

New attacks on pensions imposed by UK Tory government

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Analysis compiled for the BBC has found that millions of workers in Britain will see pay cuts in the coming weeks, as the amount they have to pay in pension contributions increases. Twelve million workers who, since 2012, have automatically been signed up for workplace pensions, will see their contributions increase from 3 percent to 5 percent.

A study of the figures for the BBC by investment firm Hargreaves Lansdown found that someone on a salary as low as £15,000 a year will be down by £49, if they pay contributions on their entire salary. A worker on £30,000 will take home £253 less, it is estimated.

These attacks on living standards are on top of even more draconian pensions cuts rolled out last month by the Conservative government. Even as the first vote in Parliament took place to reject Prime Minister Theresa's May Brexit EU deal—followed by a failed vote of no confidence in her government—the Tories still found time to sneak out pension cuts under which many of the poorest people will lose thousands of pounds.

The cuts were announced by Guy Opperman, parliamentary undersecretary of state for pensions and financial inclusion, on the evening on January 14, just a day before Parliament's Brexit vote.

Under a provision of the hated Universal Credit (UC) welfare system, thousands of the poorest pensioners will lose to up £7,000 annually. The key change will affect many couples defined as mixed age, where one partner is of state pension age and one is of a younger working age.

The state pension age for both men and women is currently 65 and is set to rise to 68 in stages in coming years for both men and women.

Following the new changes that come into force on May 15, couples that wish to make a claim to benefits will have to make a claim via the UC system—rather than the previous Pension Credits system. The means-tested Pension Credit was a safety net introduced by the Blair

Labour government in 2003, as a way of topping up the income of those receiving the meagre state pension.

Prior to this change, if one person in a couple was under pensionable age, the other person of pensionable age was able to make a claim as a couple and receive more money. Previously there would be no job-seeking requirement on the younger member of the couple.

These cuts are significant as they introduce conditionality and directly affect someone of pension age, bearing in mind that benefits for pensioners are generally higher, relatively, in comparison to those of working age claimants. Under the old rules, there was no form of conditionality requiring someone within a couple to have to look for work.

The money claimants will lose is huge, when examining the difference between current rates of payment and what a new claimant receives under the new system. This will prove a catastrophe for many couples who will face a massive drop in expected income in older age.

A couple of working age on UC can receive as little as under £500 a month, less than £6,000 a year. Even a single person on Pension Credit can receive around £8,700 a year, and a couple, more than £13,000.

The average age gap for mixed age couples is 2.6 years. That would equate to a potential loss of income of £19,000, until the younger partner becomes old enough to qualify to claim Pension Credit.

Speaking about the cuts, Caroline Abrahams, Age UK's charity director, said; "[M]ake no mistake, this is very bad news for everyone affected. It's a substantial stealth cut—a couple claiming in the future could receive £140 less per week than an older couple claiming before the changes come in."

Sir Steve Webb, a former Liberal Democrat pensions minister in the 2010-15 Tory/Lib Dem coalition—who is now profiting from his government role as the director of policy at mutual life, pensions and investment company

Royal London—calculated that a couple who were to receive £13,273 in the 2019-20 financial year from pension credit would see that figure collapse to just £5,986.68 under UC.

The changes will affect those who make a new claim to benefit after May 2019, and those who may come off Pension Credit, because there has been an increase in their income. This is decisive, as Pension Credit is means tested, so if a claimant's income were to increase, they would no longer be eligible to claim Pension Credit.

In the past, if their income was to go back down, the claimant would be able to claim Pension Credit again. But under the new rules a person cannot go back onto Pension Credit. Instead, they have to make a new claim to UC, with the financial implication that they will be worse off.

Another problem that could lead to delay and loss of benefit—given the enormous problems that many have already suffered in trying to access UC—is the scenario that if the pensioner partner goes out of the country for over four weeks, to visit relatives, when returning they may have to make a new claim to benefit via UC. This is because their Pension Credit could have ended in the meantime.

These attacks have their origins in the 2012 Welfare Reform Act, which imposed the condition that those claiming Universal Credit would be expected to look for work. This includes couples where one is of working age.

Since its introduction, the human cost of UC has been devastating and unrelenting, with claimants not being paid, and in some cases people losing their homes because they have accrued rent arrears. Many of those impacted, as well as welfare rights organisations, have called for UC implementation to be halted, and to be axed all together.

Amid this enormous assault on the remains of the welfare state, the Labour Party under nominally “left” leader Jeremy Corbyn opposes UC’s repeal.

Last October, Shami Chakrabarti, Labour’s shadow attorney general for England and Wales, was asked in a *Sky News* interview if Universal Credit would survive under Labour. She replied, “I don’t think universal credit in its *current form* is sustainable and that’s why we’re urging the government to stop the rollout now” (emphasis added).

Last October, Labour’s shadow chancellor, John McDonnell, interviewed by *Sky News*, branded Universal Credit a “shambles” and “iniquitous,” saying: “It will have to go.” But a week later, Labour briefed journalists for a disability website, saying that it merely wants “a root-and-branch review of the social security system.”

What is there to review? The introduction of Universal Credit is one of the most draconian pieces of legislation in the post-war period. If Labour had any serious intention of addressing the rocketing levels of austerity, they would be calling for UC’s immediate scrapping.

The fact is that Labour has played a crucial role in attacks on the welfare system over the last decade. In 2008, the Gordon Brown Labour government introduced the draconian work capability assessments (medicals) for Employment and Support Allowance. Notorious for their high level of inaccuracy in decision making, they often found claimants “fit for work,” who were clearly ill.

In 2015, during the leadership election that Corbyn won, acting leader Harriet Harman insisted that Labour MPs abstain on the Conservative government’s Welfare Bill, which would further impoverish millions. All three of Corbyn’s Blairite opponents—Andy Burnham, Yvette Cooper and Liz Kendall—refused to oppose the Bill. This was at the same time as former Tory chancellor George Osborne was rolling out a further £12 billion in welfare cuts.

The new cuts will pauperise many more people, confirming that whatever side of the Remain/Leave Brexit divide the political representatives of the ruling elite are on, they are agreed that austerity will continue and must worsen as British imperialism enters uncharted territory.

The author recommends:

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