



Department
for Work &
Pensions

Parliamentary-Under-
Secretary of State for Work
and Pensions (Lords)
4th Floor
Caxton House
Tothill Street
LONDON
SW1H 9DA

0207 340 4000

www.gov.uk/dwp

Baroness Sherlock
House of Lords
London
SW1A 0PW

14th March 2024

Dear Maeve,

I am writing following the debate on Tuesday 27th February on The Draft Social Security Benefits Up-rating Order 2024. I offered to provide a written response to questions that I was not able to address in my closing speech due to time pressures.

Deferral and Up-rating

You raised the topic of deferred state pensions and several questions relating to information the Department provides on up-rating and deferral.

The deferred amount of a State Pension award is usually increased each year by inflation (measured by the Consumer Prices Index). When these increases are made, State Pension deferral increments retain their value against the rise in prices.

People are given deferral information with the State Pension claim form when they are invited to claim. There is also information on Gov.UK: www.gov.uk/deferring-state-pension, which includes information on uprating.

If customers are thinking about putting off claiming their State Pension and they want to find out more, they can also call the State Pension claim line on 0800 731 7898. Individual circumstances vary and deferring a State Pension may not be the right option for everyone.

The Department encourages people to seek independent financial advice before making a decision not to claim their State Pension when they reach State Pension age and this is set out on Gov.UK at <https://www.gov.uk/plan-retirement-income/get-financial-advice>.

Child Poverty Statistics

The issue of our divergent statistics with respect to child poverty was also raised during the debate. I hope the following comments clarify the government statistics on this issue.

Absolute poverty is the Government's preferred measure as the poverty line is fixed in real terms so is not affected by overall median income. Relative poverty measures can provide counter-intuitive results.

Relative poverty is likely to fall during recessions, due to falling median incomes. Under this measure, poverty can decrease even if people are getting poorer. The absolute poverty line is fixed in real terms, so will only ever worsen if people are getting poorer, and only ever improve if people are getting richer.

In 2021/22, there were 400,000 more children in **relative** low income after housing costs compared to 2009/10. The **relative** poverty rate remains unchanged from 2009/10. There were 400,000 fewer children in **absolute** low income after housing costs compared to 2009/10.

Please note, updated Household Below Average Income (HBAI) statistics for 2022/23 from DWP are due to be released on Thursday 21st March.

I will place a copy of this letter in the House library.

With best wishes,
James

**VISCOUNT YOUNGER OF LECKIE
PARLIAMENTARY-UNDER-SECRETARY OF STATE**