



National Audit Office

The UK's independent public spending
watchdog

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GUARANTEED MINIMUM PENSIONS

Thank you for your request of 03 November 2022 in relation to '*The impact of state pension reforms on people with Guaranteed Minimum Pensions*' report.

Your request was considered in accordance with the terms of the Freedom of Information Act 2000 (FOIA). Your specific request is reproduced at Annex A for your reference.

We have carried out a search for the information you requested, and we have established that we do not hold the information. Your specific request and our response are set out in Annex A.

We hope you find this response helpful. Annex B sets out the steps you may wish to take if you are not satisfied with the way we have handled your request.

Yours sincerely

NAO FOI Team



Annex A

Request for information about Guaranteed Minimum Pensions

Freedom of Information Questions and Answers

(Your request is in italics, NAO response in plain text)

I have been reading your report shown below and would like to know where the NAO saw mentioned in legislation and debated in parliament that the Government would no longer take account of inflation increases on Guaranteed Minimum Pensions.

The reason I ask is that back in 2013 under a freedom of information request to the DWP I was told that there was no need to change the law because the State did not pay any of a person's GMP indexation.

The impact of state pension reforms on people with Guaranteed Minimum Pensions HC 907 SESSION 2015-16 24 MARCH 2016

<https://www.nao.org.uk/wp-content/uploads/2016/03/The-impact-of-state-pension-reforms-on-people-with-Guaranteed-Minimum-Pension.pdf>

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10 For people retiring after 6 April 2016, the government will no longer take account of inflation increases to Guaranteed Minimum Pensions when uprating people's new state pension. Scheme providers will continue to uprate occupational pensions – including part of Guaranteed Minimum Pensions – in accordance with scheme rules and statutory requirements. The changes mean any Guaranteed Minimum Pensions that people have accrued between 1978 and 1988 will not be uprated, and the scheme provider will only uprate Guaranteed Minimum Pensions built up between 1988 and 1997 to a maximum of 3% each year. People who have already started claiming their state pension will be unaffected (paragraphs 2.19 to 2.21).

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The government's uprating will no longer help to maintain the value of Guaranteed Minimum Pensions.

2.21 The government will no longer take account of the value of Guaranteed Minimum Pensions when it uprates the new state pension each year. In effect, this means that Guaranteed Minimum Pensions will not be uprated fully via the state pension (Figure 6 overleaf).

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3.10 Figure 9 illustrates how a person might be affected if they reached state pension age soon after April 2016 and, as they had been in a contracted-out scheme, has not qualified for any additional state pension before April 2016. As the government is no longer responsible, in effect, for uprating part of the Guaranteed Minimum Pension,

Can you please point me to where it was mentioned in parliament the law was to be changed so the government would no longer take account of inflation increases to Guaranteed Minimum Pensions when uprating people's new state pension, was debated in parliament and the legislation that changed the law to cease paying GMP indexation.

NAO Response

We do not hold information of when parliament debated and decided changes to legislation. When you previously raised your query about the statutory basis of Guaranteed Minimum Pensions with us, we put your query to the Department for Work & Pensions. They confirmed that the legislative basis for the changes to the State Pension was the Pension Act 2014 which introduced the New State Pension. This supersedes previous versions of the State Pension for those reaching state pension age on or after 6 April 2016. The legislation is available at <https://www.legislation.gov.uk/ukpga/2014/19/contents> and Parliamentary debates are available at: <https://hansard.parliament.uk/>

Annex B

Statement of Policy

Our policy is to respond to requests made under the Freedom of Information Act 2000 as helpfully and promptly as possible, having regard to the principles set out in the Act. I therefore hope you are happy with the way we have handled your request. If you are not, then you should take the following steps.

In the first instance, within 40 working days, write to the National Audit Office Freedom of Information (FOI) Team at FOI.requests@nao.org.uk or by post to:

FOI Team, Green 2, National Audit Office, 157-197 Buckingham Palace Road, London, SW1W 9SP

The Head of FOI will arrange a review, which will be conducted by a senior member of staff who was not involved in decisions relating to your original request. Once the review has been completed, we will write informing you of the outcome.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

<https://ico.org.uk/> or Information Commissioner's Office Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF