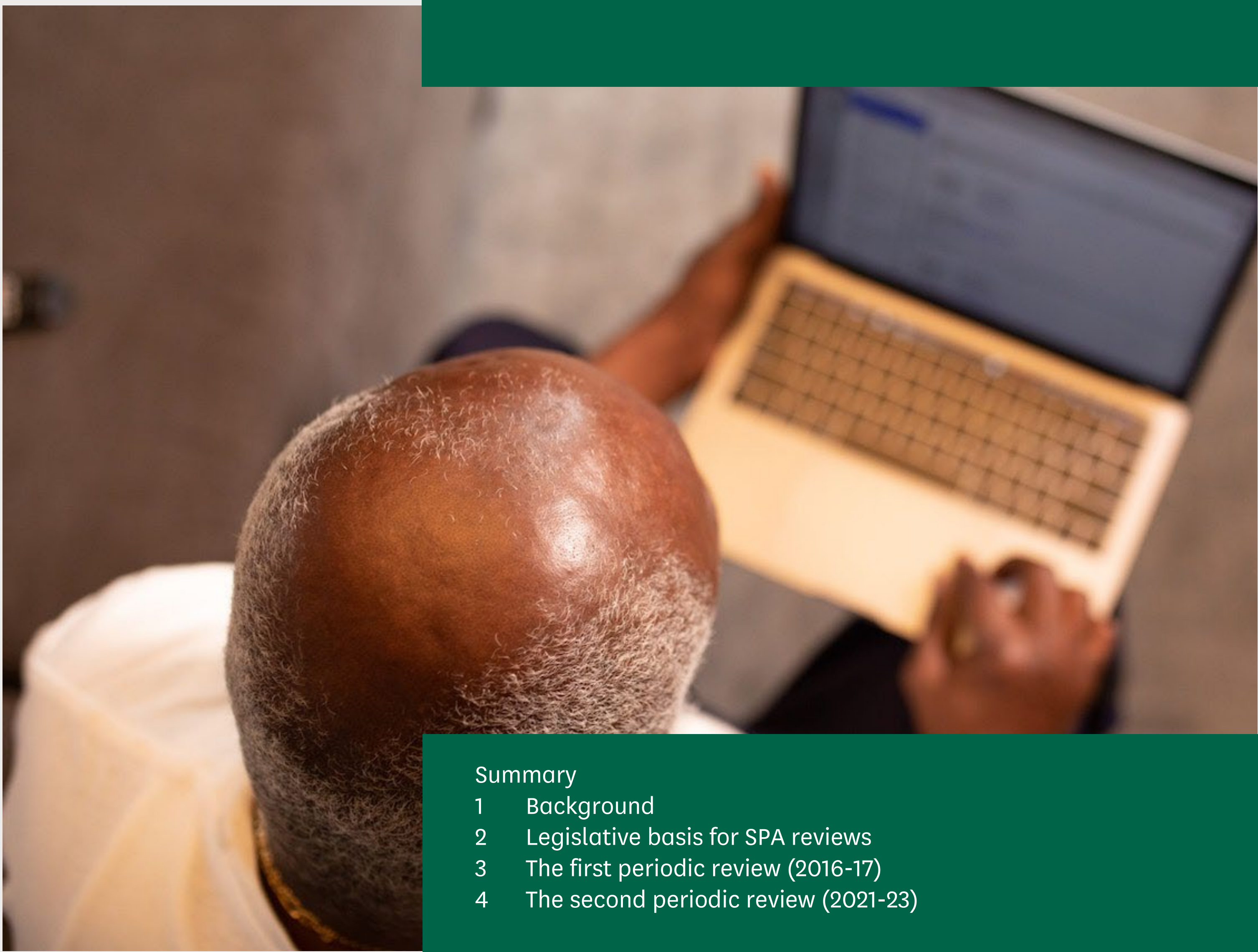
House of Commons Library

Research Briefing

6 April 2023

By Frank Hobson

State Pension age review



Summary

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Number CBP-06546

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Summary

How has the State Pension age increased?

From the 1940s until April 2010, State Pension age (SPA) was 60 for women and 65 for men. Legislation to increase SPA was introduced in stages:

- The Pensions Act 1995 included provision to increase the SPA for women from 60 to 65 in stages between April 2010 and 2020, to bring it into line with that for men.
- The Pensions Act 2007 made provision to increase the SPA from 65 to 68 in stages between 2024 and 2046.
- The Pensions Act 2011 brought forward the completion of the increase in women's SPA to 65 to November 2018, and the increase to 66 for both men and women to October 2020.
- Section 26 of the Pensions Act 2014 brought forward the increase in the SPA for men and women to 67 to between 2026 and 2028.

As a result of these Acts, the current legislated timetable is for the SPA to rise to 67 between 2026 and 2028 and 68 between 2044 and 2046.

Periodic reviews of the SPA

The Pensions Act 2011 accelerated increases to women's SPA and brought forward the increase in the overall SPA from 65 to 66. These changes gave rise to a campaign against the increase in the SPA for women, with some women born in the 1950s arguing significant changes to their SPA were imposed with a lack of appropriate notification.

To ensure further revisions in life expectancy were taken into account in a timely and transparent way, the Coalition Government legislated for periodic reviews of the SPA. The Government would conduct reviews, informed by a report from an independently led body, and the Government Actuary's Department (GAD).

The first periodic review (2016-17)

Before the first periodic review, the Coalition Government committed to the "core principle" that people should spend, on average, "up to one third of their adult life drawing a State Pension". It also committed to providing individuals with at least ten years' notice for any changes affecting them.

The first independent report was produced by John Cridland, who was also asked to consider wider factors such as variations in life expectancy. His final report, published in March 2017, recommended:

- The SPA should rise to age 68 between 2037 to 2039.
- The SPA should not increase more than one year in any 10-year period, assuming that there are no exceptional changes to the data.
- If additional savings are needed, the triple lock should be withdrawn in the next Parliament.

The rationale for the timing of the proposed increase to 68 was:

- It would keep roughly constant the proportion of adult life spent in retirement with the average over the last ten years (32.87%).
- An earlier increase – for example, between 2028 and 2030 – would be too close to the increase to 67 (between 2026 and 2028). Alternatively leaving the increase to 68 as legislated for in 2007 (between 2044 and 2046) would result in the proportion of adult life in retirement rising to 33.5% which did "not seem prudent in terms of fiscal sustainability".

To mitigate the impact of a higher SPA on disadvantaged groups, Cridland recommended that the age required to access means-tested Pension Credit should not rise to 68 for those unable to work or with caring responsibilities, and that work-related requirements in Universal Credit should be adjusted for those approaching SPA.

At the same time the Cridland report was published in March 2017, GAD published a report looking at two alternative scenarios: receipt of the State Pension for either 32% or for 33.3% of projected adult life.

Following the Cridland and GAD reports, the Government undertook its own concluding review. On 19 July 2017, then Secretary of State for Work and Pensions, David Gauke, announced the Government would "accept the key recommendation of the Cridland review and increase the state pension age from 67 to 68 over two years from 2037."

However, in its concluding report in 2017, the Government said that this was a "big decision with significant consequences" and it would therefore carry out a further review before bringing forward the rise in State Pension age to 68.

This would allow the Government to consider the latest life expectancy projections and the effects of existing rises in State Pension age.

The second periodic review (2021-23)

On 14 December 2021, the Government launched the second periodic review of the SPA.

Compared to data used in the 2016-17 review, more recent projections have not been as optimistic about improving life expectancy. Some commentators argued that if the Government maintains the principle that people should expect to spend a fixed portion of adult life in receipt of State Pension, planned rises in the SPA should be slowed.

However, in contrast to the first periodic review, the Government did not commit in advance to this principle or to fixed notice periods for SPA changes. The terms of reference for the independent report instead asked the independent reviewer – Baroness Neville-Rolfe – to consider "whether it remains right for there to be a fixed proportion of adult life people should, on average, expect to spend over State Pension age." The consultation document also asked whether it was "reasonable to give people a fixed period of notice for State Pension age changes, and if so what period."

The GAD was asked to look at lower proportions of adult life spent in receipt of State Pension than in 2017 – 32%, 31% and 30%. Given "substantial reductions in projected future life expectancies", only the 30% metric implies accelerating SPA increases from Cridland's proposals. However, the report pointed to significant uncertainties in predicting life expectancy, particularly as the country emerges from the Covid-19 pandemic.

The second periodic review was published on 30 March 2023, together with the independent and GAD reports.

Baroness Neville-Rolfe concluded in her independent report "that the proportion of adult life metric is still fit for purpose," and "this proportion should be set at up to 31% of adult life" – reflecting the average experience of those reaching the male SPA between 1996 and 2020.

This metric alone, however, did not to address concerns about affordability and sustainability of the State Pension. The independent reviewer therefore proposed "a limit on State Pension-related expenditure of up to 6% of GDP". This could be met through changes to SPA, or though changing other policies such as the State Pension triple lock, or by a combination of measures.

Based on the 31% of adult life metric, Baroness Neville-Rolfe concluded:

- The legislated rise in SPA to 67 should continue as planned between 2026 and 2028.

- The SPA should rise to 68 between 2041 and 2043.

Although "no firm recommendation" was made, a 6% of GDP limit on State Pension expenditure implies an increase to 69 between 2046 and 2048, followed by successive increases to 74 by 2067, unless "other tools" are used to limit expenditure growth.

The Government did not adopt the recommendations of the independent report, beyond restating a commitment to the planned increase from 66 to 67 between 2026 and 2028.

Instead, citing uncertainty about life expectancy and other economic factors, a further review was proposed, to report within two years of the beginning of the next Parliament. This review will consider "all options for the rise to the State Pension age from 67 to 68 that meet the 10 years notice period."

Background on SPA is discussed in more detail in the Library briefing on the State Pension age - background. The Library also has relevant briefings on increases in the State Pension age for women born in the 1950s, and the State Pension triple lock.

1 Background

One of the conditions of entitlement to the State Pension, is that the individual has reached State Pension age (SPA).[1] People who defer claiming beyond this age may be eligible for deferred retirement increments.[2]

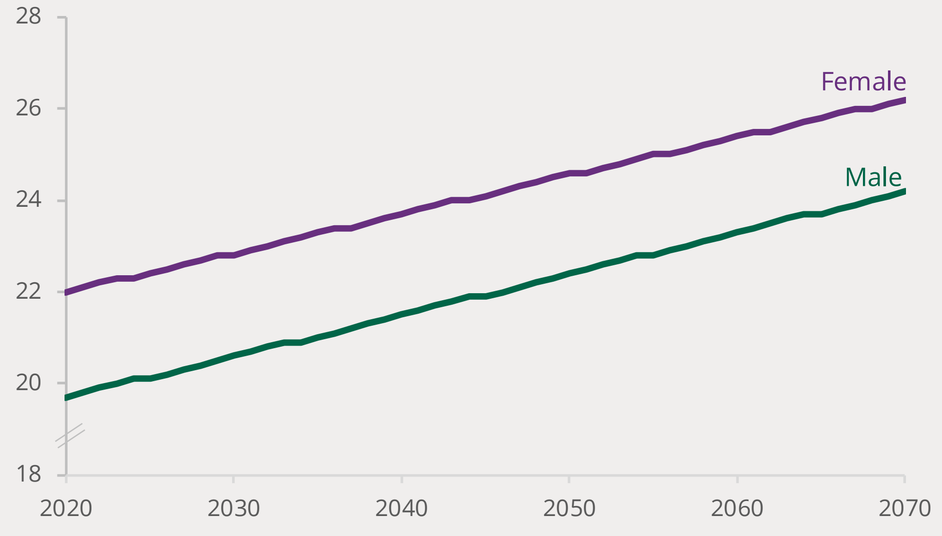
1.1 Life expectancy

The chart below shows the latest projections of remaining life expectancy for people at age 65, ie the number of additional years someone who has reached the age of 65 can expect to live. These are 'cohort' life projections, which assume continued improvements in age-specific mortality rates and will form the basis of future longevity-based reviews of the SPA.

Over the half-century from 2020 to 2070, it is projected that remaining life expectancy at aged 65 in the UK will increase by around 4.5 years for men (from 19.7 years to 24.5 years) and by 4.2 years for women (from 22.0 to 26.2 years).

Projected life expectancy at age 65 in the UK

2020-based estimates: figures in years



Source: ONS 2020 based principal projection of UK life expectancy

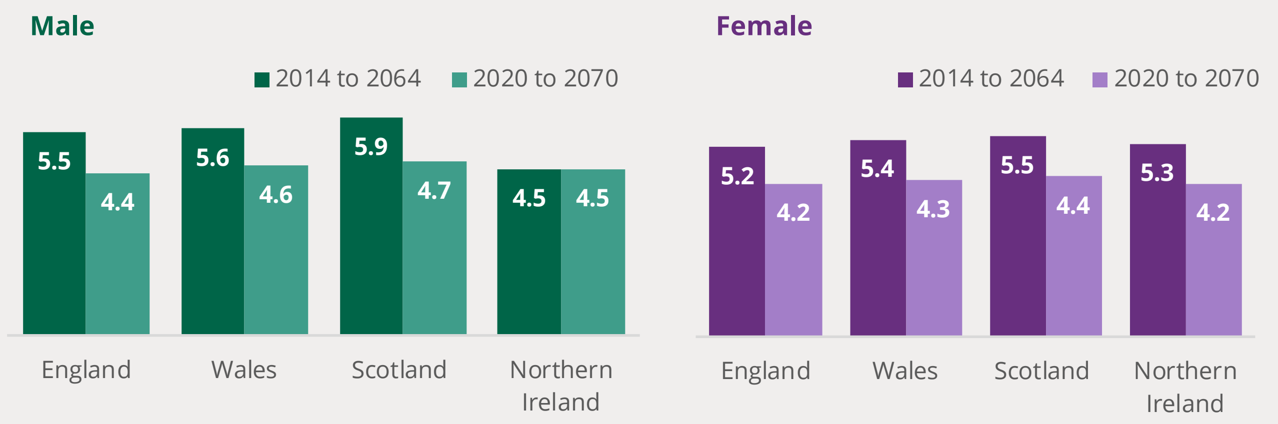
1 Sections 44(1) and 48A-B and 122 of the Social Security Contributions and Benefits Act 1992; and sections 2 and 22 of the Pensions Act 2014

2 For more detail, see Commons Library briefing SN2868, State Pension deferral

The rate of improvement is projected to be broadly uniform across the UK's constituent countries. However, it is worth noting that when compared to 2014-based projections the 2020-based data tends to show smaller gains in life expectancy at age 65 in each country of the UK.

2020-based projections of life expectancy at 65 show lower gains than 2014-based

Estimated number of years gained over 50 year period



Source: ONS 2020 based principal projections of life expectancy

Note: the 2016-17 review (see section 3) used 2014-based life expectancy data, whereas the review launched in 2021 (see section 4) will uses 2020-based projections. The smaller projected gains have led some commentators to argue that planned increases to the SPA should be slowed.

1.2 Currently legislated timetable for SPA changes

From the 1940s, SPA was 60 for women and 65 for men. Since then:

- The SPA for women started to rise from 60 in April 2010, and reached 65 in December 2018.
- The equalised SPA rose to 66 between December 2018 and October 2020.
- The SPA will rise to 67 between 2026 and 2028.[3]

Current legislation provides for the SPA to increase again to 68 between 2044 and 2046.[4]

[3] Schedule 4 of the Pensions Act 1995, as amended by the Pensions Act 2011 and the Pensions Act 2014

[4] Section 13 and Schedule 3, Table 4 of the Pensions Act 2007,

Note: the Government accepted a more accelerated timetable recommended by the 2017 Cridland Review whereby the SPA would rise to 68 between 2037 and 2039. This was subject to further review as part of the second periodic review of the SPA (see section 4). Following the conclusion of the second review, legislative changes were not proposed, and the Government position is:

> the current legislative position is appropriate, but there will be a review within the first two years of the next Parliament.[5]

1.3 International comparisons

As shown in the table below, most EU member States are gradually increasing their pension age to improve sustainability through later retirement and longer working lives.[6]

5 HC Deb 30 March 2023, c 1179

6 Social Protection Committee, Review of recent social policy reform - Report of the Social Protection Committee (2015), 7 January 2016, p35; See also OECD, Pensions at a Glance 2021, chapter 3

Pension ages in EU Member States

		2009		2013		2017		2021		Outlook		
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
BE	**Belgium**	65		65		65		65		67		in 2030
BG	**Bulgaria**	63	60	63y8m	60y8m	64	61	66y8m		67		in 2023
CZ	**Czech Republic**	62	56y8m-60y8m (a)	62y6m	57y8m-61y8m (a)	63	58y4m-62y4m (a)	63y10m		65		by 2036
DK	**Denmark**	65		65		65		67		67		in 2022
DE	**Germany**	65		65y2m		63y4m-65y6m (b)		65y9m		67		in 2031
EE	**Estonia**	63	61	63	61	63		64		65		in 2026
IE	**Ireland**	65		66		66		66		66		
EL	**Greece**	65	60	67	62	67		67		67+		in 2021
ES	**Spain**	65		65-65y1m (b)		65-65y4m (b)		66		67		in 2027
FR	**France**	60-65		61y2m		62-65y4m (b)		66y7m		67		in 2023
HR	**Croatia**	65	60	65	60y9m	60-65	60-61y6m	65	62y9m	67		in 2033
IT	**Italy**	65y4m	60y4m	66y3m	63y9m	66y7m	65y7m-66y7m	67		67+		in 2022
CY	**Cyprus**	65		65		65		65		65+		in 2023
LV	**Latvia**	62		62		63		64		65		in 2025
LT	**Lithuania**	62y6m	60	62y10m	60y8m	63y4m	61y8m	64y2m	63y4m	65		in 2026
LU	**Luxembourg**	65		65		65		65		65		
HU	**Hungary**	62		62		63y5m		65		65		
MT	**Malta**	61	60	62		62		63		65		in 2027
NL	**Netherlands**	65		65y1m		65y9m		66y4m		67+		in 2025
AT	**Austria**	65	60	65	60	65	60	65	60	65		in 2033
PL	**Poland**	65	60	65y1m	60y1m	66y1m	61y1m	65	60	65	60	
PT	**Portugal**	65		65		65-66y3m (b)		66y6m		+LE		
RO	**Romania**	63y4m	58y4m	64y8m	59y8m	65	60y6m	65	61y6-9m	65	63	in 2030
SI	**Slovenia**	63	61	65	63y6m	60-65 (b)		60-65 (b)		60-65 (b)		
SK	**Slovakia**	62	55y3m-59y3m (a)	62	57y6m-61y6m (a)	62y76d	59-62y76d (a)	62y8-10m		64		in 2030
FI	**Finland**	63-68 (c)		63-68 (c)		63-68 (c)		63y9m-68y (c)		65+		in 2027
SE	**Sweden**	61-67 (c)		61-67 (c)		61-67 (c)		62-68 (c)		63-69 (c)		in 2023
UK	**United Kingdom**	65	60	65	61y4m	65	63y6m	66		68		in 2046

Notes:
+LE subject to adjustment in light of life expectancy gains
(a) depending on the number of children raised
(b) depending on contribution period and/or sector of employment
(c) flexible retirement age linked to benefit level
Sources:
2009-13: Review of recent social policy reforms - 2015 Report of the EU Social Protection Committee
2017: Pension adequacy report 2018 – Current and future income adequacy in old age in the EU
2021 onwards: Finnish Centre for Pensions (Eläketurvakeskus) - Retirement ages

1.4 Pension Credit qualifying age

The qualifying age for Pension Credit is linked to the State Pension age for women[7], which has now been equalised (see section 1.5 below).

Mixed-age couples – those where one member is above SPA and the other is below SPA – could opt to claim Pension Credit up to 15 May 2019. After this date they can only do so once both members of the couple have reached SPA.[8]

1.5 Equalisation

The Old Age and Widows Pensions Act 1940 introduced different State Pension ages for men (65) and women (60).

During the 1970s and 1980s, pressure built for equalisation of the SPA for a number of reasons, including demographic changes, international comparisons and trends to equalise pension ages in occupational schemes in response to developments in European law.[9] In his Budget statement on 30 November 1993, then Chancellor of the Exchequer, Kenneth Clarke, announced the Government had:

> [...] decided that the state pension age should eventually be equalised at the age of 65. The change will be phased in over ten years, starting in the year 2010, so it will not affect anyone currently aged 44 or older.[10]

Further details were contained in a white paper, Equality in State Pension Age, published in December 1993.[11] Provisions were included in the Pensions Act 1995.[12] Schedule 4 of the 1995 Act sets out the dates on which women born between 6 April 1950 and 5 April 1955 reach State Pension age. The increase to 65 was scheduled to be phased-in between April 2010 and 2020. However, the Coalition Government included provisions in the Pensions Act 2011 to accelerate the latter part of this timetable, starting in April 2016 when women's SPA was 63 so it reached 65 in November 2018, at which point it started to rise to 66 by October 2020.

For more detail, see the Library Briefing paper Increases in the State Pension age for women born in the 1950s.

7 Section 1(6) of the State Pension Credit Act 2002
8 See Commons Library briefing CBP-8133, Pension Credit – current issues, pp8-12
9 For further detail, see Commons Library research paper RP 95/47, The Pensions Bill (HL) 1994/95: social security aspects,
10 HC Deb 30 November 1993 c 929
11 Department for Social Security, Equality in State Pension Age, Cm 2420, December 1993
12 Section 126 and Schedule 4

1.6 The 1997-2010 Labour Government's approach

The Labour Government elected in 1997 initially resisted any increase in the SPA because it would disproportionately affect those on lower incomes:

> 49. An increase in State Pension age would also reduce long-term public expenditure. However, it would disproportionately affect lower-income people who rely more on state benefits in retirement. The same people tend also to have lower life expectancies, and so, with fewer years in retirement, they would see a disproportionate reduction in their income. The effect might be particularly severe on those who have done manual work for long periods in heavy industries, in which there is a record of low life expectancy. [13]

In 2002, the Government set up the Pensions Commission, chaired by Lord Turner of Ecchinswell. In its first report in 2004, the Pensions Commission indicated an increase in the SPA would be needed.[14] It said there was a strong argument that the cost of rising life expectancy should be met by each generation of pensioners, with the SPA rising over time at least in line with life expectancy. However, the one-off impact of the fall in fertility in the late twentieth century and the retirement of the "baby boom generation" meant either the SPA would have to rise faster than life expectancy, or there would need to be a one-off increase in spending on the State Pension as a percentage of GDP. The Government would need to take a view about inter-generational fairness in deciding which approach to take.

The Commission's second report set out a range of possible combinations, with the SPA rising to between 67 and 69 by 2050. Its own modelling assumed an increase to "66 in 2030, 67 in 2040 and 68 in 2050" – the midpoint of its proposed range.[15]

The Commission argued that a policy of giving significant notice of any increase (at least 15 years) should be possible.[16] It noted challenges to increasing the SPA, including a disproportionate impact on lower socio-economic groups.[17] The Commission found a major gap in life expectancy between socio-economic classes, which was not narrowing.[18] It argued that one way of mitigating the impact on lower socio-economic groups would be to allow the Guarantee Credit element of Pension Credit to be claimed before SPA.[19] Policies to facilitate later working would be a high priority.[20]

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13 DWP, Simplicity, security and choice: Working and saving for retirement (PDF), Cm 5677, December 2002, p103

14 Pensions Commission, The First Report of the Pensions Commission, October 2004, Executive Summary

15 Pensions Commission, The Second Report of the Pensions Commission, November 2005, p12-17

16 As above, p14

17 As above, p 23-5

18 Pensions Commission, The Second Report of the Pensions Commission, December 2015, Chapter 1, p90

19 As above, Chapter 8, p340

20 As above, Executive Summary, p 23

On 25 May 2006, the Labour Government published its response to the Pensions Commission's reports in a white paper, Security in retirement: towards a new pensions system.[21] It accepted that the SPA should increase to maintain stability in retirement incomes:

> 3.33 In order to maintain stability in retirement incomes, people need to take greater personal responsibility for their working and saving decisions. To help them do this, the Government will provide a foundation by linking the basic State Pension with earnings. But in doing this, it is imperative that we don't pay for progressively longer retirements.
>
> 3.34 We therefore support the Pensions Commission's recommendation that the State Pension age should rise to 68 by the middle of the century. We propose to introduce legislation to raise the State Pension age in stages:
>
> - the first increase, from 65 to 66, to be phased in over two years, starting in April 2024;
> - the second increase, from 66 to 67, again phased in over two years, from April 2034; and
> - the third increase, from 67 to 68, also to be phased in over two years, from April 2044.
>
> 3.35 By 2050, these reforms to State Pension age alone will reduce the costs of our proposed reforms to the state pension system by around £30 billion. By doing this we will continue to tackle pensioner poverty, be able to sustain the generosity per pensioner of the State Pension, and sustain the balance between work and retirement.[22]

Its timetable was designed to:

> [...] broadly keep pace with the projected rises in average life expectancy and so maintain at a roughly constant level the same proportion of adult life spent in receipt of the state pension...[23]

Each increase would be "implemented gradually over a two year period" – a similar approach to that taken in the Pensions Act 1995.[24]

For the future, the Labour Government proposed to commission reviews drawing on a range of independent expert advice in light of emerging evidence of demographic change.[25]

Provisions to implement this change were included in section 13 of the Pensions Act 2007. For discussion on the provisions before Parliament – see Pensions Bill 2006-07- debates in Parliament.

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21 DWP, Security in retirement: towards a new pensions system, Cm 6841, May 2006

22 As above, p113

23 HC Deb 16 October 2006, c978W

24 As above

25 DWP, Security in retirement: towards a new pensions system, Cm 6841, 25 May 2006, para 3.40

In the run-up to the 2010 election, there were a number of calls for further or faster increases in the SPA.[26] The chair of the Pensions Commission, Lord Turner, told the BBC he would argue for the SPA to be raised more quickly.[27]

1.7 The 2010-2015 Coalition Government's policy

Increase in SPA to 66

The Conservative-Liberal Democrat Coalition Government announced in its Coalition Agreement that it would carry out a review to set the date at which the SPA would begin to rise to 66, "although it will not be sooner than 2016 for men and 2020 for women."[28]

It decided, in light of increases in life expectancy since the 2007 Act, to bring forward the increase to 66 from April 2024 to April 2020. To enable this, it would accelerate the increase in women's SPA from April 2016 (when it would be 63) to reach 65 by November 2018 rather than April 2020. The increase would be phased in at a rate of three months' increase in the SPA every four months.[29] This compared to an increase of one month every two months under the 1995 and 2007 Acts, so that each single year took two years to phase-in.[30] The then Pensions Minister, Steve Webb, said:

> In the face of increased life expectancy, making no change to the timetable for the increase in State Pension age to 66 risks the sustainability of the state pensions system. As longevity improvements are shared between the generations, it is only fair that costs are too.[31]

When the legislation was before Parliament, the Shadow Pensions Minister, Rachel Reeves, said she recognised life expectancy had increased but was concerned that some women would see their SPA delayed by more than a year, and in some cases by as much as two years, as a result.[32]

A particular issue was the short notice some of the women affected would receive, in some cases, only around five years.[33] The Opposition proposed a

[26] See, for example, Ray Barrell and Simon Kirby, 'Fiscal sustainability, National Institute Economic Review', May 2009

[27] BBC News website, Pension view not radical enough, 2 July 2009

[28] HM Government, The Coalition: Our programme for government (PDF), May 2010, page 26

[29] DWP, A sustainable State Pension: when the State Pension age will increase to 66, Cm 7956, 3 November 2010, page 27

[30] DWP, Pensions Act 2011, Annex A – Impact Assessment – State Pension age, 3 November 2011, para 18-19

[31] DWP, A sustainable State Pension: when the State Pension age will increase to 66, Cm 7956, 3 November 2010, Foreword

[32] PBC Deb 5 July 2010 c5; See also See, for example, HC Deb 20 June 2011 c61 [Liam Byrne] and HL Deb 30 March 2011 cc1250-1251 [Lord McKenzie of Luton]

[33] Counting from 2011 when the legislation received Royal Assent to 2016 when the increase in the SPA would start to accelerate

slower increase, which would maintain the equalisation timetable in the 1995 Act and then increase the SPA to 66 between 2020 and 2022. Ms Reeves said:

> Critically, our changes mean that nobody has to wait for more than a year longer before they receive their state pension; they affect an equal number of men and women; and they mean that people get at least nine years' notice of any changes to their state pension age.[34]

The Coalition Government accepted the period of notice was "the key issue".[35] In response, the legislation was amended in its final stages in Parliament to cap the maximum increase at 18 months, relative to the timetable in the 1995 Act. This improved the position (compared to the legislation as originally drafted) for women born between 6 January 1954 and 5 September 1954. They would otherwise have seen their SPA increase by more than 18 months and, as much as two years in some cases.[36]

Then Shadow Pensions Minister, Gregg McClymont, welcomed the amendments but said they did not go far enough. He argued that the Bill continued to "place the longevity burden disproportionately heavily on women in their later 50s."[37]

Steve Webb described the amendments as a "huge achievement" in the circumstances:

> We have identified, notwithstanding the difficult fiscal position, £1.1 billion to ensure that half a million people face a shorter increase in their pension age, and that a quarter of a million women who could have faced up to 24 months will now face a maximum of 18 months.[38]

The Pensions Act 2011 received Royal Assent on 3 November 2011.

MPs continued to receive letters from women who had expected to receive their State Pension at 60, concerned that they would have to wait until 65 or 66. In response, Mr Webb acknowledged that not everyone affected by the 1995 Act had been aware of it:

> The Pensions Act 1995 began the process of equalising the pension ages of men and women at 65 over the decade from 2010 to 2020. The increase in pension age beyond 60 for these women was therefore legislated for in 1995. It was not a short-notice change, although I accept that some women did not know about it, and not everybody heard about it at the time. Although it was all over the papers at the time, these women were a long way from pension age and probably turned the page when they saw the word "pension", so I accept that some women did not know about this.[39]

34 PBC Deb 5 July 2011 cc6-7
35 HC Deb 11 May 2011 c437WH [Steve Webb]
36 For more details, see Commons Library briefing SN06082, Pensions Bill 2011 – final stages
37 HC Deb 18 October 2011 cc780-782
38 HC Deb 18 October 2011 c823
39 HC Deb 8 October 2013 c54WH

The campaign group WASPI (Women Against State Pension Inequality) has called for "fair transitional State Pension arrangements for all women born in the 1950s affected by changes to the State Pension law (1995/2011 Acts)."

In response, the Government has argued that changes in the 2011 Act were debated at length and a decision made by Parliament, as part of which a concession was made to limit the impact on those most affected. It plans to "make no further changes to the pension age or pay financial redress in lieu of a pension."[40]

For more detail, see the Commons Library briefing Increases in the State Pension age for women born in the 1950s.

Increase in SPA to 67

In its 2011 Autumn Statement, the Government said it would bring forward the increase to 67 to between 2026 and 2028. The stated rationale was:

> Since the life expectancy projections underpinning the original State Pension age timetable were published, average life expectancy at State Pension age in 2028 has increased by at least one and a half years for men and women.[41]

Provisions to implement this change were included in the Pensions Act 2014.[42]

The Government said the increase would place the UK in line with other countries:

> Ireland got there first; Ireland will reach in 67 in 2021. The Dutch and the Australians will get there in 2023, the Danes and the Americans in 2027. We get there in 2028, and the Germans in 2029.[43]

The increase to 67 was expected to affect around 8 million people in Great Britain born between 6 April 1960 and 5 April 1969. No individual would experience an increase in their SPA of more than 12 months relative to the timetable set in 2007.[44]

A slightly different approach was adopted such that rather than tranches of people reaching SPA on a particular date, individuals reach their SPA at 66 years and the specified number of months.[45] So, for example:

- Under the 1995 Act, women born between 6 April 1950 and 5 May 1950 all reached SPA on 6 May 2010; whereas

40 PQ 49721 27 October 2016; HC Deb 15 November 2016 c48WH; and PQ 70311 15 November 2021
41 HM Treasury, Autumn Statement 2011, Cm 8231, November 2011
42 There is a document collection at GOV.UK – Pensions Act 2014
43 PBC Deb 4 July 2013 c252; For details of the SPA abroad see DWP, The single-tier pension: a simple foundation for saving, Cm 8528, January 2013
44 DWP, Long term State Pension sustainability: increasing the State Pension age to 67, 18 January 2013, para 17
45 PBC Deb 4 July 2013 c252; See DWP, State Pension age timetable, 15 May 2014, Table 4

- Under the 2014 Act, people born between 6 April 1960 and 5 May 1960 have an SPA of 66 and one month.

In response to arguments that increases could have a disproportionate impact on lower socio-economic groups, Steve Webb argued such issues should be tackled at source:

> [...] there is a set of people who do not make it, in terms of active labour market participation, to current state pension age. There always have been. Our view is that those issues need tackling at source; to some extent they have been.[46]

Gregg McClymont agreed but expressed concern about "stark discrepancies" between different groups.[47]

In the House of Lords, Labour Peer Baroness Turner of Camden said she was concerned about the impact on those employed in industries involving strenuous and often hazardous work.[48] For the Government, then Welfare Reform Minister, Lord Freud, said "it was only fair that those enjoying the benefits of longer life expectancy pay a share of the associated costs". The provisions in the Bill would "help ensure the fairness and affordability of the system into the medium and long term."[49] Under section 26 of the Pensions Act 2014, the State Pension age will increase from 66 to 67 between 6 April 2026 and 5 March 2028.

The 2014 Act also provided for periodic reviews of SPA (see section 2 below).

For more on the debates, see the Commons Library briefings Pensions Bill 2013-14 – House of Commons stages (section 4.2), and Pensions Bill 2013-14 - House of Lords Stages (section 3).

46 PBC Deb 4 July 2013 c253

47 PBC Deb 4 July 2013 c254

48 HL Deb 13 January 2014 c22-23GC

49 As above c24GC; DWP, Long term State Pension sustainability: increasing the State Pension age to 67, November 2013

2 Legislative basis for SPA reviews

In its April 2011 Green Paper, the Coalition Government asked for views on two options for ensuring further revisions in life expectancy were taken into account in a way that is timely and transparent:

- Increasing the State Pension age through a formula linked to life expectancy.
- Increasing the State Pension age through a review.[50]

In its summary of responses to the consultation, the Government said there was a high level of support for a more automatic mechanism to manage future increases in the SPA. The majority of respondents favoured a periodic review on the basis that it would "allow for expert input on life expectancy trends and other factors such as healthy life expectancy and labour market conditions."[51] This approach was also in line with the Labour Government's proposals of 2006.[52]

The Government said around half of OECD countries linked pension benefits in some way to life expectancy.[53]

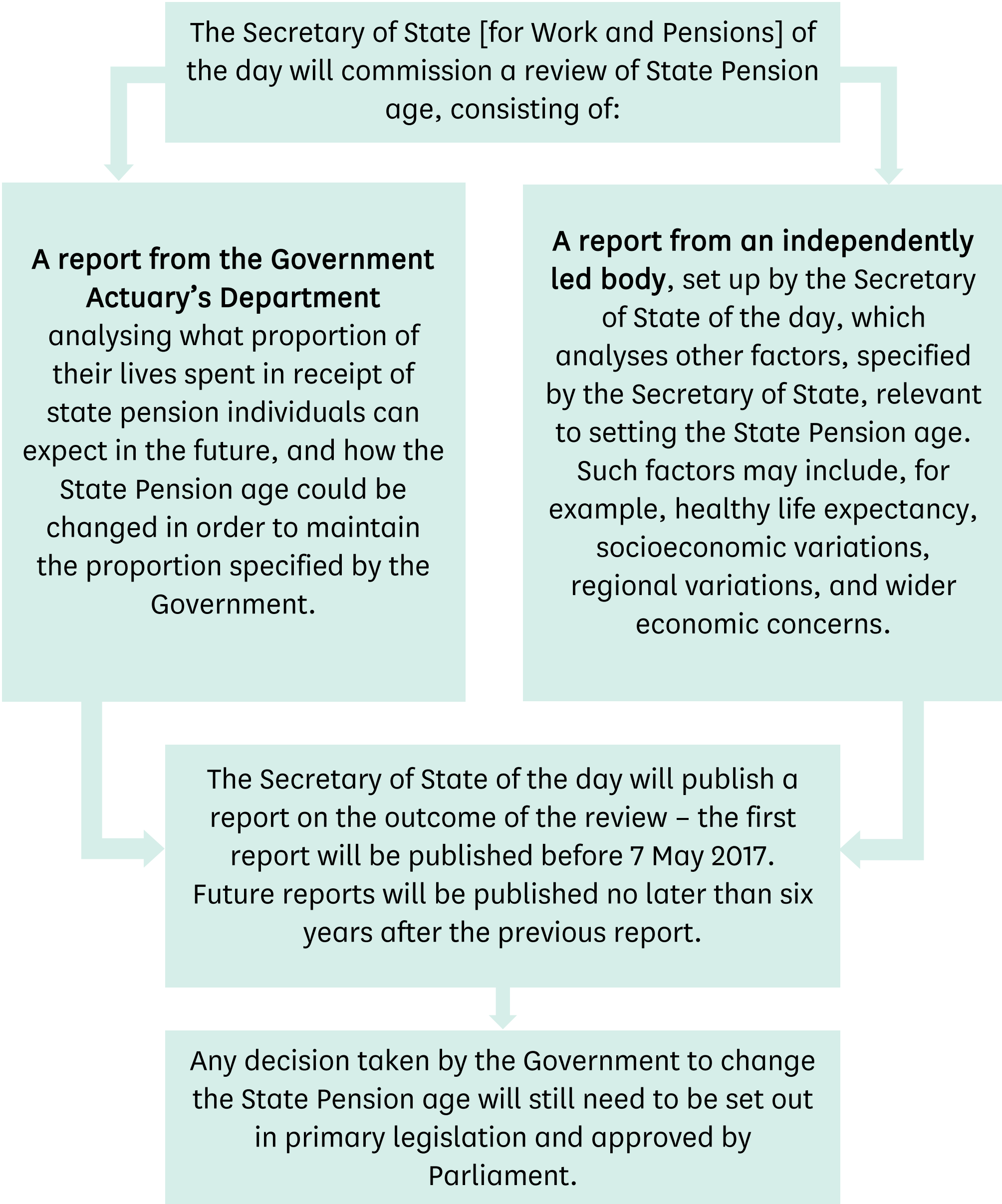
In its January 2013 white paper, the Government said it would carry out a review of the SPA every five years:

- these reviews will be based around the principle of maintaining a given proportion of adult life in receipt of state pension;
- the review will be informed by:
  - a. analysis from the Government Actuary's Department on the proportion of adult life individuals in the future can expect to spend in receipt of state pension;
  - b. an independently-led body, commissioned to produce a report on the wider factors that should be taken into account when setting State Pension age, such as variations in life expectancy.

50 DWP, A State Pension for the 21st Century, Cm 8053, April 2011
51 DWP, A state pension for the 21st century: A summary of responses to the public consultation, Cm 8131, July 2011
52 DWP, Security in retirement: towards a new pensions system, Cm 6841, 25 May 2006, para 2.52 and 3.40-41
53 Ibid, para 146

- this review framework will seek to provide a minimum of ten years' notice for individuals affected by changes to State Pension age.[54]

The white paper also set out the mechanism for conducting reviews:[55]



This mechanism was provided for in section 27 of the Pensions Act 2014.[56] The legislation did not include commitments included in the white paper for minimum commitments on notice and the proportion of adult life spent in SPA.

When the provisions were before Parliament, then Pensions Minister, Steve Webb set out expectations in terms of notice given for any rises in SPA, and

54 DWP, The single-tier pension: a simple foundation for saving, Cm 8528, 14 January 2013, Chapter 6
55 Replicated from above, p78
56 Pensions Act 2014 – Explanatory Notes, paras 126-9

described the approach of providing State Pension for "roughly a third" of the average adult life:

> We are trying to be systematic so that people do not face the kind of emergency increases in state pension age that the new Government had to implement in this Parliament. People should have adequate notice—we are talking in terms of a 10-year minimum—and the process should be transparent [...]. One of the consequences of that model, of course, is that, as people live longer, the state does not take the whole of that longevity out of their retirement. If, for example, we are talking about roughly a third, for each extra year people are expected to live, eight months goes on working life and four months goes on retirement or drawing state pension. There is already recognition that not all of the improvement in longevity is an improvement in healthy longevity, which is part of the reason why the whole of the growth in longevity is not being snaffled up by working age.[57]

Shadow Pensions Minister, Gregg McClymont said the Opposition did not intend to "stand in the way of the proposals in the Bill to increase the State Pension age". To help maintain cross-party consensus on the issue, he proposed the review should be conducted by a panel including representatives from Opposition parties and trade unions.[58]

Plaid Cymru MP Hywel Williams argued the legislation should not come into effect until the Secretary of State had conducted an assessment of the differential effects of increasing the SPA in England, Wales and Scotland. His intention was to ensure:

> [...] the panel reviewing life expectancy looks further and also considers Britain's human geography of low incomes, no incomes, long-term unemployment, sickness and disability. That broader inequality must be addressed, as it will certainly persist.[59]

57 PBC Deb 4 July 2013 c259

58 As above, c256

59 HC Deb 29 October 2013 c852

3 The first periodic review (2016-17)

3.1 The independent Cridland report

The Pensions Act 2014 requires the Secretary of State for Work and Pensions, for the purposes of the review, to "appoint a person or persons to prepare a report for the Secretary of State on other specified factors relevant to the review."[60]

On 1 March 2016, the Government announced the appointment of John Cridland as the independent lead for the first review to look at the timetable from 2028. Then then DWP Minister, Shailesh Vara, explained that the recommendations should be "affordable in the long term, fair to current and future generations of pensioners and consistent with supporting fuller working lives."[61]

Along the with announcement of the Cridland review, the Government published detailed terms of reference.[62]

The then Secretary of State, Iain Duncan Smith, explained the purpose of the review, setting out the then latest figures for life expectancy improvements, and noting that future generations "would not thank us" for not taking the "right decisions" to ensure that "pensions are sustainable". He also reassured the house the review would not look at the SPA up to 2028.[63]

Then Shadow Secretary of State, Owen Smith, asked what the Secretary of State thought the upper limit should be: "Is it 75, 76 or 77—or is it 80, as his former Pensions Minister colleague warned today?"[64]

Then SNP Work and Pensions spokesperson, Dr Eilidh Whiteford raised variations in life expectancy between different groups and asked "can we have any confidence that further increases in state pension age will not simply condemn thousands of older people with serious health conditions to an impoverished old age on state benefits prior to their official retirement?"[65]

60 Section 27(5) of the Pensions Act 2014
61 HCWS562 1 March 2016; DWP, John Cridland CBE appointed to lead the UK's first State Pension age review, 1 March 2016
62 DWP, State Pension age independent review: terms of reference, 1 March 2016
63 HC Deb 2 March 2016 c953
64 As above c954
65 As above c956

The Secretary of State said such issues could be considered as part of the review:

> The point is that because Sir John is independent, he can look at the whole question—including aspects such as demographic changes or changes in the work that people do—and take a view about it. He may recommend that we make no changes, or he may come back to us with recommendations for change.[66]

2016 interim Cridland report

John Cridland's interim report was published in October 2016, setting out evidence considered up to that point and proposed questions identified as key in shaping recommendations. The interim report stated that three generations might be affected:

- Baby Boomers (born 1945-65)
- Generation X (born 1966-1979)
- Generation Y (born 1980-2000)

Of these, Generation X were identified as "most likely to need to take account of any changes to State Pension age in their retirement planning" as a result of changes following the review.[67]

The interim report described the "three pillars" of affordability, fairness, and fuller working lives:

- Affordability was assessed in reference to the "triple lock" – a policy which affects the long-term State Pension spending.
- Assessments of fairness were focused on "intergenerational fairness – whether outcomes are fair between each generation of pensioners", as well as "intragenerational fairness - whether outcomes are fair within each generation of pensioners now and in the future."
- In order to support fuller working lives, the review looked at those dropping out of the labour market early, and sought to explore ways to keep people in gainful employment over the age of 50 and toward SPA.[68]

The latest life expectance data was also set out. This had been improving, although the 2014-based projections showed a slower increase in mortality rates than the 2012-based ones.[69]

66 As above c957

67 DWP, Interim review of the State Pension age, 13 October 2016, Executive Summary

68 As above

69 As above, p9

2017 final Cridland report

John Cridland's final report was published on 23 March 2017, and made concrete recommendations for future rises in the SPA, as well as the notice given, and whether the triple lock should be retained if there are pressures on State Pension affordability:

> - State Pension age should rise to age 68 over a two-year period starting in 2037 and ending in 2039;
>
> - State Pension age should not increase more than one year in any ten-year period, assuming that there are no exceptional changes to the data.
>
> If additional savings are needed, we recommend that the triple lock is withdrawn in the next parliament.[70]

To mitigate the impact of a higher SPA on disadvantaged groups the final report recommended:

- From the point at which SPA rises to 68, entitlement to means tested pensioner benefits (Pension Credit) should begin at one year below SPA.
- Universal Credit conditionality should be adjusted for people approaching SPA.[71]

To encourage higher employment rates amongst older workers, it recommended that at least 10 years before the increase in SPA to 68:

- People who defer their pension should be rewarded through lump sums (of capital and interest).
- People over State Pension age "should be able to part drawdown their State Pension, leaving the balance to benefit from the deferral arrangements."[72]

The final Cridland report also made recommendations aimed at supporting carers to balance work and caring responsibilities, introducing a mid-life MOT and making more use of older workers as apprenticeship trainers.[73]

3.2 Government Actuary's Department report

For the purposes of a State Pension age review, section 27 of the Pensions Act 2014 requires the Secretary of State to commission a report from the Government Actuary's Department (GAD):

70 DWP, Independent review of the State Pension age: smoothing the transition, 23 March 2017, p111
71 As above
72 As above
73 As above

> 4) For the purposes of each review, the Secretary of State must require the Government Actuary or Deputy Government Actuary to prepare a report for the Secretary of State on—
>
> (a) whether the rules about pensionable age mean that, on average, a person who reaches pensionable age within a specified period can be expected to spend a specified proportion of his or her adult life in retirement, and
>
> (b) if not, ways in which the rules might be changed with a view to achieving that result.

On 16 November 2016, the Government announced it had commissioned the Government Actuary's Department (GAD) to look at two scenarios:

- people spending 33.3% of their adult life in receipt of the State Pension in the future, which reflects the experiences of those reaching State Pension age over the last 10 years
- people spending 32% of their adult life in receipt of the State Pension in the future, which reflects the experiences of those reaching State Pension age over the last 20 years.[74]

The then Pensions Minister, Richard Harrington, said:

> People are living and working longer than ever before, that is why it is important we get this right to ensure the system stays fair and sustainable for generations to come.[75]

In its report, published at the same time as the final Cridland report on 23 March 2017, the GAD estimated that for one scenario (33.3% of adult life in receipt of State Pension), the following timetable would be required:

- State Pension age should increase from 67 to 68 over the two-year period from 6 April 2039 to 5 April 2041;
- State Pension age should increase from 68 to 69 over the two-year period from 6 April 2053 to 5 April 2055.

There should then be no further increases over the period to 5 April 2064-66 – the end of the projection period used by the Office for National Statistics (ONS).

For the other (32% of adult life in receipt of State Pension), the following timetable would be needed:

- State Pension age should increase from 67 to 68 over the two-year period from 6 April 2028 to 5 April 2030;

74 DWP and GAD, Future life expectancy to be considered in first State Pension age review, 16 November 2016

75 As above

- State Pension age should increase from 68 to 69 over the two-year period from 6 April 2040 to 5 April 2042;
- State Pension age should increase from 69 to 70 over the two-year period from 6 April 2054 to 5 April 2056.[76]

Government response

When laying the final Cridland and GAD reports before Parliament, then Pensions Minister, Richard Harrington, said the Government would consider them carefully and present its first review to Parliament in May 2017.[77]

On 28 April 2017 a DWP spokesperson said this would take place after the General Election on June 8.[78]

3.3 Commentary on the Cridland report

Age UK did not think the increase to 68 by 2039 was justified and said the Government needed to do more for people unable to work to their current SPA:

> We are thinking, for example, of life long manual workers crippled by arthritis and carers who have given up work to look after an ailing parent, and who face hardship as they wait to claim their State Pension. The Government needs to do much more to help people like this now; enabling those who can work longer to do so, for example, by improving re-training opportunities for older workers and increasing the practical and financial support on offer for carers and people with severe health problems who are not able to get back to work.[79]

The Pension and Lifetime Savings Association welcomed the proposal not to increase State Pension age beyond 68. However, it was concerned that the proposed accelerated increase to 68 would hit:

> [...] people in their late 30s and early 40s - the very group who are too young to have benefitted from final salary pensions and too old to benefit in full from automatic enrolment. The Government need to fully consider the consequences of this early rise for those who cannot stay in work until their late 60s.[80]

76 GAD and DWP, Periodic review of rules about State Pension age: Report by the Government Actuary, March 2017, para 6.3-4; DWP, State Pension age independent review: final report, 23 March 2017, p76

77 HCWS552, 24 March 2017

78 Financial Times, UK Ministers delay response on state pension age, 28 April 2017

79 Age UK, Age UK responds to the Cridland review, 23 March 2017

80 PSLA, PLSA welcomes John Cridland's proposal not to increase State Pension age beyond 68, 23 March 2017

The National Pensioners Convention described John Cridland's final report as extremely disappointing given the "weight of evidence he found surrounding the issue of health inequalities across the country."[81]

Former Pensions Minister Ros Altmann was disappointed that the review had decided against early access, saying many people genuinely could not keep working:

> Just as the Review recommends more flexibility is required by employers to facilitate part-time work for older people and help for the increasing numbers of workers who will need to care for elderly relatives, I believe more flexibility is also needed in the State Pension system.[82]

Then Chair of the Work and Pensions Select Committee, Frank Field, welcomed the report, saying the proposed increase in the SPA was "at the limits of fairness on grounds of increasing longevity":

> The projection of a rise to 70 in the 2050s is based on an assumption that people can on average expect to spend 32% of adult life in receipt of the state pension, which would be a departure from the Government's stated aim of one third. The adoption of increases in the state pension age faster than those recommended by John Cridland would be expressly favouring the value of the state pension over access to it.[83]

The TUC expressed concern about the proposed increase to 68, saying "substantial inequalities in life expectancy and, particularly, health life expectancy mean this policy will hit the poorest hardest."[84]

Age UK did not believe "the case had yet been made for raising the State Pension age for those in their mid-40s or younger today."[85] In its response to the interim report, it said:

> We also note that the Government's formula of increasing State Pension age so that people spend up to a third of their life receiving the State Pension is based on mean average life expectancy whereas the Pensions Policy Institute (PPI) has found a different picture if median measures are used. Based on 2014 mean life expectancy projections the PPI has suggested State Pension age would rise to 68 in 2042, whereas if State Pension age were based on when half of the population could expect to spend more than a third of their adult life receiving a State Pension, and a half less than a third, it would not rise to 68 until 2047.[86]

The Pension and Lifetime Savings Association also expressed concern:

81 NPC, Smoothing the Transition. The Cridland Review of the State Pension Age, 23 March 2017
82 Ros Altmann, Cridland State Pension Age Review, 23 March 2017
83 Work and Pensions Select Committee, Withdrawal of triple lock recommendation welcomed by Committee, 23 March 2017
84 TUC, Cridland report calls for reshaping of benefits for older workers, Touchstone blog, 23 March 2017
85 Age UK, Age UK response to the Cridland Review, 23 March 2017
86 Age UK, Age UK's response to the Independent Review of the State Pension age, December 2016

> [...] ongoing uncertainty about life expectancy experience over the coming decades, coupled with the significant concerns set out above about the impact a rising State Pension age would have on certain groups means there is no case for increasing or bringing forward increases to the State Pension age at the current time. For someone entering the labour market today the UK already has the highest State Pension age in the OECD. The evidence suggests this is high enough.[87]

The National Pensioners Convention said there should be no further increase in SPA beyond 66 in 2020:

> The significant variations in life expectancy among the population mean that the politically driven 'one third' policy has a more regressive effect on those who have a shorter life span, and a fairer alternative would be to base retirement policy around the number of years of healthy life expectancy.[88]

The 2017 General Election manifestos

The snap General Election in June 2017 delayed publication of the Government's review. The political parties spelled out differing position on the State Pension age.

In its manifesto the Labour Party said it rejected the proposal to increase the SPA beyond 66 and would commission a new review:

> The pension age is due to rise to 66 by the end of 2020. Labour rejects the Conservatives' proposal to increase the state pension age even further. We will commission a new review of the pension age, specifically tasked with developing a flexible retirement policy to reflect both the contributions made by people, the wide variations in life expectancy, and the arduous conditions of some work.[89]

On 15 August 2017, Labour launched a State Pension tour to help with its review.[90]

The SNP proposed establishing an independent commission, which would include within its remit an assessment of the demographic needs of different parts of the UK.[91]

The Conservative Party said in its 2017 manifesto that it would "ensure that the state pension age reflects increases in life expectancy, while protecting each generation fairly".[92]

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87 PLSA, PLSA response to State Pension age independent review, December 2016

88 NPC, Smoothing the Transition. The Cridland Review of the State Pension Age, 23 March 2017

89 Labour Party 2017 election manifesto

90 Labour Party press release, Labour launches national State Pension tour as Tories plan to make 36.9 million people work longer – Debbie Abrahams, 15 August 2017

91 SNP 2017 election manifesto

92 Conservative Party 2017 election manifesto

After the General Election on 12 June 2017, the trade union Prospect wrote to then Secretary of State for Work and Pensions, David Gauke, urging him to recommend no change in the SPA:

> This would be the wrong time to legislate for changes due to come into effect in the mid-2030s, particularly when there is so much uncertainty about longevity assumptions [...] If the government waits for a few years there will be a lot more data available on which to base decisions and still plenty of time to implement changes that might be necessary.[93]

3.4 The Government's final report and outcome

The Government published its review of the SPA on 19 July 2017, saying it intended to follow the Cridland report's main recommendation to increase the SPA from 67 to 68 between 2037 and 2038, earlier than currently legislated for (2044 to 2046). It also committed to "seek to provide a minimum of ten years' notice for individuals affected by changes to their State Pension age."[94]

This, the Government argued, would be the "fair thing to do", and would be the "responsible course of action" given pressure on State Pension spending:

> As John Cridland pointed out, between now and 2036/37, annual State Pension spending is set to rise by an extra 1% of GDP, from 5.2% to 6.2%. If that same rise in spending was faced today, this would be equivalent to a rise in taxation of £725 per household per year. While an ageing population means State Pension spending will rise under any of the possible timetables we have considered, the action we are taking reduces this rise by 0.4% of GDP in 2039/40, the equivalent to a saving of around £400 per household based on the number of households today. It will save £74 billion to 2045/46 when compared to current plans, and more than £250 billion to 2045/46 when compared with capping the rise in State Pension age at 66 in 2020.
>
> The alternatives for controlling costs of this magnitude would be to pay lower State Pensions, with an inevitable impact on pensioner poverty, or to ask the working generation to pay an ever larger share of their income to support pensioners.[95]

The Government stressed that the way the SPA rise had been calculated, was balanced, allowing people to spend "longer on average in receipt of the State Pension than people have spent over the age of 65 over the last 25 years". On average people would also "receive more in State Pension over their retirement than previous generations." This is because the aim would be to have people spend "up to 32%" of adult life in receipt of State Pension in the long run:

> In order to keep the State Pension sustainable and maintain fairness between generations in the future, the Government will aim for 'up to 32%' in the long

93 Prospect, No mandate to increase pension age, Prospect tells government, 14 June 2017

94 DWP, State Pension age review, 19 July 2017, p5

95 As above, p4

> run as the right proportion of adult life to spend in receipt of State Pension. A 32% timetable is consistent with the average proportion of adult life spent above State Pension age experienced by people over the last 25 years.[96]

In a Statement in the Commons outlining Government's conclusions, then Work and Pensions Secretary, David Gauke, reiterated the "compelling evidence of demographic pressures" and rising cost of the State Pension. He added that the proposed timetable would "save £74 billion to 2045-46 when compared with current plans, and more than £250 billion to 2045-46 when compared with capping the rise in state pension age at 66 in 2020".

However, he did not introduce legislation at that time to bring forward the rise in SPA to 68, promising instead the Government would carry out a further review before legislating to enable consideration of the latest life expectancy provisions:

> We will carry out a further review before legislating to bring forward the rise in state pension age to 68, to enable consideration of the latest life expectancy projections and to allow us to evaluate the effects of rises in state pension age already under way.[97]

He was critical of the Opposition's approach, saying that fixing the SPA at 66 would "add £250 billion to national debt":

> Even by the standards of the Labour party, its approach to the state pension age is reckless, short-sighted and irresponsible. When the evidence in front of us shows that life expectancy will continue to increase by a little over one year every eight years that pass, fixing the state pension age at 66, as advocated by the Labour party, demonstrates a complete failure to appreciate the situation in front of us. Compared with the timetable set out by this Government, Labour's approach will add £250 billion to national debt. Let us put that in context: it is almost twice as much as was disbursed into the financial sector following the financial crisis. Let us put it another way: spending in 2040 on the state pension would be £20 billion a year higher under Labour's plans than under the plans we are setting out—that is almost twice the Home Office budget. Where on earth is this money coming from?[98]

Then Shadow Work and Pensions Secretary Debbie Abrahams said the Labour Party was committed to leaving the SPA at 66 only while it undertook a further review:

> Labour wants a different approach. In our manifesto, we committed to leaving the state pension age at 66 while we undertake a review into healthy life expectancy, arduous work and the potential of a flexible state pension age. We want an evidence-based approach to build a state pensions system that brings security for the many, not just the privileged few, so that we can all enjoy a healthy retirement.[99]

96 DWP, State Pension age review, 19 July 2017, p4
97 HC Deb 19 July 2017, c865
98 As above
99 As above c866-8677

She described the timing of the Government's announcement as "astonishing", given recent evidence on life expectancy:

> Yesterday, the renowned expert on life expectancy, Professor Sir Michael Marmot, described how a century-long rise in life expectancy was "pretty close to having ground to a halt" since 2010, when this Government began their failing austerity programme. Last week, evidence from Public Health England showed how deep inequalities in healthy life expectancy remain, both regionally and between different groups in our society, including women, disabled people and black and minority ethnic groups. It is therefore astonishing that today this Government choose to implement their plans to speed up the state pension age increase to 68.[100]

Kirsty Blackman said the SNP opposed plans to raise the State Pension age above 66.[101]

3.5 Currently proposed timetables for SPA changes

As noted above, John Cridland recommended that currently legislated changes (see section 1.2) be accelerated so that the SPA:

- Should rise to 68 over a two-year period starting in 2037 and ending in 2039; and
- Should not increase more than one year in any ten-year period, assuming there are no exceptional changes to the data.[102]

This was accepted (though not legislated for, pending the second periodic review) by the Government.

Also in 2017, the Government Actuary's Department (GAD) produced a report looking at two alternative scenarios. For the first of these (32% of adult life in receipt of a State Pension) the SPA would need to increase:

- From 67 to 68 between 2028 and 2030;
- From 68 to 69 between 2040 and 2042;
- From 69 to 70 between 2054 and 2056.[103]

The green line chart below shows how men's and women's SPA is scheduled to increase under current legislation. The yellow line shows the increase to 68

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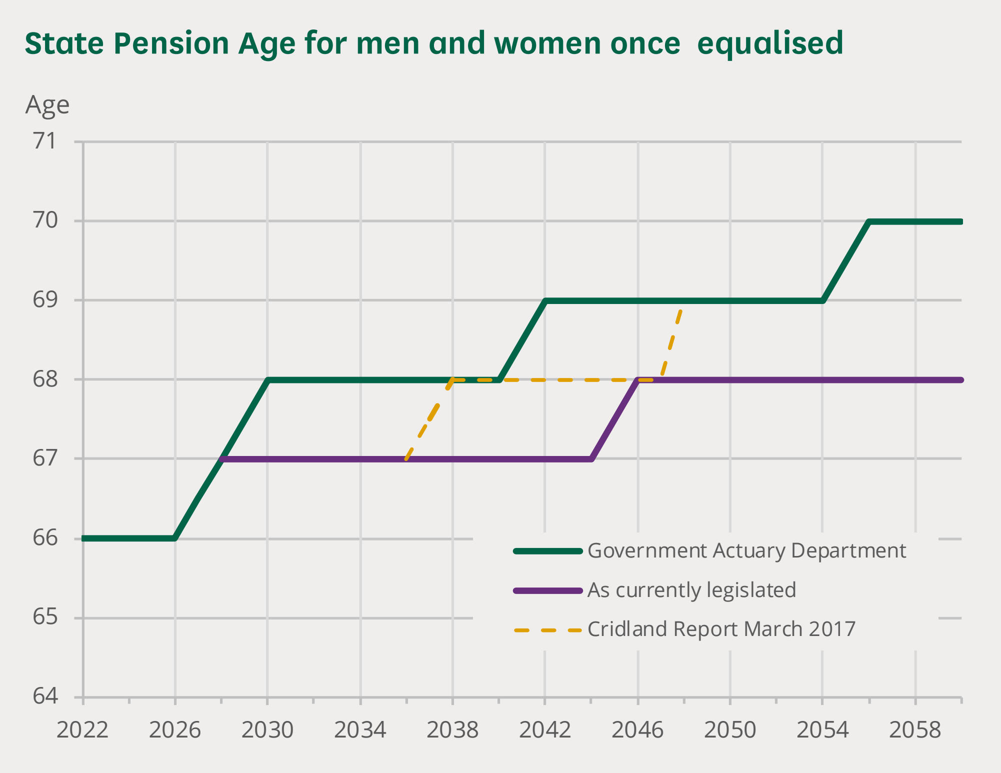
100 HC Deb 19 July 2017 c866-867

101 Ibid, c869

102 DWP, State Pension age independent review: final report, 23 March 2017, p 82

103 GAD, Periodic review of rules about State Pension age: Report by the Government Actuary, March 2017, para 6.3-4; State Pension age independent review: final report, March 2017, p76

recommended by John Cridland and the blue line GAD's timetable for keeping the proportion of life in receipt of a State Pension at 32%:



Note John Cridland's March 2017 State Pension Age report did not make recommendations for any SPA increase above 68. The increase in the yellow line from 68 to 69 in the chart above is inferred from Cridland's recommendation that the SPA should not increase more than one year in any ten-year period, assuming there are no exceptional changes to the data.

In line with section 27 of the Pensions Act 2014, the Government considered both the Cridland and GAD publications in a report published in July 2017.[104] This concluded the next Review should consider whether the increase to age 68 should be brought forward to 2037-39 before making any legislative changes.[105]

The next review, which was announced on 14 December 2021.[106], has to be published six years after publication of the first review. The Government is treating this as May 2023, despite a delay to publication of the first review.

[104] The statutory deadline for publication (s27(2)) was 7 May 2017, but publication was delayed due to the 2017 General Election. See Financial Times, UK ministers delay response on state pension age, 28 April 2017

[105] DWP, State Pension age review, 19 July 2017

[106] HCWS480

3.6 Issues raised during the 2016- 2017 review

Principles for setting SPA

Much of the debate around the 2017 SPA review process revolved around the principles by which SPA should be set. In particular, the proportion of adult life people should expect to spend in receipt of State Pension, and the notice Regarding these, John Cridland's final report said:

> A universal State Pension age makes for a simple system that is important for people to plan around but the timetable must be fair to pensioners and workers. To this end the longevity link, which ensures fairness to workers, has to be seen alongside uncertainty about trends in life expectancy, which ensures fairness to pensioners. In other words, there has to be a reasonable pace of change, to spread changes equally amongst the generations.
>
> People need at least ten years notice of change and change itself should be limited to once a decade. Drawing from the proportion of adult life spent in retirement over recent years and recent life expectancy projections, State Pension age should increase to age 68 over the two-year period 2037–2039, alongside the integral support to smooth the transition which we propose in Chapter 5. This would provide a greater measure of intergenerational fairness, and would also make a contribution to the fiscal sustainability of the State Pension. To create a window of stability, increases after this should not start before 2047, assuming there are no exceptional changes to the data. [107]

Proportion of adult life in SPA

In advance of the first periodic review in 2017, the Government made a number of commitments to base SPA changes on the idea people could expect, on average, to spend a defined proportion of adult life in receipt of State Pension. In the 2013 Autumn Statement, the Government said "[f]uture changes to the State Pension age will be driven by a guiding principle that people should expect to spend, on average, up to a third of their adult life in receipt of the State Pension."[108]

DWP explained how this would work:

> Proportion of adult life spent in receipt of State Pension =
>
> (Life expectancy at SPa) / (Life expectancy at SPa + SPa – adult life staring age)

Each of these variables was defined as follows:

> **When adult life is considered to begin**

[107] DWP, Independent Review of the State Pension age, Smoothing the Transition, Final Report, 23 March 2017

[108] HM Treasury, Autumn Statement 2013, Cm 8747, 5 December 2013; HC Deb 5 December 2013 c1106 [then Chancellor of the Exchequer, George Osborne]

> The government has decided to use the age of 20 as the appropriate starting age for the purpose of calculating the proportion of adult life spent in receipt of State Pension. This is based on OECD convention and is commonly used as a comparator for matters relating to pensions.
>
> **What measurement of life expectancy is used**
>
> The Pensions Commission recommended that official publications use the cohort measurement of life expectancy when describing current and future trends in longevity. The principal projections of UK cohort life expectancy, published by the Office for National Statistics every two years, allow projected life expectancy at any age to be calculated. The government believes that these projections are the appropriate ones for the purposes of the State Pension age review. The method used calculates the proportion of life spent in retirement at the relevant State Pension age, using the cohort life expectancy for a person of that age in any given year.
>
> **How a person's life expectancy is measured**
>
> At a time when life expectancies between the sexes remain different (but are converging), the government believes that the appropriate measurement must consider both male and female life expectancies. Therefore, the average life expectancy of both genders, weighted for the different numbers of men and women in the population at the relevant SPa and their respective cohort life expectancies, is used in the "life expectancy at SPa" component of the calculation.[109]

John Cridland's final report said justification for the "up to one third" principle appeared to be to "maintain an equilibrium going forward based on the highest proportion yet seen of adult life spent in retirement." However, it had not yet been defined. Cridland argued 32.87% was an appropriate baseline since this was the average over the last decade:

> In 2013, the year the policy was established, the proportion of adult life spent in retirement was 33.1%, albeit that this figure varies every year. However if we take the average over the last decade that figure is 32.87%.
>
> A one year increase in the State Pension age reduces the proportion by around 1% point and the proportion then builds up again to the same level in about a decade, as a result of further expected rises in life expectancy.
>
> Given this, it is reasonable to assume, on the basis of current population projections and all other things being equal, that we can anticipate changes in the State Pension age of the order of once a decade. Consequently each decade of forthcoming pensioners are then treated equally on average, albeit each year's cohort within that decade has a slightly different impact.
>
> From this, and given that this Review is asked to make a judgement at this time, we consider that 32.87%, the average proportion of adult life spent in retirement over the last decade, is an appropriate baseline. If in the future each decade of pensioners will need to respond to the consequences of

109 DWP, The core principle underpinning future State Pension age rises, 5 December 2013

> increasing longevity, it seems both fair and balanced to start with the baseline figure for the last decade.[110]

A number of commentators questioned the approach taken by the Cridland report and the Government.

The Pensions Policy Institute pointed out that the Government's formula uses a mean average, which is affected by people with very low and very high life expectancies. If a median were used, the SPA would need to rise more slowly:

> Another way to measure a third on average is by using the median, which shows when 50% of people will spend more than a third and 50% of people will spend less than a third of adult life in receipt of the State Pension.
>
> For at least 50% of people to spend a third or more of adult life in receipt of the State Pension, SPa would need to rise to age 67 in 2034 and age 68 in 2047.[111]

It also pointed out that relying on a mean average meant:

> - Those with lower LEs are more likely to receive their State Pension for less than a third of their adult life while,
>
> - Those with higher LEs are more likely to review their State Pension for more than a third of their adult life.[112]

Former Pensions Minister, Ros Altmann, said the GAD figures highlighted the difficulty of such a vague target in the context of variations in life expectance statistics over time:

> Tiny changes in average life expectancy are shown to imply vast differences in timing of state pension age increases. Between 2012 and 2014, life expectancy fell a little, but that implied a 5-year change in the state pension age timetable. It does seem that targeting 33.3% of 'adult life' or 32% of 'adult life' is misleading, given the sensitivity to tiny changes in mortality and huge differences in life expectancy across the population. A range of ages would surely better cater for individual differences and allow some flexibility.[113]

The National Pensioners' Convention argued that the focus should be on healthy life expectancy:

> The significant variations in life expectancy among the population mean that the politically driven 'one third' policy has a more regressive effect on those who have a shorter life span, and a fairer alternative would be to base retirement policy around the number of years of healthy life expectancy.[114]

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110 DWP, Independent Review of the State Pension age, Smoothing the Transition, Final Report, 23 March 2017, p80-1

111 PPI, The distributional impact of State Pension age rises, 8 September 2016

112 As above, p2

113 Ros Altman blog, Cridland State Pension Age Review, 23 March 2017

114 NPC, Smoothing the Transition. The Cridland Review of the State Pension Age, 23 March 2017

Period of notice for SPA changes

In 2005, the Pensions Commission suggested "a policy of significant notice of any increase (at least 15 years) should be possible".[115] This was the amount of notice given by the 1995 Act, which did not take effect until 2010 and which did not affect anyone aged 44 or over at the time of the announcement.[116]

The Coalition Government's 2013 Pensions white paper summarised the consensus of evidence submitted and suggested ten years as the appropriate minimum notice period for SPA changes:

> 153. While there is no definitive evidence of what the most appropriate level of notice is, there was a broad consensus that a ten year notice period strikes a good balance [...]
>
> 154. Should a future Government decide to raise the State Pension age following a review, this Government believes that a ten year notice period will be sufficient notices for individuals affected to prepare for the change.[117]

John Cridland's final report also endorsed this position, stating "people need at least ten years notice of change and change itself should be limited to once a decade."[118] The minimum notice of ten years was also supported by the Government's own concluding report.[119]

Life expectancy variations

One central theme of criticism of the approach of using mean average life expectance at State Pension age (and of the single SPA more generally) is the wide variations in life expectancy within geographical areas and between socio-economic groups. John Cridland's interim report set out the evidence at the time:

> For example, men in Greater Manchester have a Life Expectancy at birth that is 2.4 years lower than in Greater London (77.2 vs. 79.6) and for women it is 2.6 years lower (81.2 vs. 83.8). However, the variations of Life Expectancy between different local areas within Greater London and Greater Manchester are even wider.
>
> The socio-economic group that people are in also has a significant impact on Life Expectancy. Differences in Life Expectancy at birth between the lowest socio-economic group (Routine) and the highest (Higher, Managerial & Professional) are 5.9 years for men and 4.4 years for women (England and Wales only).

115 Pensions Commission, The Second Report of the Pensions Commission, December 2015, p14
116 HC Deb 30 November 1993, c 929
117 DWP, Single-tier pension: A simple foundation for saving, January 2013, chapter 6
118 DWP, Independent Review of the State Pension age, Smoothing the Transition, Final Report, 23 March 2017, p13
119 DWP, State Pension age review, 19 July 2017, p5

> Healthy life expectancy (the proportion of life someone can expect to spend in "good" or "very good" health) appears to be keeping track with rises in overall life expectancy, but again there are quite substantial geographical variations.
>
> Estimates from the 2011 Census show that men born in the UK between 2010 and 2012 could expect to live 63.2 years in "Very good or good" health (or 80.3% of their lives) and women 64.6 years (or 78.2% of their lives) if they experienced the same mortality patterns and rates of good health observed in that period.
>
> If surviving to age 65 and observing the same mortality patterns and rates of good health, men and women could expect to live a further 18.3 years and 20.8 years respectively, of which around half would be in "Very good or good" health (9.1 years and 9.6 years respectively).[120]

The October 2016 interim Cridland report said "if any changes are made to the State Pension age, this is likely to have a disproportionate impact on certain groups" – in particular, carers, people with disabilities, the self-employed, ethnic minorities and women. A recurring theme across these groups was that they had "difficulty accruing private pensions savings to provide them with an adequate income in retirement"[121]

John Cridland also asked for views on whether and how the transition to the State Pension should be smoothed. His interim report said that if any changes were made to the SPA, additional support may be required to "mitigate the impact on the seriously affected groups discussed above and smooth their transition between work and retirement." Options included:

- Support to work longer or increase their private savings.
- Early access to a reduced pension or enhanced working age benefits for certain groups.[122]

Proposals for flexibility

Early access to State Pension

One of the conditions of entitlement to the State Pension is that the individual has reached SPA.[123] In the past, ministers have tended to emphasise the value of having a single SPA. In 2014, then Pensions Minister, Steve Webb, said allowing early access would undermine the point of the new single-tier State Pension – which was to reduce complexity and uncertainty of outcomes to make it easier to plan and save for retirement.[124]

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[120] DWP, State Pension age independent review: interim report with questions, 13 October 2016

[121] As above, p10

[122] As above, p11

[123] Section 44 of the Social Security Contributions and Benefits Act 1992; Section 1(2) of the Pensions Act 2014

[124] PBC Deb 4 July 2013 c263-4; DWP, A State Pension for the 21st century, Cm 8131, 4 April 2011, Executive Summary; For more on the background, see Commons Library briefing SN6525, The new State Pension - background,

There was also a concern that it would encourage early retirement, with Mr Webb arguing: “the evidence from around the world is that where people are allowed to take their pension early, that rapidly becomes the norm.”[125]

In Canada and the United States, there is a peak of access at the earliest age, with very roughly one third claiming at that point:

- In the **United States**, eligible workers can claim retirement benefits early, from age 62, at a reduced rate compared to if they claim at age pension age (currently 66, but rising to 67). Around one in four people were claiming at age 62 in 2019, significantly fewer than in early decades.[126]

- The **Canada** Pension Plan can be claimed in full from age 65. Since 1987, it has been possible to choose to receive a reduced retirement pension as early as age 60. This has had the effect of lowering the average age of claiming – from 65.2 in 1986 compared to about 62.5 over the decade ending in 2018. In 2016, about 28% of men and 31% of women retired at age 60.[127]

John Cridland’s interim report identified some of the factors that would need to be considered in a move away from a universal SPA:

> - Simplicity of message and symbolism: there is value in a clear point in time when the state will offer retirement income, which is not complicated to calculate and allows enough time for savings planning.
>
> - Changing circumstances in life: a large number of people will differ in their social circumstances throughout their lifetime, for example switching between ill health, low earnings, high earnings, caring, time working abroad etc. Any conditionality attached to earlier access could still disadvantage a significant number of people.
>
> - Different impacts for different groups: we know that there are considerable differences in the labour market experience and the life expectancy of different groups, mostly driven by socio-economic factors. A universal approach can worsen those impacts if applied without effective support systems.[128]

The Government’s final report of the review acknowledged regional variations in life expectancy but said it had “not received any submissions which suggest any work.”[129] It said many respondents had acknowledged the difficulty in designing and implementing alternatives. It noted too that organisations suggesting the Government should explore early access for groups such as

125 PBC Deb 4 July 2013 c263-4

126 Centre for Retirement Research at Boston College, Pre-COVID Trends in Social Security Claiming, May 2021

127 Office of the Superintendent of Financial Institutions, Actuarial Report (30th) on the Canada Pension Plan, 27 November 2019, p24

128 DWP, State Pension age independent review: interim report with questions, 13 October 2016

129 DWP, Independent Review of the State Pension age, Smoothing the Transition, Final Report, 23 March 2017, p71

carers and people with ill health and disability "generally offered limited detail on how these policies could be implemented".[130]

Early access for those with longer working lives, Cridland argued, did not seem well-targeted. He wrote: "[h]owever deserving someone with a long contributions record may be, they will, by the very fact of having worked their whole career, have had more opportunity to save than those with multiple disadvantages."[131]

Early access to a reduced pension would result in an increase in the number of people with inadequate retirement incomes:

> Several respondents suggested that the Government should consider the possibility of early access to the State Pension. Some respondents supported the idea of aligning the State Pension with the pension freedoms offered in the private pension sphere, by allowing people to elect to take actuarially reduced early access. However, many respondents expressed concern that offering actuarially reduced access would likely result in either an increase in the number of people with inadequate retirement incomes or an increase in means-tested benefit expenditure.

Some outside organisations commented on the idea or early access for certain groups around the time of the first periodic review.

In a report published in September 2016, the Pensions Policy Institute (PPI) looked at a number of options, including:

- Allowing people with 45 years of National Insurance (NI) contributions to claim a full State Pension;
- Allowing early access to a reduced State Pension;
- Allowing early access to an unreduced State Pension; and
- Allowing people with caring responsibilities to receive their State Pension early unreduced.[132]

PPI said "some of these options could reduce the level of saving from SPa rises thereby increasing the cost burden on the State, but could ensure that there is protection in the system for people with lower than average life and healthy life expectancies."[133]

Age UK said it would support early access for two particular groups – people entitled to Employment and Support Allowance who are ill or disabled and cannot reasonably be expected to work again, and older carers who have been receiving Carers' Allowance for a specified time:

130 DWP, Independent Review of the State Pension age, Smoothing the Transition, Final Report, 23 March 2017, p 126
131 As above, p74
132 PPI, The Distributional impact of SPA rises, 8 September 2016
133 PPI, The Distributional impact of SPA rises, 8 September 2016

> In terms of ESA claimants, as set out above we believe it has to be accepted that for some people work is not realistic or beneficial and it is better for the individuals and the system that such individuals are able to draw their State Pension and retire early with dignity. Being a full-time carer is often physically and emotionally draining, it would therefore be reasonable to consider earlier access to a State Pension when someone had been caring for say at least 5 years. Even if caring responsibilities subsequently end before they reach the standard State Pension age, it is likely to be difficult to return to work and we believe it would be right to enable someone to continue to receive their pension rather than having to attempt to go back to work again for a short period – unless of course they wished to do so.[134]

It did not think that allowing early access to a reduced pension was the way forward because:

> We cannot envisage the Government allowing people to receive their pension early and then draw the full level of Pension Credit to make up the shortfall, yet any reduction in levels of benefits could mean people end up living on incomes below the accepted minimum.[135]

The Association of Consulting Actuaries said the "retention of a universal but rising State Pension age will become increasingly difficult". Its submission to the Cridland review looked at a number of options, such as allowing early access for individuals meeting certain ill-health criteria. It ruled out giving all individuals within a certain age range a right to draw down their State Pension as they wish, akin to the new DC pension freedoms. It judged this to be "impractical and likely to mean too many would exhaust their State Pension unless there were constraints on annual withdrawals."[136]

Flexibility within a universal State Pension age

The final Cridland report recommended "some of the funding released by changes in State Pension age and other aspects of the State Pension system should be re-invested to support disadvantaged groups". It said:

> The position is that at State Pension age the poorest pensioners would be entitled to Pension Credit of £155.60 – a weekly amount the Government does not believe pensioners should live below. However, people just below State Pension age, and sometimes in very poor health or who are full time carers – can have a weekly income of less than this amount. Some of them will also have limited personal savings or other wealth to fall back on. As we point out in the Interim Report, the weekly gap in income can be significant.
>
> It should be noted that means-tested benefits have, until only recently, recognised that people aged 60 and over, but below State Pension age, have particular challenges. Apart from the last seven years, during which the entry point to the pensioner means-test is set to equal State Pension age, there had been special regard in the Welfare State to people just below State Pension age. From 1988 in Income Support until 2010 in Pension Credit, access to the

134 Age UK, Age UK's response to the Independent Review of the State Pension age, December 2016

135 As above

136 ACA, ACA maps out options for early access to State Pension – or equivalent income – if the official State Pension age rises, 6 September 2016

> pensioner means-test was linked to age 60 and was not conditional on incapacity, caring responsibilities or job-search.[137]

It made two main recommendations to address this: allowing access to Pension Credit one year before SPA and adjusting conditionality under Universal Credit for people approaching SPA.[138]

Early access to Pension Credit

The qualifying age for Pension Credit is linked to the State Pension age for women.[139] Allowing earlier access to Pension Credit as the SPA rises has been recommended in the past.

In its second report in 2005, the Pensions Commission said that beyond 2020 (then the planned date for SPA equalisation), if there was no sign of differences in life expectancy by socio-economic class reducing, there was a good case for keeping the earliest age of Guarantee Credit, at least initially, at 65 and "for thereafter keeping the earliest age of Guarantee Credit eligibility, say, two years below the SPA."[140] The Labour Government said it would consider this when it reviewed the SPA in future.[141]

In September 2016, the Pensions Policy Institute said freezing the Pension Credit age at 65 could mitigate the impact of SPA rises:

> Freezing Pension Credit at age 65, or setting it at five years below SPa, would help to mitigate some of the impact of SPa rises on this group, as they would be eligible for a higher level of means-tested benefits than they would have been under the working-age benefits system. An alternative approach would be to introduce a higher rate of Universal Credit for people within 2 to 5 years from SPa. Using means-tested benefits as a policy-lever ensures that the policy is targeted on those with lower incomes [...][142]

In order to prevent increasing early exit from the labour market PPI also suggested work-related conditionality could be applied to early Pension Credit claimants:

> This policy could be problematic if it encouraged people to leave work early and claim Pension Credit. However, conditions could be applied to any pre-SPa receipt of Pension Credit, such as requiring applicants to be carers, unable to work due to ill health, or actively seeking work.[143]

137 DWP, Independent Review of the State Pension age, Smoothing the Transition, Final Report, 23 March 2017, p103

138 DWP, Independent Review of the State Pension age, Smoothing the Transition, Final Report, 23 March 2017

139 State Pension Credit Act 2002

140 Pensions Commission, The Second Report of the Pensions Commission, December 2015, p340
DWP, Security in retirement: towards a new pensions system, Cm 6841, 25 May 2006, para 3.40-1; and Pensions Bill Deb, 30 January 2007, c223

142 PPI, The distributional impact of SPA increases, 8 September 2016

143 PPI, The distributional impact of SPA increases, 8 September 2016

The final Cridland report recommended allowing access to a means-tested pension benefit (Pension Credit) at 67 when the SPA rises to 68:

> This benefit should continue to precede State Pension age by one year from then on. Access to this benefit should be conditional on an inability to work for reasons such as long-term caring and ill health.
>
> A reasonable assessment of eligibility would include either:
>
> - Long-term out-of-work full time carers: the criteria can be long-term receipt of Universal Credit on an out of work basis where a carers element (or Carers Allowance) is also payable; or
> - Long-term out of work people with ill health: long-term receipt of Universal Credit on an out of work basis with a Limited Capability for Work-Related Activity element.[144]

It estimated this would cost around £150 million a year.[145]

The National Pensioners' Convention recommended access to Pension Credit up to five years before reaching SPA to support those unable to continue working up to SPA.[146]

The TUC also thought 67 was too late, arguing that people already faced challenges and that one year seemed an "excessively narrow window."[147]

Age UK also argued there was a need for financial support for "carers and people with severe health problems who are not able to get back to work."[148]

Conditionality for older working age claimants

The final Cridland report also recommended "redefining the conditionality for older job-seekers who qualify for means-tested support". In particular, it argued that in-work conditionality – expecting Universal Credit claimants who are working and earning small amounts to increase their earnings – should be more flexible for those approaching SPA, allowing older workers to work part-time:

> Such a system would formally acknowledge that those out-of-work claimants who are within five years of reaching State Pension age could have their conditionality requirements adjusted so that they can only be required to find part-time work, without being penalised for doing so.[149]

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144 DWP, Independent Review of State Pension age. Smoothing the Transition. Final Report, 23 March 2017, section 5.5.2

145 As above

146 NPC, Smoothing the Transition. State Pension age review. Final Report, March 2017

147 TUC, Cridland report calls for reshaping of benefits for older workers, Touchstone blog, 23 March 2007

148 Age UK, Age UK responds to the Cridland Review, 23 March 2017

149 DWP, Independent Review of State Pension age. Smoothing the Transition. Final Report, 23 March 2017, section 5.5.1

How to support longer working?

In a report published in September 2016, the TUC said that although older workers (aged over 50) were playing an increasingly important role in the workplace, almost half still left the workforce before SPA.[150]

John Cridland's final report argued that public policy needed to address twin challenges – enabling those who want to work to do so and ensuring those who cannot are provided for. It made a number of suggestions including:

- Strengthening opportunities for flexible working from day one of employment to accommodate the needs and choices of the worker.
- Developing mid-life career reviews so that they become effective vehicles for ensuring older workers receive the support to continue their careers.
- A right to retrain for older workers.[151]

It also proposed allowing people to part drawdown their State Pension to enable them to continue working past SPA:

> - We recommend that people who defer their pension should have the option to be rewarded through a lump sum once they start drawing their State Pension.
> - We recommend that people over State Pension age should be able to part drawdown their State Pension – leaving the balance to benefit from the deferral arrangements.
>
> This should be introduced as soon as possible, but at least 10 years before State Pension age increases to 68.[152]

150 TUC, Postponing the pension: are we all working longer? 5 September 2016

151 DWP, Independent Review of State Pension age. Smoothing the Transition. Final Report, 23 March 2017, p3

152 As above

4 The second periodic review (2021-23)

Under section 27(3) of the Pensions Act 2014, the State Pension age must be reviewed every six years following publication of the previous review. Despite the first periodic review having been delayed due to the 2017 election, the Government treated this as 7 May 2023.

The Government announced the second periodic review on 14 December 2021, alongside a short terms of reference.[153] In February 2022, a consultation was launched, and Conservative Member of the House of Lords Baroness Neville-Rolfe was appointed to prepare the independent report.[154] This report was concluded (though not published) in September 2022, and Baroness Neville-Rolfe was subsequently appointed a Lords Minister.[155]

The terms of reference set out the scope for the independent report. Unlike the 2017 Cridland report, this independent report has not been preceded by ministerial commitments on proportions of adult life spent in SPA, and the Government has instead asked Baroness Neville-Rolfe to assess whether such an approach remains right. Baroness Neville-Rolfe was asked to assess the following factors:

- a consideration of recent trends in life expectancy in every part of the United Kingdom
- whether it remains right for there to be a fixed proportion of adult life people should, on average, expect to spend over State Pension age?
- what metrics would enable State Pension costs, and the importance of sharing these fairly between generations, to be taken into account when making State Pension age decisions?
- what additional or alternative metrics would be appropriate to take into account when making State Pension age decisions?[156]

153 HCWS480, 14 December 2021
154 DWP, Second State Pension age review: independent report call for evidence, 9 February 2022
155 See GOV.UK, Baroness Neville-Rolfe DBE CMG, accessed 3 April 2023
156 DWP, Second review of the State Pension age: independent report terms of reference, 14 December 2021

4.1 Initial commentary

Much of the commentary following the launch of the second review focused on the latest life expectancy projections.[157] Cohort life expectancy statistics are produced every two years, and a further measure is expected to be published in 2023. The latest 2020-based projections show life expectancy at 65 increasing, but at a slower rate than in previous releases. The consultation document explains:

- Using the 2014-based cohort life expectancy projections, a man aged 65 in 2047 was projected to live until 89.9 years, compared to 87.1 years in the 2020-based projections.
- For women, the projected cohort life expectancy of a 65-year-old in 2047 was 91.9 years using the 2014-based projections, and 89.3 years in the recent 2020-based projections.[158]

Life expectancy at birth is also projected to increase, but also at a slower rate than previously expected.

Estimates of cohort life expectancy at age 65 in the UK

Source: ONS 2020 based principal projection of UK life expectancy

This change in projection has prompted some commentators to call for the planned rises in the State Pension age to be abandoned, or for increases to be slowed. Lane Clark & Peacock (LPC) took the latest ONS life expectancy projections and re-ran the 2017 Government Actuary's Department calculations, finding that:

[157] See Financial Times, State pension plans: pressure set to grow on UK government, 14 January 2022
[158] DWP, Second State Pension age review: independent report call for evidence, 9 February 2022

- Any move from 67 to 68 would not be needed until the mid 2060s, rather than the mid 2040s as per current legislation, and certainly not by the late 2030s as planned by the government;
- The move from 66 to 67, which is currently scheduled to be phased in over a two year period between 2026 and 2028, could be put back twenty three years to 2049-51.[159]

They went on to argue that if further ONS statistics show relatively lower life expectancy growth, this could imply delays to planned increases and potentially even abandoning the planned rise to 67. Sir Steve Webb, former Pensions Minister and now a Partner at LPC added:

> The Government's plans for rapid increases in state pension age have been blown out of the water by this new analysis. Even before the Pandemic hit, the improvements in life expectancy which we had seen over the last century had almost ground to a halt. But the schedule for state pension age increases has not caught up with this new world. This analysis shows that current plans to increase the state pension age to 67 by 2028 need to be revisited as a matter of urgency. Pension ages for men and women reached 66 only last year, and there is now no case for yet another increase so soon[160]

The TUC also suggested that slower than previously expected life expectancy improvements should lead any independent review to conclude that planned State Pension age increases should be shelved.[161]

With the launch of the second review, some commentators argued that rises in the State Pension age may need to be brought forward. Analysis from the International Longevity Centre, for example, "agrees with current government plans", including the intention to bring forward the increase in SPA to 68 to between 2037 and 2039, but suggests that the "SPA will probably need to increase faster between 2030 and 2045."

Their analysis looked at potential different principles for calculating the SPA changes that might be adopted given that Neville-Rolfe was asked to look at whether it remains right to base SPA changes on a fixed-average proportion of adult life in which people should expect to be in receipt of the State Pension. These principles included:

- Having the same number of years in retirement as previous generations
- Keeping the ratio of people in work to those at or above SPA constant
- Spending a third of adult life in retirement
- Linking SPA increases to improvements in life expectancy

159 Lane Clark & Peacock, Twenty million adults could be in line for 'state pension age reprieve' as life expectancy improvements 'collapse' even before the Pandemic, 20 December 2021

160 As above

161 Financial Times, Government 'trying to fix state pension age review', 17 February 2022

Of these options, all but the option of people spending a third of their adult life in retirement, they argued, may require the State Pension age to rise faster than the Government currently plans.[162]

4.2 Publication of the review

In contrast to the first periodic review, where the Cridland and Government Actuary's Department reports were published ahead of the Government's conclusions, all parts of the second periodic review were published together on 30 March 2023:

- A report from the Government Actuary's Department: State Pension age review: report by the Government Actuary
- The independent report from Baroness Neville-Rolfe: State Pension age Independent Review 2022: final report
- The Government's final report: State Pension age review 2023: government report

The DWP also published a review of international evidence commissioned to inform the Neville-Rolfe report.[163]

Publishing in this way, rather than allowing public consideration of supporting evidence before announcing the Government's conclusions, was criticised by Sir Stephen Timms, Chair of the Work and Pension Committee, as preventing full public debate. Work and Pensions Secretary Mel Stride defended publishing the independent report alongside the Government's conclusions, saying the alternative approach "would serve to narrow debates as well as inform debates".[164]

162 International Longevity Centre, Not if but when: The demographic and fiscal case for increases to State Pension Age, 20 December 2021

163 DWP, Understanding decision making around changing the State Pension age: A review of international evidence, 30 March 2023

164 HC Deb 30 March 2023, cc1180-1181; and Work and Pensions Committee, Oral evidence: The work of the Secretary of State for Work and Pensions, HC 549, 29 March 2023, Qs 83-86

Overview of the Government's conclusions on the SPA timetable

With respect to the currently legislated future increases to the State Pension age, the Neville-Rolfe report concluded the rise to 67 "should continue as planned between 2026 and 2028". The increase to 68 "should rise to age 68 over the period 2041-2043", four years later than planned following the 2017 review, but three years earlier than currently legislated.[165]

The Government agreed with Baroness Neville-Rolfe's "conclusion that the increase to State Pension age from 66 to 67 is appropriate".

However, the Government did not make a final decision about the increase to 68. It noted that the independent report "was not able to take into account the long-term impact of recent significant external challenges, including the COVID-19 pandemic and recent global inflationary pressures." In light of this uncertainty, a further review, to be carried out within two years of the next General Election, will consider "[a]ll options for the rise from 67 to 68 that meet the principle of 10 years notice".[166]

4.3 The Government Actuary's Department report

As required by section 27(4) of the Pensions Act 2014, the report by the Government Actuary considered the State Pension age timetable against specified expectations of the proportion of adult life spent in receipt of State Pension.

For the 2023 review, the Government Actuary was asked to assess the currently legislated timetable, and the proposed timetable following the 2017 review, against three specified scenarios for the proportion of adult life in receipt of a State Pension:

- 32.0% - to reflect the recommended long-term aim of up to 32% contained in the previous Government review of State Pension age;
- 31% - to show the impacts of a lower proportion of adult life spent in retirement; and

165 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, para 314
166 DWP, State Pension age Review 2023, 30 March 2023, section 1.4

- 30% - to model a lower proportion of adult life spent in retirement.[167]

All three scenarios are lower than the 32.87% baseline in John Cridland's 2017 recommendations.

As explored in section 1.1 of this briefing, since the 2014-based life expectancy projections used in the Government Actuary's report for the 2017 review were published, there have been "substantial reductions in projected future life expectancies at retirement over successive sets of ONS projections, with the average reducing by over 2 years during the 6-year period between these sets of projections."[168] The table below shows how projected cohort life expectancies at age 66 in 2020 and 2050 changed between 2014 and 2020-based projections.

Life expectancy at age 66, in 2020 and 2050, based on successive ONS population projections (cohort basis)

Projection year	Men		Women	
	2020	2050	2020	2050
2014-based	21.1	24.3	23.2	26.3
2016-based	20.1	23.1	22.2	25.0
2018-based	19.2	21.9	21.3	23.8
2020-based	18.8	21.5	21.1	23.6

Source: Government Actuary's Department, Periodic review of rules about State Pension age, Table 6.1

Using 2020-based data for the State Pension age timetable, if the commitment to "up to 32%" proportion of life in receipt of State Pension is maintained, would mean a significant delay to the current timetable of SPA increases.[169] The increase from 66 to 67 would take place from 2037 to 2039 and the increase from 67 to 68 would take place from 2053 to 2055. Rises to 69 and beyond, which were implied in equivalent 2014-based estimates,[170] would not take place until beyond the end of the specified projection period in 2070.

With a 31% proportion, the SPA would rise to 67, as currently legislated for, between 2026 and 2028. The increase to 68 would be delayed to between 2041

167 Government Actuary's Department, Periodic review of rules about State Pension age - Report by the Government Actuary, 30 March 2023, Appendix A: Terms of Reference, p50

168 Government Actuary's Department, Periodic review of rules about State Pension age - Report by the Government Actuary, 30 March 2023, p40

169 Both the Cridland recommendations and legislated increases.

170 See section 3.2

and 2043, four years later the Cridland timetable. A further increase to 69 would take place between 2058 and 2060.

Only reducing the expectation to 30% of adult life spent in receipt of State Pension would bring forward State Pension age increases from the Cridland timetable – with an immediate rise to 67 beginning in 2023, and the increase to 68 between 2030 and 2032. Under this scenario, SPA would rise to 70 by 2064.

State pension age timetables: differences under 2014- and 2020-based ONS population projections

	Proportion of adult life in retirement		
Increase	32%	31%	30%
ONS 2014-based projections			
66 to 67	2023-25 *	2023-25 *	2023-25 *
67 to 68	2026-28	2025-27 *	2025-27 *
68 to 69	2040-42	2030-32	2027-29 *
69 to 70	2054-56	2043-45	2033-35
70 to 71	2068-70	2057-59	2047-49
71 to 72	After 2070	After 2070	2060-62
ONS 2020-based projections			
66 to 67	2037-39	2026-28	2023-25 *
67 to 68	2053-55	2041-43	2030-32
68 to 69	After 2070	2058-60	2046-48
69 to 70	After 2070	After 2070	2062-64

* These increases are calculated to be required immediately because the relevant proportion of adult life in retirement has already been exceeded. The GAD report assumes that the earliest they could take place is from April 2023.

Source: Government Actuary's Department, Periodic review of rules about State Pension age, Table 6.2

Uncertainty about life expectancy expectations

The Government Actuary noted caution about the "inherently uncertain" assumptions behind predictions of future trends in life expectancy, particularly in light of the pandemic:

> Recent experience has shown a shift away from the longer-term historical trend of rising life expectancies. It is not always clear why such trends have occurred, and resultant predictions based on assumptions about the future have varied accordingly.
>
> 4.70 Predicting life expectancy trends in the future is even more difficult as there are unknown factors that could affect life expectancy in either direction with unknown magnitude. Furthermore, life expectancy between individuals

> and groups of the population with similar characteristics vary enormously due to a variety of reasons.
>
> 4.71 This is made all the more difficult at present as we emerge from the COVID-19 pandemic, which makes projecting future trends even more uncertain. It is important that this inherent uncertainty in future mortality rates is acknowledged when setting an SPa timetable with regard to life expectancy.[171]

In section 6, the Government Actuary's report explored how different assumptions about mortality improvement could affect life expectancy and the implied SPA timetable. It found that if the long-term mortality improvement rate assumed by ONS, currently 1.2% per annum at most ages, increased to 1.4%, the increase to 68 might be brought forward seven years with a 32% proportion of adult life in receipt of State Pension. Conversely, reducing the annual mortality improvement rate to 1% would delay the increase to 68 by ten years.[172]

171 Government Actuary's Department, Periodic review of rules about State Pension age - Report by the Government Actuary, 30 March 2023, p40

172 Government Actuary's Department, Periodic review of rules about State Pension age - Report by the Government Actuary, 15 March 2023, pp43-44

4.4 The independent Neville-Rolfe report

Baroness Neville-Rolfe's independent report was published alongside the Government's conclusions on 30 March 2023.

Proposed metrics

The report considered "whether it remains appropriate that people should expect to spend a fixed proportion of adult life in retirement", and what additional, or alternative metrics could take into account wider considerations such as cost and intergenerational fairness.

Neville-Rolfe recommendations on metrics

- It remains right for there to be a fixed proportion of adult life people should expect to spend, on average, in receipt of State Pension.
- Reflecting the average experience of those reaching the male State Pension age between 1996-2020, this proportion should be set at up to 31% of adult life.
- The government should set a limit on State Pension-related expenditure of up to 6% of GDP (this could be met through changes to State Pension age, eligibility rules or uprating).[173]

The report noted that setting an average proportion of adult life in receipt of State Pension has advantages:

- Providing a "transparent formula" to explain the necessity of increasing the SPA.
- It is possible to monitor using regular ONS data releases.
- It ensures "intergenerationally fair outcomes" with the share of adult life in retirement remaining broadly constant across cohorts.
- Mirroring international practice in many other OECD countries.[174]

[173] Also summarised in DWP, State Pension age Review 2023, 30 March 2023, para 4.2.1

[174] DWP, State Pension age Independent Review 2022: final report, 30 March 2023, pp91-92; also see DWP, Understanding decision making around changing the State Pension age: A review of international evidence, 30 March 2023

Consequently, the report concluded that it "remains right for there to be a fixed proportion of adult life people should expect to spend, on average, in receipt of State Pension". 31% of adult life was suggested as the appropriate proportion, lower than either Cridland's "baseline" (32.87%) or the figure the Government said was its long-term ambition in 2017 (32%). This proportion was justified on the basis that it matched the male SPA between 1996 and 2020,[175] though no more detailed explanation was given.

The 31% proportion is the round number implying the least change from the timetables outlined by Cridland and in legislation. A 30% metric would imply a rise to 68 with less than ten years notice from March 2023, and 32% would imply significant delays to both upcoming SPA increases.

Although the independent report supported the continued use of the fixed proportion of adult life principle, it noted the metric is (as explored in the Government Actuary's report) "sensitive to changes in life expectancy" and does not account for differences across "regions, sex, socioeconomic and deprivation statuses and ethnicity". Other metrics considered also shared these faults. Crucially for Neville-Rolfe's further recommendations, a fixed-proportion of adult life metric "does not account for affordability of State Pension-related expenditure" and, even under lower-than-previously-proposed proportions, is projected to result in steadily increasing State Pension expenditure as a proportion of GDP, assuming policies such as the triple lock remain in place. The report concluded:

> Setting SPa by this metric [the proportion of adult life spent in receipt of State Pension] alone does not manage the future sustainability of state pension related expenditure. This would result in expenditure exceeding the combined cost of education and adult social care under the scenarios explored.[176]

This informed the consideration of other metrics, of which the main ones discussed were:

- The old-age dependency ratio – comparing the number of people above State Pension age per 1,000, with those of working age.
- Limiting State Pension expenditure to a proportion of GDP.
- A fixed number of years on average in receipt of State Pension.[177]

At lower end of the target levels considered in the independent report, each of these metrics would generally lead to faster increases to the State Pension age than the proportions of adult life analysed. The table below shows implied Sate Pension age increases for each metric at the target levels considered.

175 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p95
176 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p96
177 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, Chapter 7: Metrics

At the lower target levels, the old age dependency ratio and fixed number of years approaches generally imply faster rises in the short-term than are currently planned.

Limiting State Pension expenditure has very different effects over the next two decades, depending on the level of the limit modelled. A 5% of GDP limit, just above the current level of expenditure, would require an increase to 68 between 2028 and 2030, followed by several subsequent increases, reaching 75 by 2060. A 6% limit, which leaves headroom between current expenditure and the proposed maximum, does not require any increase beyond 67 before 2044, coinciding with the increase to 68 currently legislated for, and seven years later than the Cridland timetable. However, once expenditure reaches the limit, the SPA would need to rise sharply from 67 to 74 over a 23-year period, unless other options are used to limit expenditure growth.

Prospective timetable for State Pension age changes according to different metrics (up to 2070)

	Rise to 68	Rise to 69	Rise to 70	Rise to 71	Rise to 72	Rise to 73	Rise to 74	Rise to 75
Proportion of adult life in retirement								
30%	2030-32	2046-48	2062-64					
31%	2041-43	2058-60						
32%	2053-55							
Old age dependency ratio								
305	2030-32	2034-36	2039-41	2052-54	2061-63			
330	2034-36	2040-42	2052-54	2061-63				
350	2038-40	2050-52	2059-61					
Fixed limit of GDP spent on State Pensions								
5%	2028-30	2030-32	2033-35	2038-40	2043-45	2049-51	2054-56	2058-60
5.25%	2032-34	2034-36	2037-39	2043-45	2048-50	2053-55	2057-59	2061-63
5.50%	2033-35	2036-38	2042-44	2048-50	2052-54	2056-58	2060-62	2064-66
5.75%	2037-39	2041-43	2047-49	2050-52	2055-57	2059-61	2062-24	2067-69
6%	2044-46	2046-68	2050-52	2053-55	2057-59	2061-63	2065-67	
Fixed number of years in retirement								
14.5					2024-26	2036-38	2048-50	2059-61
18.5	2024-26	2036-38	2048-50	2059-61				
20	2042-44	2054-56	2066-68					

Source: Independent Review of the State Pension Age 2022, Table 7

Ultimately, the old age dependency ratio and fixed number of years approaches were rejected by the independent review. Both were considered to have advantages, but neither account for the sustainability of State Pension expenditure:

> We carefully considered the use of the old age dependency ratio. This would have a clear link to the pay as you go principle that underpins the State Pension, where the pensions paid are funded from National Insurance and tax revenues collected today. Using an old age dependency ratio also produces fairly stable projected timetables. However, this metric does not indicate if state pension related expenditure is sustainable and over simplifies the concept of dependence add more older people work past SPa.
>
> The 'targeting a fixed number of years metric' for receipt of state pension is simple to explain but is very sensitive to life expectancy projections and implicitly assumes that the ability to continue working increases alongside life expectancy it does not account for the cost and sustainability of the state pension countries using this metric or are planning to move away from its use.[178]

The only metric the report considered that "fully addressed" concerns around affordability and sustainability was a limit on the share of GDP spent on State Pension expenditure. This approach, the report argued, "brings out the challenges and costs of an aging society" and promotes "a greater element of fairness in expenditure across generations".[179]

Why 6%, as opposed to another limit, was chosen is not fully explained. Since State Pension spending is not forecast to reach 6% of GDP until the late 2040s, this limit, if adopted, would have no effect on the Cridland or legislated timetables, but would imply an unprecedented further series of SPA increases for cohorts born after 1977.

The table below shows the modelled impact of increasing SPA in line with different metrics on expenditure. Although the generally faster increases in SPA implied by the old age dependency ratio and fixed number of years approaches do reduce the growth in expenditure compared to using a proportion of adult life approach, both result in steadily rising expenditure. Of the modelled scenarios, only an average 14.5 year fixed number of years in receipt of State Pension age, a sharp reduction in the length of retirement from 18.9 average expected years in 2021,[180] would prevent expenditure rising significantly above 6% of GDP by 2070/71. Using a fixed limit of spending as a proportion of GDP, where SPA would rise two years before expenditure is projected to exceed the limit,[181] would prevent this.

178 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p120
179 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p120
180 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p63
181 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p103

Impact of different metrics on State Pension expenditure up to 2070

	Expenditure (£ billion, 2020/21 prices)						Percentage of GDP					
	2020 /21	2030 /31	2040 /41	2050 /51	2060 /61	2070 /71	2020 /21	2030 /31	2040 /41	2050 /51	2060 /61	2070 /71
Proportion of adult life in retirement												
30%	112	144	191	232	309	382	5.2%	5.1%	5.7%	5.9%	6.9%	7.3%
31%	112	144	196	245	309	400	5.2%	5.1%	5.8%	6.2%	6.9%	7.7%
32%	112	144	196	251	326	418	5.2%	5.1%	5.8%	6.4%	7.2%	8.0%
Old age dependency ratio												
305	112	142	173	219	275	344	5.2%	5.0%	5.1%	5.6%	6.1%	6.6%
330	112	144	188	232	293	363	5.2%	5.1%	5.6%	5.9%	6.5%	7.0%
350	112	144	191	241	297	382	5.2%	5.1%	5.6%	6.2%	6.6%	7.3%
Fixed limit of GDP spent on State Pensions												
5%	112	137	159	184	211	N/A	5.2%	4.8%	4.7%	4.7%	4.7%	N/A
5.25%	112	144	170	193	227	268	5.2%	5.1%	5.0%	4.9%	5.0%	5.1%
5.5%	112	144	181	206	239	268	5.2%	5.1%	5.4%	5.2%	5.3%	5.1%
5.75%	112	144	191	216	247	287	5.2%	5.1%	5.7%	5.5%	5.5%	5.5%
6%	112	144	196	229	259	306	5.2%	5.1%	5.8%	5.8%	5.7%	5.9%
Fixed number of years in retirement												
14.5	112	105	138	170	215	287	5.2%	3.7%	4.1%	4.3%	4.8%	5.5%
18.5	112	139	181	219	280	363	5.2%	4.9%	5.4%	5.6%	6.2%	7.0%
20	112	144	196	245	309	382	5.2%	5.1%	5.8%	6.2%	6.9%	7.3%

Source: Independent Review of the State Pension Age 2022, Table 8

Although Baroness Neville-Rolfe's formal remit did not extend to the structure of State Pensions and uprating,[182] her report did explore these questions. State Pension expenditure, the report noted, is driven by "three key factors":

- The number of pensioners
- The average length of time in receipt of State Pension
- The amount of the State Pension

The SPA can impact the number of State Pensioners, and how long they receive State Pensions for. However, the report notes other policies such as eligibility rules and, in particular, the "ratcheting effect of the triple lock", which also impact expenditure.[183]

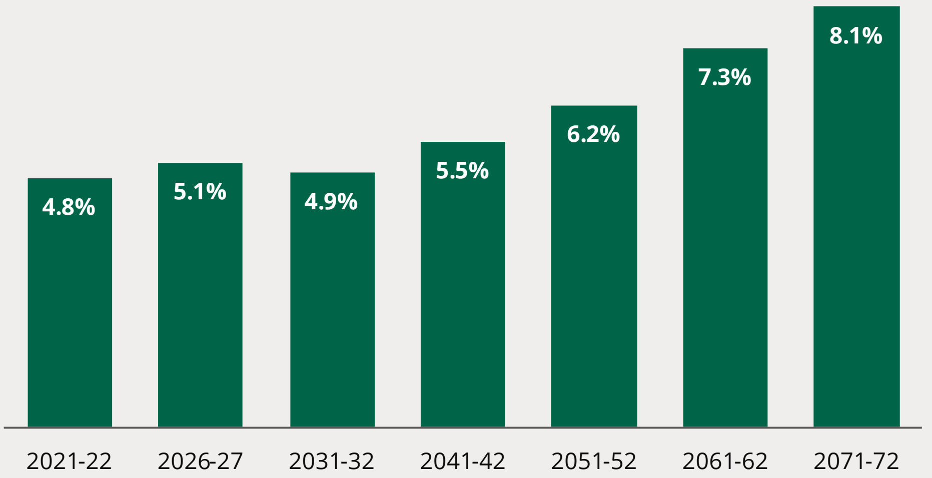
182 DWP, Second review of the State Pension age: independent report terms of reference, 14 December 2021

183 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p63

Data in the report shows that under current plans, including an ongoing commitment to the triple lock,[184] State Pension expenditure will increase from around 4.8% of GDP in 2021/22 to 8.1% of GDP in 2071/72, with most of the increase taking place from the 2040s onwards.

State Pension-related expenditure as a percentage of GDP

2021-22 and 2026-27 figures are estimates; subsequent figures are FRS projections



Source: Independent Review of the State Pension Age 2022, Table 6

Analysis undertaken for the independent report shows the "stark impact an uprating mechanism can have an overall State Pension expenditure". Uprating in line with inflation as measured by the Consumer Prices Index (CPI) would see State Pension expenditure fall as a share of GDP. Uprating in line with earnings would also significantly slow the growth in spending compared to current arrangements.[185]

A further strength of limiting the proportion of GDP spent on pensions, the report argues, is that it can account for changes in policy decisions such as the triple lock and can be met through a wider set of interventions than increasing the SPA alone.[186]

The proposed Neville-Rolfe timetable

Neville-Rolfe recommended delaying the increase from 67 to 68 by four years compared to the Cridland recommendations, but her chosen metrics imply successive rises in the subsequent decades.

184 See Commons Library briefing CBP-7812, State Pension triple lock

185 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p64

186 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p120

Proposed Neville-Rolfe timetable

- The legislated rise in State Pension age to 67 should continue as planned between 2026 and 2028.
- The State Pension age should rise to age 68 between 2041 and 2043.[187]
- Although "no firm recommendation" is made, the 6% of GDP limit on State Pension expenditure implies an increase to 69 between 2046 and 2048, followed by successive increases to 74 by 2067. The report notes the Government has "other tools", such as State Pension uprating policy, to limit expenditure growth.

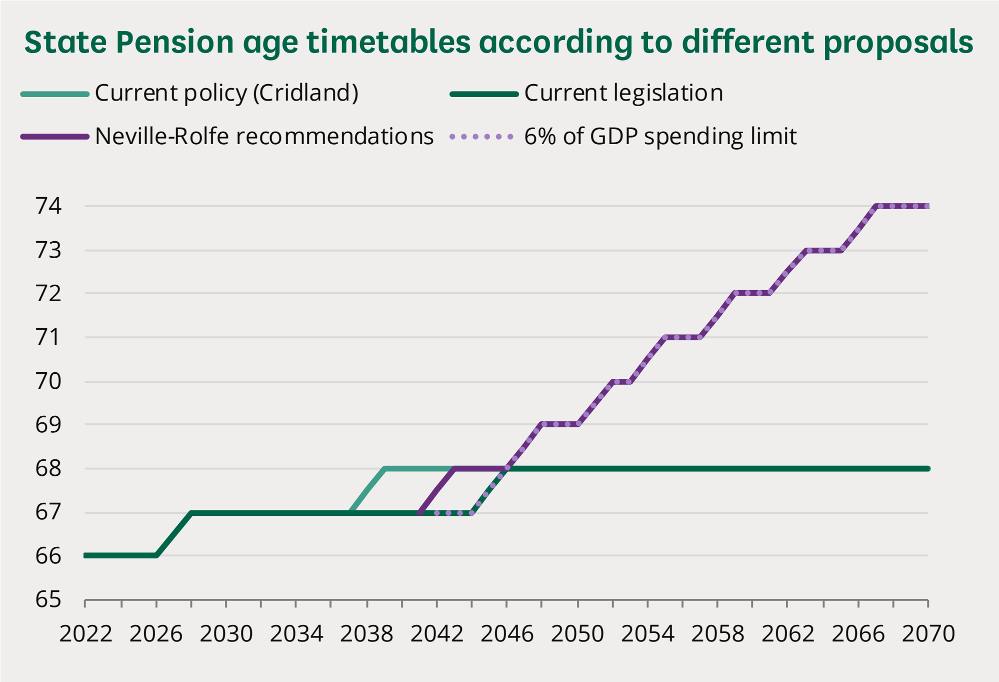
The independent report only makes firm recommendations on the increases to 67 and 68, both using the timetable implied by an up to 31% of adult life in receipt of State Pension metric.

The proportion of GDP spent on State Pensions is not forecast to reach 6% until the late 2040s, so the 6% limit on expenditure would not impact SPA choices before then. If SPA increases were the only intervention used to keep expenditure below 6% of GDP, a series of rises from 68 to 74 would be required between 2046 and 2067. As a result, those born after 1977 would see a rapid reduction in the proportion of life they could on average expect to receive the State Pension for. For example, men born in 1993 and reaching State Pension age 74 years later in 2067 would, under 2020-based projections, expect to receive State Pension for 16 years on average – 22.86% of adult life. Women born the same year would expect 17.6 years on average – 24.58% of adult life.[188]

As explored above, however, the independent report is clear that there are other options for limiting expenditure growth beyond increasing the State Pension age.

187 As summarised in DWP, State Pension age Review 2023, 30 March 2023, para 4.2.1

188 Commons Library calculations based on ONS data: Life tables, principal projection, UK (2020-based), 12 January 2022



Proposals diverging from current legislation are shown only for the period that they differ from current legislation.

Source: Independent Review of the State Pension Age 2022

Other recommendations

Beyond the principles of setting State Pension age, and the proposed changes to the timetable, Baroness Neville-Rolfe made a series of further recommendations.

In response to evidence showing the importance of inclusive working conditions, the report called for **support for older workers**:

> That the government trial a scheme where businesses, large and small, are accredited as displaying best practice with a public commitment to supporting and respecting older workers and ensuring access to workplace adjustments and training and development opportunities.[189]

Given that "some individuals will be unable to work to SPa", the report argued that **early access to the State Pensions** should be considered in "certain limited circumstances":

> That the government trial a scheme where businesses, large and small, are accredited as displaying best practice with a public commitment to supporting and respecting older workers and ensuring access to workplace adjustments and training and development opportunities.[190]

[189] DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p11-13

[190] DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p11-13

Given evidence that knowledge of State Pension age is patchy, a series of recommendations on **improving awareness and communications**:

- Communicate to individuals State Pension age at least 10 years in advance of them reaching this age. This should be by letter, or another method to be agreed with individuals.
- For those already within 10 years of their State Pension age, issue such notifications as soon as is practicable.
- Monitor State Pension age and financial awareness regularly, a minimum of every two years, particularly amongst vulnerable groups and young people to support improvements and feed into ongoing communications and education activity.[191]

4.5 The Government's final report and outcome

The Government published its conclusions to the State Pension age review following a statement to the House of Commons on 30 March 2023.[192]

Most recommendations of the independent report were not adopted due to uncertainty about life expectancy and other factors. Instead, a further review was announced, to report within two years of the beginning of the next Parliament.

SPA timetable

The Government agreed with the independent report's conclusion "that the increase to State Pension age from 66 to 67 is appropriate", and noted the rise "will therefore take place as legislated between 2026-2028."

Beyond the rise to 67, the Government said it "notes" Baroness Neville-Rolfe's recommendations on the rise to 68. However, it argued that the independent report had not been able to take account of the long-term impact of recent significant external challenges, including the pandemic and global inflationary pressures, which created uncertainty about data on life expectancy, labour markets and public finances:

> …Baroness Neville-Rolfe was not able to take into account the long-term impact of recent changes in the economy, the outlook for the labour market and the path for public finances. The UK economy has been hit by a series of significant shocks, including the COVID-19 pandemic and global energy crisis. These may lead to significant structural changes in the economy, particularly in the labour market, but comprehensive evidence on the long-term impacts of these shocks was not available by the time Baroness Neville-Rolfe completed her report. The Government Actuary also noted the challenges of assessing

191 DWP, State Pension age Independent Review 2022: final report, 30 March 2023, p11-13
192 HC Deb 30 March 2023, cc1176-1184

> long-term mortality trends, particularly in the context of the COVID-19 pandemic.
>
> This brings a level of uncertainty in relation to the longer-term data on life expectancy, labour markets and the public finances, which are key factors relevant to a consideration of the appropriateness of the rules on the State Pension age rise to 68 at this time.[193]

Given this, the Government instead announced a further review "within two years of the next Parliament to consider age 68". The Government does not intend to change the existing legislation prior to the conclusion of that new review. Asked what this meant for current policy given previous commitments to the Cridland timetable, the Secretary of State for Work and Pensions said "the current legislative position is appropriate, but there will be a review within the first two years of the next Parliament"[194]:

> This will ensure that the government is able to consider the latest information which was not available to the independent reviewer and other relevant evidence. This is expected to include life expectancy and population projections updated with 2021 Census data, the latest demographic trends, the economic position, the impact on the labour market of our recently announced package of measures to tackle inactivity and any other relevant factors.[195]

The Government recommitted to the principle of providing 10 years notice for SPA changes, adding "all options for the rise from 67 to 68 that meet the principle" will be in the scope of the next review.

Although the Government has committed to a further review within two years of the beginning of the next Parliament, legislation, unless amended, will not require a review to conclude before 30 March 2029.[196]

Metrics

The Government's review did not comment at length on the proposed 31% of adult life principle for setting State Pension age in the independent report, except to note that it "keeps to the spirit" of previous reviews. Of the 6% of GDP limit on State Pension expenditure, the Government noted uncertainty about economic forecasts and said the implied "fast rises in State Pension age" should be "considered more fully":

> Regarding the 'up to 6 per cent of GDP' recommendation, the Independent Report flagged the uncertainty around forecasts of both the overall economy's size, and the cost of State Pension spending, over the long term. Chapter 3 outlines why these assumptions may be particularly uncertain at the current time, given recent global economic and fiscal shocks. The report also noted such a cap, if met through State Pension age rises, could lead to a number of

193 DWP, State Pension age Review 2023, 30 March 2023, Chapter 1.4
194 HC Deb 30 March 2023, c1179
195 DWP, State Pension age Review 2023, 30 March 2023, Chapter 1.5
196 Section 27(3) of the Pensions Act 2014

> fast rises in State Pension age, disproportionately impacting those with lower life expectancies. These impacts should be considered more fully.[197]

Other recommendations

On the independent report's recommendation of further support for older workers, the Government pointed to "the recently launched "Inclusive Employer Pledge" which encourages age inclusion."

The Government did not rule out early access to the State Pension for certain groups, but restated advantages of a universal SPA and noted difficulties with alternative approaches:

> It is also mindful that a universal State Pension age has many benefits including giving a clear signal to those planning for retirement, and many (including Baroness Neville-Rolfe and the previous independent reviewer John Cridland) have set out the difficulty of an alternative to this. We will continue to keep the position of those unable to work as they approach State Pension age under review.[198]

The specific recommendations about improving awareness and communication were not addressed individually, although the Government:

> ...agrees that clear information around State Pension age is important and is committed to communicating planned and future changes effectively. There has been extensive activity on this already, including multi-channel campaigns raising awareness of State Pension age alongside other pension reforms, and sending letters to all those who will reach State Pension age between 2026 and 2028.[199]

Responses

In response to the 30 March statement on the State Pension age review, the Shadow Work and Pensions Secretary, Jonathan Ashworth, agreed that "it is not the right time to accelerate a rise in the state pension age", but went on to criticise the Government for its record on life expectancy and the economy.[200]

The SNP spokesperson, Alan Brown, criticised the Government for not publishing supporting reports earlier, and suggested the Government had made "a political decision" because they "do not want another fight before the next general election". He went on to state "the SNP oppose further increases to the state pension age."[201]

By contrast, Conservative backbencher Jacob Rees-Mogg said "unlike the Labour party, I do not welcome this decision". He suggested that life

197 DWP, State Pension age Review 2023, 30 March 2023, para 4.2
198 DWP, State Pension age Review 2023, 30 March 2023, para 4.2.2
199 DWP, State Pension age Review 2023, 30 March 2023, para 4.2.2
200 HC Deb 30 March 2023, c1178
201 HC Deb 30 March 2023, cc1179-1180

expectancy improvements from the 1940s to today (using a fixed number of years in receipt of State Pension approach) “would indicate a retirement age of 72 rather than of 67 or 68. The benefit of long-term decision making is that it gives everybody the chance to plan well in advance. Delaying the decision is a decision in itself, and it is not exactly a sign of strength.”[202]

Little detailed commentary from think tanks, campaigning organisations and other commentators was published in the days following the Government’s conclusions. However, press reporting quoted a range of different views.

Quoted in the Financial Times, David Sinclair, Chief Executive of the International Longevity Centre, a think-tank, said that a delay:

> …may be politically expedient but, in the long term, it is inevitable that we will be getting our pension later than previous generations… A failure to make the tough decision now will give any future government difficult financial choices about increasing taxation or reducing spending.[203]

Sir Steve Webb, the former Pensions Minister and current Partner at the pensions consultancy Lane Clark & Peacock, criticised the 6% of GDP State Pension expenditure limit proposed by Baroness Neville-Rolfe:

> This would be a draconian shift in policy, which would be likely to mean today’s younger workers facing a pension age of 70 or above.[204]

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202 HC Deb 30 March 2023, cc1179

203 Josephine Cumbo, UK confirms delay in lifting of state pension age to 68, Financial Times, 30 March 2023

204 Josephine Cumbo, UK confirms delay in lifting of state pension age to 68, Financial Times, 30 March 2023

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