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News in Review

24 July 2024

"I am determined to create wealth for people up and down the country"



The government's legislative agenda was set out in the King's Speech last Wednesday. Delivered at the State Opening of Parliament, the government set out a package of bills it intends to introduce to Parliament in the coming sessions and months, in addition to outlining various policy priorities which don't require legislation.

As anticipated, the government continued its theme of growth, with Prime Minister Keir Starmer saying the focus of the Speech was on national renewal and growing the economy, reiterating his intention to "take the brakes off Britain," before adding, "I am determined to create wealth for people up and down the country - it is the only way our country can progress, and my government is focused on supporting that aspiration."

In addition to widely expected bills including those on employment rights, planning and infrastructure, immigration and border security, devolution, renters' rights, nationalising rail and bus services, climate change, reforming the House of Lords and the National Wealth Fund (NWF), a new Pension Schemes Bill was announced and confirmation of the manifesto pledge to add 20% VAT on private school fees to fund 6,500 new teachers.

The Pension Schemes Bill is intended to improve outcomes for people in retirement, aiming to support over 15 million people save more in their private sector pension schemes, ensuring the average earner has over £11,000 more in their pension pot by the time they retire. Measures include addressing

poorly performing default funds and consolidating multiple small pension pots.

Former Pensions Minister, Steve Webb, commented on the bill, saying it "very much represents 'business as usual' when it comes to pensions policy. There appears to be nothing in the legislation that so far represents a distinctively 'Labour Party approach' to pensions, and a Conservative minister could happily have brought forward this legislation." He continued, "It will take time before we see how the new government's agenda differs from that of its predecessor, but this does mean that any distinctive policies will have to await legislation later in this Parliament and may take time to have effect."

Over the weekend, Chancellor Rachel Reeves announced a landmark pensions review which will include unlocking the investment potential of the £360bn Local Government Pensions Scheme and a review of the £2bn spent on associated fees. The Chancellor commented "The review we are announcing is the latest in a big bang of reforms to unlock growth, boost investment and deliver savings for pensioners. There is no time to waste."

New law – OBR power

To avoid a repeat of the September 2022 mini-Budget, when previous Chancellor Kwasi Kwarteng announced £45bn of unfunded tax cuts, a new bill was announced to prevent any future government from sidelining the UK's independent forecaster, the Office for Budget Responsibility (OBR), from assessing its economic plans. Powers will be given to the OBR to make judgements on any major taxation or spending announcements, with the intention of

improving investor confidence and boosting economic growth.

Inflation news

New data from the Office for National Statistics (ONS) has shown that Consumer Prices Index (CPI) inflation held steady at 2.0% in June, replicating the 2.0% recorded in May. The latest figures show the largest downward contribution came from clothing and footwear.

Director of Insight at the British Retail Consortium, Kris Hamer, commented, "While we should celebrate the end of high inflation, which has dogged the UK for two years, many of the factors that caused it lurk in the background. Energy prices have fallen from peak, but the UK's reliance on imported energy remains a vulnerability. Similarly, the impact of climate change on harvests at home and abroad, as well as rising geopolitical tensions, could increase commodity prices and translate into higher inflation in the future."

Biden ends re-election campaign

On Sunday Joe Biden announced that he will not run for re-election in November, saying, 'It has been the greatest honor of my life to serve as your President. And while it has been my intention to seek re-election, I believe it is in the best interests of my party and the country for me to stand down and to focus solely on fulfilling my duties as president for the remainder of my term.' Joe Biden has endorsed Kamala Harris for President.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

**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 (24 July 2024)**