Belfast City Council

STRATEGIC POLICY AND RESOURCES COMMITTEE

Subject:	**Motion: Triple Lock Guarantee – Response from HM Treasury**
Date:	19th November, 2021
Reporting Officer:	John Walsh, City Solicitor
Contact Officer:	Jim Hanna, Senior Democratic Services Officer

Restricted Reports				
Is this report restricted?	**Yes**		**No**	X
If Yes, when will the report become unrestricted?				
After Committee Decision				
After Council Decision				
Sometime in the future				
Never				

Call-in				
Is the decision eligible for Call-in?	**Yes**	X	**No**	

1.0	**Purpose of Report/Summary of Main Issues**
1.1	To consider a response to a motion on the Triple Lock State Pension Guarantee which was passed by the Council at its meeting on 1st September.
2.0	**Recommendation**
2.1	The Committee is asked to note the response and take such action thereon as may be determined.
3.0	**Main Report**
	<u>Key Issues</u>
3.1	The Council, at its meeting on 1st September, passed the following motion, which had been proposed by Alderman Copeland and seconded by Councillor Hutchinson:

	"As the Chair of the Reference Group on Older People, I am deeply concerned at the consequences for local pensioners, should the Government move to end the State Pension "Triple Lock Guarantee", which was introduced in 2010 to inflation proof the UK state pension. Accordingly, the Council agrees to write to the Chancellor of the Exchequer, requesting him to honour the "Triple Lock Guarantee", thereby ensuring the real time, real value of the State Pension. The Council is aware of other proposed reforms which may be used to camouflage a diluting of the "State Pension Triple Lock Guarantee". This is not acceptable. The Council also notes the Government's decision to cut the Universal Credit and Working Tax Credit uplift and reiterates its call for the uplift to be retained."
3.2	A response has been received from the Rt. Hon. Simon Clark MP, the Minister responsible for public spending. A copy of the response is attached.
3.3	The Minister begins by pointing out that the Government is committed to ensuring that older people are able to live with the dignity and respect which they deserve and that the State Pension is the foundation of state support for older people.
3.4	He explains that, since 2010, the State Pension has been uprated by the highest of average earnings growth, price inflation or 2.5%, an approach known as the Triple Lock. The full basic State Pension in 2021/22 is, compared to 2010, over £2,050 a year higher in cash terms and over £875 a year higher in real terms.
3.5	He then makes reference to other support available beyond the State Pension, such as Winter Fuel Payments and free eye tests, NHS prescriptions and bus passes. Some pensioners may also qualify for means tested benefits, including Pension Credit and Housing Benefit.
3.6	The Minister explains that, last year, the Government delivered primary legislation to increase State Pensions by 2.5%, at a time when earnings had fallen and price inflation had increased by half a percentage point. If this action had not been taken, State Pensions would have been frozen.
3.7	Due to the effect of the pandemic and furlough on the labour market, reported average wage growth has increased markedly to above 8% which is an anomaly. Increasing pensions by more than 8% this year would be unfair, unsustainable and hugely costly.

3.8	That is, he points out, the reason why the Government is taking the responsible and fair decision to temporarily move to a double lock this year. That means that the State Pension will rise next year by the higher of inflation or 2.5%, thereby ensuring that pensioners are protected against the rising cost of living.
3.9	The Minister confirms that this is a temporary change and will be for one year only and adds that the Government remains committed to implementing the Triple Lock for the remainder of Parliament.
3.10	He then addresses the request within the motion to retain the Universal Credit uplift by stating that the £20 per week increase was always meant to be a temporary measure to support those households whose incomes and earnings were being affected by the economic shock of Covid-19. Extending the uplift permanently would incur a very significant annual cost and would be equivalent in 2022-23 to adding 1p to the basic rate of income tax and 3p to fuel duty.
3.11	He highlights the fact that the Government is, within the welfare system, maintaining the increase to Local Housing Allowance rates for Universal Credit and Housing Benefit in cash terms in 2021-22, which is worth an extra £600 on average for more than 1.5 million households. It is also enabling Universal Credit claimants to retain 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.
3.12	The Government is also maintaining its focus on helping people move back into work. As part of its comprehensive Plan for Jobs, it 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 Universal Credit claimants across England and Wales and assist them in finding work.
3.13	He adds that the Budget has built on this work by making an additional £126 million available for traineeships in England, increasing the payments for employers who hire new apprentices between April and September 2021 and establishing a £7 million flexi-job apprenticeships fund to enable apprentices to work across different employers, which was launched in August 2021. The National Living Wage was also raised in April, to ensure that the lowest paid workers continue to receive pay rises. **<u>Financial and Resource Implications</u>** None associated with this report.

	Equality or Good Relations Implications None associated with this report.
4.0	**Document Attached**
	Response from HM Treasury