

POLITICAL ISSUE PROFILE:

Why Is The Government Amending The Triple Lock In 2030?

WHAT IS HAPPENING?

On Tuesday, in his speech at the Labour Party Conference, Prime Minister Andy Burnham announced that he would reform the 'triple lock' for pensions from April 2030. This will involve removing the earnings link, one of the three variables that influences by how much pension payments to the elderly are guaranteed to rise. The decision to wait until 2030, he argues, would honour the promises made by Labour in the 2024 election to keep the existing arrangements in place for this Parliament, due to end in 2029.

From April 2030, it will be replaced by a 'double lock', where pensions will rise by the same percentage as inflation or 2.5%, whichever is higher. The government also say that a "top-up" payment will also be in place to ensure pensions remain generally in proportion to wages but the unpredictable year-on-year wage link (which cannot easily be planned in advance) will disappear to enable clearer planing of costs and allow for the funding of social care. This is a long standing political issue that has been largely avoided by politicians.



HOW DOES THE TRIPLE LOCK CURRENTLY WORK?

The triple lock was introduced by the Conservative-Liberal Democrat coalition government in 2010 (taking effect in April 2011). It was designed to protect the value of pensions, ensuring they were guaranteed to rise. Every year in April, the state pension increases by the *highest* of three measures.

1. Inflation (cost of living) as measured by the Consumer Prices Index from the previous September.
2. Average wage growth according to average weekly earnings statistics.
3. A flat rate of 2.5%.

Because the rise is always the highest figure, it creates a mechanism, known as the "ratchet effect", ensuring pensions always rise.

So, if wage growth is 4%, inflation is 1%, and the flat rate is 2.5%, pensions increase by 4%. Or, if inflation spikes to 10%, wages grow by 5%, and the flat rate is 2.5%, pensions go up by 10%. Over time, this ensures the state pension grows significantly faster than both the economy and the taxes collected from the working-age population.

WHY IS IT CONTROVERSIAL?

The move to remove wage growth from the calculation highlights a tension in politics regarding fairness between different age groups, public spending and welfare.

Groups like the Institute for Fiscal Studies have warned that the triple lock is unsustainable. Pensions now cost roughly £178 billion a year, taking up over half of the entire welfare budget. They also say it rewards wealthier retirees while placing a heavier tax burden on younger workers whose wages are not rising as fast. With public services under immense pressure, this may allow the state to fund other areas, such as social care.

However, supporters of the triple lock argue that the UK state pension remains among the lowest in the G7 nations and this leaves vulnerable older citizens exposed to the rising cost of living.

Politically, it is controversial as older voters are more likely to vote. Reform UK have already condemned the decision as "offensive". Trade unions have warned Labour that it could be "electoral suicide" for the government.

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