

## **Pensions Bill – Second Reading**

### **House of Commons**

**7 January 2008**

**Richard Burden (Birmingham, Northfield) (Lab):** It is a pleasure to follow the hon. Member for Castle Point (Bob Spink). I had some difficulty in reconciling his plea to take the politics out of pensions with the content of his speech, especially the early part. Time prevents me from rising to most of his points about the Government's record. I simply say that, if he was present at the start of the debate, he would have heard my right hon. Friend the Secretary of State referring to our commitment to restore the link between pensions and earnings from 2012. He may also have heard the rumble of discontent that emanated from the other Benches. I heard one hon. Gentleman saying that the commitment would bankrupt the nation. If there is to be a shift in Tory policy, perhaps the hon. Gentleman should take account of it.

The Bill represents the second stage of implementing the sort of proposals that emerged from the Turner review, and it has much to commend it. The problems, as many hon. Members have said, are stark: more than 7 million people do not save enough for their retirement, and only half those aged 35 or over and only one sixth of 20 to 24-year-olds are saving for a pension. The problem is most acute among low and medium earners.

The Bill introduces several measures to tackle the problem, including reforming private pensions saving to ensure that qualifying workers are enrolled automatically into workplace pensions and providing for compulsory minimum employer contributions. There is much to commend both proposals, but I ask my hon. Friends on the Front Bench to take seriously some of the points that have been made, especially about the level of contribution. As my hon. Friend the Member for Aberdeen, South (Miss Begg) said, there may be a case for staging the amount, but it is important that we take seriously the point that my right hon. Friend the Member for Birkenhead (Mr. Field) made about not allowing a minimum to become a maximum.

Although there is much to commend automatic enrolment, the relationship between that and means-testing is a genuine problem. There are no easy answers and anyone who pretends that there are has missed the point. In addressing the problem, I ask my hon. Friends on the Front Bench to consider a couple of matters. First, when the pension credit was introduced, its main thrust in the 1997-2001 Parliament was an incentive to save. Over time, it was merged with the minimum income guarantee, so that when people refer to the pension credit today, they tend to mean the lower rather than the upper element of it. There may be scope for reconsidering and perhaps rediscovering some of the early purposes of the pension credit to try to deal with the problems.

Secondly, and perhaps more radically, I was struck by the point that my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) made when she rightly asked the Secretary of State to examine the position in Sweden and the value of good pension forecasts covering all elements of pension provision. The answer given was that, although there was something in her point, the pension structure in Sweden is different, and based much more on state provision. There are times when we should reassess the balance between state and private provision. Perhaps we can learn one or two things from the position in Scandinavia.

I mainly want to concentrate on confidence. My right hon. Friend the Member for Birkenhead spoke graphically about the “walking newspapers” of the families of the 125,000 members of collapsed schemes. If their position had not been addressed, there would be a gaping hole in confidence in pension provision in this country. I want to add my thanks to Ministers for grasping the nettle. I especially thank the current ministerial team, but I want to say something about previous Work and Pensions Ministers—one of them, now the Minister for Competitiveness, has just sat down on the Front Bench—because although I, and doubtless others, crossed swords with them for many years about the need to do more, it is fair to acknowledge that they were trying to do what they could at the time. I therefore pay tribute to their efforts, but particular credit must go to the current ministerial team for grasping the nettle and concluding the years of campaigning just before Christmas.

The matter says something about the way in which we achieve political change in this country. It was partly to do with Ministers and partly to do with colleagues in this place, who maintained the pressure, month in, month out and year in, year out; it was certainly to do with the unions, which kept up the pressure and the campaign from outside, and with the tireless campaigners outside this place. It is worth mentioning Ros Altmann and her campaigning. Her representations were not always comfortable, but she was tenacious and her commitment is unquestioned. Ros Altmann urged us for years to consider the position of the existing assets of the failed schemes and putting them to use. That became a vital part of the Young review.

Most of all, we need to thank and pay tribute to the members of the collapsed schemes. Kalamazoo, one of the firms whose pension fund collapsed, is in my constituency. Members of that pension fund and those of other schemes, such as that of ASW, put in effort at which many of us can only marvel at a time when they were worried about not only their futures but security in retirement for their families. They kept up the pressure and refused to take no—or even maybe—for an answer. People such as Peter Wheeler and Brian Mealings, former Kalamazoo employees, were at the centre of the campaign from the word go. It is right to pay tribute to them.

All the people whom I have mentioned played a role in bringing the issue to a conclusion. As I said, that says something about the way in which we achieve political change in this country.

I welcome much of the Bill. Many hon. Members referred to the detail—doubtless, many issues will be considered further in Committee. The measure will provide a framework for stronger pension provision than we have had for some time. However, difficult decisions will still need to be made, not only about what is right but about the protections that will be needed—not tomorrow or next month, but in 20, 30 and perhaps 50 years. That will need to be combined with decisions about what is affordable.

There are many issues to consider, but I want to refer briefly to Baroness Hollis's proposal in another place. The Government presented a powerful argument about the affordability of her proposal and whether it would achieve the intended aims. However, the problem of women's pensions remains. If the method of tackling it in Baroness Hollis's proposal is not correct—it may not be—it nevertheless remains unfinished business. I hope that, as the Bill proceeds, Ministers will revert to the issue and tackle it in the coming weeks and months.