



# First 100 days of a Labour government: The pensions industry's wish list

➤ Following the news that Labour has won the 2024 UK general election, *Pensions Age* takes a look at what we know so far about the party's plans for pensions

The UK is waiting to see what the new government does with its first 100 days in power, after the general election saw a landslide result for the Labour Party.

Although the exact detail on much of Labour's pension policy is yet to be shared, the 2024 manifesto provided some insight into the party's plans, including its pledge to conduct a pensions review to consider what further steps are needed to improve security in retirement, and increase productive investment in the UK economy.

But industry experts have suggested that, despite the change in government, there could be some continuity in pensions policy, particularly in relation to the push for more investment in UK productive assets, and consolidation.

"With a Pensions Minister to be appointed and a King's Speech [*to come, at the time of writing*], policy is likely to move quickly but we broadly expect continuity in the pensions market," Broadstone head of policy, David Brooks, said.

LCP partner, David Fairs, agreed, suggesting that a "new colour of government doesn't mean a radically different path for pensions policy".

"We will see a lot of continuity around some of the big themes, such as collective DC, dashboards and auto-enrolment (AE) reform, and we expect to see the adaptation of the PPF to establish a public sector consolidator. Supporting growth

by encouraging pension schemes to invest in the UK economy is likely to be high on the agenda."

Indeed, whilst initially a focus for the former Conservative government, Hargreaves Lansdown head of retirement analysis, Helen Morrissey, pointed out that Rachel Reeves has also championed plans to encourage pension investment in UK businesses, "so we can expect movement on this in the near future".

In its manifesto, Labour said that it would act to increase investment from pension funds in UK markets, by adopting reforms to ensure that workplace schemes take advantage of consolidation and scale, and to deliver better returns for UK savers and greater productive investment for UK PLC.

"We will also adopt reforms to workplace pensions to deliver better outcomes for UK savers and pensioners," it stated. "Our pensions review will consider what further steps are needed to improve security in retirement, as well as to increase productive investment in the UK economy."

The role of pensions in climate change efforts was also highlighted in the Labour manifesto, as the party argued that the financial services industry has a "major role" to play in mobilising trillions of pounds in private capital to address the "greatest long-term challenge of our age".

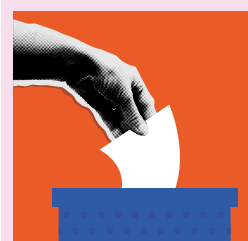
Given this, it said that it will look to mandate UK-regulated financial institutions, including asset managers,

pension funds and insurers, and FTSE 100 companies to develop and implement transition plans that align with the 1.5°C goal of the Paris Agreement.

Labour also said that it will look to end the injustice of the Mineworkers' Pension Scheme, confirming its intent to review the "unfair" surplus arrangements and transfer the Investment Reserve Fund back to members.

One area of relief for many was the news that Labour seemingly has no plans to reinstate the lifetime allowance, having been omitted from the party's 2024 manifesto, following reports that the party had dropped plans to reintroduce the tax as a result of industry concerns around the uncertainty for savers and the complexity involved.

However, Isio director, Iain McLellan, cautioned that "this falls short of an outright commitment to leave pensions tax alone, and pensions might be seen as a convenient target for 'stealth' taxes when fiscal circumstances are tight".



## Dealing with the day one challenges

Certainty is perhaps the first thing that many in the industry are hoping

for, as Aegon pensions director, Steven Cameron, acknowledged that Labour is coming to power with many of the

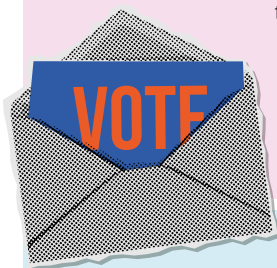
previous government's pension plans still under development, suggesting that "to allow progress, we need clarity on which will continue, change or be cancelled".

People's Partnership chief executive, Patrick Heath-Lay, also noted that the DWP's new ministerial team will face a number of 'day one' challenges. "The pensions dashboards programme is making progress, but ministers must address key project documents that still require approval, and this must happen quickly if larger schemes are to connect to the dashboards' infrastructure in April," he said.

Hargreaves Lansdown head of personal finance, Sarah Coles, also stressed the need for the government to bring work on the advice/guidance boundary to a conclusion, so people can get relevant support with their finances.

The long-awaited DB Funding Code is another area that many in the pensions industry would like to see progress, after the general election threw the timing of the code into question.

However, Fairs warned that, if the government pursues a different approach to what is already expected, there could be a significant delay before the code is laid.



### A healthy dose of scepticism

Labour's pensions review has been a key focus for the pensions industry following the party's win at the polls, with Eversheds Sutherland head of pensions, Jeremy Goodwin, highlighting the review as an "important opportunity to take stock of where we are and to develop a long-term vision for the UK pension system".

This was echoed by Heath-Lay, who said that he "hopes that Labour's pensions review will help revitalise the consensus that drove forward the success of automatic enrolment and create a

roadmap for the future".

"It's crucial that government and the pensions sector can work constructively to enable greater pension fund investment in priority sectors, while ensuring the interests of pensions savers are at the heart of decisions," he added.

However, Brightwell CEO, Morten Nilsson, argued that, for the proposed review to be meaningful, it needs to be comprehensive and look at the system as a whole – both pensions policy and taxation and investment.

Experts also questioned the expected scope of Labour's promised pensions reviews more broadly, raising queries as to what will and will not be included.

But McLellan said Labour's "sizeable majority" means their promised pensions review has the potential to be "more radical and grasp some of the thornier pensions issues".

"The government may feel it has clear licence to pursue the most ambitious form of its vision for UK pension schemes and their members," he continued.

### Auto-enrolment – over the line at last?

Cameron, however, said that the new government's first priority should be the planned enhancements to workplace pensions auto-enrolment, which have already received cross-party support and would boost pension pots for "millions" of employees.

This was echoed by Morrissey, who said that while the auto-enrolment extension bill got Royal Assent last year, as yet, we've seen no timetable for its implementation.

"These changes have the ability to really boost pension savings by enabling people to start saving at 18, with contributions coming from the first pound of earnings," she continued.

"The timing of these changes is all important, as if they had been introduced during the cost-of-living crisis we could have seen people's already stretched budgets placed under increasing pressure. However, as the pressure starts

to ease, now could be a good time to put a timetable in place."

Many organisations previously expressed disappointment over the omission of the AE reforms in Labour's election campaigning, after there was no mention of further reform in the party's manifesto.

However, there are hopes that AE could be an area on the party's agenda, as former Labour Pensions Minister and Work and Pensions Committee chair, Stephen Timms, who was also re-elected as MP of East Ham, recently said that increasing minimum auto-enrolment contributions to 12 per cent must be a priority over the next decade.



### Pushing on with pot for life?

PensionBee director of public affairs, Becky O'Connor, argued that

although not explicitly highlighted in Labour's manifesto, the new government should address the 'pot-for-life' solution to tackle the pressing issue of lost pension pots in the UK.

"With over £50 billion at risk of being forgotten in old pensions, immediate action is essential for better retirement outcomes for consumers," she said.

TILLIT CEO and founder, Felicia Hjertman, argued that "if the Labour government has the public's interests at heart, they'd introduce 'pot for life' and let employees take back control of their security in retirement".

However, Cameron suggested putting initiatives such as small pots consolidators and the pot for life model on the back burner for now, stating that "once the priority measures are in place, these may simply not be needed".

Written by Sophie Smith