UK's pension triple lock to cost three times' higher

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The cost of the state pension triple lock is forecast to be three times' higher by the end of the decade than its original estimate, according to the government's official forecaster.

The triple lock, which came into force in 2011, means that the state pension rises each year in line with either inflation, wage increases or 2.5% - whichever is the highest.

The Office for Budget Responsibility (OBR) said the annual cost is estimated to reach £15.5bn by 2030.

Overall, the OBR said the UK's public finances were in a "relatively vulnerable position" owing to pressure from recent government U-turns on planned spending cuts.

The recent reversal of welfare bill reforms, on top of **restoring winter fuel payments for most claimants**, have contributed to a continued rise in government debt, according to the report.

It said: "Efforts to put the UK's public finances on a more sustainable footing have met with only limited and temporary success in recent years in the aftermath of the shocks, debt has also continued to rise and borrowing remained elevated because governments have reversed plans to consolidate the public finances.

"Planned tax rises have been reversed, and, more significantly, planned spending reductions have been abandoned."

Spending on the state pension has steadily risen, the OBR said, because the triple lock and a growing number of people above the state pension age.

It added: "Due to inflation and earnings volatility over its first two decades in operation, the triple lock has cost around three times more than initial expectations."

'Unsustainable'

The OBR said the cost of the state pension has risen steadily over the past eight decades, from around 2% of the UK economy to a current 5%, equating to £138bn.

It is forecast to increase to 7.7% of the economy by the early 2070s.

Richard Hughes, chair of the OBR, said the triple lock "is one of a series of age-related pressures that pushes public spending upwards steadily over a number of years".

"When you project trends in both pension spending and health and other age-related spending forward, the UK public finances are in an unsustainable position in the long-run," he said.

"The UK cannot afford the array of promises that are displayed to the public if you just if you leave those unchanged based on a reasonable assumption about growth rates in the economy and in tax revenues."

Pensioner protection

The UK's state pension is the second-largest item in the government budget after health.

In 2011, the Conservative-Liberal Democrat coalition brought in the triple lock to ensure the value of the state pension was not overtaken by the increase in the cost of living or the incomes of working people.

Since then, the non-earnings-linked element of the lock has been triggered "in eight of the 13 years to date", **the OBR pointed out**.

That was because inflation "has turned out to be significantly more volatile" than expected.

In April 2025, the earnings link meant the state pension increased by 4.1%, making it worth:

- £230.25 a week for the full, **new flat-rate state pension** (for those who reached state pension age after April 2016) - a rise of £472 a year
- £176.45 a week for the full, **old basic state pension** (for those who reached state pension age before April 2016) - a rise of £363 a year

Chancellor Rachel Reeves has said the Labour government will keep the triple lock until the end of the current Parliament.

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However, before and since that manifesto promise, there has been intense debate over the cost of the triple lock and whether it is justified.

Last week, the influential Institute for Fiscal Studies, an independent economic think-tank, suggested the triple lock be scrapped as part of a wider overhaul of pensions.

It argued that it should rise in line with prices, but the cost should be linked to a target level of economy-wide average earnings.

Pensioner groups say many older people face high living costs and need the protection of the triple lock to avoid them falling further into financial difficulty, especially because the amount actually paid was far from the most generous state pension in Europe.

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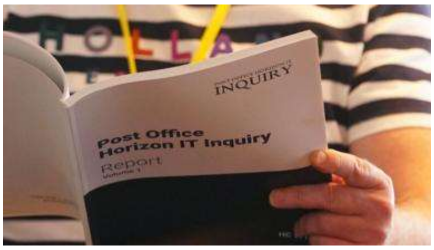

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