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Our Ref: TO2021/93151

1 December 2021

david.luxton@cspa.co.uk

Dear Mr Luxton

Thank you for your letter of 9 November to the Prime Minister about State Pension up-rating. Government Ministers receive a large volume of correspondence and they are unable to reply personally on every occasion. I have been asked to respond.

The Government remains 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. The Government spend over £129 billion each year on benefits for pensioners. This includes spending on the State Pension which is forecast to be over £105 billion in 2021/22.

The Government are committed to protecting the incomes of pensioners, as well as being fair to taxpayers. Last year, the Government delivered primary legislation to increase State Pensions by 2.5 per cent, when earnings had fallen, and price inflation increased by half a percent. If it had not taken that action, State Pensions would have been frozen.

The Government have introduced legislation this year to increase the basic and new State Pensions by at least the higher of price inflation or 2.5 per cent. The Government are setting aside the average earnings measure again this year because it continues to be affected by the unusual economic circumstances as a result of the pandemic.

This is a temporary response to exceptional circumstances. The Government remains committed to implementing the Triple Lock in the usual way for the remainder of the Parliament.

Over the financial years 2021/22 and 2022/23, the State Pension will have increased by more than price inflation. When taking into account the wider situation, the Government believe that this approach is fair to both pensioners and younger taxpayers.

It should be noted that as a result of the Government's triple lock policy, the full yearly amount of the basic State Pension is around £875 higher in 2021 than if it had just been up-rated by earnings since April 2010. That is a rise of over £2,050 in cash terms.

This Government is committed to paying a decent State Pension to today's and tomorrow's pensioners. The Government is also clear that fairness between the generations must be maintained.

Other benefits are available for pensioners whose incomes are low. Pension Credit is an income-related benefit that targets help at the poorest pensioners who have been unable to provide for their retirement. The amount of Pension Credit a person gets depends on how much money they have coming in each week and how much they have saved or invested.

There are two parts to Pension Credit - guarantee credit and savings credit. The guarantee credit element of Pension Credit tops up a pensioner's income to a guaranteed minimum level. This increased from £173.75 to £177.10 per week for a single person and from £265.20 to £270.30 per week for a couple in April 2021. These amounts may be higher for those with caring responsibilities, a severe disability or certain housing costs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Watling', with a long horizontal flourish underneath.

Robert Watling
Head of the Ministerial Correspondence Team