

Correspondence from Fospen members to MPs and their replies concerning future increases to pre-1997 pension accruals

March - April 2017

MPs RESPONSES TO FOSPEN CORRESPONDENCE

No	Name	Letter Issued	Date GMM notified	MP's Name	Reply Received	Nature of Reply
1	Dave Hodgkinson	Yes	19/04/2017	Bercow	Yes	Totally negative. Just copied a response from Damian Green. A complete misunderstanding of what is being requested and totally negative.
2	Sadek Himyari	Yes	14/04/2017	Not known	Not known	
3	Chris Burke	Yes	12/04/2017	Gove	Yes	Gove replied with letter from Richard Harrington. A more personalized response (perhaps reflects gove's status). "Yet to be convinced that he should initiate any action".
4	Graham Martin	Yes	21/03/2016	Rob Wilson	Yes	Two replies; standard response to e-mail, 2nd response to letter saying further response to come after discussion. Wilson is no longer the MP.
5	Dick Molyneux	Yes	20/03/2017	Redwood	Yes	Two rounds; first negative response, 2nd letter from Dick pointing out that we were not seeking backdated increases, 2nd response he will take it up again. Harrington standard response.
6	Robert Monk	Yes	20/03/2017	Rob Wilson	Yes	Two rounds as first did not answer the question, 2nd round essentially same as answer to Graham Martin, he will talk and respond again later. Response with letter from Harrington which is clear that he has no intention of addressing pre-1997 service. Wilson is no longer the MP.
7	John Parry	Yes	20/03/2017	Redwood	Yes	Redwood provided a detailed response from Harrington and no hope of any action.
8	David Bacon	Yes	01/04/2017	Hoare	Not known	
9	David Robertson	Yes	26/03/2017	Afriyie	Yes	Standard response
10	Barbara Rossell	Yes	23/03/2017	Redwood	Not known	
11	Russel Evans	Yes	21/03/2017	Clifton-Brown	Not known	
12	Ted Seaman	Yes	21/03/2017	Crabb	Not known	
13	Avril Birchall	Yes	20/03/2017	May	Not known	

14	Ian Waddy	Yes	20/03/2017	Hammond	Not known	
15	Paul Capper	Yes	20/03/2017	Jenrick	Not known	
16	David Jones	Yes	20/03/2017	Anne Milton	Yes	Forwarded response from Richard Harrington. No intention of addressing pre-1997 service.
17	Ted Quiney	Yes	20/03/2017	Not known	Not known	
18	Philip Young	Yes	10/03/2017	Grieve	No	
19	David Robertson	Yes	28/04/2017	Corri Wilson	Yes	Corri Wilson was the SNP MP who led the Parliamentary Debate. Automated reply.
20	Ian Adams	Yes		Redwood	No	
21	Jim Foley	Yes		Rob Wilson	Yes	Wilson is no longer the MP.
22	David Robertson	Yes	10/03/2017	Nicky Morgan	Yes	Sympathetic response. Aware of the issue (as she attended the Parliamentary Debate). Will pursue, as necessary, for her constituents.
23	David Robertson	Yes	10/03/2017 28/04/2017	Sir Peter Bottomley	No	He was sympathetic, attending the Parliamentary Debate. No reply (twice).



Rt Hon JOHN BERCOW MP

HOUSE OF COMMONS, LONDON SW1A 0AA

020 7219 6346 | john.bercow.mp@parliament.uk

Mr David Hodgkinson
17 Culverton Hill
Princes Risborough
Buckinghamshire. HP27 0DZ.

10 April 2017

Dear Mr. Hodgkinson,

Thank you for your letter of 4 April concerning the Government's consultation into the future of Defined Benefit pension schemes. I appreciate that this is a most concerning issue for you, and thank you for taking the time to write to me.

In order that your concerns are appropriately addressed, I have today written to Rt Hon Damian Green MP, Secretary of State for Work and Pensions, requesting he look into the issues raised in your correspondence and provide me with his comments. I will write again with the response I receive.

In the meantime, should you have any additional questions, or feel I can be of any further assistance, please do not hesitate to contact me again.

Yours sincerely


John Bercow



Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.dwp.gov.uk

ministers@dwp.gsi.gov.uk

Rt Hon Sir John Redwood MP
House of Commons

Our ref: POS(3)10596/361

28 April 2017

Dear Sir John

Thank you for your letter of 10 April on behalf of Mr Richard Molyneux of 11 Cassia Drive, Earley, Reading about the indexation of pre- April 1997 pensions.

I acknowledge Mr Molyneux's comment that the petition for statutory indexation of pre-1997 pensions does not include the request for backdating.

As he may be aware, a large proportion of schemes are apparently already paying increases on pre-1997 pensions, and it has been suggested that it would not add significantly to schemes' liabilities if statutory indexation was extended to these pensions. However, it is clear that not every scheme is paying an increase every year. Even if those schemes are in the minority, it still means that there are schemes which would have to find extra money, and where there would be an additional liability placed upon the employer that was not provided for. For these employers, the increased cost will appear on their balance sheet.

There are currently no plans to force schemes to pay any increases to pre-1997 pensions beyond those that are already required by scheme rules.

I hope this helps to explain the position.

Yours ever
Richard Harrington

**RICHARD HARRINGTON MP
MINISTER FOR PENSIONS**

THE RT HON JOHN REDWOOD MP



HOUSE OF COMMONS
LONDON SW1A 0AA

Mr Richard Molyneux
11 Cassia Drive
Earley, Reading
Berkshire RG6 5YH

10 April 2017

Dear Mr Molyneux

Thank you for your further letter of 5 April 2017 about the lack of a statutory obligation for pensions earned pre-1997 to be increased in line with inflation.

I will take this matter up in writing with the Minister and ask whether the Government might consider introducing mandatory indexation going forward.

I will send you a copy of any reply I receive from him in due course.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'John Redwood', written in a cursive style.



Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.dwp.gov.uk

ministers@dwp.gsi.gov.uk

Your ref: CORW56059

Rob Wilson MP
House of Commons

Our ref: POS(3)11060/451

27th April 2017

RECEIVED 07 MAY 2017

Dear Rob

Thank you for your letter of 6 April on behalf of Mr Robert Monk of 100 St. Peter's Avenue and [REDACTED] about pension increases.

Mr Monk and [REDACTED] have both expressed concerns that they have not been receiving regular increases on their pensions earned before 1997.

The Green Paper is about the security and sustainability of the current system for defined benefit pensions, and the benefits that are due to members under current scheme rules and legislation. It does not explore changes that would place additional burdens on schemes and their sponsors which they could not have taken into account in their funding assumptions.

However, as I made clear during the recent Westminster Hall debate about the Digital Equipment pension scheme, I have a great deal of sympathy for people who find their pension is not being increased in the way they expected. I do appreciate that even low inflation means the buying power of these pensions is declining. However, as I think everyone accepts, there is no statutory obligation for pensions earned pre-1997 to be increased.

Increases to pensions in payment come at a significant cost to schemes. This is why when statutory indexation was introduced from April 1997, it only applied to pensions earned after that date, in order to avoid putting unexpected extra costs on the sponsoring employers.

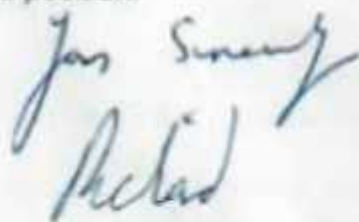
That position still stands. I am aware that many schemes do pay increases on pre-1997 pensions. This may be due to provisions within the in scheme rules or to the statutory indexation requirements relating to the Guaranteed Minimum Pension part of pensions earned between 1988 and 1997. If

increases are written into scheme rules without conditions, the scheme has to continue to pay them. However, in many schemes, increases to pre-1997 pensions are made at the discretion of the scheme's trustees or the sponsoring employer. In such cases, payment of increases remains a matter for the scheme or employer, and the Government cannot force the trustees or employer to exercise their discretion in a particular way.

However, figures from the Pensions Regulator used in the Green Paper do confirm that there are still a significant number of schemes who have no requirement to pay increases and who, consequently, have never allowed for the extra funding required. It would be wrong for Government to increase these employers' liability in respect of benefits accrued more than two decades ago, by requiring inflation increases the employer has not been obliged, or planned, to provide.

Furthermore, I understand that discretionary increases are not being paid in some cases because the scheme has a funding deficit and the sponsoring employer is already paying extra contributions into the scheme to make good that deficit.

I hope this helps to explain the position.

A handwritten signature in blue ink, appearing to read 'Jon Sweeney' and 'Richard'.

**RICHARD HARRINGTON MP
MINISTER FOR PENSIONS**

Rob Wilson

Parliamentary Candidate for Reading East



Mr Robert E Monk
100 St. Peter's Avenue
Caversham
Reading
RG4 7DL

Ref: CORW94009

24 May 2017

Dear Mr Monk

I have received the attached reply from Richard Harrington, Minister for Pensions, in response to my letter on your behalf concerning pension increases for 'pre-1997 pensioners'.

I note that the Minister has outlined the Government's position regarding this matter in great detail.

I hope that this response was informative although if I can be of any further assistance, please do not hesitate to contact my office.

Yours sincerely

ROB WILSON

Telephone: 0118 375 9785 Email: robwilsoncaseworker@gmail.com

ROB WILSON MP
Reading East



HOUSE OF COMMONS
LONDON SW1A 0AA

Mr Robert E Monk
100 St. Peter's Avenue
Caversham
Reading
RG4 7DL

Ref: CORW94009

6 April 2017

Dear Mr Monk

Thank you for your email regarding pension increases for 'pre-1997 pensioners'. I apologise that my first letter did not address your concerns.

Therefore, you will be pleased to know that I have raised this issue with Richard Harrington MP, Parliamentary Under Secretary State for the Department for Work and Pensions. I have highlighted the concerns outlined in your email dated the 20th March.

I will contact you again as soon as I receive a substantive response.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Rob Wilson', with a horizontal line underneath.

ROB WILSON MP
Member of Parliament for Reading East

ROB WILSON MP
Reading East



HOUSE OF COMMONS
LONDON SW1A 0AA

Mr Robert E Monk
100 St. Peter's Avenue
Caversham
Reading
RG4 7DL

Ref: SPRW94009

27 March 2017

Dear Mr Monk

Thank you for contacting me about the Government's green paper on defined benefit (or 'final salary') pension schemes.

Please let me assure you that the Government is acutely aware of the need to protect the retirement incomes of people who have worked hard and saved for a pension over many years. The Government's consultation on defined benefit pensions is reviewing member protection and the affordability of schemes, to ensure scheme members can enjoy a secure retirement.

It is important to ensure the defined benefit pension system is sustainable, so that schemes can continue to operate and members' pension pots are not put at risk. The Government will be working closely with the pensions industry, employers and scheme members to see what more can be done to increase confidence in defined benefit pensions.

The green paper will consider the powers of The Pensions Regulator and will explore ways of striking the right balance between the needs of scheme members, sponsoring employers, the Pension Protection Fund, and the wider economy. It is in everyone's interest that we have a pensions system which is strong and sustainable, and which delivers certainty and fairness for scheme members.

I appreciate that you are concerned about the possibility of changes to the rules around indexation in certain schemes. Since 2010 the Government's preferred measure of inflation for pension purposes has been the CPI, and many schemes follow this. However, some were unable to switch to CPI uprating because of indexation rules within individual schemes. As part of the green paper, the Government is seeking views on whether there may be a case for allowing struggling schemes to adjust their uprating policies to ease pressure.

The Government has been clear that it does not think the evidence is strong enough to suggest that indexation should be reduced across the board. The consultation is simply

ROB WILSON MP

Reading East



HOUSE OF COMMONS
LONDON SW1A 0AA

exploring whether it would be appropriate to provide flexibility on indexation in cases where a scheme is underfunded, in a way which would not encourage employers to allow the funding level of their scheme to deteriorate.

Thank you again for taking the time to contact me.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Rob Wilson', with a horizontal line underneath.

ROB WILSON MP

Member of Parliament for Reading East

THE RT HON ANNE MILTON MP

Member of Parliament

for Guildford



Tel: 020-7219-8392
Constituency Tel: 01483-300 330
Email: anne.milton.mp@parliament.uk
Fax: 020-7219-5239
Website: www.annemilton.com

HOUSE OF COMMONS

LONDON SW1A 0AA

Mr David Jones
17, West Mount
The Mount
Guildford
GU2 4HL

AM/MO

27 April 2017

Deo A- Jones

Further to my letter of 27 March, I have now received the enclosed response from Richard Harrington MP, Minister for Pensions.

I recognise that you may be disappointed that the Minister does not anticipate further or retrospective legislation, but I hope you will nevertheless find his reply helps to clarify the Government's approach. I note that the Minister also refers to a recent Westminster Hall debate about the Digital Equipment pension scheme. I have enclosed the Hansard of this debate in case you would like to read what was said.

I hope you find this useful. If there is anything else that I can do to help please do get in touch.

Deo A- Jones

The Rt Hon Anne Milton MP
Member of Parliament
for Guildford

I will treat as confidential all personal information you give to me or my staff. I may need to pass on this information to others so they can help you. I undertake to handle the information you give me in line with the requirements of the Data Protection Act 1998. I may wish to email or write to you in the future, to keep you informed on the same or associated issues. Please let me know if you do not wish to be kept up to date in this way.

*William Martin gmm01martin
@winturk*



Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.dwp.gov.uk

ministers@dwp.gsi.gov.uk

Your ref: AM/AK

Rt Hon Anne Milton MP
House of Commons

Our ref: POS(3)11045/585

20th April 2017

Dear Anne

Thank you for your letter of 27 March on behalf of Mr David Jones of 17 West Mount, The Mount, Guildford concerning pensioners who have not been receiving regular increases on pensions earned before 1997.

I note Mr Green's disappointment that this issue is not covered in the Government's recent Green Paper on defined benefit pensions. This is because the Green Paper is about the security and sustainability of the current system for defined benefit pensions, and the benefits that are due to members under current scheme rules and legislation. It does not explore changes that would place additional burdens on schemes and their sponsors which they could not have taken into account in their funding assumptions.

However, as I made clear during the recent Westminster Hall debate about the Digital Equipment pension scheme, I have a great deal of sympathy for people who find their pension is not being increased in the way they expected. I do appreciate that even low inflation means the buying power of these pensions is declining. However, as I think everyone accepts, there is no statutory obligation for pensions earned pre-1997 to be increased.

Increases to pensions in payment come at a significant cost to schemes. This is why, when statutory indexation was introduced from April 1997, it only applied to pensions earned after that date, in order to avoid putting unexpected extra costs on the sponsoring employers.

That position still stands. I am aware that many schemes do pay increases on pre-1997 pensions. This may be due to provisions within the in scheme rules or to the statutory indexation requirements relating to the Guaranteed Minimum Pension part of pensions earned between 1988 and 1997.

If increases are written into scheme rules without conditions, the scheme has to continue to pay them. However, in many schemes, increases to pre-1997 pensions are made at the discretion of the scheme's trustees or the sponsoring employer. In such cases, payment of increases remains a matter for the scheme or employer, and the Government cannot force the trustees or employer to exercise their discretion in a particular way.

Figures from the Pensions Regulator used in the Green Paper confirm that there are still a significant number of schemes who have no requirement to pay increases and who, consequently, have never allowed for the extra funding required. It would be wrong for Government to increase these employers' liability in respect of benefits accrued more than two decades ago, by requiring inflation increases the employer has not been obliged, or planned, to provide.

Furthermore, I understand that discretionary increases are not being paid in some cases because the scheme has a funding deficit and the sponsoring employer is already paying extra contributions into the scheme to make good that deficit.

The Government, therefore, has no plans to change the law retrospectively and force all schemes to pay increases on pre-1997 pensions because of the impact on those schemes and sponsoring employers.

I hope this helps to explain the position.

*Best wishes
Richard*

**RICHARD HARRINGTON MP
MINISTER FOR PENSIONS**

48 Roman Way, Bourne End, Bucks SL8 5LJ
Tel. 0162 852 2862 & 0782 672 0598
py3@peajaywye.plus.com

10th March 2017

Mr Dominic Grieve MP
1 Temple Gardens
London EC4Y 9DA

Dear Mr Grieve,

Government Green Paper: Future of Defined Benefit Pensions (Feb2017)

I ask you to provide your support to members of Defined Benefit pensions schemes who are in the unfortunate position of having received no pension increases for many years. The Green Paper gives neither prominence nor priority to this issue.

As I am sure you are aware, the present legislation makes no provision for a statutory requirement to enhance any pension entitlement earned before 1997. This places many elderly pensioners, myself included, in the unhappy position of being dependent on discretionary increases. In my case no such increase has been paid for well over a decade.

It is a rapidly diminishing group of pensioners, often low paid, many of whom retired a long time ago when incomes were low compared to the needs of today, who continue to suffer this unfairness. Unfortunately, the current Green Paper does not highlight the plight of this neglected group of pensioners, who are being let down by pension schemes into which they contributed in good faith.

Only 8% of companies with no fixed indexation are not paying a discretionary increase. Justice demands that inflation-linked payments should be made compulsory for years of service earned prior to 1997.

Your support in remedying this anomaly would be appreciated.

Yours sincerely

Philip J Young



Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.dwp.gov.uk

ministers@dwp.gsi.gov.uk

Your ref: ZA28962

Sheryll Murray MP
House of Commons

Our ref: POS(3)10140/427

20th April 2017

Dear Sheryll

Thank you for your letter of 24 March to the Secretary of State on behalf of Mr Brian Skuse of 59 Trelawny Road, Menheniot, Liskeard about the Green Paper on defined benefit pension schemes. I am replying as the Minister for Pensions.

Mr Skuse has not been receiving regular increases on the pension he earned before 1997 and is disappointed that this issue is not covered in the Government's recent Green Paper on defined benefit pensions.

This is because the Green Paper is about the security and sustainability of the current system for defined benefit pensions, and the benefits that are due to members under current scheme rules and legislation. It does not explore changes that would place additional burdens on schemes and their sponsors which they could not have taken into account in their funding assumptions.

However, as I made clear during the recent Westminster Hall debate about the Digital Equipment pension scheme, I have a great deal of sympathy for people who find their pension is not being increased in the way they expected. I do appreciate that even low inflation means the buying power of these pensions is declining. However, as I think everyone accepts, there is no statutory obligation for pensions earned pre-1997 to be increased.

Increases to pensions in payment come at a significant cost to schemes. This is why when statutory indexation was introduced from April 1997. It only applied to pensions earned after that date, in order to avoid putting unexpected extra costs on the sponsoring employers.