

## Statement from Gina Miller Ahead of Rachel Reeves' Budget Statement

25 March 2025

It's undeniable that the government faces the pressing need for more funding for public services, defence, and economic growth. However, targeting the most vulnerable in society should never be on the table when more practical and fairer solutions are available.

During my campaign in the 2024 General Election, I put forward a policy platform that would not only raise billions for the public good but do so with fairness at their core:

- **Equalising capital gains with income tax rates** – potentially raising up to £15.2 billion annually.
- **Introducing a 1-2% wealth tax on assets over £10 million** (excluding primary residences), bringing in an estimated £22 billion per year.
- **Closing the tax gap by investing in HMRC** - the UK's tax gap stands at 5.1%, which HMRC estimates is equivalent to a £32bn loss in tax receipts. For every £1 given to HMRC they could bring in £3 of taxes being avoided at present.
- **Implementing an 'Amazon tax'** – a transaction tax on online sales that could generate £10.5 billion annually from online card transactions.

**These policies alone would generate an estimated £50+ billion in revenue - ten times the amount the government is reportedly seeking to raise by cutting disabled benefits.**

The immoral and unjustifiable targeting of the most vulnerable must be rejected outright in favour of fairer, more effective alternatives.

There are also other political choices that the government have in terms of controlling welfare spending and boosting desperately needed economic growth.

### **Sustainable Pension Reform for Public Investment**

Beyond tax reforms, Rachel Reeves should be reforming the UK's pension system, holding **£3 trillion in assets**, which has seen a drastic reduction in UK equity investments over the past two decades. It would be a pragmatic and fiscally prudent for the government to unlock the potential of pension

funds to support the UK economy, while securing better returns for pensioners. To achieve this, we propose:

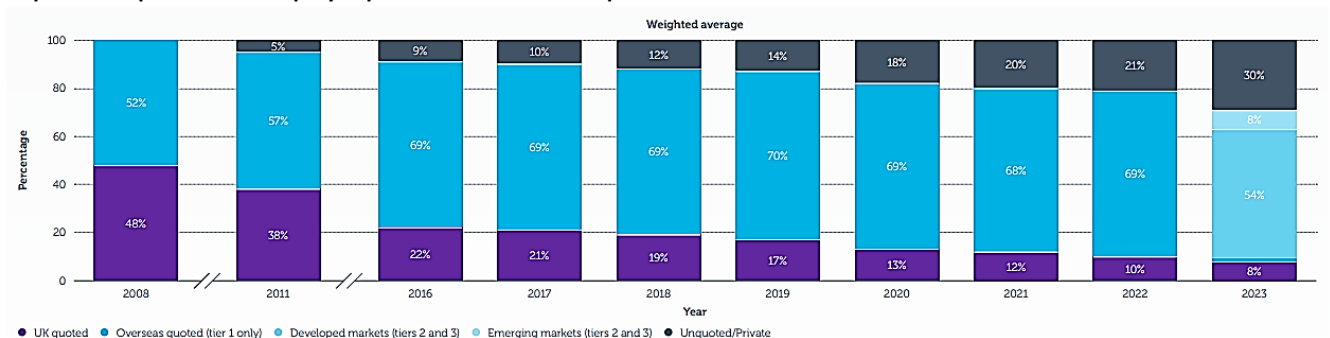
- **Consolidating smaller pension schemes** into larger, more efficient funds, following successful models in Canada and Australia.
- **Incentivising UK investment**, requiring pension funds to allocate a greater share of their assets to domestic infrastructure, startups, and growth-oriented enterprises, rather than disproportionately investing overseas.
- **Regulatory reforms** to remove barriers preventing pension funds from contributing to national investment priorities while balancing fiduciary responsibilities.

If MPs’ own pension funds led by example, moving from their current **1.3% UK equity allocation to a 10% allocation**, it would inject an additional **£68 million into UK listed businesses**. If scaled across the wider pension system, this approach could drive **billions in domestic investment** without increasing the tax burden on ordinary citizens.

### Mandatory Rule for Pension Funds

The government should introduce a requirement for pension funds to maintain at least 20% equity exposure in UK listed equities to retain their tax-advantaged status. This would simply return pension funds to their historic UK equity allocation.

Proportion of pension fund equity exposure invested in UK equities



Source: 2023 Purple Book

### Capital Inflow into UK Equities

The total market capitalisation of the FTSE 100 is approximately £2.1 trillion. The weighted average proportion of pension fund equities invested in UK quoted stocks has fallen to 7.6% in 2023 as compared to 48.2% in 2008.

As of 30 September 2023, the market value of private sector defined benefit and hybrid (DBH) pension schemes were £1,123bn, and the market value of private sector defined contribution (DC) and public sector DBH pension schemes £741bn making £1,864bn overall.

**An increase to a minimum UK equity exposure of 20% of the overall equity exposure, would direct an estimated £41.6bn into UK equities, equivalent to about 2% of the current FTSE 100 market capitalisations, with would significantly boost market liquidity and stability.**

## Reforming the Pension Triple Lock

Without reform, many experts predict the triple lock risks becoming unsustainable over the long term, resulting in an ever-growing burden on younger taxpayers and public finances. As the UK population ages, and more people draw pensions for longer, the cost of the state pension rises. Locking it to the most generous of three measures (inflation, wages or 2.5%) regardless of economic context is not fiscal responsible.

### Recommended Reforms:

Based on research and recommendations from the highly respected Institute of Fiscal Studies (IFS), the Rachel reeves should scrap the triple lock and replace it with a 'double lock' system that emphasises average earnings, with inflation providing a minimum floor for state pension increases.

As the IFS projects, the triple lock *'could easily cost anywhere between an additional £5 billion and £40 billion per year in 2050 in today's terms.'* Whilst I agree with Liz Kendall that it is imperative that we have a secure and sustainable state pension system that continues to serve future generations of pensioners, the Chancellor should also act decisively to:

- **Introduce a "Double Lock Plus":** Replace the triple lock with a double lock that raises pensions by the higher of inflation or earnings, while retaining a discretionary top-up when needed to protect pensioner living standards.
- **Smooth Earnings Volatility:** Use a rolling average of earnings growth over three years to reduce sudden spikes or drops from one-off anomalies, as seen during the pandemic recovery.
- **Means-Tested Top-Up:** Introduce targeted top-ups for low-income pensioners via pension credits, rather than across-the-board increases, ensuring support reaches most in need.

- **Cap Annual Increases:** Place an annual cap on state pension increases to prevent runaway costs during periods of high inflation or earnings growth.
- **Independent Review Mechanism:** Establish an independent advisory body to assess economic conditions and recommend annual pension uprating levels, similar to the Low Pay Commission for the minimum wage.

These reforms would help create a more balanced, fair, and sustainable state pension system - protecting pensioners from hardship whilst also ensuring inter-generational fairness and fiscal responsibility.

Based on the above, the government does have choices to address the fiscal black hole, raise much needed finances, increase confidence and stability and boost growth.

**Unless Rachel Reeves seizes this moment to make bold, fair, and sustainable fiscal choices, rather than face the prospect of having to raise taxes and bring in more spending cuts in the Autumn, creating an economic 'doom loop', that inevitably punishes millions of people whilst leaving vast untapped resources untouched.**

For more information, or to contact Gina Miller, see below:

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