

Press release: Government and FCA crack down on older pension scheme charges

The saving over the past 4 years revealed today (6 December 2017) means high charges levied on members of older workplace, or legacy, pension schemes, are soon expected to be a thing of the past.

A report published by an Independent Project Board, commissioned to investigate high charges, found that £25.8 billion of assets in defined contribution workplace pension schemes were potentially exposed to charges of more than 1%, failing to give savers value for money. This has now been reduced by over 90%.

Since 2013, the government and the Financial Conduct Authority (FCA) have worked closely with these pension providers to bring their legacy schemes in line with the standards of new workplace pension schemes introduced since the launch of automatic enrolment.

Guy Opperman, Minister for Pensions and Financial Inclusion, said:

No one that saves into a pension scheme should have concerns that their savings are at risk of being eroded by excessive charges.

That's why we are tipping the balance back in favour of consumers, who will now see their schemes delivering better value and increasing their income in retirement.

By working closely with regulators and providers, we are committed to getting consumers the best possible deal.

The Independent Project Board found that these pension schemes, which are contract and trust-based and not covered by the government's pension charge cap on workplace pension schemes used for automatic enrolment, were charging excessive amounts for annual administrative charges, without justifying the extra costs.

Of the £25.8 billion of assets covering 1.5 million pension pots, between £5.6 billion and £8 billion was potentially exposed to charges above 2%, and nearly £1 billion to charges above 3%, with the latter often members with small pension pots worth less than £10,000.

The government and FCA continue to work with the small number of remaining providers to eliminate high costs and charges by the end of 2018, and has been clear that it will legislate, if necessary.

This is the next step government is taking to ensure savers receive good

value for money from their pension, that their pension will meet their needs for retirement, and that savers are better able to maximise savings.

DWP and FCA published the most recent legacy audit report [Poor value workplace pension schemes: a review](#) in December 2016.

Follow DWP on:

Speech: Exchequer Secretary's speech launching Transforming Infrastructure Performance and Transport Infrastructure Efficiency Strategy

[Check against delivery]

Introduction

Thank you Robert.

It is an absolute pleasure to be here today (6 December 2017).

Not just because we are kick-starting a new and exciting agenda, but also because I get to launch it with my former boss, colleague and friend from the Department for Transport.

Thank you Minister for joining us.

Some of you in the room may already know me from my time at Transport.

And, despite my move to the Treasury, I am still essentially looking at the same question; how can infrastructure help us to grow our economy and boost productivity?

The new government programmes, [Transforming Infrastructure Performance](#) and the Transport Infrastructure Efficiency Strategy, that we are launching today form part of the answer.

But let me start by emphasising that I believe we are living through a new age.

It used to be that government would ask the question – why should we invest in infrastructure?

Now government asks – how can we best deliver that investment? And how can we realise the benefits of this investment quicker?

Productivity challenge

Infrastructure has a vital role to play in boosting our national productivity.

Productivity growth has slowed across all advanced economies since the financial crisis.

But the OBR's recent downgrade of the productivity forecast reflects a long-term trend for the UK.

This is a challenge that has been decades in the making.

A challenge we urgently need to tackle.

For context, if we raise productivity growth by even one quarter of a percent on a sustained basis, we would add £56 billion to GDP. This in turn would raise wages and increase peoples' quality of life.

The productivity problem extends to all parts of the economy. In construction, we know that we face approximately a £15 billion productivity gap every year.

If we can make strides in closing this gap – transforming this sector into one which is closer to, say, manufacturing, which saw a 68% increase in its productivity over the last 20 years – I believe we will be able to meet this challenge head on.

For a sector that contributes 8% to the economy, small productivity gains could have a phenomenal impact.

We want construction to be more like the high tech manufacturing and automotive industries which have invested in R&D and automation and, in return, have benefitted from high productivity growth.

Record levels of investment

Our recognition of what infrastructure can do for us is one of the reasons this government is investing at record levels.

We have already committed to a 50% increase in transport investment between 2015 and 2020.

We have extended the National Productivity Investment Fund to £31 billion, targeting investment at regional growth, improving transport links and building new houses in high demand areas.

We have also accepted the National Infrastructure Commission's recommendations to take action on the Oxford to Cambridge Corridor, investing up to £1 billion on East West Rail and agreeing a new housing deal with Oxfordshire that will deliver 100,000 homes by 2031.

The Infrastructure and Projects Authority (IPA) estimate that over the next

10 years, we expect to see total public and private investment to hit £600 billion.

This £600 billion National Infrastructure and Construction Pipeline includes a planned pipeline of investment valued at £462 billion.

Over £240 billion of which we expect to realise by the end of 2021.

In order to realise the benefits of all of this investment, we have to make sure we can deliver these projects as effectively and efficiently as possible.

Our plans have to be delivered on time and on budget.

As set out in the [Industrial Strategy](#), improving delivery is a key pillar of the government's strategy to build the modern and efficient infrastructure, which will support the economy and boosts productivity.

Delivery record

We already have a delivery track record that we should all be extremely proud of.

Since 2010 we have delivered over 4,500 projects.

One project this year which I am particularly enthusiastic about is the Manchester Ordsall Chord, part of the Northern Hub.

It's a new and important link between Manchester Piccadilly and Victoria stations, generating new routes from Newcastle to Manchester Airport and enabling people to get into Manchester 30 minutes faster than before.

We also completed the new Francis Crick Institute this year, one of Europe's largest centres of biomedical research.

Its use of BIM [pronounced "bim", as in "tin"] enabled us to quickly design a new bespoke building, taking into account the complex site and sensitivity of the research.

The new M1/M6 Junction 19 improvement works is a £191 million project that was completed ahead of schedule, reducing congestion and creating new routes for people in the East Midlands.

This is a legacy we can build on, through the publication of these two new programmes today.

Improving delivery

[Transforming Infrastructure Performance](#) (TIP) sets out how the government will improve the performance of infrastructure and boost productivity in both delivery and operation.

It's an ambitious plan to transform infrastructure delivery over the long-

term, using the government's influence to drive modern methods of construction so Britain can lead the world in high-tech building.

It's a plan which will signify a shift from focusing on driving down costs in the short term, to delivering value for taxpayers in the long term.

We want building infrastructure to deliver benefits for both the supply chain and for its end users, the public.

The Transport Infrastructure Efficiency Strategy (TIES) will ensure these plans translate into real change for the UK's biggest infrastructure sector.

Transport equates to 95% of all government spend on economic infrastructure – so it is important we get it right!

Through TIES we have nearly all transport delivery agencies on board. So we are halfway there already!

Our recent Budget announcement for a presumption in favour of offsite construction is already a significant milestone. It's a concept pioneered by HS2, and we now want to see it applied much further across government projects.

We have agreed with five of the biggest spending departments that their infrastructure projects would buy modern methods of construction wherever that delivers the right benefits and provides value for money to taxpayers.

We are creating the stable, critical mass that is needed to generate investment in modern methods and that industry has been asking for.

It also shows how government projects can be at the forefront of innovation.

TIP will support the policies announced at Budget aimed at improving construction project delivery.

These include £40 million announced to scale up innovative regional training models and £170 million allocated to help commercialising cutting edge digital and manufacturing technologies.

The government is bought in.

But for it to work, we know it will require investment in innovation and new thinking from within the sector too.

Through the Construction Sector Deal and stewardship of Andrew Wolstenholme, I believe we will start to see these changes come to fruition and the construction industry modernise.

We have already seen this happen in other parts of the economy, so I see no reason why we can't see the same for construction.

Conclusion

But all of this gives me great hope.

Hope that instead of building less for more as we used to, we can start building more for less.

Hope that, by harnessing new technology and modern methods of delivery, we can have a thriving supply chain that is world leading and a delivery track record that is maintained.

Hope that, by government and industry coming together, we will begin to drive the transformation of the construction sector that we all want to see.

Thank you.

[News story: The strategy for the future of the UK's asset management industry unveiled](#)

The introduction of Asset Management Centres of Excellence – to train Britain's next generation of investment management talent – and the enhanced use of Fintech within the asset management industry, are just some of the proposals outlined in the government's [Investment Management Strategy II](#), which is published today (6 December 2017).

To ensure that the UK continues to be a globally competitive centre for asset management, today the government set out its long-term approach for the Asset Management industry. [The Strategy](#) focuses on six areas for growth:

- strengthening the UK's investment management talent pipeline, by supporting the industry to establish Asset Management Centres of Excellence at UK universities across the country
- making the most of the UK's world-leading status in Fintech to develop innovative solutions such as a blockchain enabled digital fund
- working with international partners abroad to attract overseas firms to locate in the UK and promote UK firms overseas
- promoting the UK's competitive and stable tax and regulatory environment to facilitate innovation and growth within the industry, and consider in Spring 2018 whether to consult on making changes to the short-term business visitors rules
- enhancing government, regulator, and industry dialogue through the newly established Asset Management Taskforce
- providing the support that UK asset managers need to be global leaders in developing innovative investment strategies – such as green finance

and social impact investing – to meet the changing investor demands

The Economic Secretary to the Treasury, Stephen Barclay, said:

The UK is a world leader in asset management, and it is vital that we keep it that way. The new Strategy for the sector outlines how we will do this, and I look forward to working closely with the industry to fully realise it's potential.

The Asset Management industry plays a pivotal role in the UK economy, fueling productivity and growth by linking long-term savings to firms in need of finance. It generates approximately 1% of the UK's Gross Domestic Product and employs over 38,000 people across the nation.

Chris Cummings, Chief Executive Officer of the Investment Association said:

We are delighted to welcome the government's new, ambitious Investment Management Strategy. This strategy will give asset management firms, who collectively manage the pensions of millions of British households and hold the UK's biggest listed companies to account, a roadmap to success through Brexit and beyond.

Together with the Asset Management Taskforce, this comprehensive strategy provides the opportunity for partnership between Government, industry and regulators to ensure the UK remains the leading European asset management centre. The forward-looking agenda brings a welcome focus on the critical success factors of tomorrow, including harnessing the fintech revolution, encouraging sustainable investment and ensuring a diverse and world-leading workforce. Domestic excellence will help to boost the industry's export and trade contribution as the UK looks to a new place in the world. This strategy means our industry will continue to deliver the best possible outcomes for savers and for the UK economy in the years to come.

[Press release: Trade policy minister sets out future UK-Africa trading](#)

relationship

Speaking to the Africa All Party Parliamentary Group (APPG) meeting on Wednesday 5 December, Mr Hands said the government wants a thriving trade relationship with Africa that benefits all. He also outlined what the Trade Bill and the Taxation Bill mean for the UK's future trade with the continent.

Bilateral trade between the UK and Africa totalled £28.7 billion in 2016, and the government places tremendous importance on strengthening our economic ties with the continent. No country has achieved long term growth, stability and poverty reduction without embracing trade and in turn, these economies represent our trading partners of the future.

Minister for Trade Policy, Greg Hands, said:

The UK enjoys strong trading relationships with many developing countries including in Africa and I am a strong believer that free and fair trade has been the greatest liberator of the world's poor.

We must build new economic relationships that are mutually beneficial to both the UK and, crucially, to developing countries and their citizens. As we leave the EU, we will build and strengthen ties between British and African businesses and help turn the UK into Africa's trading partner of choice.

The potential is exciting and we must endeavour to make it happen.

The UK imported £12.7 billion in goods and services from Africa in 2016. As a leading voice in support of free trade as a tool for economic development, the [Taxation \(Cross-Border Trade\) Bill](#) was introduced last month and will enable the UK to put in place a trade preferences scheme for developing countries as we leave the EU. This will, as a minimum, provide the same level of access as the current EU trade preference scheme and will maintain tariff free access for the world's least developed countries and continue to offer generous tariff reductions to around 25 other developing countries.

We have also introduced the [Trade Bill](#), which will allow us to replicate the effects of the 'Economic Partnership Arrangements' – development focused trade deals with Africa, Caribbean and Pacific countries which will minimise disruption to current trading arrangements.

The Department for International Trade (DIT) is going further still with a renewed focus on outward direct investment into Africa, and is significantly increasing UK export finance to encourage businesses to take full advantage of the investment opportunities in these growing markets.

Most recently, International Trade Secretary – Dr Liam Fox – visited Uganda and Ethiopia with a business delegation to explore new opportunities for trade and investment in these markets. Whilst on the visit he confirmed the

completion of the largest ever loan of £215m to an African government by the UK's export credit agency, UK Export Finance, for the construction of a new international airport in Uganda which will create over 800 local jobs.

Further information

- On 24 June, the Department of International Trade and the Department of International Development [pledged to help the world's poorest countries](#) access UK markets once we leave the EU.
- As set out in the [Trade White Paper](#), the UK remains committed to ensuring developing countries can reduce poverty through trading opportunities. The Department for International Trade and the Department for International Development are working together to ensure development and global prosperity are at the heart of UK trade and investment policy.
- We have introduced [legislation](#) that will put in place the necessary legal powers and structures to enable us to operate a fully functioning trade policy after we leave the EU. This will ensure the UK is ready for exit, providing continuity for individuals, businesses, and international trading partners.
- The [Taxation \(Cross-Border Trade\) Bill](#) will enable the UK to put in place a UK trade preferences scheme for developing countries as we leave the EU. This will, as a minimum, provide the same level of access as the current EU trade preference scheme.
- The UK's largest Export partners in Africa were South Africa (£4.3 billion), Nigeria (£2.1 billion), Egypt (£2.0 billion), Morocco (£1.0 billion), Ghana (£1.0 billion), Angola (£706 million) and Kenya (£611million).
- The UK's largest import partners were South Africa (£4.4 billion), Morocco (£1.6 billion), Nigeria (£1.2 billion), Egypt (£990 million), Algeria (£789 million), Kenya (£490 million) and Angola (£417 million).

[News story: FinTech to help renters get on the housing ladder](#)

New competition to use rental payment data to improve credit scores and mortgage applications for the 11 million renters in Britain.

HM Treasury is offering £2 million to budding entrepreneurs who can develop an application that will enable Britain's 11 million renters to record and share their rent payment data, helping to improve their credit scores and their chances of getting a mortgage.

[The Challenge](#), announced in the [Autumn Budget](#), will be launched by the Economic Secretary to the Treasury, Stephen Barclay at the Fintech Connect

Live conference this morning.

Winning bids to the [Rent Recognition Challenge](#) will be selected by a panel of leading figures from the Fintech sector. The competition will provide an initial round of grant funding to six promising proposals to help to turn the ideas into a workable product. The expert judges will then whittle the six down to just a handful of teams who will receive further funding and support to bring their ideas to market.

The Economic Secretary to the Treasury, Stephen Barclay, said:

People's monthly rent is often their biggest expense, so it makes sense for it to be recognised when applying for a mortgage. Without a good credit score, getting a mortgage can be a real struggle.

Most lenders and Credit Reference Agencies are unable to take rental data into account, because they don't have access to it. The Rent Recognition Challenge will challenge firms to develop an innovative solution to this problem and help to restore the dream of home ownership for a new generation.

[The Challenge](#) will open to applications early in the New Year, and development will conclude in October 2018.