

FINANCIAL AND PROFESSIONAL SERVICES

MACRO ANALYSIS

Despite the brief interruption of a heckler, there will be sighs of relief after today's launch of Labour's manifesto. As predicted there were no surprises and many of the big policies had been briefed well in advance. What it demonstrates is quite how serious Sir Keir is about winning the election and reassuring the swing voters he needs for a healthy majority.

The five 'missions' are padded out a little but the focus is undeniably one of economic growth and reassurance that Labour can be trusted on the economy. Will everyone be happy with the manifesto? Well no, there are already grumblings on the left of the party that it's not radical enough. But as Sir Keir made abundantly clear in the Sky News debate last night – his priority is country not party, and today's manifesto is a clear reflection of this mantra.

Jennifer Gerber, Senior Political Advisor,
WA and former Labour Special Advisor

POLICY ANALYSIS

A Partner for Growth

The 2024 Labour manifesto outlines in black and white the transformation that has taken place in the relationship between the party and financial and professional services (FPS) over the last five years.

You don't open a Labour manifesto and expect to read phrases like, "Financial services are one of Britain's greatest success stories" and "Britain's world-leading financial services industry".

This reset has not happened over night. Those who work in the Financial and Professional Services sector know it has been driven, most notably by the hard work and engagement of Rachel Reeves and Jonathan Reynolds.

This reset has also not happened by chance. It goes to the core of Labour's manifesto and the first of its five missions in government, focused on economic growth. From infrastructure investment, supporting people to save for their retirements, creating the new jobs of the future through innovation, to supporting the transition to NetZero, Labour recognises the partnership it will need with the Financial and Professional Services sector.

While the manifesto is light on detail, much of which has been previously published in Labour's '[Financing for Growth](#)' plan for financial services, it signals a focus on the journey from Open Banking to Open Finance, making the UK the green finance capital of the world, and committing to a pensions landscape review to examine pension outcomes and increase investment in the UK.

The sector will be pleased that a Labour government is committed to one major fiscal event each year, and the publication of a roadmap for business taxation, but private equity will want to see detail of changes to carried interest, and the door has been left open to a rise in Capital Gains Tax in the next Parliament.

One point of note for FPS is that the manifesto makes several references to the country remaining "too centralised", and as Labour attempts to increase the pace of devolution, it will expect the Financial and Professional Services sector to lean into its first mission to create "good jobs and productivity growth in every part of the country making everyone, not just a few, better off."

To discuss WA's manifesto analysis and what it means for your organisation, please email **Tom Frackowiak**, Head of Financial & Professional Services at tomfrackowiak@wacomms.co.uk.

HEADLINE POLICY ANNOUNCEMENTS

Investment & Growth

- Labour will establish a National Wealth Fund. Capitalised with £7.3 billion over the course of the next Parliament, the National Wealth Fund will have a remit to support Labour's growth and clean energy missions, making transformative investments across every part of the country. The fund will have a target of attracting three pounds of private investment for every one pound of public investment, creating jobs across the country.
- Labour will ensure the institutional framework for policy making reflects its net zero and carbon budget commitments. The Conservatives' decision to prevent the Bank of England giving due consideration to climate change in its mandates will be reversed.
- Labour will make the UK the green finance capital of the world, mandating UK-regulated financial institutions – including banks, asset managers, pension funds, and insurers – and FTSE 100 companies to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement.
- Labour will improve guidance and remove barriers to exporting for small businesses. Reform of the British Business Bank, including a stronger mandate to support growth in the regions and nations, will make it easier for small and medium sized enterprises to access capital.

Innovation & Regulation

- Labour will create the conditions to support innovation and growth in the sector, through supporting new technology, including Open Banking and Open Finance and ensuring a pro-innovation regulatory framework.
- Labour will take action on late payments to ensure small businesses and the self-employed are paid on time.
- Labour will create a new Regulatory Innovation Office, bringing together existing functions across government. This office will help regulators update regulation, speed up approval timelines, and co-ordinate issues that span existing boundaries.
- Labour will aim to double the size of the UK's co-operative and mutuals sector and work with the sector to address the barriers they face, such as accessing finance.

Pensions Reform

- Labour will also act to increase investment from pension funds in UK markets and 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.

- Labour 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.
- Labour will retain the triple lock for the state pension and will also adopt reforms to workplace pensions to deliver better outcomes for UK savers and pensioners.

Taxation

- Labour is committed to one major fiscal event a year and will publish a roadmap for business taxation for the next Parliament which will allow businesses to plan investments with confidence.
- Labour will cap Corporation Tax at the current level of 25 per cent, the lowest in the G7, for the entire parliament, and will act if tax changes in other countries pose a risk to UK competitiveness.
- Labour will scrap short funding cycles for key R&D institutions in favour of ten-year budgets that allow meaningful partnerships with industry to keep the UK at the forefront of global innovation.

WA ADVISORY BOARD ANALYSIS

As predicted, the manifesto has no surprises but does drill down on Labour's laser-like focus on promoting economic growth and being seen as pro-business. Oft repeated warm words about FS being one of the country's success stories is followed by a commitment to ensuring a pro-innovation regulatory framework. Yet again we see nothing new, but a steely discipline to prove the party can be trusted on the economy and understand what is needed – and it's growth, growth and more growth!

Jennifer Gerber, Senior Political Advisor,
WA Communications and former Labour
Special Advisor

It matters that Labour has made financial services prominent in the section on industrial strategy. It is a positive signal not least from Rachel Reeves' team.

Sir Philip Rutnam, Chair of the Advisory Board,
WA Communications

The manifesto states that financial services are one of Britain's greatest success stories adding that "Labour will create the conditions to support innovation and growth in the sector, through supporting new technology ... and ensuring a pro-innovation regulatory framework". The details of that framework are still to be worked out but the positive words are genuine. A Labour government needs a thriving financial sector if it is to achieve growth, Starmer's top priority.

Steve Richards, Senior Adviser, WA Communications