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INDEPENDENT FINANCIAL ADVISERS

Election Round-up

12 July 2024



One week on, as the dust settles on Labour's landslide victory, the new government have wasted no time getting to work.

On Friday, Keir Starmer appointed key cabinet members. As expected, Angela Rayner was appointed Deputy Prime Minister, while Rachel Reeves moves into 11 Downing Street as Chancellor of the Exchequer. Other key appointments in the new Labour government include David Lammy (Foreign Secretary), Yvette Cooper (Home Secretary), John Healey (Defence Secretary), Bridget Phillipson (Education Secretary) and Wes Streeting (Health Secretary). Liz Kendall has been appointed as the new Secretary of State for Work and Pensions.

Reeves is expected to announce the date of the Autumn Budget before Parliament's summer recess. The incoming Chancellor previously confirmed Labour would not hold a Budget without an independent forecast from the Office for Budget Responsibility (OBR), who need ten weeks' notice to prepare.

The first Budget of the newly elected government will prove crucial as it sets out its stall for personal finances, potentially confirming manifesto pledges on taxes, benefits and allowances that will shape the economic landscape for individuals, families and businesses.

"Work has already begun"

In his first few days in power, Mr Starmer said *"work has already begun"* to improve relationships with the EU, deploying David Lammy on a whirlwind tour to meet with his Foreign Secretary counterparts in Germany, Poland and Sweden, while he embarked on a two-day tour of the

four nations of the UK. He met John Swinney, the First Minister of Scotland, in Edinburgh in a bid to *"reset"* the relationship between the Scottish and UK governments, before arriving in Northern Ireland, then Wales to meet First Minister Vaughan Gething. He then returned to the capital and welcomed his 412 MPs to Westminster.

The House of Commons reconvened on Tuesday where the Prime Minister and other party leaders gave speeches ahead of the lengthy swearing in of MPs. In his first speech to the House as PM Keir Starmer said he intended to *"put an end to politics that has too often seemed self-serving"* replacing it with *"the politics of service."*

Next stop for the new PM was a trip to Washington for the 75th anniversary summit of the NATO defence alliance, his first international trip as UK leader, where talks with Joe Biden were an opportunity to recommit to the alliance and the *"special relationship"* between the US and UK. Whilst at the Summit, further support was agreed for Ukraine. The PM confirmed a continuation of the £3bn military aid from the UK, he has also signaled an intention to form a new security pact with EU nations to enhance defence co-operation.

Reeves speech

The new Chancellor gave her first speech this week, where she outlined a series of proposed changes to *"get Britain building again"* and the economy on track, declaring, *"growth requires hard choices, choices that previous governments have shied away from, and it now falls to this new Labour government to fix the foundations."*

Setting out a raft of housing reforms, Ms Reeves said the government would restore housebuilding targets, overhaul the planning system and build 1.5 million homes in England. The Chancellor pledged to take *"difficult decisions"* on the economy to speed up infrastructure projects and unlock private investment. She made a commitment to use the pension system to drive investment and suggested alignment with Jeremy Hunt's plans to encourage pension schemes to invest in UK equities, saying, *"We will turn our attention to the pensions system to drive investment in homegrown British business and to deliver greater returns for pension savers."*

The Chancellor also said the government had no intention of increasing VAT, National Insurance and the basic or higher rates of Income Tax.

A key campaign pledge, the government also launched a National Wealth Fund (NWF) this week, pledging £7.3bn in funding to attract private investment into UK infrastructure, aligning the UK Infrastructure Bank and the British Business Bank.

On Thursday, positive economic growth data for May from the Office for National Statistics (ONS) supported the FTSE 100, and sterling rose to its highest level against the US dollar since March.

We're here to help

We will keep a close eye on developments likely to impact your finances over the coming months. Looking after your financial future remains a priority. Please get in touch if you have any questions.

***The value of investments can go down as well as up and you may not get back the full amount you invested.
The past is not a guide to future performance and past performance may not necessarily be repeated.
All details are correct at time of writing (12 July 2024)***