

**Autumn Statement** Nov 21 2023

## Autumn Statement should 'channel Isa funds into domestic markets'

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"Revolution, not evolution" is needed in the Autumn Statement (Chris Ratcliffe/Bloomberg)

By **Tom Dunstan**



The chancellor should use the Autumn Statement to incentivise Isa funds to "back Britain", according to Baroness Ros Altmann.



In a recent blog post, Altmann stated that “revolution, not evolution” is needed in the Autumn Statement to ensure more domestic long-term investment will boost British growth.

To achieve this, Altmann stated that it “makes sense” to consider requiring next year’s tax-free Isa allowances to be invested exclusively in UK markets, the original remit of “Personal Equity Plans”.

She suggested that the chancellor could launch an overarching Isa investment product to replace the current range of different Isas.

“This could be called the ‘Great British Isa’ that invests in British markets in coming years, to revive domestic support for our economy,” she said.

### **Pension relief**

Additionally, she advised that the government should consider removing reliefs from future pension contributions which do not invest a minimum proportion in UK markets.

Altmann explained that more than 25 per cent of all pension funds effectively come from British taxpayers.

Therefore, she thought it was “reasonable” to suggest significant amounts of new contributions each year should be invested into domestic markets or assets, in exchange for government subsidies.

“Investors wanting the freedom to invest more abroad, because they believe they will earn better returns, would be free to do so, but without extra money from other taxpayers,” she explained.

“Those pension providers or trustees who believe they should not have to put any specific amount into UK markets, would then have to be confident that non-UK investments, without taxpayer subsidy, will still outperform UK markets.”

She added that this does not mandate them to alter their past asset allocations, but would ensure future flows are more directed to the UK.

## **LGPS**

Altmann also suggested that local government pension scheme assets should do more to boost national and local growth.

She explained that such schemes have a direct interest in delivering a strong domestic growth and helping taxpayers more easily afford to underwrite the schemes.

Altmann also suggested that the chancellor’s suggested Mansion House reforms are “not ambitious enough”.

This comes after the chancellor said his Mansion House reforms aim to unlock £25bn of LGPS assets to invest in unlisted growth companies by 2030.

“With hundreds of billions of pounds of assets in these schemes, there is so much more domestic investment that could be funded,” she explained.

“I believe local authority pension funds could be harnessed to boost local housing projects across the country, to improve business conditions and infrastructure across the regions.”

She added that these assets could form part of a larger national investment fund that invests in infrastructure, housing and environmental protection.