

THE GENERAL ELECTION 2017 AND WHAT IT COULD MEAN FOR PENSIONS

In this special edition of the UK: Pensions Update we take a look at what the main political parties are saying about pensions in the run up to the general election on 8th June.

Interestingly, while each party has something to say about pensions, the pledges made tend to focus on quite different areas – for the Conservatives, the focus is on greater powers for the Pensions Regulator and preventing another BHS-style collapse; for Labour, a focus on the State Pension, and for the Liberal Democrats, pensions tax-relief would once again come under scrutiny.

The three manifestos are discussed in more detail below.

The Conservative manifesto

Theresa May's manifesto discusses what the Conservative party views as the five "giant challenges" faced by Britain, one of which is "an ageing society" and the need to respond to the reality of this. The manifesto includes several significant statements on pensions, as follows:

- **Greater powers for the Pensions Regulator** – a pledge to give greater powers to the Pensions Regulator, including the right to scrutinise, clear with conditions, or in extreme cases, stop, mergers, takeovers or large financial commitments that threaten the solvency of a pension scheme. The Regulator would also be given new powers to issue punitive fines for those found to have wilfully left a pension scheme under-resourced and, if necessary, powers to disqualify the company directors in question. This pledge follows similar statements made by Theresa May earlier this month.
- **A new criminal offence** – the possibility of introducing a new criminal offence for company directors who "deliberately or recklessly" put at risk the ability of a pension scheme to meet its obligations.
- **Protection of rights for 'gig' economy workers** – a pledge to make sure that people working in the 'gig' economy (e.g. those who provide driving and delivery services) are properly protected. This follows recent cases involving Uber and Citysprint (as discussed in previous editions of the UK: Pensions Update).
- **The State Pension** – a pledge to maintain the State Pension triple lock (by which State Pensions are increased each year in line with the highest of the rise in inflation (measured by CPI), average UK earnings and 2.5%) until 2020. Following this, it would be replaced with a "double lock", which would see the State Pension rise in line with the higher of earnings or inflation. The manifesto also talks about ensuring that State Pension age reflects increases in life expectancy, implying that further increases beyond age 66 (due to be reached by September 2020) would be on the cards.
- **Promotion of long-term savings** – an intention to promote long-term savings and pensions products, including the Lifetime ISA, to encourage and incentivise more people to make provision for long-term needs. The manifesto also confirms the Conservatives' commitment to automatic enrolment.

The Labour manifesto

Targeting a fair deal at work and dignity for pensioners form key parts of the Labour party's manifesto, which covers a number of pensions-related policy statements, as follows:

- **Amending the takeover regime** – a pledge to amend the takeover regime to ensure that businesses identified as being 'systemically important' have a clear plan in place to protect workers and pensioners when a company is taken over.
- **The State Pension** – to guarantee the State Pension triple lock throughout the next Parliament and a pledge to commission a new review of State Pension age, specifically tasked with developing a flexible retirement policy. The manifesto also pledges to help those women born in the 1950s who have had their State Pension age changed 'without fair notification', as well as legislating to provide that accrued rights to the basic State Pension cannot be changed.

The manifesto also talks about protecting the pensions of UK citizens living overseas in the EU or further afield (although it is not entirely clear what is meant by this).

- **Scheme specific attention** – the manifesto commits to an immediate review of the Mineworkers' Pension Scheme and the British Coal Superannuation Scheme surplus sharing arrangements between the Government and scheme beneficiaries. It also pledges to give members of the Local Government Pension Scheme full trustee status to help control investments and reduce fees and charges.

The Liberal Democrat manifesto

The Liberal Democrat manifesto is slightly lighter on pensions. Its key policy statements include:

- **The State Pension** – in line with Labour, a pledge to maintain the triple lock for the next Parliament.
- **Pensions tax relief** – a pledge to review tax relief and consider whether to introduce a single rate of tax relief for pensions, which would be designed to be simpler and fairer and set more generously than the current 20% basic rate of tax relief.
- **Marriage inequalities** – there is also a reference in the manifesto to abolishing the "remaining marriage inequalities" in pensions. This seems to be a reference to the exception in the Equality Act 2010 which allows occupational pension schemes not to provide survivor benefits to a same-sex spouse or civil partner in the same way as provided to opposite-sex spouses in respect of pension benefits accrued prior to 5 December 2005. (We would note that a Supreme Court case (*Walker v Innospec*) dealing with this issue has recently been heard and the judgment is currently awaited).

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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