



2019 General Election Manifesto Analysis

The Institute and Faculty of Actuaries (IFoA) is a royal chartered, not-for-profit, professional body. We represent and regulate over 32,000 actuaries worldwide, and oversee their education at all stages of qualification and development throughout their careers.

The 2019 General Election sees the UK heading to the polls for the third time in five years. UK politics remains in a state of flux as the public is asked to break the deadlock in parliament. Even if no one party is able to reach the 326 seats needed in order to obtain a majority in the House of Commons, the election results may shift the balance of power just enough to allow progress to be made on key policy issues.

Brexit continues to dominate the political agenda and the outcome of the 2019 election will be pivotal in deciding how, when, and even if, the UK departs from the European Union. However, the manifestos set out the various political parties' priorities, and details how they will address the most significant policy questions of our time. These are issues that are also at the heart of actuarial science, for example, tackling climate change, investing in infrastructure, and meeting the needs of an ageing population.

The IFoA's Policy Team has analysed the parties' manifestos based on our three Policy Priorities. These are the areas in which the IFoA informs the debate, by providing rigorous, independent analysis using actuarial science.

Our policy priorities are:

- **Ageing Population** – looking at the opportunities and challenges associated with increases in life expectancy and the proportion of older people in the population.
- **Inclusive Insurance** – looking at new approaches to emerging risks and the potential impacts on the insurance industry and different segments of consumers.
- **Sustainability** – seeking long-term solutions to the risk of environmental change and the transition to net zero for governments, businesses and individuals.

As a chartered body the IFoA provides an objective, fact-based and politically neutral view of the key issues facing the UK today. As an actuarial body, it is unsurprising that a key theme running through all of our policy positions is the belief that long-term problems need long-term solutions, to ensure fair and effective policymaking.

For more information on the work of the IFoA to inform long-term policymaking, visit www.actuaries.org.uk or email public.affairs@actuaries.org.uk.

Summary

In the interest of brevity we have decided to limit our analysis to the main UK parties' manifestos. Also included is the Scottish National Party manifesto, as they are likely to return a significant number of MPs to Westminster. The parties are listed in alphabetical order throughout the document; if you wish to discuss our analysis further with one of our team please contact public.affairs@actuaries.org.uk.

Manifestos: Top-line messages:



'Get Brexit done' is the dominant message in this Conservative manifesto, and behind the Johnson campaign. Other significant commitments include infrastructure spending plans with £100 billion of investment lined up, and prioritising spending on health, education and policing. The Conservative manifesto commits to the lowest spending pledges on public services. The government had already planned to increase day-to-day spending on public services by £11.7 billion, and their manifesto adds £2.9 billion to current plans in 2023–24.



The Climate Emergency is front and centre of the Green Party's manifesto. It proposes a 'Green New Deal' which is characterised by funding improvements in six key areas, those being: energy, housing, transport, industry, food farming & industry and incomes. The Green New Deal promises combined investment of over £100 billion a year in order to reduce the UK's carbon emissions to net zero by 2030.



Labour's manifesto seeks to fundamentally rewrite the rules of the UK economy. There are plans to renationalise sectors such as rail, mail, water and energy, as well as a promise to invest in a 'Green Industrial Revolution', and reform the tax system. Labour's manifesto also promises the highest public spending commitments of all of the parties, with an £80 billion increase in day-to-day spending by 2023–24, along with an additional £55 billion of investment spending each year.



'Leaving the European Union is not the answer,' is the key message readers will take away from the Lib Dems manifesto. The 'stop Brexit bonus' (which they estimate at £50 billion) is a core plank of their budget to reinvest in public services. Brexit aside, the manifesto also contains strong commitments to tackle climate change and spending on the NHS, social care and lifelong learning.



The SNP are hopeful for not one but two referendums in their latest manifesto calling for a second Brexit vote and Scottish Independence. Also contained within its pages are calls to reform and protect the NHS and welfare system, alongside a demands for more devolved power in areas such as transport and infrastructure.

Ageing Population

There are increasing numbers of older people in the UK. Policymakers must grapple with a number of opportunities and challenges as they determine how best to respond to changing demographics and their impact on public spending as well as demand on health and care services.

Social Care

The pressures facing the health and social care system are well-documented, and in particular the consequences for older people. The population aged 85 and over is growing, and this is the average age at which people enter care. With a complex funding and delivery system, many individuals find it difficult to understand the potential social care costs they will be expected to meet later in life. As a result, they and their loved ones are having to make difficult decisions at a point of crisis. The IFoA recently commissioned a survey of 1655 adults in the UK. In it, 87% of respondents stated that they have not made any specific preparations for potential future care needs.

IFoA Position:

- *It is essential that any new government clarifies what individuals and the State will pay towards care costs under the current system so that individuals can prepare accordingly.*
- *The new government will need to strike a balance between state and individual funding to meet health and care needs within a sustainable framework.*
- *The disparity between individual and State funding for physiological vs. cognitive diseases highlights the need for sustainable funding which factors in likely future disease prevalence and the potential impact on the delivery methods for care. Only this approach can lead to the development of an appropriate and sustainable funding mechanism.*

Manifesto Commitments:



'Build cross-party consensus to bring forward an answer that solves the problem, commands the widest possible support, and stands the test of time.'



'Provide an additional £4.5 billion a year to fund councils to provide free social care to people over 65 who need support in their own homes' (based on the Scottish model of care).

'Explore how free social care at home could be extended to everyone who needs it.'



'Build a comprehensive National Care Service for England.'

Repeal the Health and Social Care Act and reinstate the responsibilities of the Secretary of State to provide a comprehensive and universal healthcare system, which will set 'a lifetime cap on personal contributions to care costs.'

'Raise spending by £7 billion a year by putting 1p on Income Tax ring-fenced for the NHS and social care.'



'Commission the development of a dedicated, progressive Health and Care Tax.'

'Establish a cross-party health and social care convention that builds on the existing body of work from previous conventions, select committees and the 2018 citizens' assembly to reach agreement on the long-term sustainable funding of a joined-up system of health and social care.'



'Support moves to re-instate a publicly owned, publicly operated, and publicly commissioned NHS in England through the replacement or significant amendment of the Health and Social Care Act 2012.'

Pensions

The State Pension is a staple of the UK's welfare system. It has a key role in ensuring people are able to maintain a basic standard of living once they retire. One of the most politically sensitive policies surrounding the State Pension has been the triple lock. The 'triple lock' was introduced by the Coalition Government, and is a commitment to increase the level of State Pension benefits each year in line with inflation, earnings, or 2.5%, whichever is highest. Both the Integrational Fairness Committee and the Work and Pension Select Committee have recommended that the policy is fundamentally unsustainable and unbalanced, as it increases age-related benefits relative to working-age benefits. However, proposals to revoke the triple lock have been met with considerable public backlash and it provides important financial support for those pensioners on the lowest levels of income.

In the private sphere, it's all about [adequacy](#). The decline of defined benefit (DB) schemes and the increase in defined contribution (DC) pensions is transferring the responsibility for securing an adequate income in retirement from employers to individuals. Many individuals do not know what level of savings they need to have an adequate income in retirement. The IFoA recently published [a paper on saving goals for retirement](#) that gives savers an idea of how much they might need to save in order to attain the lifestyle they would desire in retirement.

The UK Government has taken some successful steps to start to address savings issues, through the implementation of automatic enrolment. Further proposals contained within the Pension Schemes Bill 2019-20, were to be welcomed, including the introduction of the pensions dashboard and authorisation of collective defined contribution (CDC) schemes. The IFoA would support these measures being carried over to the next Parliament, regardless who ultimately ends up occupying Number 10.

The IFoA remains concerned that, since the introduction of the Pension Freedoms, individuals will require more support, and that consumer protections need strengthening to avoid individuals running out of money in retirement. No one knows how long they are going to live. Supporting people to optimise their income from retirement savings, whilst considering how to maintain a basic income should they live longer than expected, must be a priority.

IFoA Position:

- ***Maintaining the triple lock for those receiving the new State Pension could place an unfair burden on future working generations.***
- ***The IFoA believes strongly in the transformative potential of the pensions dashboard project. In the medium-term the dashboard should be supplemented by tools that help individuals to understand how much they need to save to have enough money to live in retirement.***
- ***The establishment of collective defined contribution schemes would be positive step in UK pensions, bridging the gap between low savings in Defined Contribution schemes and more generous DB schemes.***
- ***The ratio of employer to employee contribution levels should be considered in the next review of automatic enrolment.***

Manifesto Commitments:



'Keep the triple lock and reintroduce legislation that protects pension pots from being plundered by reckless bosses.'

'Help savers be better informed with the introduction of a pension dashboards, and create a new style of pension scheme which is more sustainable for workers and employers.'

'Conduct a comprehensive review of the minimum salary required at which workers can be automatically enrolled.'



Under the Green plan to establish a Universal Basic Income (UBI) 'pensioners will receive £178 a week. This rate will be increased in line with inflation over the years to come.'

400,000 pensioners have been pushed into poverty and a generation of women born in the 1950s have had their pension age changed without fair notification. Labour... will work with these women to design a system of recompense for the losses and insecurity they have suffered. We will ensure that such an injustice can never happen again by legislating to prevent accrued rights to the state pension from being changed. Labour have since confirmed their plans to compensate each affected individual up to £31,300.



Labour will 'abandon plans to raise the State Pension Age,' beyond 66 and 'maintain the 'triple lock.'

The manifesto also plans to tackle under saving by establishing 'an independent Pensions' Commission, modelled on the Low Pay Commission, to recommend target levels for workplace pensions enrolment into 'rip-off schemes' as well as expanding access to more low income and self-employed workers.' Which in practice would look at tackling pensions charges and reviewing the Automatic Enrolment threshold.

'Create a single, comprehensive and publicly run pensions dashboard that is fully transparent.'

'Legislate to allow the for collective pension schemes to proceed.'



'Retain the Triple Lock on the basic state pension, so that it rises in line with the highest of wages, prices or 2.5 per cent.'



'Back moves to ensure executive pension contributions are the same as for all workers in the company.'

'Oppose any increase to the state pension age.'

Stand, 'against any attempts to remove the Triple Lock on the State Pension.'

'Extend auto-enrolment, so that more low paid and self-employed workers can benefit from regular pension savings.'

Intergenerational Fairness

Intergenerational fairness has risen up the policy agenda in recent years, and is of increasing concern to policymakers. From a lack of housing, and the financial insecurity experienced by younger generations, to a social care system unfit to support older generations, the UK faces living standard challenges that affect the generations in different ways.

There are a host of issues where long-term view is essential if we are going to balance meeting today's needs, without putting younger, or future generations at a disadvantage. It is crucial that policymakers develop policies through the lens of Intergenerational fairness.

The IFoA has completed a series of three [thought leadership bulletins on intergenerational fairness](#), looking at the implication of long term policy making in health, pensions and climate change.

IFoA Position:

When identifying problems and solutions to intergenerational issues, the focus should not be on conflict between generations, but rather how policies can be designed to build, renew and restore a social contract between generations. Policies should be long-term in nature and decisions should not place an undue burden on any one generation alive today or in the future.

Manifesto commitments:



There are no particular commitments in the Conservative manifesto that specifically look to address intergenerational divides in policy. However there are mentions of protecting housing wealth within generations.



'Introduce a Future Generations Act for England, modelled on the current Act for Wales, building the needs of future generations into every government decision.'

'Will appoint a Minister for Future Generations to represent young people at the heart of government.'



'Introduce a Future Generations Well-being Act, enshrining health aims in all policies and a new duty for NHS agencies to collaborate with directors of public health.'



'Ensure that the environment is protected for future generations.'



Establish 'an Independent Savings and Pension Commission, to ensure pensions and savings policies are fit for purpose and reflect the demographic needs of different parts of the UK'

Sustainability

The prevalence of short-termism in financial markets can have significant systemic repercussions for public policy. By identifying strategies that take into account long-term factors, both economic and public policies will be more beneficial and sustainable for longer.

Climate change and green finance

The risks associated with climate change are wide-ranging and will have major economic, political, social and financial impacts. The IFoA is deeply concerned by these issues and supports efforts to address climate risks. We have produced a [range of briefings](#) on how Actuaries can draw upon their risk-management expertise to identify, and mitigate the potential range of environmental risks.

There can be no doubt that the climate emergency is increasingly being taken seriously by policymakers and the public, and this is reflected across the 2019 manifestos. The UK has made a commitment to reach net zero carbon emissions by 2050, and unlocking the UK's green finance and decarbonising the economy will be an essential part of meeting this target.

The move to decarbonise and in particular the financing of climate change, features in all the manifestos to varying degrees. What is clear, is that climate change features throughout the main parties manifestos in a way that is previously unprecedented.

IFoA Position:

- ***The transition to a low-carbon economy creates both opportunities and risks. The government should call upon the capital, as well as the skill and expertise, within the financial sector to enable it to make the transformative change that is required.***
- ***The government should further support the removal of barriers to the growth of green finance in the UK by:***
 1. ***Ending fossil fuel subsidies.***
 2. ***Mandating a fiduciary duty to consider, and improve transparency and disclosure of Environmental Social Governance (ESG) factors, including climate change.***
 3. ***Incentivising green finance investment through capital requirement rules for banks and insurers.***
- ***Climate change poses a significant risk for global financial stability and pension fund trustees must reconsider the rules of their investments to take account of that risk, including making efforts to divest from fossil fuels.***

Manifesto Commitments:



'We have doubled International Climate Finance. And we will use our position hosting the UN Climate Change Summit in Glasgow in 2020 to ask our global partners to match our ambition.'

'Our first Budget will prioritise the environment: investing in R&D; decarbonisation schemes; new flood defences, electric vehicle infrastructure including a national plug-in network and gigafactory; and clean energy.'



'Require councils (and other public bodies) to divest their pension funds away from fossil-fuel-related investments and encourage all private pension funds to do the same.'

The 'Green New Deal public sector investment will be a catalyst for private sector investment, as private investors seek to share in the financial rewards of a transition to a low carbon future.'



'Introduce a Climate and Environment Emergency Bill setting out in law robust, binding new standards for decarbonisation.'

'Provide a top-up of new and additional spending on international climate finance to bring the total to £4 billion a year.'

'End all UK Export Finance support to fossil fuel projects, and reject any trade deals that conflict with our climate principles.'



'Regulate financial services to encourage green investments, including requiring pension funds and managers to show that their portfolio investments are consistent with the Paris Agreement, and creating new powers for regulators to act if banks and other investors are not managing climate risks properly.'

'End support from UK Export Finance for fossil fuel-related activities, and press for higher environmental standards for export credit agencies throughout the OECD.'

'Argue for an end to all fossil fuel subsidies world-wide and provide aid to developing countries to help them transition to clean sources of energy.'

'Support moves to introduce an easy to understand system of climate-friendly external auditing of firms, so that small investors can better understand the climate related risks of investments, including employee pension schemes.'



'Bring to market a £3 billion portfolio of projects ready for green finance investment.'

'Put the transition to net-zero at the heart of the Scottish National Investment Bank's work, and unlock additional resource for emissions-reducing investment through a Green Growth Accelerator combining public and private investment.'

Infrastructure

In the UK, there is a significant backlog of infrastructure projects, and there have been countless delays and overspending on existing projects such as Crossrail and High Speed 2.

Infrastructure is falling short of social needs, as previous governments have failed to finance and deliver new infrastructure across the UK as a whole. Insufficient private investment is being committed to support priorities for new projects or for improvements to existing infrastructure. By drawing upon their expertise in long-term modelling, actuaries are well placed to help highlight how investors can and should consider the long term effects of their investment decisions, and the IFoA [have produced a number of briefings](#) that look at how infrastructure projects can look more attractive to investors.

All the manifestos make key commitments to infrastructure, in digital, transport and house building sectors. However, how exactly these projects will be funded differs extensively, with some parties committing to spending increases, whilst others will renationalise key industries removing private finance entirely.

IFoA position:

- ***A National Infrastructure Strategy should be published that focusses on the long term, has clear goals and seeks to achieve greater resilience in the face of emerging risks.***
- ***The Government should develop a sustainable pipeline of infrastructure projects that fit into a coherent, long term strategy. The National Infrastructure Commission represents a major opportunity to reverse decades of underinvestment.***
- ***One aspect of leaving the EU is the uncertainty over what, if any, access the UK would continue to have to the EU Investment Bank. If access is lost post- Brexit, the Government should establish a new and operationally independent UK infrastructure finance institution.***

Manifesto Commitments:



Oversee an ‘infrastructure revolution for this country by investing £100 billion in additional infrastructure – on roads, rail and other responsible, productive investment which will repair and refurbish the fabric of our country and generate greater growth in the long run.’

‘Launch the biggest ever pothole-filling programme as part of our National Infrastructure Strategy.’

‘Deliver full fibre and gigabit capable broadband to every home and business across the UK by 2025.’



‘Create a new public banking infrastructure to help deliver the Green New Deal. Ensure the banks invest and lend at low, affordable interest rates to support the economy’s environmental transformation.’

‘Increase the Bank Asset Tax.’

'Introduce new forms of common ownership throughout vital parts of our infrastructure, such as waterways, buses, parks and railway.'

'Better connect rural communities through reliable broadband and mobile internet, delivered through councils who understand local connection needs.'

'Create a National Investment Bank, backed up by a network of Regional Development Banks, to provide £250 billion of lending for enterprise, infrastructure and innovation over 10 years.'



'A Local Transformation Fund will be set up in each English region will be used exclusively to fund infrastructure projects decided at a local level.'

'Public ownership of energy, rail, water and energy sectors will secure democratic control over nationally strategic infrastructure and provide collective stewardship for key natural resources.'

'Deliver free full-fibre broadband to all by 2030.'

'Support investment and innovation in zero-carbon and resource-efficient infrastructure and technologies by creating a new Green Investment Bank.'

Invest '£130 billion in infrastructure – upgrading our transport and energy systems, building schools, hospitals and homes, empowering all regions and nations of the UK and developing the climate-friendly infrastructure of the future.'



'Introduce a capital £50 billion Regional Rebalancing Programme for infrastructure spend across the nations and regions of the UK, with local and devolved authorities given a say in how it is used, reinforced by a Just Transition Fund to support communities negatively affected by policies to tackle the climate emergency.'

'Deliver a programme of installing hyper-fast, fibre-optic broadband across the UK – with a particular focus on connecting rural areas.'

Support the 'creation of the Scottish National Investment Bank' that 'will provide £2 billion of long term, patient capital to businesses and infrastructure projects that will help transform the Scottish economy and reduce our carbon emissions.'



'Increase in the capital borrowing limits that restrict our ability to invest in infrastructure and grow our economy.'

'Press for Scotland to get its fair share of the £5 billion UK Government funding to roll out gigabit broadband to the hardest to reach areas.'

Inclusive Insurance

Rapid changes in society, technology, economics, environment, and politics are producing an influx of new uncertainties for the insurance industry. These challenges will all have long-lasting effects for economies and societies.

The long-term policy issues underpinning the insurance industry are diverse, and include the effects of everything from changes in demographics, advances in data science, cyber risk, adverse weather events and natural disasters, low interest rates, and much, much more. Actuaries can provide valuable insights in these areas by applying their expertise and encouraging appropriate adaptations in the insurance sector and beyond.

Reforming the private sector has been a hot topic this election as companies are coming under ever increasing public scrutiny. Business are under pressure to not only turn profits but do so in an ethical way, for the benefit on the consumer. In insurance we have seen this trend develop, as regulators advance principles on, for example, fair pricing and protecting vulnerable customers, as well as the rise of data science and how it can be used to protect rather than penalise consumers.

Flood

Climate change, population growth and inadequate investment in flood defences have all exacerbated the UK's flooding problem in recent years, and the household insurance industry has experienced an affordability crisis with respect to flood cover. The Flood Re scheme, introduced in 2016, has gone some way to remedying this problem, but in our [recent policy summary on UK flood policy](#), the IFoA argued that these problems are far from being solved.

The Flood Re scheme is currently due to end 2039, however if the long term solutions are to be realised the next Government will need to focus on these issues sooner rather than later.

IFoA Position:

- **Flood Re currently provides a valuable solution for consumers affected by flood risk, but all parties should remember high flood risk is likely to persist beyond the end of the Flood Re scheme. Households will need an affordable market based on risk-reflective pricing solution for many decades to come.**
- **Increased spending on flood defences is necessary, but is only part of what is required to ensure homes and businesses are sufficiently equipped to cope with future flooding. There is a need for more joined-up thinking between government, environmental organisations, planners, homeowners and the insurance industry to help to manage the risks associated with flooding.**
- **The Government should create a workable, proactive, long-term strategy for dealing with flood risk. This means dealing with the root causes of flooding. A strategy needs to be implemented that recognises the changing nature of flooding and the impact of more frequent and extreme weather.**

Manifesto Commitments:



'Flood defences will receive £4 billion in new funding.'



'Change the planning system to prevent building on floodplains, to further reduce the flooding risk community's face. Give councils new powers and resources to deliver environmental improvements to tackle flooding.'



'Support international calls for compensation to those nations already suffering loss and damage from those already facing the worst impacts of climate change, such as rising sea levels, more frequent hurricanes and greater food insecurity.'



'Establish a £5 billion fund for flood prevention and climate adaptation over the course of the parliament to improve flood defences, and introduce high standards for flood resilience for buildings and infrastructure in flood risk areas.'



There are no particular commitments in the SNP manifesto that specifically look to address the topic of flooding.



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