



# King's Speech 2024: Welfare and pensions

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This research briefing sets out the Labour Party's commitments covering welfare and pensions, drawing on its manifesto and other material in the public domain. It has been written in advance of the King's Speech to help members of the House of Lords prepare for the debate on the speech. It does not constitute official information about the government's intentions or provide a complete list of bills to be announced.

## I. Welfare

### I.1 Disabled people

The Labour Party's 2024 general election manifesto stated that "Labour is committed to championing the rights of disabled people" and that it would "introduce the full right to equal pay for disabled people".<sup>1</sup> The manifesto also stated that, building on existing gender pay gap reporting, Labour would "introduce disability and ethnicity pay gap reporting for large employers".

The manifesto stated that Labour would "work with local areas to create plans to support more disabled people and those with health



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<sup>1</sup> Labour Party, ['Labour Party manifesto 2024'](#), June 2024, p 88.



conditions into work”.<sup>2</sup> It said it would do this by devolving funding so that “local areas can shape a joined-up work, health, and skills offer for local people”.

The ‘Access to work’ scheme is an employment support programme that aims to help more disabled people start or stay in work.<sup>3</sup> It can provide practical and financial support for those with a disability or a mental health condition. The Labour manifesto said it would:

[...] tackle the backlog of access to work claims and give disabled people the confidence to start working without the fear of an immediate benefit reassessment if it does not work out.<sup>4</sup>

The manifesto also said it would reform the work capability assessment (WCA), which provides access to additional health-related payments in employment and support allowance, and universal credit. The manifesto stated:

We believe the work capability assessment is not working and needs to be reformed or replaced, alongside a proper plan to support disabled people to work.<sup>5</sup>

The commitment to reform the WCA is similar to the policy announced by the previous Conservative government. On 15 March 2023, the Conservative government published a health and disability

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<sup>2</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 43.

<sup>3</sup> Department for Work and Pensions, [‘Access to work: Factsheet for customers’](#), 16 May 2024.

<sup>4</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 43.

<sup>5</sup> As above.



white paper.<sup>6</sup> The white paper said its proposals were intended to help more disabled people “start, stay and succeed in work”. The reforms were also announced in the 2023 spring budget the same day.

The white paper proposed to abolish the WCA. Instead, those benefits would be accessed through the personal independence payment (PIP) assessment. The WCA is an assessment of someone’s fitness to work. The PIP assessment is used to calculate eligibility for payments that reflect the additional costs of living with a disability. The white paper stated that the abolition of the WCA would require primary legislation.<sup>7</sup>

Responding to the announcement in the 2023 spring budget to abolish the WCA, the then leader of the opposition, Keir Starmer, stated that he broadly welcomed it, as Labour had “long called for reform of the work capability assessment”.<sup>8</sup>

Analysis by the Institute for Fiscal Studies (IFS) of the WCA announcement in the 2023 spring budget found that approximately 1 million people received additional health benefits through the WCA and they “could potentially lose out” by £354 per month.<sup>9</sup> The IFS also estimated that the reform could increase the number of people applying for the PIP assessment, which had waiting times “which are already at 14 weeks” and in some cases five months. The IFS said that shifting the resources of the WCA to assessing PIP claims “will be a key challenge” of implementing the reforms.

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<sup>6</sup> Department for Work and Pensions, ‘[Transforming support: The health and disability white paper](#)’, 15 March 2023, CP 807.

<sup>7</sup> As above, p 34.

<sup>8</sup> [HC Hansard, 15 March 2023, col 850](#).

<sup>9</sup> Institute for Fiscal Studies, ‘[Spring budget 2023 response](#)’, 15 March 2023.



The campaign organisation Disability Rights UK responded to the publication of Labour's 2024 manifesto by stating:

Whilst commitments to [...] support disabled people [to] gain and retain jobs are welcome, lack of immediate investment in disability and carer benefits and social care are major omissions. This manifesto is written to reassure, rather than to reveal. We need Labour to be clearer about the future it will create for disabled citizens, should it become the next UK government.<sup>10</sup>

## 1.2 Review of universal credit

The Labour manifesto committed to “reviewing universal credit so that it makes work pay and tackles poverty”.<sup>11</sup> However, it provided no further detail on the scope of the review.

Elsewhere in the manifesto, it stated that:

Too many people are out of work or not earning enough [...] Labour will reform employment support so it drives growth and opportunity. Our system will be underpinned by rights and responsibilities—people who can work, should work—and there will be consequences for those who do not fulfil their obligations.<sup>12</sup>

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<sup>10</sup> Disability Rights UK, '[Labour launches its manifesto with promises on disability and accessibility](#)', 13 June 2024.

<sup>11</sup> Labour Party, '[Labour Party manifesto 2024](#)', June 2024, p 78.

<sup>12</sup> As above, p 42.



When Keir Starmer campaigned to be elected Labour leader in 2020, one of his 10 pledges was to “abolish universal credit and end the Tories’ cruel sanctions regime”.<sup>13</sup> However, in recent years Labour’s policy has been to reform universal credit rather than to abolish it.

In March 2024, the then shadow secretary of state for work and pensions, Liz Kendall, said that over the last 14 years the “overwhelming focus” of the Department for Work and Pensions (DWP) had “been on benefits and the creation of universal credit”.<sup>14</sup> In contrast, she said that Labour’s “back to work plan is built on investment and rooted in reform”. She said the ‘Back to work plan’ would focus on employment support for the unemployed and for those who were economically inactive, particularly for reasons of ill health. Ms Kendall said that Labour would improve mental health services, would recruit “1,000 new careers advisers in schools”, and reform the remit of job centres. This final commitment was included in Labour’s election manifesto, which said it would merge Jobcentre Plus with the National Careers Service to “provide a national jobs and careers service”.<sup>15</sup>

Following the general election, Liz Kendall made her first official visit as secretary of state for work and pensions on 11 July 2024. The accompanying press release from DWP did not mention the review of universal credit, but it said the “three pillars” of the government’s back to work plan were:

- a new national jobs and careers service to help get more people into work, and on in their work

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<sup>13</sup> Keir Starmer, ‘[Personal X account](#)’, 12 February 2020.

<sup>14</sup> Labour List, ‘[Liz Kendall full speech: ‘How we’ll get Britain working again, and follow in the footsteps of Attlee, Wilson and Blair’](#)’, 4 March 2024.

<sup>15</sup> Labour Party, ‘[Labour Party manifesto 2024](#)’, June 2024, p 43.



- new work, health and skills plans for the economically inactive, led by mayors and local areas
- a youth guarantee for all young people aged 18 to 21<sup>16</sup>

### 1.3 Child poverty

The Labour manifesto contended that “child poverty has gone up by 700,000 under the Conservatives, with over 4 million children now growing up in a low-income family”. This claim is based on data in the DWP ‘Households below average income’ statistics, published in March 2024.<sup>17</sup> This showed that in 2010/11 there were 3.6 million children living in households in relative poverty (defined as having an income below 60% of contemporary median income) after housing costs. This compared to 4.3 million children in relative poverty in 2022/23, an increase of 700,000.

Relative poverty is not the only metric that can be used to measure poverty. The previous Conservative government said that it preferred to use absolute poverty, which is defined by the DWP as having an income below 60% of 2010/11 median income held constant in real terms. In March 2024, the Conservative government said it favoured this metric because “relative poverty can provide counterintuitive results [as it] is likely to fall during recessions, due to falling median incomes”.<sup>18</sup> After housing costs, there were 3.6 million children in absolute poverty in 2022/23, the same figure as in 2010/11.

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<sup>16</sup> Department for Work and Pensions, [‘Back to work plan will help drive economic growth in every region’](#), 11 July 2024.

<sup>17</sup> Department for Work and Pensions, [‘Households below average income: For financial years ending 1995 to 2023’](#), 21 March 2024.

<sup>18</sup> House of Lords, [‘Written question: Poverty: Children \(HL3520\)’](#), 27 March 2024.



The Labour manifesto did not provide further detail on how it would reduce child poverty other than by stating that Labour would develop an “ambitious strategy to reduce child poverty” by working with businesses, civil society and local government “to bring about change”.<sup>19</sup>

The Labour manifesto did not commit to abolish the two-child limit in universal credit and child tax credits, which limits payments to the first two children in a household. The two-child limit applies to the third or subsequent children in a household born after April 2017, with some exceptions.<sup>20</sup> Statistics from DWP showed that in April 2023 there were 409,000 households, containing 1.5 million children, that were not receiving additional benefits or payments because at least one child in the household was impacted by the two-child limit policy.<sup>21</sup>

The two-child limit has been criticised for increasing child poverty in the UK.<sup>22</sup> A study by the London School of Economics in 2021 found that almost all the increase in child poverty since 2012/13 could be accounted for by households with three or more children.<sup>23</sup> A separate study in 2022 concluded that the two-child limit had had a negligible impact on incentivising families to have fewer children and instead the main impact of the policy had been to increase child

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<sup>19</sup> Labour Party, ‘[Labour Party manifesto 2024](#)’, June 2024, p 79.

<sup>20</sup> Department for Work and Pensions, ‘[Families with more than two children: Claiming benefits](#)’, 5 March 2021.

<sup>21</sup> Department for Work and Pensions, ‘[Universal credit and child tax credit claimants: Statistics related to the policy to provide support for a maximum of two children, April 2023](#)’, 13 July 2023.

<sup>22</sup> Child Poverty Action Group, ‘[Two-child limit turning the screw on families in cost of living crisis](#)’, 6 April 2023.

<sup>23</sup> Kitty Stewart et al, ‘[A time of need: Exploring the changing poverty risk facing larger families in the UK](#)’, London School of Economics, Centre for Analysis of Social Exclusion, July 2021, p 29.



poverty.<sup>24</sup> The Resolution Foundation think tank has estimated that scrapping the two-child limit would cost £2.5bn in 2024/25, rising to £3.6bn in 2024/25 prices by 2035.<sup>25</sup>

However, the Resolution Foundation claimed that:

These costs are low compared to the harm that the policy causes, and scrapping the two-child limit would be one of the most efficient ways to drive down child poverty rates.<sup>26</sup>

Following the general election, the prime minister, Keir Starmer, was asked about the two-child limit in his first press conference on 6 July 2024. He said that it remained Labour's policy that the limit would not be abolished. He said:

I said some tough things in the [election] campaign, because I meant them [...] The two-child limit is an example of that [...] we intend to have economic stability and we intend to stick to our [fiscal] rules and that's why I can't make a commitment on the two-child benefit.<sup>27</sup>

Mr Starmer said the child poverty reduction strategy included in the manifesto was being developed and more details would be announced in due course.

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<sup>24</sup> Mary Reader et al, '[Does cutting child benefits reduce fertility in larger families? Evidence from the UK's two-child limit](#)', 6 April 2022, p 24.

<sup>25</sup> Resolution Foundation, '[Catastrophic caps: An analysis of the impact of the two-child limit and the benefit cap](#)', January 2024, p 1.

<sup>26</sup> As above.

<sup>27</sup> Evening Standard, '[Keir Starmer press conference in full: Watch new PM speak from Downing Street](#)', 6 July 2024 (video hosted by YouTube).





## 2. Pensions

### 2.1 State pension triple lock

The Labour Party's 2024 general election manifesto committed to "retain the triple lock" for the state pension.<sup>28</sup> The triple lock increases the state pension in line with inflation, average earnings or 2.5%, whichever is greater. The manifesto did not say for how long the triple lock would be retained. However, in April 2024, Keir Starmer said it would be protected "for the duration of the next parliament".<sup>29</sup>

### 2.2 Private pensions reform

The Labour manifesto committed to reforming workplace pensions and to have an overarching pensions review. It stated:

We will adopt reforms to ensure that workplace pension schemes take advantage of consolidation and scale, to deliver better returns for UK savers and greater productive investment for UK PLC. We will also undertake a review of the pensions landscape to consider what further steps are needed to improve pension outcomes and increase investment in UK markets.<sup>30</sup>

The focus on the level of investment that pension funds contribute to the UK economy comes in the context of the 'Mansion House

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<sup>28</sup> Labour Party, '[Labour Party manifesto 2024](#)', June 2024, p 79.

<sup>29</sup> Keir Starmer, '[Personal X account](#)', 28 April 2024.

<sup>30</sup> Labour Party, '[Labour Party manifesto 2024](#)', June 2024, p 29.



reforms' that were announced by the previous Conservative government in 2023.<sup>31</sup> At the Mansion House speech in July 2023, the then chancellor, Jeremy Hunt, announced a range of reforms to defined contribution (DC) and defined benefit (DB) pensions.<sup>32</sup>

DC pensions do not provide a guaranteed pension and instead provide a pot of money which can be used in retirement. DB pensions, which are often workplace pensions, pay a guaranteed pension based on factors such as salary and length of service.<sup>33</sup>

Jeremy Hunt's Mansion House reforms were intended to consolidate the DC and DB sectors and to encourage investment into the economy. Mr Hunt provided more detail about the Mansion House reforms at the 2023 autumn statement. Mr Hunt said:

I now turn to reforms to pension funds that will increase the flow of capital going to our most promising growth companies in a way that also improves outcomes for savers. I will take forward my Mansion House reforms starting with measures to consolidate the industry. By 2030, the majority of workplace defined contribution savers will have their pension pots managed in schemes of over £30bn, and by 2040 all local government pension funds will be invested in pools of £200bn or more [...] These reforms could unlock an extra £75bn of financing for high-growth companies by 2030 and provide an extra £1,000 a year in retirement for an average earner saving from 18.<sup>34</sup>

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<sup>31</sup> HM Treasury, '[Mansion House 2023](#)', 11 July 2023.

<sup>32</sup> For a summary, see House of Lords Library, '[King's Speech 2023: Pensions](#)', 1 November 2023

<sup>33</sup> HM Government, '[Types of private pensions](#)', accessed 8 July 2024.

<sup>34</sup> [HC Hansard, 22 November 2023, cols 330–1.](#)

In response to the 2023 autumn statement, the then shadow chancellor, Rachel Reeves, said that although she broadly supported the Mansion House reforms, Labour would “go further” by:

[...] encouraging investment in British start-up and scale-up firms and introducing measures to ensure the consolidation of pension funds, so that our pensions system gets better returns for savers and for the UK economy.<sup>35</sup>

In January 2024, the Labour Party set out more detail on pensions policy in its publication ‘[Financing growth: Labour’s plan for financial services](#)’. On its plans for an overarching pensions review, the report stated:

In government, Labour will review the current state of the pensions and retirement savings landscape [...] This will mean working with industry and consumer groups to ensure savers are getting the best possible returns, and to identify and tackle the barriers to pension schemes investing more into UK productive assets—including cultural and regulation-induced risk aversion. The review will look across the ecosystem—at all types of pensions and retirement savings plans (defined benefit, defined contribution, and public sector schemes including LGPS [the local government pension scheme]), at corporate sponsors, at asset managers, and at VCs [venture capitalists] and private equity, and set out proposals to bring about an approach that will benefit both UK PLC and UK retirees.<sup>36</sup>

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<sup>35</sup> [HC Hansard, 22 November 2023, col 340.](#)

<sup>36</sup> Labour Party, ‘[Financing growth: Labour’s plan for financial services](#)’, January 2024, p 21.



On achieving greater consolidation across pension schemes, the report stated that Labour would enable schemes to “increase their investments in long-term illiquid assets and therefore deliver higher returns for savers”. For defined contribution schemes, it stated that Labour would:

[...] give the Pensions Regulator (TPR) new powers to bring about consolidation where schemes fail to offer sufficient value for their members, and will ask TPR to provide explicit guidance around fund and strategy suitability, and their expectation of a default cohort investment approach.<sup>37</sup>

In March 2024, Rachel Reeves delivered the Mais lecture, an annual lecture aimed at the finance sector. She reiterated her view that “unlocking private investment” into the UK economy required “institutional reform”, including to the pensions sector.<sup>38</sup> Specifically on pensions policy, Ms Reeves stated:

Although defined benefit pension funds necessarily have portfolios that are increasingly geared towards less risky investments, defined contribution funds are expected to grow to more than £1tn by the end of this decade. But, partly as a result of our fragmented DC landscape, these funds are less invested in productive assets than in many other countries. This means lower returns for British savers, who do not benefit from diversification into private markets, and less patient capital available for growing British firms and our infrastructure. Labour will actively drive forwards DC fund consolidation and will, in government, launch a

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<sup>37</sup> Labour Party, [‘Financing growth: Labour’s plan for financial services’](#), January 2024, p 21.

<sup>38</sup> Labour Party, [‘Rachel Reeves Mais lecture 2024’](#), 19 March 2024.



review of the pension system, to ensure it is serving British savers and UK PLC.<sup>39</sup>

## 2.3 Mineworkers' Pension Scheme

The Labour manifesto stated that a Labour government would:

[...] end the injustice of the Mineworkers' Pension Scheme. We will review the unfair surplus arrangements and transfer the investment reserve fund back to members, so that the mineworkers who powered our country receive a fairer pension.<sup>40</sup>

This policy relates to an ongoing controversy over the way the surplus of the Mineworkers' Pension Scheme (MPS) is divided between its members and the government. When British Coal was privatised in 1994 the government made an agreement with the trustees of the MPS.<sup>41</sup> At that time the scheme was in surplus (the value of its assets was higher than the expected costs of pensions benefits). The scheme was closed to new members and 50% of the surplus was used to enhance members' pension benefits. The remaining 50% was put into an investment reserve fund, to be used if the scheme went into deficit. If not needed, the funds would be transferred to the government over time. In return, the government provided a guarantee that the value of pensions benefits would not decrease.

In subsequent years, members of the coalmining community and MPs

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<sup>39</sup> Labour Party, '[Rachel Reeves Mais lecture 2024](#)', 19 March 2024.

<sup>40</sup> Labour Party, '[Labour Party manifesto 2024](#)', June 2024, p 55.

<sup>41</sup> House of Commons Library, '[Miners and mining communities](#)', 8 May 2024, p 4.



representing those constituents have called for a review of the surplus-sharing arrangements.<sup>42</sup> In 2021, the House of Commons Business, Energy and Industrial Strategy Committee launched an inquiry into the MPS. The committee’s final report concluded that the government had been “negligent in not taking actuarial advice” during the 1994 negotiations.<sup>43</sup> The committee said that the government had “profited greatly” from the scheme and its entitlement to 50% of surpluses was “not proportionate to the degree of financial risk [the government] actually faces”. The committee concluded that the government should relinquish its entitlement to the investment reserve, which then totalled £1.2bn, to provide “an immediate cash uplift to former miners”.

In response to the committee’s report, the trustees of the MPS stated that they supported its recommendations.<sup>44</sup> However, Boris Johnson’s Conservative government responded to the report by stating that it rejected the recommendation to alter the share-surplus agreement. The government response claimed that trustees of the MPS “would prefer to retain the [government] guarantee rather than take 100% of future surpluses”.<sup>45</sup>

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<sup>42</sup> See [HC Hansard, 7 March 2003, cols 1278–80W](#); and House of Commons Business, Energy and Industrial Strategy Committee, ‘[Letter from Stephanie Peacock MP](#)’, 23 December 2020.

<sup>43</sup> House of Commons Business, Energy and Industrial Strategy Committee, ‘[Mineworkers’ Pension Scheme](#)’, 29 April 2021, HC 1346 of session 2019–21, p 3.

<sup>44</sup> Mineworkers’ Pension Scheme, ‘[Business, Energy and Industrial Strategy Committee inquiry](#)’, accessed 5 July 2024.

<sup>45</sup> House of Commons Business, Energy and Industrial Strategy Committee, ‘[Mineworkers’ Pension Scheme: Government response to the committee’s sixth report of session 2019–21](#)’, 5 July 2021, HC 386 of session 2021–22, p 4.



## 2.4 Pensions policies not included in the Labour manifesto

During the general election campaign, a spokesperson for Rachel Reeves said that Labour had “no plans to change pension tax relief”.<sup>46</sup> The manifesto also did not include a commitment to reinstate the pensions lifetime allowance.

The lifetime allowance was a limit on the amount people could build up in pension schemes over their lifetime and still receive tax relief. Its abolition was announced in the 2023 spring budget, which removed the tax charge for exceeding the lifetime allowance from 6 April 2023.<sup>47</sup> The allowance was fully abolished in the Finance Act 2024, taking effect from April 2024. At the time of the 2023 spring budget, Keir Starmer said the blanket abolition of the limit, which was intended to keep doctors in work, was a tax break for the “richest 1%” and it showed the Conservative government had the “wrong priorities”.<sup>48</sup> However, during the general election campaign the Financial Times reported that Rachel Reeves had abandoned plans to reintroduce the lifetime allowance and it was not included in Labour’s manifesto.<sup>49</sup>

The manifesto also did not commit to provide compensation to women born in the 1950s who had been affected by changes to the state pension retirement age. A long-running campaign has been run by the Women Against State Pension Inequality (WASPI)

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<sup>46</sup> George Parker and Josephine Cumbo, [‘Rachel Reeves has ‘no plans’ to revisit UK pension tax’](#), Financial Times (£), 5 June 2024.

<sup>47</sup> House of Commons Library, [‘Pension tax relief: The annual allowance and lifetime allowance’](#), 9 April 2024.

<sup>48</sup> BBC News, [‘Budget 2023: Pensions tax cut for all is wrong, Labour leader says’](#), 16 March 2023.

<sup>49</sup> George Parker and Josephine Cumbo, [‘Labour abandons plans to bring back cap on tax-free pensions savings’](#), Financial Times (£), 9 June 2024.



organisation. The campaign group has claimed that up to 3.8 million women born since 1950 have been treated unfairly by changes to the state pension age that were introduced without sufficient notice.<sup>50</sup>

In March 2024, the Parliamentary and Health Service Ombudsman published the report of its inquiry into complaints by women affected by this issue.<sup>51</sup> It found that the DWP had failed to adequately communicate changes to the state pension age. Although the report found that the women had suffered no direct financial loss, maladministration by the DWP had resulted in them “losing opportunities to make informed decisions” about their finances.<sup>52</sup> The report recommended that the affected women should each receive compensation in the range of £1,000 to £2,950.<sup>53</sup>

The Labour manifesto did not include a commitment to pay the compensation. It was reported that Rachel Reeves had said at a press conference in June 2024:

I recognise that injustice [for the WASPI women]. There are lots of things that a Labour government might like to do, but the state of the public finances and the dire need in our public services means that we won't be able to do everything that we might like to do. Our manifesto will be published shortly, but I've said we won't put forward anything that is not fully costed and fully funded, and I have not set out any money for this [the compensation].<sup>54</sup>

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<sup>50</sup> Women Against State Pension Inequality, '[1950s women unfairly prejudiced by state pension age changes](#)', accessed 8 July 2024.

<sup>51</sup> Parliamentary and Health Service Ombudsman, '[Women's state pension age: Our findings on injustice and associated issues](#)', 21 March 2024, HC 638 of session 2023–24.

<sup>52</sup> As above, p 8.

<sup>53</sup> As above, p 88.

<sup>54</sup> Terry Murden, '[Reeves: No tax relief changes, no cash for Waspi](#)', Daily Business, 4 June 2024.



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