HOUSE OF COMMONS LIBRARY

BRIEFING PAPER

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Savings (Government Contributions) Bill 2016-17 - debates in Parliament

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Contents:

Contents

Summary

This Paper summarises the proceedings of the *Savings (Government Contributions) Bill* during its committee stages.

The Bill follows a Government consultation on reforming pension tax relief with the aim of strengthening the incentive to save.[1] In his Budget 2016 speech, the then Chancellor of the Exchequer, George Osborne, announced no compulsory changes to the pension tax system, saying it was "clear that there was no consensus." However, the Government committed itself to introduce measures to encourage saving through:

- an increase in the annual amount an individual can save in an ISA from £15,240 to £20,000;
- a new Lifetime ISA (LISA), which could be opened by people aged between 18 and 40 from April 2017. Individuals would be able to save up to £4,000 each year and receive a government bonus of 25%. The money could be used to buy a first home worth up to £450,000 or withdrawn after age 60. Funds withdrawn for other purposes would attract a 5% charge and lose the government bonus;
- new Help-to-Save accounts for people in receipt of Universal Credit with minimum weekly household earnings equivalent to 16 hours at the National Living Wage, or those in receipt of Working Tax Credit. This would work by providing a government bonus on up to £50 of monthly savings. The bonus would be paid after two years, with an option to save for a further two years. There would be no restrictions on how the funds were used. [2]

HM Treasury provided further details in a Lifetime ISA factsheet and design note. The Bill introduces these measures.

While there has been a general welcome for new measures to encourage and support saving, concerns have been raised about the potential for the LISA to undermine auto-enrolment. Questions include:

- the overall impact on retirement savings;
- how and whether individuals with limited resources will choose between saving in a LISA or a workplace pension;
- whether the interests of LISA savers will be protected with regulation on charges and governance comparable to pensions;
- whether LISAs will have an investment strategy appropriate for long-term saving;
- whether the choice of Help to Save accounts and LISAs will confuse inexperienced savers.

The Savings (Government Contributions) Bill was published on 6 September 2016 and had its Second Reading on 17 October 2016. It applies to the whole of the UK. The impact assessment to the Bill was published on 17 October 2016. The Library Briefing Paper for Second Reading debate is CBP-7697.

The Government made no amendments to the Bill. Opposition parties proposed a number of amendments, some of which were pushed to a vote but none of which were accepted.

[1] HM Treasury, Strengthening the incentive to save: a consultation on pensions tax relief, Cm 9102, July 2015

[2] HC Deb 16 March 2016 c966; HM Treasury, Budget 2016, HC 901, March 2016, para 1.108-12

1. Second Reading

The Bill had its Second Reading on 17 October 2016.

Summary

The Bill was broadly welcomed but with more reservations around LISAs than Help to Save. Some Members thought that LISAs would be perceived to be in competition with auto-enrolment but were in fact far poorer value for pensions than traditional products. Others pointed to the low opt out rates from auto enrolment amongst the under 30 age group as evidence that the benefits were well understood. Help to Save received fewer criticisms though one Member questioned the length of the qualifying period and why credit unions had not been allowed to offer the product.

The Bill was introduced by the Financial Secretary Jane Ellison. Very early into her opening remarks she was challenged on one of the issues which had already arisen during discussion on the Bill. Jonathan Edwards asked:

> Is the Minister at all concerned that this lifetime ISA will introduce an added complexity to the savings market, in particular for young people? Choosing whether to go for a pension or a lifetime ISA could be one of the most important financial decisions in a person's life.

The Minister replied:

> On the hon. Gentleman's first point, this is about complementary products. It is not an either/or choice. The feedback from last year's consultation was that many younger people did not want to make a binary choice between saving for later in life and saving for a house. This product is simple in its design but gives people that flexibility. As he says, it is important that people get advice, but the welcome that the proposal has received from consumer advocates indicates that people think that it is simple and flexible.

And later:

> That interaction has been addressed in the Bill's impact assessment. There was some concern about the help to buy ISA and the interaction with automatic enrolment, but we have seen no evidence of it driving a higher opt-out rate. In fact, the opt-out rate for automatic enrolment is lower than forecast—even on the forecast that was revised down. I note the hon. Gentleman's concern but I think it has been addressed in the work that we have done.
>
> What is attractive about the lifetime ISA is that people do not have to make an immediate decision about why they are saving this money, which goes back to the hon. Gentleman's point about people not having to make that decision at an early stage when they cannot see what is ahead.[3]

Responding to a question about 'concern' about the two-year qualifying period for Help to Save, the Minister outlined why that period had been chosen:

[3] HC Deb 17 October 2016 c606

> The two-year period comes from looking at the advice and research that has been done by groups that deal with people in this category, and trying to capture the moment at which a savings habit is ingrained. This does not mean people cannot take money out; there is no penalty for taking money out earlier if they want to access it, but the bonus comes at the two-year point, and I will come on to deal with that. This is based on research by groups and charities that work with people in the target market for the product, so there is a robust reasoning for that two-year period.[4]

Responding for the Opposition, Rebecca Long Bailey said that they 'warmly' supported the Government's aim of encouraging saving, however they had serious concerns about both (Lifetime ISA and Help to Save) policies. Having described life on low incomes (pay day loans and food banks) she said that:

> These problems bring me to the Opposition's main problem with the help to save scheme that the Bill introduces. We wholeheartedly support moves to encourage saving for a rainy day, but in many cases the idea that those on universal credit and working tax credit have a spare £50 at the end of the month is extremely optimistic. People can barely make ends meet, as the Government found out last year when there was a cross-party backlash after they tried to take thousands of pounds from the recipients of much-needed tax credits.[5]

She acknowledged that Help to Save was very similar to the Savings Gateway introduced by the last Labour Government policy but said that:

> […] we had not spent the previous six years eroding the disposable income of the people whom it targeted. Help to save might well look good on paper in terms of helping those on low incomes to save, but I must warn the Minister that, given the long-term effect of Government cuts and wider austerity measures, it will not have the desired impact in many cases. The cuts the Government are making to universal credit alone will cost 2.5 million families up to £1,600 a year, according to the Institute for Fiscal Studies. Where will these families find even £1 a month, or up to £50 a month, to put into this savings scheme?[6]

Turning to the LISA, she pointed out that there was unease in parts of the pension world about the policy. It would, she said, be a danger:

> […] that the scheme could create a diversion from saving in traditional pension products, rather than being an add-on to one's main pension plan. Even a former Pensions Minister stated that the LISA "could even destroy pensions".[7]

In particular, she raised concerns about how LISAs would affect take up of the auto enrolment scheme. She asked what measures the Government had taken to prevent this happening, in particular:

> The Pensions Regulator has argued that by 2017, when the LISA is available, thousands of small and micro-businesses will not have rolled out auto-enrolment. Have the Government considered

4 Ibid c608
5 Ibid c611
6 Ibid c611
7 Ibid c612

> timing the LISA roll-out to coincide with the full completion of auto-enrolment to avoid the risks I have outlined?[8]

SNP pensions spokesperson Ian Blackford described the Bill as a missed opportunity to focus on strengthening pension saving.[9] He was concerned that there had recently been "constant tinkering" with the savings landscape" and asked whether LISAs were a "backdoor" attempt to change pension tax relief. He said that if so:

> We would resist any further attempts to undermine pension saving and, specifically, to change the tax status of pension savings. That would be little more than an underhand way of driving up tax receipts—sweet talking workers to invest after-tax income in LISAs when their interests are best served by investing in pensions. We have considerable challenges in ensuring that we take appropriate action and provide the right kind of leadership to encourage pension savings above all else.[10]

He continued by giving an example of the difference in outcomes between workplace pension saving and LISAs:

> A recent Standard Life analysis shows that the typical gain from tax breaks and minimum employer top-ups to a qualifying workplace pension for a basic rate taxpayer is between 70% and 85%, compared with the return of 25% from a LISA. That is the con that this Government are trying to inflict on the people of this country. The long-term cost of forgoing annual employer contributions worth 3% of salary by saving into a LISA instead of a workplace pension would be substantial. For a basic rate taxpayer, the impact would be savings of roughly one third less by the age of 60. For example, an employee earning £25,000 per annum and saving 4% of their income each year would see a difference in excess of £53,000. After 42 years, someone saving through a pension scheme would have a pot worth £166,289.99 at a growth rate of 3%. Under a LISA at the same growth rate the value would be £112,646.75. Is the Minister going to defend this?[11]

Contributions from Kit Malthouse and Gareth Thomas focussed more on Help to Save. Both supported the measure but Gareth Thomas was critical of both the two year qualifying period – it was too long – and the fact that the provider of Help to Save was to be National Savings and Investments (NS&I) solely: he could not see why the credit union movement had been prevented from offering this basic and simple financial product.[12]

Richard Graham added his voice to the worries over LISAs being in competition with other pension savings products and methods. He suggested that it was too early to declare auto-enrolment a success as it had not been around for long and not all groups benefited. Further, he suggested that the Treasury were:

> […] rightly trying to shape a savings policy that is both good for individuals and not so expensive for taxpayers or for the Treasury as the intermediary. I would like to see a much more coordinated

8 Ibid c614
9 Ibid c619
10 Ibid c620
11 Ibid c622
12 Ibid c628

> effort by the Treasury and the Department for Work and Pensions to look closely at the existing range of savings offerings, pensions included, to see how they can be rationalised in order to come up with a simpler, less expensive method of encouraging people to save.
>
> It is interesting that the online information sheet on the lifetime ISA does not mention the fact that contributions come from someone's salary after they have paid tax. It also strongly urges people to "use it to save for retirement".
>
> That is exactly what we would expect people to do with a pensions product, so the concept that the lifetime ISA is not competitive with auto-enrolment and other pensions offerings is slightly disingenuous.[13]

The Economic Secretary, Simon Kirby, responded to the points made during the debate.[14]

- LISAs confuse pension savers and leave them with a worse financial outcome

  > We are offering people a choice, and these two schemes are complementary and serve very different purposes. The genuine choice and flexibility to which I alluded are at the core of this Bill

- Why are credit unions excluded from the delivery of the schemes?

  > The Government recognise that many credit unions were interested in offering accounts, but it was not clear that a multiple provider model would guarantee national coverage for the scheme. We will continue to explore further options for credit unions to support delivery of the scheme

- Could the schemes be made via payroll deduction?

  > There is no reason why payroll deduction cannot take place. I cannot make a commitment to him today, but I can confirm that I am happy to see whether there is more that we can do in that area.

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13 Ibid c632
14 Ibid c638

2. Committee stage

The Public Bill Committee to consider the Bill sat on five occasions:

Its members were:

Stephen Barclay (Lord Commissioner of Her Majesty's Treasury)
Ian Blackford (Ross, Skye and Lochaber) (SNP)
James Cartlidge (South Suffok) (Con)
Maria Caulfield (Lewes) (Con)
Peter Dowd (Bootle) (Lab)
Jane Ellison (Financial Secretary to the Treasury)
Lucy Frazer (South East Cambridgeshire) (Con)
Stephen Hepburn (Jarrow) (Lab)
Kelvin Hopkins (Luton North) (Lab)
John Howell (Henley) (Con)
Rebecca Long Bailey (Salford and Eccles) (Lab)
Hew Merriman (Bexhill and Battle) (Con)
Melanie Onn (Great Grimsby) (Con)
Jeremy Quinn (Horsham) (Con)
David Rutley (Macclesfield) (Con)
Jeff Smith (Manchester, Withington) (Lab)
Dr Eilidh Whiteford (Banff and Buchan) (SNP)
Craig Williams (Cardiff North) (Con)

The Committee took evidence from: Tax Incentivised Savings Association; the Association of British Insurers; British Bankers' Association; Hargreaves Lansdown in its First sitting – Tuesday 25 October 2016 (morning).
It then took evidence from StepChange, Centre for Social Justice, Union Pension Services Limited, Scottish Friendly, Martin Lewis of MoneySavingExpert.com and the Women's Budget Group in its second sitting – Tuesday 25 October 2016 (afternoon).

The Committee published written evidence from True Potential LLP, Zurich Financial Services, B&CE, Prospect, StepChange and the Low Incomes Tax Reform Group.[15]

The Committee then considered the Bill in three further sittings:

Third sitting – Thursday 27 October (morning)

Fourth sitting – Thursday 27 October (afternoon)

Fifth sitting – Tuesday 1 November 2016

Further details of the progress of the Bill can be seen on the Parliament website.

[15] See the Bill page on the Parliament website

2.1 Clause and Schedule one – LISAs

Review of impact

For the Opposition, Peter Dowd proposed amending the Bill to require a review of the impact of LISAs on automatic enrolment:

> New clause 1 would require Her Majesty's Revenue and Customs to conduct a review of the impact of the lifetime ISA on automatic enrolment in workplace pensions and pension savings within one year of the Act coming into force and every year thereafter. The conclusions of that review would have to be made publicly available and laid before both Houses of Parliament.[16]

He argued that auto-enrolment had not yet been fully introduced and was concerned that the LISA could put the 'wider landscape in jeopardy.' The Work and Pensions Select Committee recommended "urgent research into any effect of the LISA on pension saving through auto-enrolment."[17]

Financial Secretary to the Treasury Jane Ellison responded that the LISA, like all government policies would be kept under review to ensure that it was meeting its objectives. It would publish details of take up (as it did for other ISAs) and the Office for National Statistics wealth and assets survey set out information on the savings held across a range of different household types. The Government was currently scoping its 2017 review of auto-enrolment and hoped to provide a further update by the end of the year. The debate in Committee would inform those deliberations. It therefore did not think an additional review of the operation of the LISA was necessary.[18]

Requirement to take independent financial advice

Peter Dowd tabled a further amendment to:

> […] place a duty on the Secretary of State to make regulations that ensure all applications for a Lifetime ISA receive financial advice.[19]

His intention was to ensure that:

> […] people make an informed choice, with the benefit of independent financial advice; create parity in the quality of advice for all those entering the scheme; and much-needed oversight and education about the benefits of the scheme […] If having been auto-enrolled in a pension, someone opts out of it to go into a LISA, it is important that they have all the boxes ticked and understand exactly what they are doing.[20]

Ian Blackford welcomed the amendment.[21]

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16 PBC Deb 27 October 2016 c64
17 Ibid c65; Work and Pensions Committee, Automatic enrolment, 11th report of session 2015-16, HC 579, para 59
18 PBC Deb 27 October 2016 (morning) c76
19 Ibid c63
20 Ibid c66
21 Ibid c69 and 74

Financial Secretary to the Treasury, Jane Ellison, responded that because financial advice was relatively expensive requiring it to be taken would create a "significant barrier to all but the wealthiest individuals" opening a LISA. The Government was currently consulting on the creation of a new public body to provide financial guidance – bringing together the successor to the Money Advice Service and other advice services such as the Pensions Advisory Service and Pension Wise.[22] Furthermore, the Financial Conduct Authority (FCA) was consulting on the regulatory regime for the LISA. It would:

> […] as part of its ordinary remit, ensure that providers are transparent to customers about the products that they are offering and those products are sold with suitable safeguards in place.[23]

She concluded by saying that she did not think the amendment would work in practice because it would create a significant financial barrier to individuals accessing the LISA.[24]

Review of the impact on house prices

Peter Dowd proposed a review of the "potential impact of the Lifetime ISA on house prices in the United Kingdom." He said:

> The problem is that if people are encouraged to borrow money for a house in a tight market, the more house prices rise, the bigger mortgages they need, and so on […] The Government have identified the right problem but are coming up with the wrong solution. We need to build more houses.[25]

Jane Ellison responded that the Government was committed to supporting people to get on to the housing ladder and that the LISA targeted a small sector of first-time buyers. Determining its impact on house prices would be complex:

> The Office for Budget Responsibility has said that saving products that support people to get on to the housing ladder, such as the lifetime ISA, could cause an increase in house prices, but it noted that the effect was highly uncertain, and its predicted impact of 0.3% by 2020-21 is much smaller than overall house price movements.[26]

Peter Dowd responded that 0.3% inflation on housing was a "fair old amount of money" and it was important to take it into account.[27]

Detailed rules

Ms Ellison gave an overview of the details provided for Schedule 1 or the regulations made under it:

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22 Ibid c77; HM Treasury press release, New public body providing debt advice, money and pensions guidance to be set up, 9 October 2016. See Library Briefing Paper SN-07042 Pension wise: the guidance guarantee (October 2016), section 2.5
23 PBC Deb 27 October 2016 c77
24 PBC Deb 27 October 2016 (morning) c78
25 Ibid c79
26 Ibid c84
27 Ibid c85

- Regulations under para 11 would set out who is eligible for an ISA by specifying who the "investor" is. The intention was to provide in regulation that a new account may be opened only by a person under 40 and that payments to the ISA may only be made until they reach the age of 50;
- Paras 7 and 8 (which set out which withdrawals trigger a charge and which do not). Regulations will set out the detailed rules for the processes to be followed when a withdrawal is made for a first home. Regulations under para 8 will set the amount of the charge at 25% of the withdrawn amount;
- Paras 3 and 9 will set out the administrative detail of how account providers will claim the LISA bonus and how providers should pay to HMRC with withdrawal charges that they deduct, along with details of the associated information requirements. There will be provisions for account holders to ask for an HMRC consideration and to appeal where their bonus claim is refused or they feel a charge has been wrongly made;
- Paras 5, 12, 16 set out penalties for material inaccuracy or non-compliance with information requirements. These are "in line with those already in operation for similar failures in relation to tax matters." The general safeguards applying to tax matters – the right of appeal and for a penalty not to apply where there is a reasonable excuse for a failure to provide information – will also apply;
- Para 17 provides for a penalty where a person dishonestly seeks to obtain a bonus or avoid a withdrawal charge. This would cover cases of serious dishonesty or innocent errors. There would be a right of appeal;
- The Schedule sets out the withdrawal and compliance arrangements necessary to ensure the LISA "operates effectively and is targeted appropriately".[28]

2.2 Clause and Schedule two – Help-to-Save accounts

Introducing the clause, Jane Ellison said it was only right that we provide "a strong incentive and reward for working households on lower incomes to build a savings buffer":

> Help to Save will support up to 3.5 million people on lower incomes who are just about managing but may be struggling to build up their savings. It will help them develop their financial resilience and ability to cope with unexpected pressures.[29]

Eligibility for under 25s

For the SNP, Dr Eilidh Whiteford proposed an amendment to ensure that any individual under 25 would qualify for a Help to Save account provided they met other specified criteria:

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[28] Ibid c82-3
[29] Ibid c86

> Currently, the under-25s will not qualify for Help to Save unless they are in receipt of the disabled element of working tax credit, or they are responsible for children and are working 16 hours a week or more. Many young adults under 25 who are in full-time work could benefit greatly from Help to Save. The amendment would ensure that those under 25 could qualify for a Help to Save account on the same basis as those over 25 if they meet the specified criteria.[30]

Jane Ellison responded that:

> Our intention is for eligibility for a Help to Save account to be determined by people passporting from working tax credit and universal credit. That is a well-established way of targeting support to people on lower incomes. The Government recognise that some people of working age with lower incomes may not be eligible for Help to Save, but passporting is the simplest and most effective method available for determining and notifying eligibility; it is fundamental to the efficient operation of the scheme.[31]

Credit unions

Peter Dowd proposed that credit unions should be able to provide Help-to-Save accounts and was supported in this by Ian Blackford, who pointed to the numbers of savers using them and their presence in local pay-in points such as shops or community centres.[32]

Jane Ellison responded that the Government had been clear in consultation that the options were to engage a single provider to guarantee nationwide provision or open the opportunity to offer the account to a wider range of providers on a voluntary basis. The Government did not believe that credit unions could guarantee nationwide provision. It had therefore opted for National Savings and Investments as the single provider in the first instance:

> Appointing National Savings and Investments as the scheme provider, which we have obviously made public, does involve our funding it for nationwide account provision, but it also means that we can work with a single provider to ensure that accounts are easily accessible to all eligible people, and it removes what could be the significant administrative and compliance costs associated with allowing a range of providers to offer accounts. Those could include costs associated with approving providers, checking for multiple account opening, checking and paying bonus claims from different providers and ensuring that each provider is operating the account correctly.
>
> An option whereby we funded NS&I to provide accounts while we also allowed other providers to offer accounts on a voluntary basis would not provide value for money in this environment. A product such as this operates very much at the value-for-money end of the market. However, I am clear that we should not rule out the option for a range of providers, including credit unions, voluntarily to offer accounts in the future if that would deliver national coverage, and I reassure the Committee that the Bill has been drafted to accommodate different models of account provision, should that situation arise. In the meantime, we will work with

[30] Ibid c86
[31] Ibid c87
[32] PBC Deb, 27 October 2016 (afternoon) c91

> the credit union sector to explore further options for Help to Save that work for them.[33]

Ian Blackford then moved amendments to allow Help to Save to provide a bonus where the average monthly payment was under £50. This would help people whose abilities to save fluctuated. Jane Ellison responded that this would act complexity to the system and that respondents to the consultation had said it was:

> […] vital that the account rules were kept as simples as possible and to ensure that the scheme and our desire to ensure that the scheme was easy to understand and accessible to the target group.[34]

In any case, the Office for Budget Responsibility had forecast that people would deposit on average £25.70 per month and the Bill allowed flexibility for the rules to be changed in future.[35]

Mr Blackford did not accept that his proposal would bring additional complexity for savers and pushed his amendment to a vote. It was defeated on division by 7 votes to 2.[36]

Auto-enrolment into HELP TO SAVE

Dr Eilidh Whiteford proposed making provision for people to be auto-enrolled into Help to Save, as a way of increasing participation. Jane Ellison responded that they wanted the decision to be an active choice. Furthermore, the target group was "disproportionately more likely to have a series of different jobs or more than one job at the same time" meaning that "a standing order that they control will be the best option." There was nothing to prevent an employer offering a payroll deduction into a Help to Save account if they wanted to do so.[37]

Bankruptcy

Ian Blackford moved an amendment to ensure that individuals subject to a bankrupcty order would not be "stripped of their assets". He said Help to Save currently offered "no protection to the Government bonus paid into bank accounts from insolvency proceedings to third-party debt orders from creditors." He was concerned that this would leave people vulnerable.[38]

Jane Ellison responded that the Government also had to consider what was fair to creditors:

> I am aware that it has been argued that a special case should be made for ring-fencing the Government bonus to avoid taxpayers' money being used to repay debts, but I underline that the scheme rules mean that account holders will be entitled to a bonus on the highest balance achieved in the account. That represents an asset

33 Ibid c92
34 Ibid c93
35 Ibid c93-4
36 Ibid c94
37 Ibid c96
38 Ibid c96-7

> for the account holder, and it should be treated as such in any insolvency proceedings.[39]

It had increased the minimum debt on which creditors could ask for an individual to be declared bankrupt from £750 to £5,000.[40]

Mr Blackford's amendment was defeated on division by 8 votes to 2.[41]

Time needed to qualify for bonus

Eilidh Whiteford moved an amendment to reduce the amount of time needed to qualify for a bonus to six months compared to two years, reflecting "the reality of the timeframe in which people on lower incomes are likely to have to dip into their savings to cover unexpected costs." Kelvin Hopkins agreed. Jane Ellison responded that research had found 19 to 24 months to be the optimum time to embed the savings habit and therefore that:

> We think that paying the bonus at two years and on account maturity strikes the right balance, because it gives people enough time to build up their savings and develop a saving habit, while allowing them to access the bonus within an appropriate timescale. The Government bonus is designed to provide support and a real incentive to those building up their savings over a long period, rather than incentivising short-term spending.[42]

Dr Whiteford's amendment was defeated on division by 8 votes to 3.[43]

2.3 Overarching issues

Delay in commencement date

Ian Blackford moved an amendment to delay the commencement of the products until an independent pensions and savings commission had been established. He said:

> We have voiced our legitimate concerns that the Bill risks undermining pension savings and redirecting consumers to products that will not confer the greater level of benefits that pension savings offer. We need to pause and consider what we are seeking to achieve with pensions and other savings products, while making sure that we build confidence in pension savings in particular.[44]

Jane Ellison responded that the Government wanted the new products to be introduced as soon as possible and that "any delay would not be fair to the people who could have benefitted from them."[45]

Ian Blackford was concerned that some people would opt for a LISA when they would be better off saving in an auto-enrolment pension scheme. Kelvin Hopkins was also concerned about "possible

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39 Ibid c97
40 Ibid c97
41 Ibid c98
42 Ibid c99-100
43 Ibid c100
44 PBC Deb 1 November 2016 c105
45 Ibid c106

complexities and indecision by people who do not know whether to invest."[46]

Jane Ellison responded that most of those giving evidence to the Committee had seen the LISA as complementary to pensions. Help to Save was in a stand-alone category. The role of the FCA would be to ensure products were sold with sufficient safeguards in place and the Government would produce appropriate factual information. She did not think a Commission was the way to look at advising individuals – whose circumstances would differ.[47] There would be two opportunities to consider the issues in the near future:

- Consultation on the new financial guidance body;[48] and
- The 2017 review of auto-enrolment.[49]

The amendment was defeated on division by 10 votes to 6.[50]

Advice for applicants

Ian Blackford moved an amendment to require advice for those seeking LISA or Help to Save products that also included information on auto-enrolment and workplace pensions. He argued that:

> The complexities in the system and in products and the lack of independent advice are not only confusing but may lead to a lack of uptake in saving.[51]

He was supported in this by Kelvin Hopkins.[52]

Jane Ellison responded that information would be available and the FCA would set the regulatory framework for providers offering the LISA, including setting out any suitability tests that should apply.[53]

She recognised the importance of people making an informed choice about whether Help to Save was right for them. There would be information from the government and the account provider. The Government was keen to explore the role for local organisations, many of which had very good outreach and advice provision for people suffering from financial exclusion.[54]

Mr Blackford's amendment was defeated on division by 10 votes to 6.[55]

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46 Ibid c106
47 PBC Deb 1 November 2016 c107
48 SN-07042 Pension Wise: the guidance guarantee (October 2016), section 2.5
49 SN-06417 Pensions: automatic enrolment – 2010 onwards (May 2016), section 2.3
50 PBC Deb 1 November 2016 c109
51 Ibid c111
52 Ibid c111
53 Ibid c112
54 Ibid c112
55 Ibid c114

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