

# Chapter 6

## **Older people**

# A healthy, active retirement

Labour believe that all older people should have a fulfilling life with a decent and secure income in retirement. When we came to office, we promised that all pensioners would share fairly in the nation's rising prosperity and that is what we have delivered. We immediately set about reversing the damage caused by years of Conservative government. When the Tories left office, one in four pensioners were living in poverty and countless communities across Scotland suffered from poor quality housing and services.

Since 1997, Labour has lifted 120,000 pensioners out of relative poverty and 200,000 from absolute poverty.

In 1999, no older person in Scotland had access to the services we now offer. Scottish Labour has delivered free bus travel, free central heating, free personal care and warm homes, with pensioners also benefiting from UK Government schemes such as free TV licenses, winter fuel allowances and the cut to vat on fuel.

We introduced free personal care and now 72,000 elderly Scots receive high quality, responsive, long term care in an appropriate setting, guaranteeing dignity, and support for those who need it, irrespective of ability to pay.

Scottish Labour has shown determination to improve the lives of older people. In a third term, we will continue to work hard to tackle the problems facing pensioners in Scotland, in order to ensure older people are able to enjoy a secure retirement, living in comfort, as independently as possible and with easy access to the care and facilities they need.

## What we have achieved:

- Increased spending on the 60+ age group to £5.1 billion a year for the full range of services.
- introduced free nursing and personal care – a £250 million package over the next two years – is estimated to be benefiting almost 72,000 older people.
- Put money into all pensioners pockets through real increases in the basic state pension, the Winter Fuel Payment, free TV licences for the over-75s, free prescriptions, free eye tests
- Extended free local travel to a free national any-time travel scheme for all older and disabled people across Scotland, including 2 free return ferry trips
- Delivered the Pension Credit, which is currently linked to earnings and ensures that no pensioner need live on less than £114 a week (compared to just £69 under the Tories)
- Lifted 1.8 million pensioners across the UK (1.3 million of them women) out of absolute poverty since 1997, narrowing the gap between poorer pensioners and average incomes.
- In Scotland, lifted over 120,000 pensioners from relative poverty and over 200,000 pensioners from absolute poverty since 1997.
- Introduced the £200 Winter Fuel Payment for households with occupants over 60 (£300 for over-80s).
- Created the Warm Deal, which provides grants from £125 up to £500, for home insulation to help pensioners keep warm. Over 230,000 homes have benefited.
- Cut the Tories' VAT on fuel from 8 to 5 per cent – the lowest rate allowed under EU law
- Delivered the central heating programme which has ensured that nearly 80,000 homes across Scotland now have central heating.

## Our pledges for a third term:

- Make local council tax bills fairer for pensioner households.
- We will continue our commitment to free Personal Care
- Increase and improve community care, enabling those older people who choose to, to live in their own homes for longer.
- Establish a National Forum on Ageing
- Combat ageism and promote positive images of older people
- Establish a Scottish Centre for Intergenerational Practice
- Promote health improvement for older people
- Tackle the issue of elder abuse
- Encourage better design in the housing stock (including telecare) to reflect the needs of older people, allowing them to live more comfortably and safely in their own homes.
- Ensure all homes are insulated and centrally heated by 2015.
- End fuel poverty by 2016.
- Take specific measures to improve the lives of those older people living in high rise buildings.
- Deliver more flexibility in tenures, allowing people to move between different and more suitable tenures at different stages in their life.
- Require all registered social landlords to put in place systems for preventing their tenants from being plagued by anti-social behaviour.
- Create an army of retired tradesmen to help teach our youngsters new and valuable skills, helping people live fulfilling lives in retirement.

## Our Policy

### Pensioner Poverty

When Labour came to power, one of our top priorities was to reverse the serious pensioner poverty we inherited from the Tories. When the Tories left office, one in four pensioners were living in poverty and the poorest pensioners were expected to get by on just £69 a week. So far in Scotland, since 1997, over 120,000 pensioners have been lifted from relative poverty and over 200,000 pensioners have been lifted from absolute poverty.

Labour is ensuring that as many eligible pensioners as possible take up the extra cash that is available to them. However, we intend to go further. Working in partnership across the UK, we want to increase information and awareness of the pensions credit to enable more pensioners to claim what is rightly theirs.

The Council Tax Benefit protects poorer pensioners from council tax rises. The average payment of Council Tax Benefit to those over-60s who receive it is £620 a year, with 100 per cent refunds for the poorest pensioners. We are determined to increase the take-up of this important benefit amongst those that are entitled to it, seeking to strengthen existing campaigns to appeal to Scotland's population. Scottish Labour will also take the important steps to make the Council Tax fairer for pensioner households.

Almost half of pensioners pay no income tax. For those who do, Labour has raised age-related personal allowances substantially above inflation, ensuring that no pensioner age 65 or over currently need pay tax on an income of less than £136 per week.

### Boosting pensioner prosperity

Labour will ensure that older people continue to share fairly in the country's rising prosperity and we are committed to eradicating pensioner poverty.

In addition to directly increasing their incomes, Labour is also working hard to reduce the cost of key public services to older people. For example, pensioners are already benefiting from free eye tests and free prescriptions. Furthermore, through a joint agenda with the UK Government, older people are now benefiting from free TV licences, winter fuel allowances and cut vat on fuel. We have also extended free local travel to a free national any-time travel scheme for all older and disabled people across Scotland, including 2 free return ferry trips.

Labour's Pension Credit, which is now linked to earnings, ensures no pensioner need live on less than £114 a week, in comparison to just £69 per week under the Tories. Furthermore, the Pension Credit rewards pensioners who have saved for their retirement. This ended the unfair system which operated under the Tories, whereby each £1 of income they had saved for, lead to a £1 reduction in state benefits.

Labour's hard work and our achievements are clearly visible. For example, The Pensions Commission found that the first seven years of a Labour government in the run up to the 2005 elections saw pensioners enjoying record prosperity, with average net incomes rising by 19 per cent – seven per cent more than the rise in earnings.

With an aging population in Scotland – where in twenty years time, approximately 42 per cent of the population will be fifty or over and 20 per cent aged 65 or over – Scottish Labour believes it is increasingly important to take the necessary steps to increase pensioner prosperity and will continue to work to ensure that pensioners proportionally share in the country's rising prosperity.

### **Active and fulfilling lives**

Scottish Labour wants to ensure that all older people are able to live fulfilling lives – enabling them to choose to work, to volunteer, to play an active role in the lives of their grandchildren, and to get out and about in their communities

Scottish Labour is determined to change public opinions, supporting active ageing and promoting positive attitudes towards ageing. We value older people and will support them to continue to contribute to Scottish society.

Since 1997, Labour has delivered economic stability and sustained growth and the employment rate of older workers has increased very sharply, significantly more than for the population as a whole. But we know that people can only choose to work for longer if they are given a fair chance and the relevant opportunities to do so. Therefore, we are legislating to outlaw age discrimination in respect of recruitment, promotion and training.

Labour's aim is to extend employment opportunity to all, including reversing the trends that have in the past seen many people in their 50s stopping work altogether.

The New Deal 50 Plus is helping older people who want to work find a job, and so far, it has helped almost 10,000 older Scots find work. In addition, our Pathways to Work scheme is helping to support inactive older people in their return to work, since half of the 2.7 million people across the UK claiming incapacity benefit are over 50. As well as continuing to support and help older people move into work – in particular, by maintaining the New Deal and rolling out Jobcentre Plus – we will work hard to ensure that career advice and learning opportunities are made more readily available to older people.

Scottish Labour is ambitious to extend opportunities to volunteer to older Scots. In a third term, recognising the experience of older people, we will work with our colleagues in the Trade Unions to create an army of retired tradesmen to help teach our youngsters new and valuable skills, helping individuals live fulfilling lives in retirement.

To empower older people to enjoy their retirement, Labour firstly delivered free local travel and then extended it into a free national travel scheme, including two free return ferry trips for Scotland's islanders. We will now work with the Department for Transport to consider ways to improve and expand the free concessionary travel scheme.

### **Warmer, safer homes**

Delivering stronger, safer communities has been a priority for Scottish Labour, but we know that some older people still sometimes feel insecure in their homes and communities. This is quite simply not acceptable. Since 1999, we have introduced record numbers of police and ensured that they are supported by Community Wardens, who are providing a reassuring presence in neighbourhoods across Scotland. In a third term, Scottish Labour will continue to work hard to ensure that every community benefits from a dedicated neighbourhood policing team, including more community wardens, to tackle crime and anti-social behaviour. And as a further reassurance for people in retirement, we will require all registered social landlords to put in place systems for preventing their tenants from being plagued by anti-social behaviour.

Since the Central Heating Programme commenced in 2001, there have been nearly 80,000 installations and in 2005-06 alone a record of 14,000 systems were installed. Scottish Labour has ensured the insulation of 315,000 homes through the Warm Deal, which provides grants between £125 and £500 for insulation, helping pensioners to keep their homes warm. We have also introduced the £200 Winter Fuel Payment for over-60 households, rising to £300 payment for over-80 households. Labour initiatives like these are reducing dampness in Scotland's homes and tackling fuel poverty.

We have also cut the Tories' VAT on fuel to 5 per cent, the lowest rate allowed under EU law.

Despite these improvements, Scottish Labour will not now back away from this issue. We will continue in our drive and are committed to ensuring all homes are insulated and centrally heated by 2015, ending fuel poverty by 2016.

Scottish Labour has a clear commitment to ensuring that older people are able to live more comfortably and safely in their own homes and so we will encourage better provision and design within the housing stock, whether owned by local authorities or other Registered Social Landlords.

We will work to deliver more flexibility in tenures, allowing people to move between different and more suitable tenures at different stages in their life. And Scottish Labour will take specific measures to improve the lives of those older people living in high rise buildings.

### **Tackling inequality**

Labour in government has been determined to tackle discrimination wherever we come across it. We know that the incomes of female pensioners are lower than those of men, and we consider this to be an area of particular concern. Pensions have always been tied to the workplace, both through company schemes and the National Insurance system. This has disadvantaged women because a large proportion of the traditional work that they have undertaken is in the home. Caring and bringing up children is an unpaid and generally invisible and unacknowledged form of employment. The oldest women in particular suffer a legacy of injustice. Their years in the labour market were often openly discriminated against in terms of both pay and pensions, and their years of raising children not recognised by the National Insurance system.

We have worked hard to challenge such inequalities, and the Pension Credit is a crucial way in which we can meet our commitment to improve the position of women in retirement. It has greatly improved the income for many of today's women pensioners who were unable

to build up National Insurance entitlements comparable with their male counterparts. Two thirds of those who receive Pension Credit are women, and around half of those eligible are single women. Estimates have also suggested that take-up for the poorest single women are now running as high as 90 per cent.

Labour is reducing the number of qualifying years needed for a full, basic state pension to 30, instead of 39 years for women.

Across the UK, since 1997, of the 1.8 million pensioners lifted out of absolute poverty across the UK, 1.3 million of these have been women.

### **Better, quicker local healthcare**

Labour is determined to continue to work hard in order to improve standards of care and ensure fair access to services for all older people. We are aware that as people get older, they are likely to require different levels of care, and we also know that many elderly Scots wish to stay in their homes for as long as possible, remaining as self sufficient and independent as they can.

We are proud of our policy of free nursing and personal care, a £250 million package, which is widely thought to be the landmark policy of devolution. It is estimated that approximately 75,000 older people are currently benefiting from this legislation.

Furthermore, we have aimed that by the end of 2008, no patient referred by their GP for hospital treatment will wait longer than 18 weeks for an outpatient appointment, comparable to a wait in excess of 18 months previously experienced under the Tory Government.

There will be no more bottlenecks and hidden waiting lists for diagnostic tests and outpatient appointments. We also intend to guarantee waiting times for a number of operations, a high proportion of which are needed by older people.

By the end of 2007, it is our aim that no-one will wait longer than 24 hours from admission to hip surgery. Furthermore, the maximum wait for cataract surgery will be 18 weeks and the maximum wait from GP to cardiac intervention will be 16 weeks.

### **Carers**

Scottish Labour recognises the value of the contribution that relatives, friends and neighbours play as carers within the community. Traditionally an invisible group in society, we know that carers play a vital role in supporting the elderly, so they are able to remain in their homes and community for as long as possible. Scottish Labour is working hard to change the situation whereby individuals take on substantial responsibilities, with little or no respite support. We plan to ensure these individuals are better supported and have improved access to information, services and respite help.

Labour has created the new Carer's Credit for people who look after the sick or severely disabled for at least 20 hours a week – and around 85,000 women are set to benefit from this across the UK by 2010. We have also set up an £8million development fund for Telecare, a resource for vulnerable and older people which aims to help sustain independence and improve the quality of life for both its users and carers.

# Further Information

## Local campaigning : statistics and tools

- *How many pensioners in my area are benefiting from Labour's measures?*  
For constituency figures, including Labour's Pension Credit and Winter Fuel Payment, visit the 'Labour in your area' section of the Labour Party website:  
<http://www.labour.org.uk/maps/index.phtml>
- *How do I find out more about key policies, like Free Personal Care?*  
The Scottish Executive website provides key information on Free Personal Care. Visit:  
<http://www.scotland.gov.uk/Topics/Health/care/17655>
- *How can I find out about my Pension Credit entitlement?*  
The Pension Service website provides information about entitlements. Visit:  
<http://www.thepensionservice.gov.uk/pensioncredit>

# Key documents

- ***All Our Futures: Planning for a Scotland with an Ageing Population.***  
Published in March 2007  
[www.scotland.gov.uk/Publications/2007/03/08125028/1](http://www.scotland.gov.uk/Publications/2007/03/08125028/1)
- ***Labour's Five Year Strategy for Work and Pensions***  
Labour recently published its Five Year Strategy for Work and Pensions, setting out progress to date alongside the key challenges and objectives for the coming years:  
[www.renewal.net/Documents/RNET/Policy%20Guidance/Departmentworkpensions.pdf](http://www.renewal.net/Documents/RNET/Policy%20Guidance/Departmentworkpensions.pdf)
- ***Labour's principles for pension reform***  
The principles set to underpin future reform of state and private pensions were outlined in *Principles for reform: the national pensions debate*, a paper published by the Department for Work and Pensions in February 2005  
[www.dwp.gov.uk/publications/dwp/2005/pensions\\_debate](http://www.dwp.gov.uk/publications/dwp/2005/pensions_debate)

# Key websites

[www.thepensionsservice.gov.uk/](http://www.thepensionsservice.gov.uk/) - The Pension Service  
[www.dwp.gov.uk/](http://www.dwp.gov.uk/) - Department for Work and Pensions  
[www.defra.gov.uk/environment/energy/hees/](http://www.defra.gov.uk/environment/energy/hees/) - Warm Front scheme  
[www.scotland.gov.uk/Topics/People/OlderPeople](http://www.scotland.gov.uk/Topics/People/OlderPeople) - Information from the Scottish Executive on policies for older people in Scotland  
[www.transportscotland.gov.uk/defaultpage1221cde0.aspx?pageID=40](http://www.transportscotland.gov.uk/defaultpage1221cde0.aspx?pageID=40) - for information on the Concessionary Travel Scheme in Scotland

## Supporting quotes

"We found that free personal care in Scotland has promoted more 'joined up' approaches to the care of older people, while reducing their money worries and enabling their relatives and friends to continue provide additional, informal care. In that way, it has helped to improve the quality of life for frail older people and improve and support their choice of care services."

*Alison Bowes, Researcher, University of Stirling, 1 February 2006*

"This much welcomed Scottish Executive grant will help with setting up this information service and will provide a lifeline to many older people throughout the country [Scottish Helpline for Older People]. We are expecting 10,000 calls in the first year and will be dealing with issues regarding benefits, housing, health and community care, age discrimination and pensions to name a few."

*Maureen O'Neil, Director of Age Concern, Scottish Executive Press Release, 3 June 2004*

"Thanks to an £80,000 grant from the Scottish Executive, we were able to make the much needed move. We have operated our business from Rose Street for the past 10 years, but the building was no longer suitable for our needs, particularly access for people with disabilities. Unfortunately, we could not alter the building to suit, so we had to move to new premises."

*David Manion, Chief Executive of Age Concern Scotland, 26 September 2006*

"West Lothian Council first piloted the telecare technology in 2001 through its Opening Door Project. From the outset, the discreet sensors proved to be a success with both users and their families and carers.

"Now we are leaders in this field in Europe with around 2,300 vulnerable people being successfully supported in their own homes. Our target for this year is to increase this to more than 3,000, and add to the range of sensors and equipment, to support a broader range of needs."

*Councillor Bruce Ferrie, Convener of West Lothian Council's Health and Care Committee, Scottish Executive Press Release, 15 August 2006*

"Age Concern Scotland welcomes the Scottish Executive intention to fulfill their manifesto commitment to extend free local bus travel for pensioners to a national scheme. Access to affordable travel is essential for pensioners, most of whom live on very limited incomes. We no longer live in a society where family, friends, shops and services are just around the corner, and the ability to get out and about is critical for everyone".

*Age Concern Website, 22 December 2004*

# Nationalists

For the first time, with Labour, pensioners are benefiting from a range of new measures, including the winter fuel allowance; free personal care; free prescriptions; free TV licences; free eye tests; free national bus travel; and upgrades to insulation and central heating systems through the Warm Deal.

The independently verified £11 billion black hole at the heart of the SNP's plans for independence would mean that the SNP would not be able to match Labour's investment in older people. Their dangerous plans for a separate pension system would cause chaos for those looking forward to a secure retirement. And their plans to introduce a Citizen's Pension would do little to help the poorest pensioners, instead pushing more money into the pockets of well-off pensioners who don't need it as much as the most vulnerable.

The SNP cannot be trusted to deliver dignity and security in retirement for all of Scotland's older people. Labour is the only party that us truly on the side of Scottish pensioners, with a proven track-record of delivery.

## The choice

- **Investment in services for older people with Labour, or short-changing Scottish pensioners under the SNP**
- **A secure retirement with a stable pension system with Labour, or constitutional chaos under the SNP**
- **Lifting the poorest pensioners out of poverty with Labour, or pointlessly directing more money towards the more wealth via the Citizen's Pension under the SNP.**

### Separate Scottish pension system would lead to chaos

The SNP have confirmed that they committed to creating a separate Scottish Social Security system;

*Gordon Brewer:* "First point – social security. George Foulkes is right isn't he; there is a national UK system which you would break up?"

*Kenny MacAskill:* "Well absolutely... The fact of the matter is we want an opportunity to be able to address Scotland's needs in terms of a social and welfare system because we faced cuts under Thatcher, we're not convinced that Labour has delivered"  
*Newsnight Scotland, 27 November 2006*

But the SNP haven't thought their plans though:

- A Scottish 'citizen's pension' based on residency would mean setting up a new system of residency checks to make sure people were living in Scotland – we currently have no accurate way of recording residency.
- Having a residency system in Scotland and a contributory system in the rest of the UK would also be difficult for people who spent part of their lives living in Scotland and part in England – would they miss out on getting a decent pension from either country?
- Also, there would be whole generations of people who had built up pensions under the UK system, and so would receive part of their pension from their UK entitlement and part from a Scottish entitlement. Who would decide what rate should be as the UK would no longer exist as an entity to make the decisions in Parliament?

The choice in May is clear – Labour working across the UK to deliver a higher and fairer state pension, or the Nationalists’ plans to divorce Scotland from the rest of the UK, creating Pensions’ chaos.

### **The SNP’s pension plans are unaffordable**

Despite the blackhole at the heart of the SNP’s plans for independence already standing at £11 billion, the SNP have failed to explain how they would further pay for the £1 billion cost of their Citizen’s Pension.

Their opposition to raising the state pension age as we live longer into retirement is equally unaffordable, and ignores the fact that life expectancy at 65 is predicted to increase faster in Scotland than other parts of the UK. Failing to increase the pension age would mean passing on the equivalent of a 4p rise income tax to our children and grandchildren.

*“Must not the huge inequalities in Scotland in respect of health and life expectancy be tackled before we start to talk about raising the retirement age? ... Does he agree that if pension reform proposals took any account of Scottish circumstances, we would not be contemplating an increase in the retirement age at this time—yes or no?”*

Nicola Sturgeon MSP, First Minister’s Questions, 25 May 2006

### **The SNP’s Citizen’s Pension**

The SNP’s main argument against the current pensions system is that it is based mainly on labour market participation and discriminates against women and carers.

But they neglect to mention that measures, introduced by the Labour Government, are ensuring that for the first time, women and carers are NOT discriminated against by the pensions system.

- The Pensions Credit is one of the measures we have introduced to help improve the position of women and carers in retirement. It has greatly improved the lives of many of today’s women pensioners who were unable to build up National Insurance entitlements comparable with those of men. Two thirds of those getting Pension Credit are women, and around half of those eligible are single women. Estimates suggest that take-up for the poorest single women is now running as high as 90 per cent.
- Labour has given many women, carers, low-earners and disabled people the chance to build up a decent pension for the first time by introducing the State Second Pension. Rights to the new State Second Pension (reforming SERPS - the old State Earnings Related Pension Scheme) began to accrue from 2002. This reform is particularly important for low earners and those with caring responsibilities since they are credited in as if they had earnings of at least £11,600 per annum. The State Second Pension is at least twice as generous to low earners as the previous SERPS system, and SERPS completely excluded carers and disabled people from building up a second state pension.
- Labour has ensured that 23,000 carers over State Pension age (60/65) are no longer automatically debarred from receiving Carer’s Allowance, and many more benefit from the Carer’s Premium in the income-related benefits and/or the additional amount in their Pension Credit. And Attendance Allowance provides pensioners with a contribution to the extra costs incurred by disability.

These actions are lifting Scottish pensioners out of poverty. Since 1997, thanks to measures that Labour has taken, 120,000 Scottish pensioners have been lifted out of

relative poverty and 200,000 pensioners out of absolute poverty. Labour is delivering for pensioners. All the SNP are delivering is rhetoric.

**The SNP would do nothing to help the most vulnerable pensioners.**

In 2005, the SNP manifesto pledged just an extra pound to Scottish pensioners under their Citizen's Pension. At the time the Pension Credit guaranteed to £109 to Scottish pensioners and £167 to couples. The SNP's pledge was laughable and did little to redistribute wealth. Universal pensions may sound like an election winner, but they will not address the real issues. Instead they direct money to those with occupational pensions, instead of tackling pensioner poverty, which Scottish Labour has already taken huge steps to eradicate.

Labour has introduced the Winter Fuel Allowance, free local transport for the elderly (expanding to a national scheme), free personal care, free eye tests and TV licences. With the estimated £11 billion pound deficit at the heart of the Nationalists campaign for independence, they cannot honestly pledge the same support for our pensioners.

Labour policies, targeting the poorest pensioners first, have lifted 200,000 Scottish pensioners out of absolute poverty. SNP policies would remove this focus on helping poorer pensioners first.

# Liberal Democrats

Older people cannot trust the Liberal Democrats. Whilst Labour is targeting investment at the poorest pensioners through the Pensions Credit, the Liberal Democrats voted against this vital support for the most vulnerable and given the opportunity, would axe it. The Lib Dems' plans for a Citizen's Pension will direct money to those with already-large occupational pensions, instead of tackling pensioner poverty, which Scottish Labour has already taken huge steps to eradicate

The Lib Dems would also pay for tax cuts for the rich by hiking up fuel bills for the most vulnerable pensioners. Far from backing our poorest pensioners, it seems the Liberal Democrats are the biggest threat to them.

## **Lib Dem vote against the Pensions Credit**

Targeting support at those most in need is helping Labour to tackle the pensioner poverty inherited from the Tories. Through the Pension Credit, we are helping the most vulnerable older people and to date, Labour has helped to lift more than 1.8 million pensioners across the UK out of absolute poverty. But, far from backing our poorest pensioners, the Lib Dems voted against the State Pension Credit Bill at the second reading.

"The savings credit neither rewards those who save today nor encourages people to save for tomorrow, and I urge the House to reject it outright."

*Steve Webb MP, House of Commons 25<sup>th</sup> March 2002 (Hansard, Column 629)*

The Lib Dems have shamelessly played politics with pensioner poverty and have advocated a Citizen's Pension. Their 2005 general election pledge to guarantee a Citizen's Pension of £109.45 – exactly the same amount guaranteed by the Pension Credit – does little to redistribute wealth. Universal pensions may sound like an election winner, but this policy will not address the real issues. Citizen's Pensions will direct money to those with already-large occupational pensions, instead of tackling pensioner poverty, which Scottish Labour has already taken huge steps to eradicate. Even the Lib Dems themselves have had to admit this:

**Andrew Smith:** "Does he accept the cost of his strategy is not only that some older rich pensioners get money they arguably do not need so much, but that younger poorer pensioners do not get the money they need?"

**Steve Webb:** "I accept that"

*House of Commons, February 27<sup>th</sup> 2003 (Hansard, Column 442)*

Along with the targeted Pensions Credit Labour has introduced the Winter Fuel Allowance, the Warm Deal and Central Heating Scheme, free national transport for the elderly, free personal care, free eye tests and TV licences. Labour policies, targeting the poorest pensioners first, have lifted more than 200,000 Scottish pensioners out of poverty. The Lib Dems policies would remove this focus on helping poorer pensioners first.

## **Lib Dems taxation plans would widen the fuel poverty gap**

The Liberal Democrats' plans to hike up fuel duties in order to fund income tax cuts will be of little comfort to older people. Whilst Labour has been concentrating on narrowing the fuel poverty gap through the Warm Deal, Winter Fuel Payment, the Central Heating Scheme and cutting the Tories' VAT on fuel to 5 per cent, the Lib Dems seem intent on widening it again.

According to Chris Huhne, the party' Environment spokesperson,

“We have to be more brutal and more direct and it's going to involve some pain for some people by saying we need to raise fuel duties again and.... even putting up household fuel bills. That will give us money which we can direct back to the low paid in cuts in income tax.”

*Chris Huhne MP, Shadow Environment and Rural Affairs Spokesperson, The Herald, 17<sup>th</sup> January 2006.*

# Tories

The Tories record on pensions is abysmal. They have no credibility on delivering for older people. Having broken the earnings link for increases in the basic state pension in 1980, they chose to raise it just once during their 18 years in office – and then only to compensate for imposing VAT on fuel. When they left office, one in four pensioners were living in poverty.

The Tories broke their promises to pensioners on tax, including putting VAT on fuel. They allowed the mis-selling scandal, which undermined confidence in pension saving. They gave Britain the two deepest recessions since the Second World War, allowing double-digit inflation to eat into pensioners' savings. And in opposition, they have opposed every one of Labour's measures to make pensioners better off, including the Winter Fuel Payment, free TV licences and the Pension Credit. Pensioners simply can't trust the Tories with their financial security.

## **Failed Tory past**

In 18 years the Tories chose to increase the basic pension just once in real terms – and then only to compensate for imposing VAT on fuel. They left one in four pensioners living in poverty.

When the Tories left office, the poorest pensioners were expected to live on just £69 a week and pensioner inequality was wider than it had been for over 30 years. The Tories presided over the pensions mis-selling scandal and did nothing to clear up the mess – it caused misery to millions and destroyed confidence in pensions.

High inflation in the 1980s and 1990s eroded the incomes and savings of two generations of pensioners, while the mass unemployment of the Tory years deprived many older workers of the chance to build a decent retirement income.

## **Changed days for pensioners**

When they left office, one in four pensioners were living in poverty. By contrast, 10 years with Labour has seen a massive reduction in pensioner poverty, with over 200,000 pensioners lifted from absolute poverty since 1997.

They broke their promises to pensioners on tax, including putting VAT on fuel. Only a Labour campaign defeated their efforts to increase it to 17.5 per cent in 1995. With Labour, VAT on fuel has been cut from 8 to 5 per cent – the lowest rate allowed under EU law.

Having broken the earnings link for increases in the basic state pension in 1980, the Tories chose to raise it just once during their 18 years in office. With Labour, by combining real increases in the basic state pension with special help for the poorest pensioners, the last seven years have seen pensioners' average net incomes rise by 19 per cent – that's seven per cent more than the rise in earnings.

The Tories scrapped free eye-tests. Labour reintroduced them.

## **Labour has delivered for older people**

10 years ago, older people could not get on the bus to travel across Scotland for free; receive a winter fuel payment of between £100 and £200 or up to £300 paid to over 80's; were not entitled to receive free central heating systems and were not entitled to free personal care. All these improvements were made by Labour.

## Q&A

### **Why are many female pensioner entitled to less pension than their partners? When is Labour going to make pensions fairer for women?**

Today, the pensions system aggravates the inequality women face in the workplace. The Government is also tackling labour market inequality – it set up the Women and Work Commission to look at how Government could close the gender gap in pay and opportunities.

We are proposing a raft of measures to improve opportunities for women at work. And the pension reforms we are proposing will narrow that gap still further in retirement.

Women and carers will particularly benefit from the package of reforms which will modernise the contributory principle for the basic State Pension and State Second Pension to reward social and cash contributions equally.

This Bill will cut the number of qualifying years you need to receive a full state pension to 30 and introduce weekly credits for mothers and carers that will count towards people's pension entitlements in the same way as national insurance contributions.

Today only 30% of women reaching State Pension age are entitled to a full basic State Pension, compared with 85% of men.

By 2010, that figure will have risen to around three quarters of women. This will rise to over 90% by 2025. This means over 300,000 women between 46 and 56 getting a full pension in 2020 rising to almost half a million women by 2025.

Around 120,000 people will gain from the introduction of the new Carer's Credit in 2010, with 85,000 of these being women.

Under our reforms an extra 1 million people, 90% of them women, will accrue State Second Pension.

2050 the value of the Basic State Pension will roughly double in value compared to current policies.

### **I've worked hard and saved all of my life. Why am I punished for my prudence by not being allowed to claim the Pension Credit?**

Labour's first priority on coming into office in 1997 was to tackle the legacy of pensioner poverty we inherited from the Tories. We have succeeded in lifting nearly 2 million pensioners out of absolute poverty and a million out of relative poverty

The average pensioner household will be £1,400 per year better off as a result of measures this government has introduced than they would have been under the 1997 system. The poorest pensioners are £1,900 a year better off.

As a result of the measures that this government have introduced since 1997, there will be around 10.5 billion extra spent on pensioners in 2005/06.

The Minimum Income Guarantee, Pension Credit, Winter Fuel Payments and a 7 per cent real terms increase in the Basic State Pension are just a few of the measures that have

made a real difference to the quality of life for millions of people.

But Labour is determined to tackle the new challenges that will confront us in the year ahead – increasing life expectancy, under-saving and unfairness to women.

At the heart of the new settlement will be a new low-cost savings scheme into which all workers will be automatically enrolled and employers will make matching contributions while the employee chooses to remain in the scheme.

The new pension settlement will make it easier for people to save, with x Measures to make it easier to save will be supported by a higher, fairer state pension re-linked to earnings. The objective, subject to affordability and the fiscal position, is to do this in 2012, but in any event by the end of the next Parliament at the latest. This will give people a firm, simple-to-understand, foundation on which to build, and enable them to have confidence that their personal saving will be worthwhile.

### **Will members of local government pension schemes still have the right to use the Rule of 85 under Labour?**

The Rule of 85 allowed scheme members to retire on an unreduced pension before the normal pension age of 65 if their combined age and years of service, including time after leaving employment, totalled 85 or over. Members aged 50 to 60 required their employer's consent to retire early. Members aged 60 and over did not.

The Rule of 85 had to be removed to be compatible with EC Directive on Equal Treatment in Employment and Occupation. However transitional protection was put in place to protect members of the Local Government Pension Scheme in Scotland.

There are 2 elements of Scottish transitional protection following removal of the Rule of 85 (on 1 December 2006) as follows:

- 1) The first would ensure that existing active scheme members at 30 September 2006 would continue to accrue service under the 85 year rule until 31 March 2008.
- 2) The second element of transitional protection would be provided for existing members who will be 60 by 31 March 2020 and who would satisfy the 85 year rule by that point. This provides protection for those scheme members closest to retirement, i.e. those within 13.5 years of retirement, who are likely to have insufficient time from the date of the removal of the rule of 85 to make alternative arrangements for their retirement.

In short, Local Government Pension Scheme members have a transitional protection in relation to Rule of 85 which provides full protection to all existing members until 2008, and for existing scheme members who will be 60 and who satisfy the 85 year rule by 31 March 2020

### ***How do you justify raising the State Pension Age when life expectancy is still poor in some parts of the UK?***

We have pledged to keep the rises under review with particular regard to the projected life expectancy of the lowest socio-economic groups. But when around a quarter of men in Manchester and Liverpool die before reaching 65 it's clear that the pension age is only part of the picture. Life expectancy is rising for all socio-economic groups – but we need to continue investing more in improving people's health throughout life – and especially in areas which have traditionally suffered greater deprivation. You don't deal with differences in life expectancy through the pension system. You do it through more effective public health strategies, early intervention to tackle the root causes of child poverty, effective childcare, education, skills, opportunities to work, the promotion of inter-generational social mobility.

But we also need to remember in this debate about the State Pension Age that life expectancy is increasing in all parts of the country. In Scotland, for example, where life expectancy has been lower, longevity is now expected to improve faster than in other parts of the UK. And the increase in State Pension Age to 68 will still leave men in Scotland with a longer period of time above the pension age.