



Treasury Committee

House of Commons, Committee Office, London SW1A 0AA

Tel 020 7219 5769 Email treascom@parliament.uk Website www.parliament.uk/treascom

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ
By email

9 July 2021

Dear Rishi

The “triple lock” on pensions

As you know, recent data has shown a marked growth in average earnings, which is likely to be attributable to the large numbers in furlough last year. ONS data indicates that growth in average earnings was 5.6 per cent in the three months to April 2021, although NIESR estimates that the *underlying* growth rate in wages was much lower, at 2.5 per cent.¹ The OBR’s *Fiscal Risks Report* notes that “if earnings growth in the three months to July period that determines triple lock uprating for next April was 8 per cent, as some expect, that would add around £3 billion a year to spending”.²

In our Report *Economic impact of coronavirus: the challenges of recovery*, published in September 2020, we stated that “Lifting the triple Lock on pensions next year is a sensible proposal and should be carefully considered”.³

The Committee would be grateful therefore if you could provide answers to the following questions:

- What do the Treasury’s own calculations indicate about how much the distortions in wage data arising from the large numbers in furlough last year will increase the cost of the “triple lock” against the path envisaged pre-lockdowns?
- What consideration has the Treasury given to (1) temporarily suspending the wages element of the “triple lock” or (2) temporarily calculating the wage growth differently this year, for example by using an average of the growth in wages over a longer period than is usual?
- What legislative changes would be required to undertake either of the above options?

¹ [National Institute, Monthly Wage Tracker, 15 June 2021](#)

² OBR, *Fiscal Risks Report*, July 2020, para 5.6

³ Treasury Committee, Eighth Report: Economic impact of coronavirus: the challenges of recovery, Eighth Report of Session 2019–21, para 189

The Committee would appreciate a response by Thursday 22 July. I expect that the Committee would publish this letter and your reply, in line with our usual practice.

With all best wishes,

A handwritten signature in blue ink that reads "Mel Stride". The signature is written in a cursive, slightly slanted style.

Rt Hon. Mel Stride MP
Chair, Treasury Select Committee