



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Henry Downey
Democratic Services Officer
Belfast City Council
Legal and Civic Services Department
City Hall, Belfast
BT1 5GS

22 October 2021
Your ref: HD/JT

Dear Henry,

Thank you for your letter of 15 September to the Chancellor of the Exchequer, about the State Pension uprating and the Triple Lock and Universal Credit (UC). I am replying as the Minister responsible for public spending.

The Government is committed to ensuring that older people are able to live with the dignity and respect they deserve, and the State Pension is the foundation of state support for older people.

Since 2010, the State Pension has been uprated by the highest of average earnings growth, price inflation or 2.5 per cent- an approach known as the Triple Lock. The full basic State Pension in 2021/22 is over £2,050 a year higher in cash terms and over £875 a year higher in real terms compared to 2010.

Support available beyond the State Pension includes: Winter Fuel Payments (which are £200 per household if the oldest person in the household is less than 80 years old, or £300 per household if they are above 80); free eye tests (saving people over State Pension age around £20 each time), NHS prescriptions (which can be worth up to £110 each year depending on qualifying criteria); and free bus passes (typically worth around £120 each year). Some pensioners may also qualify for means tested benefits including Pension Credit and Housing Benefit.

Last year, Government delivered primary legislation to increase State Pensions by 2.5 per cent, when earnings fell and price inflation increased by half a percentage point. If we hadn't taken this action, State Pensions would have been frozen.

Due to the effect of the pandemic and furlough on the labour market, reported average wage growth has increased markedly to above 8 per cent - which is an anomaly. Increasing pensions by more than 8 per cent this year would be unfair, unsustainable and hugely costly.

That is why the Government is taking the responsible and fair decision to temporarily move to a double lock this year. This means the State Pension will rise next year by the higher of inflation or 2.5 per cent - ensuring we are protecting pensioners against the rising cost of living.

This is a temporary change for one year only and the Government remains committed to implementing the Triple Lock for the remainder of the Parliament.

Regarding the request to retain the UC uplift, the £20 per week increase to UC was always meant to be a temporary measure to support households whose incomes and earnings were affected by the economic shock of COVID-19. Extending the uplift permanently would come at a very significant annual cost, equivalent in 2022-23 to adding 1p on the basic rate of income tax, in addition to a 3p increase in fuel duty.

Within the welfare system, the Government is maintaining the increase to Local Housing Allowance rates for UC and Housing Benefit in cash terms in 2021-22, an increase which was worth over an extra £600 on average in 2020-21 for more than 1.5 million households. The Government is also enabling UC claimants to keep more of their monthly awards by bringing forward to April 2021 a planned reduction in the deductions cap and an increase in the UC advances repayment period.

The Government is also maintaining its focus on helping people back into work. As part of our comprehensive Plan for Jobs, we announced the £2 billion Kickstart scheme which will create hundreds of thousands of new, fully subsidised jobs for young people, and the new three year Restart programme, which will provide intensive and tailored support to over one million unemployed UC claimants across England and Wales and help them find work.

The Budget built on this, with an additional £126 million for traineeships in England, an increase in the payments for employers who hire new apprentices between April and September 2021, and the £7 million flexi-job apprenticeships fund to enable apprentices to work across different employers, which was launched in August 2021. We also raised the National Living Wage in April, to ensure the lowest paid continue to receive pay rises.

Thank you for taking the trouble to make me aware of these concerns.

Yours ever,

A handwritten signature in cursive script that reads "Simon Clarke". The signature is written in dark ink and is positioned above a horizontal line that serves as a separator between the signature and the printed name below.

RT HON SIMON CLARKE MP