The estimated cost of making the same change to FAS assistance was £40 million in years one to five and £93 million in years six to ten. To help us understand this in context, could you explain the impact of this on the public finances?

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**Work and Pensions  
Committee**

It would be helpful to have a response by Wednesday 2 July. As is usual practice with the Committee's correspondence, I will be publishing this letter and your response on the Committee's website.

Best wishes

**Debbie Abrahams MP**  
Chair, Work and Pensions Committee

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***July 2025.***