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House of Lords backs triple lock amendment to boost state pension

MPs likely to overturn



Jenna Brown

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Image: Baroness Ros Altmann: "Pensioners are not a piggy bank for Chancellors to raid when money is tight. They are not a cash machine that the Treasury can take money from when they want to spend on other priorities."

Peers have backed an amendment that would overturn the government's state pension triple lock suspension and see the earnings link reinstated on a different basis to boost retirees' incomes.

An amendment raised by former pensions minister Baroness Ros Altmann was backed by members of the House of Lords by 220 votes to 178.

She explained peers believe MPs should think again on the basis that 3.1% CPI uprating is "not enough to protect pensioners who are facing sharp rises in household bills".

Last month, it was confirmed the state pension triple lock would be suspended for a year to avoid a significant percentage increase due to a rise in earnings.

However, Altmann proposed an amendment to the legislation under which the government would be required to retain the 'earnings link' element of the triple lock but would be allowed to use an 'underlying' earnings growth figure which stripped out the effects of the pandemic rather than the 'headline' 8.3% figure produced by the Office for National Statistics.

The amendment had support from peers of all parties.

However, according to LCP partner and former pensions minister Steve Webb, the government is "certain" to overturn the defeat when the issue returns to the House of Commons.

Webb said: "Even though no government likes being defeated in the House of Lords, sometimes they will consider a concession in order to get their legislation through.

"But on an issue like this, there seems no prospect of a government concession when MPs are asked to consider the issue again.

"An alternative measure of earnings growth could lead to a multi-billion pound bill which could cause the Chancellor to re-write his Budget. By convention, the House of Commons has supremacy when it comes to financial matters and the Lords will come under great pressure to back down if the Commons simply vote down today's amendment.

"The government seems certain to use its comfortable majority in the Commons to overturn this defeat in the House of Lords. But it is a sign that any attempt to drop the triple lock for more than one year could meet some stiff resistance."

Altmann said: "The amendments passed with support from all sides of the House. It will retain the vital protection for next year's state pensions and also for the poorest pensioners in line with earnings.

"The new amendments will honour the triple lock promise and ensure the manifesto commitments to the triple lock is honoured. The government is able to adjust the earnings data to account for the impact of the pandemic measures.

"This means pensioners will be better protected, as they were promised, and it is a matter of principle and trust. Pensioners are not a piggy bank for Chancellors to raid when money is tight. They are not a cash machine that the Treasury can take money from when they want to spend on other priorities.

"Pensioners deserve better. They are not all well off. We are already in a cost of living crisis and official forecasts are for inflation to rise to 4% and maybe much more next year and a 3.1% rise, as proposed by this Bill if it had not been amended, is simply too low to protect pensioners as they were promised."