‘Disappointing!’ DWP has ‘no plans’ to increase speed of changes to state pension rates

STATE PENSIONERS may be disappointed by the news there are no plans to increase the speed of changes to their payment rates, despite high levels of inflation.

By Rebekah Evans 15:40, Sat, Sep 10, 2022 | UPDATED: 10:43, Sun, Sep 11, 2022

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The state pension is relied upon by millions to provide a decent standard of living in retirement. As such, many will want to receive the highest amount possible, especially given the ongoing cost of living crisis.

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The matter was raised, alongside questions about Universal Credit and legacy benefits by the Work and Pensions Select Committee.

The committee published a report entitled 'The Cost of Living' in July 2022, where a series of queries were raised about the approach of the Department for Work and Pensions (DWP) in this challenging time.

The scope of the inquiry was to focus on how far the Government's cost of living package will protect those most in need.

The Committee welcomed the inclusion of those on legacy benefits in the support measures recently laid out by the Government.

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state pension uprating DWP

State pension: DWP has 'no plans' to increase speed of changes to payment rates (Image: Getty)

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However, it questioned whether systems could be improved to help state pension recipients as well as benefit claimants.

Its suggestion read: "The Department must be able to uprate legacy benefits swiftly in times of high inflation.

"The Department should also publish (or at least provide to the Committee) for each benefit the details of the process, complexities and time required for the uprating exercise.

"We repeat our recommendation that the DWP work to increase the speed with which changes can be made to legacy benefit and state pension rates."

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The Committee also directly addressed the current system which sees an annual uprating of the state pension payment, as well as benefits.

Although it is believed the system can be "workable and effective" during times of stable inflation, it was described as "not appropriate in more volatile economic circumstances".

As a result, the Department was urged to "reduce the length of time between the inflation reference period and the uprating implementation date to allow more flexibility in the system".

The Department, however, outlined why it would not necessarily be adopting these changes in what could be bad news for pensioners and benefit recipients hoping for quicker increases.

The DWP Secretary, newly-appointed Chloe Smith, will commence her statutory annual review of the state pension and benefits in the autumn.

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The most recent prices and earnings indices available will be used, usually from September of that year.

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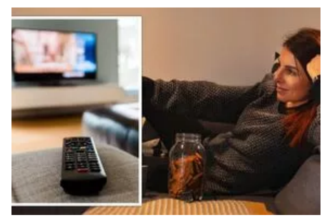

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Other than Universal Credit, there is a deadline of the last week in November which the Department describes as necessary to ensure new payment rates are available for the following April.

The DWP added: "There are no plans to change the up-rating period: using a consistent period for up-rating, for example, the 12 months to September to measure inflation means any peaks and troughs even out over time.

"For example, in 2012 benefits were increased by 5.2 percent; whereas by the following April CPI (inflation) was three percent, and in 2020 the increase was 1.7 percent; while CPI fell to 0.8 percent by April."

The state pension typically increases based on the triple lock mechanism, the highest of: 2.5 percent, inflation and average earnings.

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It is on track for a bumper boost in April 2023, as inflation continues to creep up into a double digit percentage.

Sir Stephen Timms MP, Chair of the Work and Pensions Committee, commented on the report.

He said: "The Government's rejection of our recommendations at a time when so many families are continuing to feel real pain from rising prices is disappointing.

"While a package of support on energy bills is promised, the appointment of a new Secretary of State presents a fresh opportunity to consider whether a change of approach at the DWP could also offer extra help for people through the benefits system.

“We look forward to questioning the new Secretary of State in the coming weeks and hope she can use this autumn’s annual statutory review of benefits and state pensions to make the social security system more agile in adapting to turbulent economic times.”