Financing growth

Labour's plans for financial services

Citypress

The numbers influencing the political landscape:

12%
OF THE UK'S ECONOMIC OUTPUT COMES FROM FINANCIAL SERVICES

2/3
OF THE 2.5 MILLION FINANCIAL SERVICES JOBS ARE OUTSIDE LONDON

£35bn
INVESTED IN MORE THAN 1,800 COMPANIES BY UK PE FUNDS

36%
INCREASE IN THE NUMBER OF CONTACTLESS PAYMENTS IN A YEAR

37%
OF LABOUR VOTERS THINK FINANCIAL SERVICES ARE VERY IMPORTANT FOR THE ECONOMY

£1.4 tr
HELD IN UK PENSION ASSETS

28%
OF LABOUR VOTERS BELIEVE FINANCIAL SERVICES COMPANIES BEHAVE UNETHICALLY

89%
OF INVESTORS TAKE ESG FACTORS INTO ACCOUNT WHEN MAKING INVESTMENT DECISIONS

40%
FALL IN IPO PROCEEDS ON THE LONDON STOCK MARKETS IN 2023

Sources: HM Treasury, The City UK, YouGov , The Pensions Regulator, Capital Group, EY

Mission driven government

The Government has promised to focus on measurable, long-term challenges with an approach to government that is more joined up, more local, and which harnesses technology. As part of this, they have identified five Missions:

1) **Kickstart economic growth** by securing the highest sustained growth in the G7 – with good jobs and productivity growth in every part of the country.

2) **Make Britain a clean energy superpower** by cutting bills, creating jobs and delivering security with cheaper, zero-carbon electricity by 2030, accelerating to net zero.

3) **Take back our streets** by halving serious violent crime and raising confidence in the police and criminal justice system to its highest levels.

4) **Break down barriers to opportunity** by reforming our childcare and education systems, to make sure there is no class ceiling on the ambitions of young people in Britain.

5) **Build an NHS fit for the future** that is there when people need it; with fewer lives lost to the biggest killers; in a fairer Britain, where everyone lives well for longer.

Labour's plans for financial services

Labour spent their time in opposition on a charm offensive in the City, describing the sector as "one of Britain's greatest success stories". Now, with "securonomics" providing the intellectual underpinnings of Starmer's Labour Party, low investment in UK companies, and little public money to pay for their broader policy platform, the focus on financial services looks set to stay. Labour's plans are mainly a continuation of work the City, regulators, Labour's policy team or the last Conservative Government were all developing. However, with the Government playing nice, they will be expecting quick evidence of the sector stepping up to finance growth."

Tom Anelay, Head of Public Affairs, Citypress

Consumer protection

As technology continues to drive substantial innovation in the financial services sector, the Government must balance industry's increasing role as a global leader in fin-tech with consumer protections and market regulation. From digital currencies to contactless payments, buy-now-pay-later to lifetime mortgages, the sector continues to evolve the way it serves the market with new products and services. City Minister Tulip Siddiq will need to retain the support of the City's leading players to support growth across the UK, while addressing the so-called 'bad actors' she has identified with new regulation and consumer protections.

Confirmed policies include:

- Creating a national financial inclusion strategy
- Regulating the Buy Now Pay Later sector
- Introduce new regulatory frameworks to allow anti-fraud data sharing
- Updating the UK's bank recapitalisation regime
- Replacing the Financial Reporting Council with the Audit, Reporting and Governance Authority
- Setting up local banking hubs

Innovation

Despite drops in deal volume and investments in UK fintech companies, the sector is still attracting significantly more investment than its European competitors, with the UK's regulatory, legal and professional services sectors all adding to the UK's appeal. Labour are well aware of the need to keep the City globally competitive and at the forefront of innovation and have promised to continue with many existing pro-innovation projects, from Central Bank Digital Currencies to tokenised guilts. Their challenge will be spreading investment and enthusiasm beyond the square mile to generate meaningful opportunities for growth across the UK's regions and nations.

Confirmed policies include:

- Launching the Regulatory Innovation Office
- Establishing a tokenisation regulatory regime
- Explore a pilot issuance of tokenised gilts via the Debt Management Office
- Continue with designing a UK CBDC

Investment

There is limited headroom in the public purse to drive the Government's growth agenda, so Labour are looking at ways to ensure private finance is used to bolster is aims. From investment in housing developments and clean energy, to boosting investment in British companies through the reform of pension and savings rules, HM Treasury are looking for new ways to fund their Missions.

Confirmed policies include:

- Tracking and publishing green finance flows
- Continuing with the UK Green Taxonomy
- Allowing banks and insurers to issue bonds secured against green infrastructure
- Setting up the National Wealth Fund
- Increasing pension consolidation
- Undertaknig a pensions review
- Establishing a British Tibi scheme
- Simplifying the ISA landscape

Key figures

The sector is under broad scrutiny and influence from many groups representing multiple interests. The challenge and opportunity for brands and businesses is to engage with those that can meaningfully shape the policy landscape. Here are just a few that will continue to have an important voice.

Rachel Reeves (Chancellor)

The former Bank of England and HBOS economist is the intellectual force behind Labour's programme of government and is fittingly holding the purse strings as the first female Chancellor in 800 years. Given a huge amount of freedom by Keir Starmer, Reeves is at the heart of every Department's work to drive growth through an active state.

Lord Livermore (Financial Secretary to the Treasury)

The long time Labour strategist, whose early career included spells working as a special adviser in Gordon Brown's Treasury, has been at the heart of backroom politics for decades. Having also spent spells in industry, including at Mckinsey's European Banking Practice, the peer is now titled as 'Growth Minister', holding responsibility for ensuring that financial services are working for the economy.

Darren Jones (Chief Secretary to the Treasury)

Having made his name in politics as a tenacious head of the Business Select Committee, Jones has been given responsibility for some of the most challenging tax and spend issues facing the Government. His in tray includes welfare reform, public sector pay and pensions, housing and planning, tax credits and the ticking time bomb of pensions. Expect to see him on the news a lot.

Sir Ron Kalifa (Kalifa Review author)

The Senior Independent and Director at the Bank of England and author of the Kalifa Review of UK Fintech was already advising Labour in opposition.

Meg Hillier (former Public Accounts Committee Chair)

The former Public Accounts Committee Chair is widely tipped as the frontrunner to Chair the Treasury Select Committee.

Sir Tom Scholar (former Permanent Secretary to the Treasury)

Having been fired by Liz Truss ahead of her mini-Budget, the widely respected former civil servant is now in the private sector where his voice may be heard even more publicly.

David Postings (UK Finance Chief Executive)

With forty years experience in the sector, the trade association leader has been particularly vocal about what the industry needs from labour – especially when it comes to innovation.

Andrew Bailey (Governor of the Bank of England)

Labour has made clear its intention to safeguard the independence of financial regulator, so expect the ex Financial Conduct Authority Chief Executive and current Bank of England Governor to have a high profile.

Julia Hoggett (Chief Executive, London Stock Exchange)

With low listing volume and investment in UK companies continuing to plague the economy, expect Hoggett and HM Treasury to be working together even more closely.

Speaking Labour's language

Demonstrating how your organisation can measurably contribute to achieving Labour's Missions nationally and locally will be the cornerstone of successful political engagement. **This means asking:**

How are you contributing to sustainable economic growth?

How are you investing and innovating to boost productivity?

Where are you creating growth? Which communities are benefitting?

Are you helping people become healthier, wealthier or happier?

How are you cutting bills and helping consumers?

Are you paying your share of taxes?

How many jobs are you creating and do they provide your employees with "pride and dignity"? Are they green jobs?

Are you helping the UK achieve energy security and playing your part in reaching net zero?

How we can help

We offer a full range of full range of corporate and public affairs services to meet your business needs.

Strategy and Messaging	Regional Advocacy and Engagement	Intelligence	Training	Events and partnerships
Policy development	Consultation support and engagement	Monitoring and analysis	Select committee training	Conference and event planning and execution
Risk assessment	Stakeholder relations and coalition building	Stakeholder mapping	Team development	Speechwriting
Strategy and analysis	Legislative, regulatory and policy engagement	Constituency and regional research	Media training	Party Conference programmes
Purposeful political campaign	Media relations	Planning	Public speaking	Partnership and sponsorship support
Narrative and messaging	Crisis communications and issues management	Issues tracking	Policy overviews	Collateral development

Want to talk?

To enjoy a free one hour consultation on what a new Labour Government means for your organisation and what you should do about it, get in touch.

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Thank you