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News in Review

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"It's time to back Britain"

Keir Starmer vowed on Monday to rip up investment-blocking red tape and make regulation *"fit for the modern age"* as he wooed global business leaders in the hope of attracting companies to invest billions of pounds in Britain.

Addressing the International Investment Summit, the Prime Minister said *"It's time to upgrade the regulatory regime, make it fit for the modern age, harness every opportunity available to Britain. We will rip up the bureaucracy that blocks investment. We will march through the institutions and make sure that every regulator in this country – especially our economic and competition regulators – take growth as seriously as this room does…It's time to back Britain."*

The government said the Summit had secured a total of £63bn of investment pledges into the British economy.

Employment Rights Bill

Last Thursday, the government unveiled a major reform package to modernise UK employment law, aimed at enhancing workers' rights. The proposed legislation will introduce 28 policies, including immediate rights for new employees, abolishing 'fire and rehire' practices, and overhauling trade union laws. However, many changes will not take effect until 2026, pending consultation on issues like zero-hours contracts, Statutory Sick Pay and trade union updates. The reforms extend probation periods for new hires to nine months. While the package has been welcomed by trade unions, some business groups are reported to be concerned about how the reforms would work in practice and there are fears some may be put off hiring new staff. A new Fair Work Agency will be established to enforce the rules, but its effectiveness is likely to depend on funding levels and resources. Full implementation of the package is expected to take years.

Growth in UK economy

Figures from the Office for National Statistics (ONS) released on Friday showed that the UK economy grew by 0.2% in August following two months of stagnation. The figure was in line with economists' forecasts and was helped by broad-based expansions in services, manufacturing and construction. This growth came after zero growth in both June and July but marked a slowdown from the start of 2024. Breaking down the figures – services output grew by 0.1% in August, production was up by 0.5% and construction expanded by 0.4%. Ashley Webb, Economist at Capital Economics, said the expansion in August, after the economy had failed to grow in three of the four previous months, *"Lends some support to our view that a mild slowdown in GDP growth in the second half of this year is more likely than another recession."*

Sustained uplift in housing market

The latest Royal Institution of Chartered Surveyors (RICS) housing market statistics have returned positive readings for demand, sales and new listings. In relation to demand, a headline net balance of +14% of respondents recorded an increase in new buyer enquiries.

Meanwhile, for sales volumes, the aggregate net balance reading was +5%. Looking ahead, a net balance of +23% expected sales volumes to rise over the next three months. Together with the uplift in demand, there was an increase in new listings coming to the sales market, with a net balance of +22% of contributors reporting a rise in new instructions to sell. The average number of properties available per branch rose to 44.6 in September, which is the highest level recorded by the survey since December 2020. Additionally, the number of market appraisals undertaken over September was above levels seen 12 months ago.

Slowing wage growth

ONS data released on Tuesday showed that pay grew at its slowest rate (4.9%) for more than two years between June and August, leading to speculation that there may be a cut to Bank Rate when the Bank of England's Monetary Policy Committee next meets in November. The figures also showed the unemployment rate fell to 4% (down from 4.1% in the previous three-month period) and the rate of people considered to be 'economically inactive' – which is defined as those aged between 16 to 64 years old who are not in work or looking for a job – dropped to 21.8%.

Here to help

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