



Opinion

As the cost of living rises the decision to scrap the triple lock is even more of a betrayal of pensioners

This move sets the dangerous precedent that elderly citizens are a valid target to raid if the Treasury wants to fill a hole in their Budget



The triple lock was introduced to protect pensioners from unexpected cost of living changes, just as we are experiencing now (Photographer: Adam Lister/ Getty Images)



By **Baroness Ros Altmann**

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Today, the House of Lords will debate cross-party amendments to social security legislation aiming to **reinstate the triple lock 2019 election manifesto commitment**, which assured pensioners their State Pensions would rise in line with average earnings.

The Government proposes changing the law to remove this earnings protection for the coming year, so pensions will rise instead by price inflation, which was 3.1 per cent for September CPI.

Failing to honour a solemn commitment that affects millions of citizens is not to be done lightly, yet MPs passed this Bill in just two and a half hours with seemingly scant consideration. A number of important points were not presented to MPs and, of course, the inflation outlook has deteriorated markedly in recent weeks. The House of Lords role is to scrutinise legislation and, if it seems flawed, send it back to the Commons for MPs to reconsider. Today, peers have a chance to do that.

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Rising pensioner anger about these plans to cut an estimated £5 billion a year from their future State Pensions was compounded when the Budget figures showed that half the money taken away from them is funding reduced bank surcharges, and fuel and alcohol duties.

There is an important point of principle here. This betrayal, particularly of the poorest pensioners, sets the dangerous precedent that elderly citizens are a valid target to raid if the Treasury wants to fill a hole in their Budget. It is not the first time a Chancellor has chosen to use State Pension spending as a cash machine, to take money out of pensioners' pockets to pay for other projects.

There is a myth that pensioners all have enough money to live on, and can manage without – or do not deserve – proper inflation protection. In reality, millions of pensioners are not well-off, **two million** are living below the poverty line and, even before the pandemic, **pensioner poverty was rising**. This decision will make their situation worse.

In September, when MPs voted to abandon the triple lock earnings link, they were told the only alternative was an eight per cent rise in line with reported official earnings statistics. Ministers also stated the CPI rise would protect pensioners against rising living costs. Both of these statements are incorrect. The Commons decision was, therefore, based on misinformation, so there is a strong case to think again in light of

the correct position.

Firstly, the legislation already allows the Government to adjust the official statistics to reflect exceptional factors. But, instead of doing this, they propose scrapping the protection altogether. In fact, the Office for Budget Responsibility (OBR) and Office for National Statistics (ONS) have both produced figures showing adjusted earnings around **five per cent**. So, even if the Government cannot produce its own estimate, there are readily available alternatives it could use that are lower than eight per cent.

Secondly, a 3.1 per cent increase will not match price rises for pensioners. September's price index was artificially depressed by Covid-related factors, such as sharp falls in hotel and accommodation costs which hardly feature in the poorest pensioners' spending patterns. Indeed, the Chancellor cited surging energy and food prices when announcing the 6.6 per cent increase in the minimum wage. He warned of inflation above four per cent, while the OBR expects CPI inflation to reach 4.4 per cent next year and possibly much higher. Yet pensioners are being told to survive on 3.1 per cent.

This will be a real terms cut in pensioner living standards, leaving many struggling to afford their everyday bills as basic essentials such as energy, utilities and food costs are soaring.

The triple lock was introduced to protect pensioners from unexpected cost of living changes, just as we are experiencing now. Dropping the earnings link this year, just because the number is high, does not bode well for the future. This betrayal of the Government's manifesto pledge needs to be urgently rethought. Pensioners should not be considered as a piggy bank for Chancellors to raid when money is tight. They deserve better than this.

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