Baker McKenzie.

UK Government Policy Implementation Tracker

Baker McKenzie's UK Government Policy Implementation Tracker

On the eve of the 2024 UK General Election, we launched our General Election Manifesto and Policy Tracker, which summarised the policy commitments made by the Conservative and Labour parties and assessed their potential impact on businesses. Now that the Labour Party is in government with a commanding majority, attention turns to how those manifesto pledges are being translated into policy and legislation.

This Policy Implementation Tracker is designed to monitor and assess the progress the Labour government has made in delivering on its 2024 manifesto commitments. It highlights where pledges have been implemented, where progress is underway, and where commitments remain unfulfilled or have been deprioritised. In doing so, we aim to provide a clear and practical view of the evolving policy landscape and its implications for business.

As with our previous tracker, we welcome your questions and would be pleased to discuss any aspect in more detail.

Baker McKenzie does not endorse any political party.

Public Law

Migration Policy

Manifesto

The Labour Manifesto 2024 June 11, pages 10, 17 and 41.
(linked here)

The King's Speech
(linked here)

Policy

In order to tackle Illegal Migration, the Labour Party will launch a new 'Border Security Command'. This will involve specialist investigators and use counter-terror powers to tackle criminal gangs using small boats. The Border Security Command will work internationally to hinder and arrest the criminal groups and thus prevent small boat crossings.

In addition, a new returns and enforcement unit will be created with an additional thousand staff members. The focus would be on fast-tracking removals of people with no right to stay in the UK and sending them to safe countries.

Regarding Net Migration, the Labour Party would reform the points-based immigration system so that it is "*fair and properly managed*" with "*appropriate restrictions on visas*" and by "*linking immigration and skills policy*". This link would involve drawing up training plans in high migration sectors to address skills shortages, aiming to end the reliance on overseas workers parts of the economy like health and social care and construction.

Labour have also stated it will bar employers who breach employment law rules from hiring abroad.

Business Impact

Labour's plan to link the immigration system to new mandatory training and workforce plans for British workers may not directly affect firms immediately, but over time may lead to changes in recruitment patterns are more upskilled workers become available in the UK. This could lead to cost savings for businesses long term, who may not have to sponsor as many visas for overseas candidates. Those in the health and social care and construction industries stand to benefit directly from this, as these are focus areas for the Labour Party.

Firms who hire large volumes of workers from abroad should also be aware of Labour's intention to focus on compliance with employment law, and ensure all practices are in compliance.

Implementation

Border Security Command

Home Office, News story: Home Secretary launches new Border Security Command
(linked here)

Home Office, Policy paper: Delivering Border Security
(linked here)

On 5 July 2024, Home Secretary Yvette Cooper established a Border Security Command ("**BSC**"), to strengthen border protection and combat the criminal smuggling gangs behind small boat crossings. A core team was formed within the Home Office to define its remit, governance and strategic direction.

This was followed by a policy paper, published on 10 December 2024, which further outlined the UK Government's strategy to enhance border protection. It explains that the BSC will be led by Martin Hewitt CBE QPM and is intended to unify and lead efforts in this space across agencies.

Early legislation (the Border Security, Asylum and Immigration Bill – further details below) is also being prepared to introduce counter-terror style powers and stronger measures against organised immigration crime.

On 7 July 2024, Yvette Cooper also commissioned a special investigation by the Home Office and the National Crime Agency to examine the latest smuggling routes, methods, and tactics used by criminal gangs across Europe. The findings are intended to support a major law enforcement drive in the coming months.

Border Security, Asylum and Immigration Bill

Immigration Advice Authority, News story: New Border Security Bill amendments to strengthen IAA powers
(linked here)

UK Parliament, Government Bill, Border Security, Asylum and Immigration Bill
(linked here)

The Bill is intended to formally scrap the Rwanda plan and introduce the BSC, among other things. It cleared its first vote in the House of Commons on 10 February 2025.

On 7 May 2025, the Home Office tabled important amendments to the Border Security Bill which will provide the Immigration Advice Authority (IAA) with enhanced legislative powers for regulation and enforcement. The amendments to the Bill are intended to improve the IAA's ability to tackle the provision of poor immigration advice by those who are regulated, consequently enhancing the protection of individuals seeking immigration advice. These include financial sanctions, fee refunds and compensation and suspension of registration.

As of early July 2025, the Bill is going through the committee stage in the House of Lords.

Net Migration

Home Office, News story: Immigration white paper to reduce migration and strengthen border
(linked here)

Home Office, News story: Major immigration reforms delivered to restore order and control
(linked here)

Regarding net migration, the government published its Immigration White Paper on 12 May 2025.

The Immigration White Paper outlines Labour's approach to reducing net migration, strengthening border security, and prioritising UK workers - aligning closely with their manifesto promises.

Key measures include stricter visa rules, with skilled worker visas now requiring higher qualifications, increased salary thresholds, and the closure of the care worker visa route to reduce reliance on overseas labour. The residency requirement for citizenship has been extended from 5 years to 10 years, alongside the introduction of tougher English language standards. Employers hiring from abroad must now pay a higher charge, to incentivise investment in domestic workforce development. To further control migration, a Labour Market Evidence Group will scrutinise industries' reliance on foreign workers.

These policies reflect Labour's commitment to reforming the points-based system, cutting net migration, and securing borders, fulfilling key pledges from their manifesto.

On 1 July 2025, the UK Government announced further immigration reforms as part of its May 2025 Immigration White Paper strategy. Key changes include: raising the skill and salary thresholds for skilled worker visas; ending overseas recruitment for care workers; the removal of 111 occupations from the list of those eligible for skilled worker visas; and commissioning a Migration Advisory Committee to conduct a review of the temporary shortage list including an assessment of relevant occupations, salary levels, and associated benefits.

Public Law

Procurement - Small and Medium-Sized Enterprises

Manifesto

The Labour Manifesto 2024 June 11, pages 19, 34-35, 97 and 119.
(linked here)

Policy

Similarly, procurement appears at many points in the Labour Manifesto.

For Small and Medium-sized enterprises the Labour Manifesto sets out the aim to "*simplify the procurement process to support innovation and entrepreneurs*" and "*make it easier for small and medium sized enterprises to access capital … reform procurement rules to give them* [SMEs] *greater access to government contracts*".

For procurement related to the NHS, the Labour Manifesto sets out that it will "*develop an NHS innovation and adoption strategy in England. This will include a plan for procurement, giving a clearer route to get products into the NHS*".

The Labour Manifesto also covers defence, proposing to "*prioritise UK businesses for defence investment and … reform procurement to reduce waste*".

The Labour Manifesto also pledged to end the link between access to ministers and an inside track for public contracts.

Business Impact

The Labour Manifesto sets out that there will be change in relation to procurement, notably simplification, but it is unclear what policy changes will be brought about to ensure this. Moreover, it is unclear from Labour's manifesto exactly what mechanisms they will use to pass such reforms, and whether this will involve further legislative change, or be effected via a Labour Government's procurement policy. Businesses will need to be cognisant of how any such changes tie in with the incoming reforms engendered by the new Act (due to take effect in October 2024).

Implementation

National Procurement Policy Statement (NPPS)

Government Commercial Function, Guidance: National Procurement Policy
(linked here)

The government published a National Procurement Policy Statement (NPPS) on 13 February 2025, setting out its strategic priorities for public procurement. The NPPS came into effect on 24 February 2025 and contracting authorities are required to have regard to its contents (though it does not apply in certain circumstances, including when awarding call-off contracts), meaning they have a duty to consider these priorities, but there is no absolute obligation to address them. The priorities are: delivering value for money; driving economic growth; delivering social and economic value; and building commercial capability to deliver value for money and stronger outcomes. The NPPS sets out the various ways contracting authorities should strive to achieve these priorities, for example, contracting authorities should drive economic growth and strengthen supply chains by giving SMEs and voluntary, community and social enterprises a fair chance at public contracts, creating high quality jobs and championing innovation.

Procurement - Consultants

Manifesto

The Labour Party Manifesto 2024, page 19
(linked here)

Speech of Shadow Chancellor Rachel Reeves at Labour Party Annual Conference 2023
(linked here)

Policy

The Labour Party has also pledged to cut "excessive" use of consultants in its Manifesto. This had already been announced in October 2023 by Rachel Reeves, who noted Labour would aim to cut consultancy spending in half if elected. Labour have stated that the £745 million it estimates it will save in a year will be reallocated to public sector capability and frontline public service delivery.

Business Impact

Consultancy firms should be aware that if either party is elected, bidding for government contracts may become more competitive as the volume of contracts available reduces.

Implementation

HM Treasury, Autumn Budget 2024
(linked here)

Cabinet Office, Press release: New controls across government to curb consultancy spend and save over £1.2 billion by 2026
(linked here)

In the government's Autumn Statement, it reiterated the promise to stop all non-essential government consultancy spend in 2024-25 and halve government spending on consultancy in future years, saving the taxpayer over £1.2 billion by 2026.

Following the Autumn statement, the government introduced significant changes to its use of consultancy services as part of its broader commitment to reduce public spending and improve procurement efficiency. The key changes include:

- Ministerial sign off required for any consultancy spend over £600,000 or if the contract lasts more than nine months.
- Permanent Secretary approval is required for contracts that are over £100,000 or longer than three months.

The new government consultancy framework will be managed by the Crown Commercial Service), the UK's biggest public procurement organisation and an executive agency of the Cabinet Office.

Key Contacts

Yindi Gesinde
Partner
yindi.gesinde@bakermckenzie.com
+44 20 7919 1057

Investigations

Data Protection

Manifesto

The Labour Party Manifesto 2024
(linked here)

The Labour Party Conference 2023
(linked here)

Policy

There are no new data reforms suggested in the Labour Manifesto. At the Labour Party Conference 2023 in October, the Conference called on the Labour Party to develop a comprehensive package of legislative, regulatory and workplace protections to ensure the fair use of technology in the workplace. This included greater protection of workers' data and amendments to the UK General Data Protection Regulation (the "**UK GDPR**")

Business Impact

As Labour does not suggest any new data protection reforms in the Labour Manifesto, firms can expect the cost and requirements for the handling of data in investigations to remain broadly consistent should Labour be elected.

There has been speculation that Labour may raise the protection afforded to data under the UK GDPR because of its motions at the Labour Party Conference. This could lead to increased data processing costs for firms, who will need to take advice on any new regulations to ensure compliance.

Implementation

The Data (Use and Access) Bill 2025
(linked here)

The Data (Use and Access) Bill 2025 introduces key reforms to modernise data governance while reinforcing individual rights. It enhances protections around automated decision-making, giving individuals more transparency and recourse when decisions are made by AI systems—particularly in sensitive areas like credit and employment.

The Act also strengthens safeguards for children's data, especially in marketing and educational contexts, with new codes of practice to be developed by the Information Commissioner's Office.

To support innovation, the legislation clarifies how personal data can be used for scientific and public interest research, and facilitates data sharing across public services. It also introduces a regulatory framework for digital identity tools such as electronic signatures, and sets clearer rules for the use of biometric and communications data in specific investigations.

Whistleblowing

Manifesto

The Labour Party Manifesto 2024, page 68
(linked here)

Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People (May 2024)
(linked here)

Speech to the 2024 Progressive Britain Conference by David Lammy, UK Shadow Foreign Secretary
(linked here)

Policy

The Labour Party's Manifesto 2024 notes that if Labour are elected, it will strengthen the rights and protections available to whistleblowers in the workplace, including on sexual harassment.

This is echoed in Labour's "*Plan to Make Work Pay: Delivering A New Deal for Working People*", which again emphasises that Labour will strengthen protections for whistleblowers.

David Lammy, the UK Shadow Foreign Secretary, unveiled a new financial incentive scheme in May 2024 which would reward whistleblowers who expose stolen assets and sanctions breaches.

Business Impact

If the Labour Party are elected, firms can expect the protections afforded to whistleblowers to increase. This may lead to an increase in investigations prompted by whistleblowing, and more scrutiny on how firms handle those investigations.

This will be particularly so in the workplace, which Labour have highlighted in its Manifesto and other policy documents. Employers should ensure that, once new regulations are promulgated, policies affecting whistleblowers are reviewed and brought into compliance. This could lead to increased costs for business.

Implementation

UK Parliament, Parliamentary Bills, 'Office of the Whistleblower'
(linked here)

Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2025
(linked here)

HM Revenue & Customs, Speech, "Exchequer Secretary to the Treasury: 20 years of HMRC – reflections and looking ahead"
(linked here)

New Office of the Whistleblower

The Office of the Whistleblower Bill is currently progressing through the UK Parliament. Introduced by Labour MP Gareth Snell in December 2024, the bill aims to establish an independent Office of the Whistleblower. This office would be responsible for:

- Protecting whistleblowers and managing whistleblowing cases.
- Setting, monitoring, and enforcing standards for how whistleblowing is handled across organisations.
- Providing disclosure and advice services to individuals considering making a report.
- Directing investigations into whistleblowing claims to ensure impartiality.
- Ordering redress for whistleblowers, including compensation for social and reputational harm, not just employment-related losses.

Sanctions Whistle-Blowing Legislation

Separately, the UK government is updating whistleblowing legislation to strengthen the implementation and enforcement of UK sanctions, including expanding the list of "prescribed persons" - that is, government departments newly designated to receive protected disclosures. The Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2025 was laid before Parliament on 21 May 2025 and is set to come into force on 26 June 2025. The goal is to encourage whistleblowing in relation to sanctions enforcement by ensuring that disclosures made to these departments are protected under employment law.

Whistleblowing Financial Incentive Scheme

In a speech by Exchequer Secretary James Murray on 12 March 2025, the government confirmed plans to introduce a new whistleblower reward scheme modelled on successful US and Canadian systems. It is envisaged that the new reward scheme will offer a financial incentive to whistleblowers of up to 25% of any additional tax revenue recovered by HMRC from enforcement action linked to the information provided. This development ties in with parallel drives from other UK enforcement agencies, such as the Serious Fraud Office (SFO), where similar schemes are being sought to incentivise whistleblowers to step forward. The head of the SFO, Nick Ephgrave, has made the SFO's position plain in that regard: '*I happen to know that since 2012, 700 UK nationals have gone to America to whistle blow because they feel they cannot do it here because there isn't incentivisation. I would invite us – not just the SFO – but invite us to think on this policy and think about whether we want to consider incentivising whistleblowing. I think it has many benefits*'.

Key Contacts

Yindi Gesinde
Partner
yindi.gesinde@bakermckenzie.com
+44 20 7919 1057

Stephen Ratcliffe
Partner
stephen.ratcliffe@bakermckenzie.com
+44 20 7919 1691

Henry Garfield
Partner
henry.garfield@bakermckenzie.com
+44 20 7919 1180

Julia Wilson
Partner
julia.wilson@bakermckenzie.com
+44 20 7919 1357

Tax

Corporation Tax

Manifesto

The Labour Party Manifesto
2024 June 13, pages 29, 31 (linked here)

Business Partnership for Growth
2024 February 1, page 14 (linked here)

Our first steps for change
2024 July 10 (linked here)

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
2024 July 8 (linked here)

The King's Speech, Background Briefing Notes
2024 July 17, page 11 (linked here)

Chancellor statement on public spending inheritance
2024 July 29 (linked here)

Pillar 2: transitional country-by-country reporting safe harbour anti-arbitrage rule
2024 July 29 (linked here)

Multinational top-up tax and domestic top-up tax — transitional country by country reporting safe harbour anti-arbitrage rule
2024 July 29 (linked here)

HM Treasury update
Statement made on 29 July 2024
2024 July 29 (linked here)

Policy

The Labour Party has promised to cap corporation tax at 25% for the entire parliament, and will act if "*tax changes in other countries pose a risk to UK competitiveness*".

Business Impact

Firms should expect UK corporation tax policy to remain steady if the Labour Party are elected. The Labour Party has repeatedly stated its desire to provide certainty to enable businesses to plan for the long term (for example, Labour has already indicated, in their "Business Partnership for Growth" published in February 2024, that they want to trial greater use of advance rulings and clearances for major investment projects, to increase certainty for firms looking to invest).

Alongside promises of stability, the Labour Party emphasises that the current rate of corporation tax is the lowest in the G7, and that it will act if other countries pose a risk to UK competitiveness. Consequently, firms should expect a Labour Party government to consider the competitiveness of corporation tax, compared to peer jurisdictions, when setting its policies.

The Labour Party has also confirmed their support for the OECD Two-Pillar Solution, including the implementation of the global minimum rate of corporate taxation.

Implementation

Corporation Tax

HM Treasury update - Statement made on 29 July 2024
(linked here)

The UK's main rate of corporation tax remains at 25% and the government published a Corporate Tax Roadmap in October 2024 confirming that it intends to cap corporation tax at this level for the duration of the parliament, and that the government will monitor international developments to ensure that the UK's regime remains competitive. The small profits rate and marginal relief are also being maintained at their current rates and thresholds.

Pillar Two

Pillar 2: transitional country-by-country reporting safe harbour anti-arbitrage rule
(linked here)

The government confirmed in the Corporate Tax Roadmap that it is "committed to Pillar 2, and the effective implementation of the Global Anti-Base Erosion rules". The UK had already implemented the income inclusion rule (through the multinational top-up tax) and the domestic minimum tax (through the domestic top-up tax) with effect from 31 December 2023. It has recently enacted the Undertaxed Profits Rule ("**UTPR**") with effect from 31 December 2024, together with a number of other amendments to the existing Pillar Two rules, including the enactment of a transitional country-by-country reporting safe harbour anti-arbitrage rule.

HMRC has also published guidance on how to prepare for the MTT and the DTT, which includes details of registration requirements, reporting obligations and the transitional safe harbour, as well as separate guidance on how to pay the MTT and DTT.

Pillar One

Corporate Tax Roadmap 2024
(linked here)

In the Corporate Tax Roadmap, the government also welcomed the progress that had been made on Pillar One and confirmed its commitment to "*an international Pillar 1 solution to the challenges that digitalisation has created for the fair allocation of taxing rights over multinational profit.*"

Tax

Investment Tax Incentives

Manifesto

Labour Party Manifesto
2024 June 13, page 31 (linked here)

Business Partnership for Growth
2024 February 1, page 12 (linked here)

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
2024 July 8 (linked here)

Policy

The Labour Party promises that it will retain a permanent "full expensing" policy and annual investment allowance for small businesses and give greater clarity on what qualifies for these allowances.

Business Impact

Firms should expect little change to investment tax incentives if the Labour Party is elected. Further guidance on what qualifies for capital allowances should provide further clarity.

There was no mention in the manifesto on R&D tax reliefs, but in "Labour's Business Partnership for Growth" published in February 2024, the Labour Party said that it would maintain the current structure of R&D tax credits over the next parliament, while cracking down on fraudulent claims and those made in error. Labour will also evaluate the impact of the scheme on a sector-by-sector basis, starting with the Life Sciences industry.

Implementation

Capital Allowances

Corporate Tax Roadmap 2024
October 2024
(linked here)

In the Corporate Tax Roadmap, the government confirmed that it would maintain "full expensing" as well as other core features of the UK's capital allowances regime including the £1 million Annual Investment Allowance, writing down allowances, and the Structures and Buildings Allowance.

The government intends to consult on the tax treatment of pre-development costs. However, this has recently been postponed whilst HMRC considers the implications of the decision in Orsted West of Duddon Sands (UK) Limited v HMRC [2025] EWCA Civ 279.

In order to provide further clarity, HMRC has updated parts of its existing capital allowances guidance and is keeping other areas under review.

R&D reliefs

Tell HMRC if you've claimed too much Research and Development (R&D) tax relief
(linked here)

Research and Development tax relief advance clearances
(linked here)

In the Corporate Tax Roadmap, the government confirmed that it would maintain the R&D Expenditure Credit scheme and the Enhanced Support for R&D Intensive SMEs.

In an effort to improve the administration of R&D reliefs, HMRC is currently in the process of establishing an R&D expert advisory panel and launched an R&D disclosure facility at the end of 2024 to enable taxpayers to make voluntary disclosures for any R&D claims made in error.

HMRC recently held a consultation on R&D tax relief advance clearances. The aim of the consultation was to explore options to reduce error and fraud, provide certainty to businesses and improve the customer experience. The consultation has recently closed and a response from HMRC is awaited.

Others

Tax treatment of predevelopment costs: update on consultation
(linked here)

In the Corporate Tax Roadmap, the government also confirmed that it would maintain the patent box, the Audio-Visual Expenditure Credit and the Video Game Expenditure Credit.

Tax

Capital Gains Tax and Carried Interest

Manifesto

The Labour Party Manifesto
2024 June 13, page 21 (linked here)

The Guardian, Rachel Reeves under Labour pressure to raise capital gains tax to revive public services
2024 June 6 (linked here)

The Financial Times, Labour will consult on plan to raise tax on private equity bosses
2024 June 13 (linked here)

The Financial Times, Why UK private equity is 'encouraged' by Labour's signals on promised tax crackdown
2024 June 18 (linked here)

Our first steps for change
2024 July 10 (linked here)

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
2024 July 8 (linked here)

The King's Speech, Background Briefing Notes
2024 July 17, page 11 (linked here)

The Financial Times, Wealthy sell UK assets amid fears Labour would raise capital gains tax
2024 July 2 (linked here)

Chancellor statement on public spending inheritance
2024 July 29 (linked here)

The Tax Treatment of Carried Interest – Call for Evidence
2024 July 29 (linked here)

The Financial Times, Chancellor's task of stabilising the public finances has only just begun
2024 July 29 (linked here)

The Financial Times, UK starts tax crackdown on non-doms and private equity bosses
2024 July 29 (linked here)

Policy

The Labour Party manifesto did not mention the rate of capital gains tax.

On carried interest, the Labour Party manifesto stated that it will "*close this [carried interest] loophole*".

Business Impact

The manifesto did not mention the rate of capital gains tax. However, it has recently been reported that the Shadow Chancellor is looking at increasing CGT rates and that she is under pressure from members of the Shadow Cabinet on this issue, so an increase in the rates of capital gains tax should not be ruled out in the event of an incoming Labour government. Therefore, although Labour Party leader Keir Starmer has previously commented that he has "no plans" to increase the rates of capital gains tax, businesses should nevertheless carefully monitor changes to capital gains tax if the Labour Party is elected.

In relation to carried interest, there is no detail in the manifesto on how this change would be implemented. However, there has been suggestion that this would involve increasing the rate at which carried interest is taxed (by taxing it as income). If the Labour Party's response is to enact rules to treat carried interest returns as income, rather than to simply align the current carried interest capital gains tax rate with the income tax rate, this may have wide reaching effects on more than just private equity executives. This change would increase the tax burden on the private equity sector, which may be further exacerbated by the Labour Party's proposals regarding non-doms (who make up a notable proportion of the sector in the UK), and leave the UK an international outlier in private equity taxation. Nevertheless Rachel Reeves has recently signalled that carried interest should continue to be taxed as capital gains (and therefore at a lower rate than if it was taxed as income) to the extent that the relevant individual is putting their own capital at risk alongside their investors. Private equity firms will need to consider their UK tax exposure once more information regarding changes to carried interest is available and expect a higher tax burden if the Labour Party is elected.

Implementation

Capital Gains Tax

The Guardian, Rachel Reeves under Labour pressure to raise capital gains tax to revive public services
(linked here)

The Financial Times, Why UK private equity is 'encouraged' by Labour's signals on promised tax crackdown
(linked here)

The Financial Times, Wealthy sell UK assets amid fears Labour would raise capital gains tax
(linked here)

Changes to the rates of Capital Gains Tax
(linked here)

Capital Gains Tax: Investors' relief — lifetime limit reduction
(linked here)

The main rates of CGT, that apply to assets other than residential property and carried interest, were increased from 10% and 20% to 18% and 24% respectively for disposals made on or after 30 October 2024.

In addition, the rate of CGT for Business Asset Disposal Relief and Investors' Relief increased to 14% for disposals made on or after 6 April 2025, and will increase to 18% for disposals made on or after 6 April 2026. The Investors' Relief lifetime limit was reduced from £10 million to £1 million for Investors' Relief qualifying disposals made on or after 30 October 2024.

No changes were made to the 18% and 24% rates of CGT that apply to residential property gains.

Carried Interest

Carried interest: rates of Capital Gains Tax
(linked here)

The Tax Treatment of Carried Interest: Call for Evidence Summary of Responses and Next Steps
(linked here)

The Tax Treatment of Carried Interest - Government Response and Policy Update
(linked here)

With effect from 6 April 2025, the capital gains tax rate for carried interest increased to 32%.

With effect from April 2026, the taxation of carried interest regime will be within the income tax framework. The main features of the new regime are:

- Carried interest will be treated as trading profits, subject to Income Tax and Class 4 National Insurance Contributions (NICs);
- The amount of 'qualifying' carried interest subject to tax will be adjusted by applying a 72.5% multiplier. For an additional rate taxpayer, this would create an effective tax rate (include NICs) of 34.075%;
- The IBCI rules will be amended to remove the exclusion for employment-related securities.

Following a recent consultation, the government has confirmed that it will not be introducing new conditions for carried interest to be treated as "qualifying" under the new regime. Draft legislation for the new regime is expected to be published in the Finance Bill 25-26.

Tax

Business Rates and Other Business Taxation

Manifesto

The Labour Party Manifesto
2024 June 13, pages 21, 29, 31, 52, 53, 127, 128 (linked here)

Business Partnership for Growth
2024 February 1, page 9 (linked here)

Our first steps for change
2024 July 10 (linked here)

The King's Speech, Background Briefing Notes
2024 July 17, page 46 (linked here)

Chancellor statement on public spending inheritance
2024 July 29 (linked here)

Chancellor: I will take the difficult decisions to restore economic stability
2024 July 29 (linked here)

Changes to the Energy (Oil and Gas) Profits Levy
2024 July 29 (linked here)

HM Treasury update
Statement made on 29 July 2024
2024 July 29 (linked here)

Policy

The Labour Party has stated that it intends to replace the business rates system with a system that raises the same revenue in a way that will "*level the playing field between the high street and online giants, better incentivise investment, tackle empty properties and support entrepreneurship.*"

The Labour Party plans to extend the sunset date on the Energy Profits Levy until the end of next parliament and increase it by 3%. The Labour Party also promises to "close loopholes" and remove investment allowances included in the Energy Profits Levy. They intend to retain the Energy Security Investment Mechanism.

The Labour Party has also said that they will publish a roadmap for business taxation within the next parliament within six months of forming a government.

Business Impact

Details regarding the planned changes to business rates were not provided in the manifesto. However, in "Business Partnership for Growth", the Labour Party said that it plans to replace business rates with a new system of business property taxation.

The tax burden on oil and gas companies is expected to increase, and incentives that offset tax through investments will be removed. Further changes to the Energy Profits Levy to "close loopholes" should also be expected. Oil and gas companies should plan for a higher, longer lasting, and mutable windfall tax policy.

Firms should anticipate changes to business taxation and monitor developments (including the publication of Labour Party's roadmap for business taxation) to assess what actions are required.

Implementation

Business Rates

Chancellor: I will take the difficult decisions to restore economic stability
(linked here)

HM Treasury update Statement made on 29 July 2024
(linked here)

The government plans to introduce three new multipliers into the business rates system from April 2026. Two of these will apply to retail, hospitality and leisure properties. The third will apply to larger properties, with a rateable value above £500,000.

Energy Profits Levy

Energy Profits Levy reforms 2024
(linked here)

Oil and gas price mechanism consultation 2025
(linked here)

Building the North Sea's energy future 2025
(linked here)

In October 2024, the government increased its windfall tax on oil and gas producers from 35% to 38%, bringing the headline tax rate on the sector to 78%, and extended the levy by a year to 31 March 2030.

The 29% investment allowance was removed for qualifying expenditure incurred on or after 1 November 2024, and the rate of the decarbonisation allowance was set at 66% to broadly maintain the cumulative value of relief for decarbonisation expenditure. The Energy Security Investment Mechanism remains in place.

The government is committed to ensuring that there is a permanent mechanism in place to respond to future oil and gas price shocks once the energy profits levy ends and has recently held a consultation looking at design options. A response to this consultation is awaited. In addition, the Department for Energy Security and Net Zero held a separate consultation setting out the framework for the future of energy in the North Sea, aimed at supporting the mission to become a clean energy superpower. A response to that consultation is also awaited.

Roadmap for Business Taxation

Corporate Tax Roadmap 2024
(linked here)

Business rates: forward look 2025
(linked here)

The Corporate Tax Roadmap 2024 was published in October 2024 and is designed to give businesses certainty and confidence that the UK will maintain its competitive position among major economies.

Income Tax and National Insurance

Manifesto

The Labour Party Manifesto
2024 June 13, pages 21 (linked here)

Our first steps for change
2024 July 10 (linked here)

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
2024 July 8 (linked here)

The Financial Times, UK needs 'significantly higher' growth to avoid tough budget measures, IMF warns
2024 July 22 (linked here)

Chancellor statement on public spending inheritance
2024 July 29 (linked here)

Policy

The Labour Party has promised not to increase rates of income tax (at the basic, higher, or additional rates) and national insurance contributions.

The Labour Party has also pledged to replace the existing Apprenticeship Levy with a Growth and Skills Levy.

Business Impact

The Labour Party manifesto states that it plans to keep taxes on people in work as low as possible, and as such increases to income tax or national insurance contributions are not referenced.

Given the emphasis by the Shadow Cabinet on fiscal responsibility and the cost of other Labour Party policies, reductions of these rates should not be expected.

Implementation

Income Tax

Autumn Budget 2024
(linked here)

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
(linked here)

No increase to income tax. The government did not extend the freeze to income tax and National Insurance contributions thresholds. From April 2028, these personal tax thresholds will be uprated in line with inflation.

National Insurance Contributions

Chancellor statement on public spending inheritance
(linked here)

No increase for employees, however, there was an increase to employer NICs from 13.8% to 15% (and the per-employee threshold was reduced to £5,000) with effect from April 2025.

Apprenticeship Levy

Prime Minister overhauls apprenticeships to support opportunity
(linked here)

Chancellor: I will take the difficult decisions to restore economic stability
(linked here)

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
(linked here)

Chancellor statement on public spending inheritance
(linked here)

From April 2025, the Apprenticeship Levy became the Growth and Skills Levy, backed by a £40m investment, aimed at delivering new foundation and shorter apprenticeships in key sectors.

Tax

Value Added Tax (VAT)

Manifesto

The Labour Party Manifesto
2024 June 13, pages 21, 82 (linked here)

Our first steps for change
2024 July 10 (linked here)

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy
2024 July 8 (linked here)

Chancellor statement on public spending inheritance
2024 July 29 (linked here)

The King's Speech, Background Briefing Notes
2024 July 17, page 63 (linked here)

Chancellor: I will take the difficult decisions to restore economic stability
2024 July 29 (linked here)

VAT on Private School Fees & Removing the Charitable Rates Relief for Private Schools
2024 July 29 (linked here)

Policy

The Labour Party has committed not to increase the rates of VAT.

The Labour Party intends to introduce VAT on private school fees.

Business Impact

The Labour Party has committed to keep taxes on working people as low as possible. With VAT being a cost on goods and services, increases to it are not expected.

The Labour Party is committed to introducing VAT on private school fees to "invest in our state schools" although the manifesto does not mention any timeframe for that change to take place.

Implementation

No increase to VAT.

VAT on Private Schools

VAT on Private School Fees & Removing the Charitable Rates Relief for Private Schools
(linked here)

VAT on private school fees
(linked here)

VAT on private school fees was implemented with effect from 1 January 2025. All education and boarding services provided by a private school or a connected person are subject to VAT at the standard rate of 20%. Pre-payments of fees or boarding services on or after 29 July 2024 that relate to terms starting on or after 1 January 2025 are also subject to 20% VAT.

Tax

Wealth Management

Manifesto

The Labour Party Manifesto
2024 June 13, pages 21, 82, 127 (linked here)

Our first steps for change
2024 July 10 (linked here)

Financial Times
Why UK private equity is 'encouraged' by Labour's signals on promised tax crackdown
June 18 2023 (linked here)

Chancellor: I will take the difficult decisions to restore economic stability
2024 July 29 (linked here)

Chancellor statement on public spending inheritance
2024 July 29 (linked here)

2024: Non-UK domiciled individuals- Policy Summary
2024 July 29 (linked here)

The Tax Treatment of Carried Interest – Call for Evidence
2024 July 29 (linked here)

The Financial Times, UK starts tax crackdown on non-doms and private equity bosses
2024 July 29 (linked here)

Policy

The Labour Party proposes several measures that would affect how high net-worth and ultra-high net-worth individuals, particularly those from aboard that are, or have not been, non-UK-domiciled, are taxed. These include:

- "*Abolish[ing] non-dom status*" and replacing it with a new scheme for short-term residents; and
- Ending the use of offshore trusts to avoid inheritance tax.

The manifesto also set out plans to increase stamp duty on property purchases by non-resident individuals by 1%.

Business Impact

The Labour Party have repeated their now well-known policy objective of abolishing non-dom status. What remains unknown is how and when they will affect such change. The Labour Party's counter response to the Conservative Party Spring Budget earlier this year suggested that they were broadly in agreement as to the replacement four-year foreign income and gains regime. The non-committal use of "*short-period*" in the manifesto leaves it open that the Labour Party may consider extending the four-year period proposed by the Conservative Party, which would be welcomed news by many.

Although not entirely clear, the reference to the "*non-dom discount loophole in 2025-26*" in the notes on page 127 of the manifesto may be taken to be a repeated confirmation of the Labour Party's desire not to adopt the concession proposed by the Conservative Party that certain legacy non-doms would avail of a reduction (of 50%) in their foreign income subject to tax in the first tax year that the non-dom regime is abolished (i.e. 2025-26).

"*We will end the use of offshore trusts to avoid inheritance tax*" makes it clear that the Labour Party intends to overhaul the existing treatment of so called "excluded property trusts". What remains absent is the detail as to how such a change will be implemented, with there being several ways that it could seek to implement such a policy each with varying degrees of severity for those affected. Such detail will be particularly important to enable settlors of settlor-interested trusts, and the trustee(s) of such trusts, to consider the effects for them of such changes and any possible mitigation options.

As ever, the devil will be in the detail and our London Wealth Management team will continue to monitor both areas very closely.

Implementation

Finance Act 2025
(linked here)

For more information on the new foreign income and gains (FIG) regime and IHT regimes, take a look at our Wealth Management Team's overview: FIG and IHT Regimes.

Non-Dom Status

The legacy non-dom regime was replaced effective 6 April 2025 with residence-based tests that include the introduction of a four-year foreign income and gains (FIG) regime for the taxation of income and capital gains, and a ten out of twenty years residence regime for inheritance tax.

The new FIG regime enables qualifying individuals to make an election with respect to qualifying overseas income and capital gains, which enables such elected income and capital gains not to be taxable in the UK even if remitted to the UK. Disclosure of such elected income and capital gains is required in the qualifying individual's self-assessment tax return each year.

Liability to inheritance tax on non-UK assets will no longer be based on domicile but instead it will be based on whether the individual is a 'long-term resident' of the UK. An individual becomes a long-term resident if they have been UK resident in 10 years out of the 20 years preceding the tax year in which the relevant inheritance tax event takes place. The effect of being a long-term resident is to become subject to UK inheritance tax on one's worldwide assets, as compared to only their UK assets as someone that is not considered a long-term resident.

Under the previous inheritance tax regime, deemed domiciled individuals would cease to be deemed domiciled in the UK following three consecutive tax years of non-UK tax residence. In effect there was a three-year "tail". This tail remains for individuals that have been UK tax resident for between 10 and 13 of the preceding 20 tax years, but following year 13 for every additional tax year of UK residence, the tail will increase by 1 additional year up to a maximum of 10 years. Therefore, an individual can now cease to be a UK tax resident but remain subject to worldwide UK inheritance tax for a further 10 tax years.

In practice, individuals can now therefore only spend nine tax years of residence in the UK if they do not want to become subject to worldwide UK inheritance tax.

There are transitional rules for individuals who ceased UK tax residence after 5 April 2022 but before 6 April 2025. These rules only apply to individuals who were not common law domiciled in the UK on 30 October 2024. For those individuals that are within the transitional rules, the previous 15 out of 20 years rule will continue to apply to determine whether they are considered to be a long-term resident.

Historically, there has been a full spouse exemption on death where assets are transferred between spouses. This exemption remains. However, the spouse exemption was limited to only £325,000 where a UK domiciliary dies leaving assets to a spouse who is not domiciled in the UK. This will continue to be the case where a long-term resident leaves assets to a spouse who is not a long-term resident.

Offshore Trusts

New rules came into force on 6 April 2025 replacing the previous inheritance tax rules for offshore trusts.

From 6 April 2025, the inheritance tax treatment of settled property changed, and now depends on the status of the settlor from time to time. What now matters is whether the settlor is a long-term resident at the date the relevant inheritance tax charge arises. If the settlor is not a long-term resident at that time, the non-UK assets in the trust will be excluded property. However, if the settlor is a long-term resident when the inheritance tax charge arises, the non-UK assets in the trust will not be excluded property. UK situated assets will continue to be non-excluded property at all times.

There is an additional condition which must be satisfied if the trust has a "qualifying interest in possession" (e.g., where a beneficiary is entitled to trust income). In these circumstances, for the non-UK assets of the trust to be excluded property, the beneficiary who is entitled to the income must also not be a long-term resident.

In the event that a settlor's long-term residence status changes, which causes a change in the excluded property status of settled property, such a change in status can result in a charge of up to 6% arising on the value of such property. This will arise in a case where the settlor ceases to be a long-term resident, causing the settled property to change from non-excluded property to excluded property. Importantly, this may arise in cases where settlors ceased to be UK tax resident before 6 April 2025 but that are within the scope of the transitional rules discussed above.

Business and Agricultural Property Relief

Changes to the Business and Agricultural Property Reliefs have been proposed, with such changes due to take effect from 6 April 2026.

The effect of the new proposed rules will broadly be to limit 100% relief to the first £1,000,000 of asset value, with any excess value then subject to tax at 50% of the relevant full rate of tax, i.e. 40% for individuals on death and 6% for trustees subject to relevant property charges.

Stamp Duty

HM Revenue & Customs, Policy paper: Stamp Duty Land Tax – increase to the higher rates on additional dwellings and to the single rate of tax on purchases by non-natural persons
(linked here)

BBC News, The Impact of SDLT changes under the Autumn 2024 UK Budget on Property Purchases
(linked here)

Changes were made to Stamp Duty on 1 April.

Stamp Duty thresholds have dropped, e.g., with the threshold for first-time buyers reverting to £300,000 from £425,000.

Additionally, the additional rate paid if you purchase an additional residential property was increased from 3% to 5%.

There was also a 2% increase in the SDLT surcharge payable by non-resident buyers purchasing a home.

The new measures also increased the single rate of SDLT payable by companies and other non-natural persons when purchasing residential properties worth more than £500,000, from 15% to 17%.

Tax

Enforcement

Manifesto

The Labour Party Manifesto
2024 June 13, page 21 (linked here)

Labour's Plan to Close the Tax Gap
2024, page 3 (linked here)

Our first steps for change
2024 July 10 (linked here)

Chancellor statement on public spending inheritance
2024 July 29 (linked here)

HM Treasury update – statement made on 29 July 2024
2024 July 29 (linked here)

Policy

The Labour Party has stated that it wants to modernise HMRC and change the law to tackle tax avoidance.

In particular, it plans to increase registration and reporting requirements, strengthen HMRC's powers, invest in new technology and build capacity within HMRC.
In addition, HMRC will focus on perceived tax avoidance by large businesses and wealthy individuals.

Business Impact

We should expect a more activity from HMRC and increased reporting requirements, alongside measures targeted at large businesses and high net-worth and ultra-high net-worth individuals that are intended to reduce perceived tax avoidance.

"Labour's Plan to Close the Tax Gap" report states that the Labour Party would boost compliance activities in HMRC, invest in technology transformation in the tax system to improve the customer experience and reduce the tax gap, and make legal changes to support this effort. It expects these changes to raise £5bn a year by the end of the next parliament. If the Labour Party is elected, firms should continue monitor developments with respect to HMRC enforcement and assess what actions are required to continue to abide by tax requirements.

Implementation

HMRC Priorities

Chancellor statement on public spending inheritance
(linked here)

The three strategic priorities for HMRC are: closing the tax gap, modernising and reforming, and improving customer service.

Autumn Budget 2024

UK Parliament, Written questions, answers and statements, HM Treasury update – statement made on 29 July 2024
(linked here)

Autumn Budget 2024
(linked here)

HM Revenue & Customs, Closed consultation, Closing in on promoters of tax avoidance
(linked here)

HM Revenue & Custooms, Closed consultation, Behavioural penalties reform
(linked here)

At the Autumn Budget 2024, it was announced that the government was recruiting an additional 5,000 HMRC compliance staff and providing funding for 1,800 debt management staff. The government is also investing in modernising IT and data systems to improve HMRC's productivity. It was also announced that the government would strengthen rewards for informants to encourage reporting of high value tax fraud and avoidance.

At the Autumn Budget, the government also highlighted its longer-term ambition to reduce opportunities for non-compliance and make the tax system easier to deal with and subsequently opened a number of consultations with this aim in mind, including a consultation on options to simplify and strengthen HMRC's behavioural penalties for inaccuracies and failures to notify and a consultation on proposals targeted at promoters (and other enablers) of tax avoidance schemes.

Businesses can expect to see further developments in this areas during the course of this parliament.

Key Contacts

TAX

Natalie Dunne
Partner
natalie.dunne@bakermckenzie.com
+44 20 7919 1929

Charlotte Jones
Knowledge Lawyer
charlotte.jones@bakermckenzie.com
+44 20 7919 1438

WEALTH MANAGEMENT

Ashley Crossley
Partner
ashley.crossley@bakermckenzie.com
+44 20 7919 1424

Alfie Turner
Senior Tax Advisor
alfie.turner@bakermckenzie.com
+44 20 7919 1340

Employment & Pensions

Employment

General

The Employment Rights Bill will be introduced within the first 100 days of the new government to deliver on the commitments set out in the New Deal for Working People, many of which are set out in this section. The calculation of this period is unclear, but to meet the 100 days commitment it would need to be introduced by 12 October 2024. In addition, a draft Equality (Race and Disability) Bill and Skills England (including a reform to the apprenticeship levy) will be introduced. This does not mean those bills would immediately become law, as beyond completing the parliamentary process there may be additional requirements for secondary legislation or consultation processes, which would likely delay the introduction of such requirements by at least a number of months.

Trade Unions, Collective Rights and Industrial Action

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, pages 14 – 16
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 21
(linked here)

Policy

Strengthen and Expand Collective Rights

This encompasses several proposals:

- Repealing the Strikes (Minimum Service Levels) Act 2023;
- Allowing electronic balloting;
- Ensuring workers in precarious and gig economy sectors have a meaningful right to organise through trade unions;
- Simplifying trade union recognition process (e.g. by reducing thresholds and bringing in simple majority voting);
- Allowing union officials to meet, represent, recruit and organise members, provided they give appropriate notice and comply with reasonable requests of the employer; and
- A duty to notify new employees of their right to join a trade union and to regularly remind existing staff of this right. The information will also need to be contained in the written statements of particulars which employers must give new employees.

Business Impact

The proposed reforms to trade union laws would help strengthen unions as a more powerful negotiation body, as union recognition and participation would be easier. As such, it is possible that collective action would increase.

However, there is also an opportunity for employers to get ahead of the curve by engaging with unions to assess how they can prevent strike action and manage existing employee relations.

Implementation

The Employment Rights Bill
(linked here)

Repeal of the Strikes (Minimum Service Levels) Act 2023 – Statement made on 9 September 2024
(linked here)

UK Government, Next Steps to Make Work Pay
(linked here)

Government Response To: Making Work Pay: creating a modern framework for industrial relations
(linked here)

Employment Rights Bill, As Amended (Amendment Paper)
(linked here)

The Employment Rights Bill will repeal the Strikes (Minimum Service Levels) Act 2023 (section 75). This is intended to take effect at Royal Assent.

The Employment Rights Bill (section 70), has removed a requirement for an independent review into electronic balloting, as outlined in the Trade Union Act 2016. The Next Steps to Make Work Pay document further provides that the Government will launch a working group with stakeholders, including cyber security experts and trade unions, regarding allowing electronic balloting for trade union statutory ballots. The government's Employment Rights Bill roadmap suggests that they will consult on electronic balloting in Autumn 2025, and that the provisions will come into force in April 2026.

The Employment Rights Bill has simplified trade union recognition processes by removing the turnout threshold of 50% (section 65) and introducing simple majority voting (section 66). The Bill (schedule 6) also introduces a 20-working days window for the employer and trade union to negotiate access arrangements during the statutory recognition process, with powers for the Central Arbitration Committee to adjudicate on any breach of those arrangements. There is also stronger protection against unfair practices during the statutory recognition process. The government is planning to consult on these measures in Autumn 2025 and expects these provisions to come into force in April 2026.

There have also been amendments to the bill (section 57) to introduce a new provision that a statutory recognition application made by an independent trade union will be allowed to continue even if the employer subsequently agrees a voluntary recognition agreement with a non-independent union after the independent union has made its application.

The Employment Rights Bill (section 56) provides that trade union officials may meet, represent, recruit, organise members or facilitate collective bargaining, subject to following a prescriptive statutory process. This has been extended to cover digital access. The government plans to consult on trade union access rights in Autumn 2025 with the expectation that the rights will come into force in October 2026.

The Employment Rights Bill (section 55) has introduced the duty for employers to inform workers about their right to join a trade union. This must be included in the statement of employment particulars. The government plans to consult on these information obligations in Autumn 2025 and expects these provisions to come into force in October 2026.

The Employment Rights Bill (sections 65 and 66) remove the turnout threshold requirements for industrial action ballots and provides for a simple majority vote. Section 71 reduces the notice of industrial action that must be given by the trade union to the employer from 14 days to 10 days. Additionally, (section 69) the strike mandate period has been extended from 6 to 12 months. Some of these measures are expected to take place at Royal Assent or very soon after.

The Employment Rights Bill (sections 73 and 74) strengthens protections against dismissal and/or detriment for taking part in industrial action. These are expected to come into force in October 2026.

The Employment Rights Bill has not taken forward the proposals to enable precarious and gig economy sector workers a right to organise trade unions.

Employment & Pensions

Flexible Working

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 9
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 21
(linked here)

Policy

Making flexible working a default right from day one, unless employers have a valid reason for refusal.

Business Impact

The Labour Party has promised to "adapt and build" upon the flexible working framework that the Conservative Party brought into effect under the Flexible Working (Amendment) Regulations 2023. The manifesto proposes to introduce opportunities for "flexi-time contracts and hours that better accommodate school terms", but does not contain the same commitment as the New Deal on making flexible working a day one right.

What constitutes a valid reason for refusal has not been expanded upon other than the fact that it must be "reasonably feasible". The existing bases for refusing a flexible working request, which require a genuine business reason, may therefore still suffice.

Implementation

The Employment Rights Bill
(linked here)

Government factsheet on flexible working
(linked here)

The right to request flexible working has been a day one right for all employees since April 2024.

The Employment Rights Bill (section 9) provides that employers will only be able to refuse an application if it is "reasonable" to do so. In explaining why a request has been refused, an employer must state the ground(s) relied upon with an explanation of why they consider it reasonable to refuse the application based on the ground(s). The changes to flexible working is expected to come into force in 2027.

Minimum Wage

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 11
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 20
(linked here)

Policy

National Minimum Wage and Age Bands Removed

To achieve this, Labour would change the Low Pay Commission's remit so that, alongside median wages and economic conditions, it would take into account the cost of living. Labour also proposes to remove the age bands for the national minimum wage so that all adults are entitled to the same minimum wage.

Business Impact

Employers should continue to monitor changes to the minimum wage to ensure that they are compliant with the regulations and not underpaying their workers. The Labour proposal to create adjusted minimum wages reflecting the cost of living will also need to be carefully assessed to ensure compliance.

Implementation

UK Government, Next Steps to Make Work Pay
(linked here)

Department for Business and Trade, Press Release: Government commits to a genuine living wage for working people
(linked here)

The Government has not addressed removing the age bands for National Minium Wage in the Employment Rights Bill. Instead, they have set out in the Next Steps to Make Work Pay document that they will address this via existing powers and non-legislative routes.

The Government has included the cost of living in the remit of factors the Low Pay Commission takes into account.

Employment & Pensions

Equal Pay and Outsourcing

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 17
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, pages 9 and 77
(linked here)

Policy

Labour have said that they would put in place measures to ensure that outsourcing of services cannot be used by employers to avoid paying equal pay, including for work of equal value, to women.

Business Impact

The New Deal does not specify how this would be achieved, but it has the potential to increase complexity for companies with widely outsourced services, who would need to build in mechanisms to allow them to track pay levels/groups.

Implementation

UK Government, Next Steps to Make Work Pay
(linked here)

Government factsheet on equality action plans and outsourcing
(linked here)

Government's call for evidence
(linked here)

The government's factsheet indicates that the government intends to ask employers to name who they received outsourced work from so that they can ensure that the gender pay gap reporting service reflects this.

Benefits and Sick Leave Policies

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 12
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 20
(linked here)

Policy

Statutory Sick Pay, a Day-One Right

Labour would also remove the lower earnings limit.

Business Impact

Potentially it would increase sickness absence, and it also increases the importance of having carefully drafted probationary periods in contracts which provide for the ability to extend at the employer's discretion, if proper assessment has not been possible in the original period.

Implementation

The Employment Rights Bill
(linked here)

Government factsheet
(linked here)

The Employment Rights Bill (section 10) provides that Statutory Sick Pay ("**SSP**") will be available from the first day of sickness absence, thereby removing the current three-day waiting period.

The Employment Rights Bill (section 11) also provides that SSP is available to all employees, regardless of their weekly earnings. The new rate of SSP will be 80% of an employee's normal weekly earnings or the current flat rate (GBP 118.75 from April 2025), whichever is lower. This is expected to come into force in April 2026.

Equality Law and Reporting Obligations

Manifesto

The Labour Party Manifesto
2024 June 13, page 89
(linked here)

Policy

Gender Recognition

Modernising the "outdated gender recognition process" by introducing a new process whilst retaining the need for a gender dysphoria diagnosis and continuing to support the single sex exceptions in the Equality Act 2010.

Business Impact

This proposal did not appear in the New Deal. It is unclear what changes the Labour Party would implement in order to 'modernise' the current process and the impact this could have in the workplace.

Implementation

The Times, Labour shelves plans to make gender change easier.
(linked here)

The Government has not addressed this point in the Employment Rights Bill or in the Next Steps to Make Work Pay document.

It was reported in the press earlier this year that the Government has shelved plans to modernise the gender recognition process, in particular in light of the Supreme Court decision in *For Women Scotland*.

Manifesto

The Labour Party Manifesto
2024 June 13, page 88
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, pages 5 and 77
(linked here)

Policy

Race Equality Act and Dual Discrimination

Introducing a "landmark" Race Equality Act to provide full rights for equal pay for Black, Asian and other ethnic minorities, strengthening protections against dual discrimination and removing other racial inequalities.

Business Impact

This proposal did not appear in the New Deal. This could lead to an increase in internal assessments of pay across groups – employers will need to understand what level of preparation can be done through a full review from assessment of current pay levels, all the way through to an assessment of how and where the required data is collected.

Implementation

UK Government, Next Steps to Make Work Pay
(linked here)

Office for Equality and Opportunity, Call for Evidence
(linked here)

The Government has not addressed these points in the Employment Rights Bill. Instead, they have promised to introduce such measures in the Equality (Race and Disability) Bill.

On 7 April 2025, the Government established a call for evidence to break down barriers to opportunity at work. The Government's call for evidence is one of several exercises which will help shape the measures included in the draft Equality (Race and Disability) Bill. The call for evidence is due to close on 30 June 2025.

Employment & Pensions

Equality Law and Reporting Obligations

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 18
(linked here)

The Guardian, Rachel Reeves vows to close gender pay gap 'once and for all' if she is chancellor, 19 June 2024
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 22
(linked here)

Policy

Gender Pay-Gap and Menopause Action Plans

Gender Pay-Gap:
Large firms (which is not defined) would be required to develop, publish and implement action plans to close their gender pay gaps. Outsourced workers would need to be included in their gender pay gap and pay ratio reporting too.

Menopause:
In addition, employers with over 250 employees would be required to produce a menopause action plan, detailing how they will support employees. The Labour Party has stated that they will publish guidance on measures to consider such as policies around uniform, temperature, flexible working and menopause-related leave and absence.

Note that the manifesto also refers generally to protections from 'menopause discrimination' which appears to be a new suggestion and is not explained in detail, but would likely require amendments to the Equality Act to create a new category of protected characteristic.

Business Impact

Whilst many employers already have ambitious targets to close gender pay gaps and break the glass ceiling, this will put increased pressure on employers to meet these targets. Developing action plans and enhanced reporting obligations will be an additional cost to businesses, especially with the need to obtain data from outsourced providers.

The concept of "menopause discrimination" (referred to on page 88 of the Labour Party Manifesto) would potentially create a need to consider new policies and processes to ensure there are adequate protections in place to avoid discrimination.

Implementation

The Employment Rights Bill
(linked here)

UK Government, Next Steps to Make Work Pay
(linked here)

The Employment Rights Bill (section 31) provides that employees with 250 or more employees must publish an "equality action plan". Such plans will detail steps taken to address matters related to gender equality, including tackling the gender pay gap and supporting employees through menopause. Regulations will set out in detail the content, frequency and form of publication of these plans.

Apart from the equality action plan, the Employment Rights Bill does not provide for any other measures related to menopause.

The Next Steps to Make Work Pay document further provides that part of the government's non-legislative plans includes developing menopause guidance for employers.

The government expects the gender pay gap action plans to come into force in 2027 but it will be introduced on a voluntary basis in April 2026.

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 18
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 77
(linked here)

Policy

Ethnicity and Disability Pay-Gap Reporting

This would be required for employers with more than 250 members of staff.

Business Impact

This could lead to an increase in internal assessments of pay across groups – employers will need to understand what level of preparation can be done through a full review from assessment of current pay levels, all the way through to an assessment of how and where the required data is collected.

Implementation

Consultation on Equality (Race and Disability) Bill: mandatory ethnicity and disability pay gap reporting
(linked here)

On 18 March 2025, the Government launched a consultation about introducing mandatory ethnicity and disability pay reporting for employers with 250 or more employees. The new rules are set to be introduced in the Equality (Race and Disability) Bill.

In summary, the consultation proposes the following methodology for ethnicity pay gap reporting:

- Employers should collate data using the ethnicity classifications in the Government Statistical Service (GSS), which was used for the 2021 Census.
- Employees would self-report their ethnicity with an option to opt out.
- At a minimum, a binary comparison should be used.
- There should be a minimum of 10 employees in any ethnic group that is being compared, in order to protect privacy.

In summary, the consultation proposes the following methodology for disability pay reporting:

- Measure the difference in pay between disabled employees and non-disabled employees (the "binary approach").
- Measure the difference in pay between employees with different impairment types and non-disabled employees.

The consultation proposes using the Equality Act 2010 definition of disability.

Employment & Pensions

Sexual Harassment

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 22
(linked here)

Policy

Strengthening the legal duty for employers to take "all reasonable steps to stop sexual harassment before it starts".

Business Impact

As this proposal is designed to "strengthen" the legal duty on employers to prevent sexual harassment in the workplace, it is likely that this proposal with build upon the Worker Protection (Amendment of Equality Act 2010) Act 2023 due to come into effect in October 2024.

Employers should take the same steps as mentioned above if the Labour Party fulfils this pledge. Employers will likely be required to have robust preventive measures in place to stop sexual harassment from the outset which could be costly.

Implementation

The Employment Rights Bill
(linked here)

The Employment Rights Bill (section 21) provides that an employer must take all reasonable steps to prevent sexual harassment. This considerably raises the bar from the current standard of "reasonable steps". What constitutes "all reasonable steps" has not yet been defined. Regulations will set out the certain steps that are to be regarded as reasonable.

The Bill also provides that employers are liable for third party harassment if they haven't taken all reasonable steps to prevent harassment.

The government intends for these provisions to come into force in October 2026.

Non-Disclosure Agreements

Implementation

The Employment Rights Bill
(linked here)

Baker McKenzie Newsletter, United Kingdom: Important proposed amendments to Employment Rights Bill
(linked here)

The amended Employment Rights Bill has provided that any provision in a contract between an employer and a worker which purports to prevent an individual from making allegations or disclosures about relevant discrimination or harassment will be void. There are additional powers to extend this to others such as trainees, contractors, those on work experience and so on by regulations.

Disclosures in this context includes direct and indirect discrimination as well as discrimination arising from disability, but excludes failure to make reasonable adjustments.

Collective Grievances

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 21
(linked here)

Policy

Making it *"easier for workers to raise grievances relating to conduct as work"*, including introducing the ability to raise collective grievances to ACAS.

Business Impact

The New Deal reflects that this will be "in line with the existing code for individual grievances". What this means is unclear as currently, grievances can be brought by individuals to their employer, not to ACAS. As such, this proposal may be intended to permit collective grievances to be brought to employers rather than ACAS (i.e. in line with the current policy).

Implementation

UK Government, Next Steps to Make Work Pay
(linked here)

The Employment Rights Bill does not address the Government's plans on collective grievances. Instead, they have confirmed in the Next Steps to Make Work Pay document that they will consult with ACAS about enabling employees to collectively raise grievances about conduct in their workplace.

Unfair Dismissal

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 7
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 20
(linked here)

Policy

Remove Dismissal and Qualifying Periods

The right to not be unfairly dismissed is currently generally subject to a qualifying period of two-years' continuous service. This is disapplied in some cases, for example if the reason for dismissal was that the employee blew the whistle. Labour proposes to remove this service criterion in all cases, making this a day-one right. The only exception they mention is for probationary periods: they will still be permitted but be subject to fair and transparent processes.

Business Impact

Employers might take precautionary measuring by taking a more thorough approach to recruitment to try and limit the likelihood of hiring unsuitable candidates. This could also be achieved by extending probationary periods however it is still unclear how Labour would ensure probationary periods remain "fair and transparent". Employers should take care to ensure that performance management processes are handled fairly, promptly and are well documented to avoid any potential claims.

Implementation

The Employment Rights Bill
(linked here)

Government factsheet
(linked here)

The Employment Rights Bill (section 23) has provided that the right not to be unfairly dismissed will become a day one right, thereby removing the condition of two years' continuous service. The government intends to consult on the day 1 unfair dismissal right and statutory probationary period process in summer/autumn 2025 with the rights coming into force in 2027.

Employment & Pensions

Collective Redundancy

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 8
(linked here)

Policy

Amend Threshold Tests for Collective Redundancy Consultation

The threshold for the duty to collectively consult will be assessed by looking at the business as a whole rather than one workplace. By way of reminder, the duty is triggered when an employer is "*proposing to dismiss as redundant 20 or more employees at one establishment within a period of 90 days or less*". There has been significant case law on the meaning of "*establishment*", with the result being that it currently denotes the local unit or entity to which the workers are assigned. Labour would broaden this to the whole business.

Business Impact

Amending the threshold tests for collective redundancy consultation would likely mean that the duty to collectively consult would be triggered in many more cases than currently, as the test would take into account dismissals across the entire business, rather than per entity.

Implementation

The Employment Rights Bill
(linked here)

UK Government, Next Steps to Make Work Pay
(linked here)

Government factsheet
(linked here)

The Employment Rights Bill (section 27) provides that in addition to the current threshold (see below) there will be an additional threshold test which will involve counting proposed redundancies across the employing entity as a whole, regardless of location of those redundancies.

Currently, collective redundancy is required when an employer proposes 20 or more redundancies in one establishment.

The details of the new threshold will be defined in regulations following a consultation which is expected to take place in winter /spring 2026, with the provisions coming into force in 2027.

Fire and Rehire

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 6
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 20
(linked here)

Policy

Restrict Fire and Rehire

This is sometimes billed as banning fire and rehire, but Labour would continue to allow it in some, limited circumstances; namely, where the business needs to restructure to remain viable, preserve its workforce and the company when there is genuinely no alternative.

Business Impact

Labour is "committed to Securonomics" and wants to provide greater job security. However as noted, the party has not proposed an outright ban on fire and rehire.

In order to fire and rehire employees in the limited circumstances which Labour intends to preserve, a proper process will need to be followed based on dialogue and common understanding between employers and workers.

Implementation

The Employment Rights Bill
(linked here)

Government Response to: Making Work Pay: Strengthening remedies against abuse of rules on collective redundancy and fire and rehire.
(linked here)

Government factsheet
(linked here)

Baker McKenzie Newsletter, United Kingdom: Important proposed amendments to Employment Rights Bill
(linked here)

The Employment Rights Bill (section 26) provides that it would be automatically unfair to dismiss an employee for refusing to agree to a variation of their terms and conditions of employment, or because an employer intended to employ another person on varied terms to carry out substantially the same role.

The amended Employment Rights Bill now provides for certain types of contract variations ("a restricted variation") which will trigger these automatic unfair dismissal rules, although it remains a very broad range:

- A reduction to or removal of an element of pay
- Varying a measure of work that links to pay
- Pension rights
- Hours of Work
- Timing or duration of shifts (subject to conditions yet to be established)
- Reduction in entitlement to time off
- A clause that purports to allow the employer to make any of the above types of variation

The government will be able to add to this list.

However, there is a limited exception in which a dismissal in these circumstances will not be deemed automatically unfair if the employer can show that they were acting in response to financial abilities affecting their ability to carry out business as a going concern. An employer must also show that they must not have been able to reasonably avoid the need to make the variation to terms and that they have acted fairly in all the circumstances, including in accordance with any further regulations to be published.

Even if that exception applies, meaning that it would not be automatically unfair to dismiss the employee for failing to agree to the restricted variation, the employee could still claim ordinary unfair dismissal claim. A tribunal would then be required to consider factors such as the reason for the variation, whether the employer consulted with the individual, whether it consulted with a recognised trade union (or, if there is no recognised union and if applicable, someone else with authority to represent the employee) and whether any consideration was offered to the employee in exchange for the restricted variation.

The recent amendments also make it clear that it will also be automatically unfair to dismiss an employee who refuses to switch to a non-employment model of working (e.g. an independent contractor model) to do substantially the same work, or to replace them with a non-employee to do substantially the same work. The financial difficulties exception mentioned above will also apply here, as will the list of factors to be considered in an ordinary unfair dismissal claim.

A consultation was launched on 'fire and rehire' shortly after the initial publication of the Employment Rights Bill. Within the consultation, there was a proposal to introduce interim relief to fire and rehire practices.

The consultation response was published on 4 March 2025, which clarified that the Government has decided not to introduce interim relief to fire and rehire circumstances.

However, the consultation response does make one significant change that will affect fire and rehire practices; by doubling the maximum protective award for failure to consult from 90 days to 180 days' pay per affected employee. The protective award serves as a penalty for inadequate consultation. Additionally, the 25% uplift for failing to adhere to the Code of Practice on fire and rehire will apply to both the protective award and any unfair dismissal compensation. The increase in the protective award, combined with the uplift, substantially raises the costs of non-compliance.

The increase in protected award is likely to become effective in April 2026 and the changes to fire and rehire in October 2026.

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Employment & Pensions

Enforcement

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 11 and 20
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 21
(linked here)

Policy

Create a Single Enforcement Body (SEB)

The SEB would be tasked with enforcing workers' rights. It would have powers to inspect workplaces and bring civil proceedings to uphold employment rights. The SEB would have trade union and Trade Union Congress representation.

Business Impact

This was previously proposed by the Conservative Party but has not been progressed. If a new body is created, it would have a fresh mandate and potentially an impetus behind it so it may choose to review other contentious areas, such as holiday pay and National Minimum Wage compliance.

Implementation

The Employment Rights Bill
(linked here)

UK Government, Next Steps to Make Work Pay
(linked here)

Employment Rights Bill, As Amended (Amendment Paper)
(linked here)

The Employment Rights Bill (section 87) provides that an enforcement body will be established.

The Next Steps to Make Work Pay document further provides that the enforcement body will be called the Fair Work Agency. The Fair Work Agency will bring together existing enforcement functions, including enforcement of minimum wage, statutory sick pay, the employment tribunal penalty scheme and labour exploitation and modern slavery. In addition, the Fair Work Agency will introduce the enforcement of holiday pay policy. The Fair Work Agency will also have powers to bring a worker's claim in the place of the worker, if they decided not to pursue the claim and will be able to give legal assistance in civil proceedings. The Fair Work Agency is expected to be established in April 2026.

Changes to Zero-Hour Contracts

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 2 and 5
(linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 20
(linked here)

Policy

Banning Zero Hours Contracts

This appears to mean that workers on zero hours contracts will be able to force a minimum number of hours.

Business Impact

This would not be an outright ban. The Plan to Make Work Pay refers to giving a right to have a contract reflecting actual hours over a 12-week reference period.

Implementation

The Employment Rights Bill
(linked here)

UK Government, Next Steps to Make Work Pay
(linked here)

Employment Rights Bill, As Amended (Amendment Paper)
(linked here)

Government Response to: Consultation on the application of zero hours contracts measures to agency workers
(linked here)

Baker McKenzie Newsletter, United Kingdom: Important proposed amendments to Employment Rights Bill
(linked here)

The Government made amendments to the Employment Rights Bill following the publication of their response to Consultation on the application of zero hours contracts measures to agency workers on 4 March 2025.

Whilst the Employment Rights Bill does not impose a ban on zero hours contracts, it does propose measures to move away from the uncertainty of zero hours contracts.

The Employment Rights Bill (section 1) provides that an employer must offer eligible workers guaranteed hours reflecting the hours they regularly work over a reference period. The 'reference period' will be set out in regulations and is expected to be 12 weeks. Individuals will be able to reject an offer of guaranteed hours and remain on a zero hours contract if they wish.

A guaranteed hours offer to an agency worker, if accepted, would make the agency worker a direct hire of the employer. The recent amendments contain four alternate conditions regarding the level of pay the employer would have to offer. The new framework would allow an employer to offer pay at a level that is no less favourable that the pay it offers to comparable direct hires. Where there are several comparators with different pay levels, the employer will have to justify its decision in writing if it offers pay at one of the lower comparator pay levels.

The Bill alternatively allows the employer to offer pay measured against the pay that the agency worker received during their agency assignment. If that pay level fluctuated, the employer will have to justify in writing any offer that is below the most favourable pay levels that the worker received.

The Bill will allow the government to specify circumstances in which the right to a guaranteed hours offer will not arise. The recent amendments to the Bill clarify that the government will have to conduct a balancing act in considering any such exemptions, but a balancing act that is weighted in workers' favour. In short, an exemption should only be made if the right to a guaranteed hours offer in that circumstance would have a significant adverse effect on employers who are dealing with exceptional circumstances.

Further details as to the right to a guaranteed hours offer will be confirmed in further regulations and there will be a consultation on this topic in autumn. The government does not expect this right to come into force before 2027.

Reasonable notice of shifts

Section 2 of the Bill provides that an employer must provide workers with reasonable notice of shifts. If an employer schedules a shift with unreasonable notice, the worker may bring a tribunal claim. The tribunal will decide whether the worker was being given reasonable notice. The Government will use regulations to set out how much notice should be "presumed reasonable". The Government will also set out the factors the tribunals should look at when determining whether the notice was reasonable or not.

Notice of a shift cancellation, curtailment or short-notice change

Section 3 of the Bill further provides that an employer will be required to make payment to a worker if they have their shift cancelled, curtailed or moved at short notice. The meaning of short notice is defined in the Bill. In summary, short notice means:

- Cancellation – notice given less than the specified time before the shift would have started.
- Movement – notice given less than the specified time before the earlier of when the shift would have started or when the moved shift is due to start.
- Curtailment with change – notice given less than the specified time before the earlier of when the shift would have started or when the changed shift is due to start.
- Curtailment without change – notice given less than the specified time before the shift is due to start or on/after the start of the shift.

Section 4 of Bill provides that the above will not apply to agency workers, due to the complex relationship between agency worker, agency and hirer. Instead, the Bill places the obligation to offer guaranteed hours on the hirer and the obligation to provide reasonable notice of shifts on both the hirer and agency. Agencies will be required to make short notice payments to agency workers and will generally be able to recoup these costs in situations where the hirer is responsible. The Government will set out further details in regulations.

Section 5 of The Employment Rights Bill also now includes an option to expressly exclude via collective agreement the rights to receive a Guaranteed Hours offer and reasonable notice of shifts (and any cancellation of or changes to shifts). This applies to both direct hires and agency workers. In short, the collective agreement would have to be negotiated between an independent trade union and the employer (or the agency), and be incorporated into the worker's individual contract.

These provisions are expected to come into force in 2027.

Parental Rights

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 9 (linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 21 (linked here)

Policy

Protections from Dismissal for Returning Mothers

It would be unlawful to dismiss a returning mother in the six months following return from maternity leave, subject to yet-to-be-specified exceptions.

Business Impact

Employers may need to update their internal employment policies and practices to reflect this entitlement should it come into force.

Implementation

The Employment Rights Bill (linked here)

UK Government, Next Steps to Make Work Pay (linked here)

The Employment Rights Bill (section 25) provides for regulations to be made to extend existing protections. The Next Steps to Make Work Pay document indicates that the Government plans to introduce regulations making it unlawful to dismiss returning mothers from maternity leave within six months after they return to work, except in specific circumstances. The government is planning to consult on this in Autumn 2025 with the provisions coming into force in 2027.

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 9 (linked here)

The King's Speech Background and Briefing Notes 2024, July 17, page 20 (linked here)

Policy

Reviewing Parental Leave and Make it a Day-One Right

The intention behind this proposal is to better support working families.

Business Impact

Employers may wish to get ahead of this proposal by reviewing their current parental leave policies and how they might implement this change should it come into effect. The Labour Party have expressly said that the proposed review of parental leave would be in the first year of government.

Implementation

The Employment Rights Bill (linked here)

The Employment Rights Bill (sections 15 and 16) provides that unpaid parental leave and paternity leave will become a day one right. This is expected to come into force in April 2026.

The government has launched a consultation on 1 July 2025 covering a full review of parental leave and pay.

Wellbeing

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 10 (linked here)

Policy

Right to Disconnect

This would follow existing models in Belgium and Ireland to give employees the right to "switch off" when they are not working.

Business Impact

Many employers already have wellbeing policies in place to account of the fact that the lines between work and home life can easily become blurred. This new right would give employers the opportunity to consult with employees to create bespoke workplace policies or contractual terms to create a better culture of work-life balance post-pandemic.

Implementation

UK Government, Next Steps to Make Work Pay (linked here)

The government has not addressed the right to disconnect in the Employment Rights Bill. Instead, the government sets out in the Next Steps to Make Work Pay document that they will take forward the right to switch off through a statutory Code of Practice.

Employment & Pensions

Bereavement Leave

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 10
(linked here)

Policy

Introducing a right to bereavement leave for all workers.

Business Impact

Employers would need to update their employment policies to take account of this new entitlement. The manifesto is not clear on many of the details of this policy proposal so attention should be paid to the legislation drafted to enact these changes if Labour are elected.

Implementation

The Employment Rights Bill
(linked here)

Baker McKenzie Newsletter, United Kingdom: Important proposed amendments to Employment Rights Bill
(linked here)

The Employment Rights Bill (section 18) introduces the statutory right to bereavement leave from day one. The specific relationships that will qualify for bereavement leave will be set out in secondary legislation. Those who have lost a child will remain entitled to two weeks' leave, whilst the entitlement will be one week in other cases.

The amended Employment Rights Bill included an additional expansion to enable the Secretary of State to make regulations covering bereavement leave related to pregnancy loss. This is defined, broadly, as a miscarriage before 24 weeks of pregnancy or the failure of an embryo to become implanted after IVF treatment.

The right will be given to an employee who suffers a pregnancy loss, or an employee who has a specified relationship with a person who suffers pregnancy loss, or a child who had been expected to be born.

The right will be for a minimum of one week's leave, which can be taken within 56 days of the death.

The government intends to consult on bereavement leave in Autumn 2025 with the provisions coming into force in 2027.

Employment Status

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, pages 7 – 8
(linked here)

Policy

Single Status of Worker

There are currently three categories of employment status for employment rights purposes: employee, worker, self-employed. There have long been proposals on moving to a binary classification of just employee and self-employed (as exists for tax law purposes). Labour proposes to consult again on moving to such a model.

Business Impact

It is not clear how this proposal would be implemented in practice and detailed consultation is required. However, this has the potential to simplify the law on this matter through codification and consequently reduce the amount of litigation employers are facing relating to employment status.

This binary classification would increase the number of individuals entitled to the minimum level of employment rights, in particular, gig-economy workers. This in turn would lead to increased costs on employers whilst they implemented changes to reflect this new classification and ensure all workers receive the same basic protections such as holiday and parental leave entitlements. The move to a single, binary, classification of worker status could in turn be relevant for who may be considered a "worker" for pensions automatic enrolment purposes.

Implementation

UK Government, Next Steps to Make Work Pay
(linked here)

The Employment Rights Bill does not address the Government's plans on worker status. Instead, they have confirmed in the Next Steps to Make Work Pay document that they will consult on a simpler framework that differentiates between workers and the genuinely self-employed. The government has suggested that this consultation will be launched at the end of 2025.

Employment Tribunals

Manifesto

The Labour Party Plan to Make Work Pay: Delivering a New Deal for Working People 2024 May 24, page 21
(linked here)

Policy

Six-Month Time Limit for all Employment Tribunal Claims.

Business Impact

Increasing the time limit for all claims from three to six months (which is the current limit for statutory redundancy and equal pay claims) could lead to increased litigation for employers. The Plan to Make Work Pay reflects that claims relating to pregnancy discrimination could increase in particular.

Implementation

The Employment Rights Bill
(linked here)

The Employment Rights Bill (schedule 12) has increased the time limit for all Employment Tribunal claims from 3 months to 6 months. This is expected to come into force in October 2026.

Employment & Pensions

Pensions

Manifesto

The Labour Party Manifesto 2024 June 13, page 29 (linked here)

The King's Speech 2024, July 17 (linked here)

Speech, The RT Hon Rachel Reeves MP, July 8 2024 (linked here)

Financial Growth Strategy Pages 9, 15, 20-22 (linked here)

Policy

Boosting Investment

The Labour Party promise to:

- Increase investment from pension funds in UK markets;
- 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.

The Labour Party plan to boost investment by working with local government pension schemes (LGPS) to set out best practice for adopting similar, cost-effective in-house fund management capabilities within pools to deliver better returns for savers and create new jobs in regions and nations.

To facilitate greater investment, the Labour Party plans to enable greater consolidation across all pension and retirement saving schemes. This would enable schemes to have access, expertise and risk profile "to increase their investments in long-term illiquid assets" to deliver high returns for savers. In order to do so, the Labour Party plan to:

- DC Schemes: "give The Pensions Regulator (TPR) new powers to bring about consolidation where schemes fail to offer sufficient value for their members, and will ask TPR to provide explicit guidance around fund and strategy suitability, and their expectation of a default cohort investment approach.
- LGPS: a Labour Party government would evaluate different models for pooling, including increasing in-house fund management capacity at the pool level, to deliver better returns for savers and increase investment in productive assets.

Business Impact

The Labour Party's proposals are in line with the Conservative Party government thinking resulting from the Mansion House reforms.

This focus area had been largely trailed in advance and is a shared priority between both the Conservative Party and the Labour Party, indicating that many of the Mansion House proposals are likely to progress further after the election.

Implementation

The Pension Schemes Bill (linked here)

The Pension Regulator, A new approach to ensure regulators and regulations support growth: response from The Pensions Regulator (linked here)

HM Treasury, Pensions Investment Review: Call for Evidence (linked here)

HM Treasury, Pensions Investment Review: final report (linked here)

Following the election, the Government confirmed that it would be undertaking a two stage Pensions Review. The first stage, which has now concluded, focussed on investment. The second stage, which is yet to come, will focus on how to ensure pension adequacy during retirement (see further below).

The Pension Schemes Bill, which implements the policy proposals confirmed as part of the first stage of the Pensions Review on investment, together with some other measures, was published on 5 June 2025.

Manifesto

The Labour Party Manifesto 2024 June 13, page 29 (linked here)

The King's Speech 2024, July 17 (linked here)

Speech, The RT Hon Rachel Reeves MP, July 8 2024 (linked here)

Financial Growth Strategy Pages 9, 15, 20-22 (linked here)

Policy

Review of Pensions Landscape

The Labour Party also promise to undertake a review of the pensions landscape to consider what further steps are needed to improve pension outcomes and increase productive investment in UK markets. It is yet to be confirmed what this review will look like.

A Labour Party review would look at all types of pensions and retirement savings plans (defined benefit, defined contribution, and public sector schemes including LGPS), at corporate sponsors, at asset managers, and at VCs and private equity, and set out proposals to bring about an approach that will benefit both UK PLC and UK retirees.

Business Impact

The Labour Party's review is designed to improve security in retirement, amid warnings from experts that many people are not saving enough for their later years.

The Labour Party has previously indicated its support for broadening the scope of the auto-enrolment regime, although there is no direct reference to this in the manifesto and timing is yet unclear. However, the scope of review is such that it could cover changes to the auto-enrolment regime.

Implementation

HM Treasury, Pensions Investment Review: Call for Evidence (linked here)

HM Treasury, Pensions Investment Review: final report (linked here)

The first phase of the Pensions Review, which focussed on investment, has been completed.

The second phase of the Pensions Review, which will focus on adequacy, is due to commence "in the near future".

Manifesto

Change in previous undertaking to re-introduce the Lifetime Allowance

Policy

Lifetime Allowance

Lifetime Allowance will not be re-introduced, in a change to the Labour Party's previously stated policy position.

Business Impact

The Labour Party Manifesto made no mention of any plans to reinstate the lifetime allowance, seemingly confirming recent press reports that the party had dropped plans to reintroduce the tax if elected.

This policy-shift is largely a result of industry concerns which noted that a reverse on the lifetime allowance would cause great uncertainty for savers and be extremely complex to re-introduce.

Implementation

There has been no change to this. The Government has not mentioned any plans to re-introduce the Lifetime Allowance.

Baker McKenzie.

UK Government Policy Implementation Tracker

Employment & Pensions

Pensions

Manifesto

The Labour Party Manifesto 2024 June 13, page 55
(linked here)

Policy

High-quality jobs

The Labour Party also specifically highlight that they "will end the injustice of the Mineworkers' Pension Scheme" and they "will review the unfair surplus arrangements and transfer the Investment Reserve Fund back to members, so that the mineworkers who powered our country receive a fairer pension".

Business Impact

The Labour Party have pledged to "end the injustice" related to the surplus arrangement regarding the £10.6bn Mineworkers' Pension Scheme.

The National Union of Mineworkers (NUM) welcomed the news on its website, stating: "This is as a result of a lot of hard work and lobbying by the NUM".

A Business, Energy and Industrial Strategy (BEIS) Committee review from 2021, noted that "The government must acknowledge that continuation of the arrangements in their current form deserves a review and a better outcome for pensions should be found."

It is to be seen how this re-allocation of surplus could affect wider industry practice, should the Labour Party be elected, particularly given the recent government focus on surplus distribution.

Implementation

Department for Energy Security and Net Zero, Press Release: Government ends miners' pension injustice
(linked here)

The Government announced that over 100,000 former mineworkers will receive £1.5 billion of money kept from their pensions.

£1.5 billion was held in an investment reserve fund to provide a buffer in case the Mineworkers' Pension Scheme went into deficit. This money was due to be returned to the government in 2029. The money has now been transferred to the Mineworkers' Pension Scheme.

The Energy Secretary, Ed Miliband, confirmed that the move will mean a 32% boost to the annual pensions of 112,000 former mineworkers.

Manifesto

The Labour Party Manifesto 2024 June 13, page 57
(linked here)

Speech, The RT Hon Rachel Reeves MP, July 8 2024
(linked here)

Policy

Accelerating to Net-Zero

The Labour Party "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."

Business Impact

The Labour Party said it would "ensure the institutional framework for policy making reflects our commitments to reach net zero and meet our carbon budgets".

This proposal largely mirrors that of the Liberal Democrats, who pledged to require pension funds to demonstrate compliance with the Paris Agreement.

Implementation

The Government has not introduced any guidance or mandatory policy / legislation to ensure that pension schemes are aligned with the 1.5°C goal of the Paris Agreement.

Manifesto

The Labour Party Manifesto 2024 June 13, page 79
(linked here)

Speech, The RT Hon Rachel Reeves MP, July 8 2024
(linked here)

Policy

Family Security

The Labour Party manifesto notes that: "Our system of state, private, and workplace pensions provide the basis for security in retirement. Labour will retain the triple lock for the state pension. We will also adopt reforms to workplace pensions to deliver better outcomes for UK savers and pensioners. Our pensions review will consider what further steps are needed to improve security in retirement, as well as to increase productive investment in the UK economy".

Business Impact

The Labour Party pledges to retain the pension "triple lock". The triple lock guarantees the state pension rises each year in line with either inflation, earnings or by 2.5 per cent, whichever is higher.

But Labour has not pledged to match the so-called "triple lock plus" promised by the Conservative Party, which would involve increasing the tax-free pension allowance.

Implementation

Oral Statement to Parliament, Chancellor statement on public spending inheritance
(linked here)

The Government has committed to protecting the "triple lock".

Not in the Manifesto

Inheritance Tax

Autumn Budget 2024
(linked here)

In the Autumn Budget, the Government announced that unused pension funds and death benefits payable at death would be brought into scope of Inheritance Tax for deaths occurring on or after 6 April 2027. The Government states that this will restore the principle that pensions should not be used as a vehicle for the accumulation of capital sums for the purposes of inheritance.

Key Contacts

EMPLOYMENT

Jon Tuck
Partner
jon.tuck@bakermckenzie.com
+44 20 7919 1706

Matthew Berridge
Partner
matthew.berridge@bakermckenzie.com
+44 20 7919 1209

PENSIONS

Jonny Sharp
Partner
jonathan.sharp@bakermckenzie.com
+44 20 7919 1415

Arron Slocombe
Partner
arron.slocombe@bakermckenzie.com
+44 20 7919 1240

Baker McKenzie.

UK Government Policy Implementation Tracker

Consumer Goods & Retail

Business Tax

Manifesto

The Labour Party Manifesto 2024 June 13, page 31 (linked here)

Policy

Replace business rates with a new system to "*level the playing field between the high street and online giants, better incentivise investment, tackle empty properties and support entrepreneurship*".

Business Impact

Labour's policy also looks to boost brick-and-mortar retailers by reducing their tax burden and encouraging investment in physical shops. Labour have not yet provided any real detail on the new system. Whilst it has been discussed that they may raise revenue via an online sales tax, this has not yet been confirmed.

Implementation

Non-Domestic Rating (Multipliers and Private Schools) Act 2025 (linked here)

Further implementation guidelines are to be released under secondary legislation from the Treasury with the aim to define eligibility.

Note that the NDR Act is not a full replacement of business rates yet. It is a step toward reform, aligning with Labour's broader goal.

Communities & High Streets

Manifesto

The Labour Party Manifesto 2024 June 13, page 36 (linked here)

Policy

Strengthen the Post Office network and support the development of new products and services to "*help reinvigorate the high street*".

Business Impact

Labour also plans to invest in the UK high street. Labour's proposal is focused on the Post Office network as a way to draw customers back to the high street. Labour are yet to provide any specifics on this proposal but, as stated above, it is hoped that increased footfall will drive instore sales.

Implementation

UK Parliament, Hansard, 'Local Post Offices – Volume 761: debated on Thursday 30 January 2025' (linked here)

The Government is set to publish a Green Paper on the topic before the summer.

The Green Paper is expected to outline funding mechanisms and partnership models with local authorities.

Employment

Manifesto

The Labour Party Manifesto 2024 June 13, page 45 (linked here)

Policy

Remove the age bands for the national living wage, so all adults are entitled to the same minimum wage – "*delivering a pay rise to workers across the UK*".

Business Impact

Currently, only persons aged 20 and over are entitled to the minimum hourly rate. Retailers often employ 16 to 20-year-olds as weekend or holiday staff at lower cost. Labour's proposed changes to increase the pool of people qualifying for the living wage may serve to impose an additional financial burden on retailers.

Implementation

UK Parliament, Written questions. Answers and statements, 'Low Pay Commission Remit – Statement made on 30 July 2024' (linked here)

Comments from the Business Secretary on the implementation of this policy highlights that this will be a slow implementation process, taking steps "year by year".

Public Health & Product Regulation

Manifesto

The Labour Party Manifesto 2024 June 13, page 102 (linked here)

Policy

Introduce a generational ban on purchasing tobacco products.

Ban selling high-caffeine energy drinks to under 16s.

Business Impact

Labour's proposal will, if implemented, inevitably lead to a fall in sales of tobacco products. Producers, suppliers and retailers may wish to stress test their businesses to evaluate the impact of these bans on their overall revenue.

Implementation

UK Parliament, Parliamentary Bills, 'Tobacco and Vapes Bill' (linked here)

The Tobacco and Vapes Bill is currently in the committee stage having passed its first vote in the House of Lords with a majority 415 to 47.

The high-caffeine energy drink legislation has not yet progressed.

Manifesto

The Labour Party Manifesto 2024 June 13, page 102 (linked here)

Policy

Ban vapes from being branded and advertised to appeal to children.

Business Impact

Labour's proposed ban on certain types of branding and advertising will likely also impact the sales of vapes (which are particularly popular with the younger generation). Exactly what advertisements will fall under this ban is not yet clear. Companies will, therefore, need to watch out for potential new regulations to ensure they are not caught out by the rules.

Implementation

UK Parliament, Parliamentary Bills, 'Tobacco and Vapes Bill' (linked here)

The Tobacco and Vapes Bill is currently in the committee stage having passed its first vote in the House of Lords with a majority 415 to 47.

Manifesto

The Labour Party Manifesto 2024 June 13, page 102 (linked here)

Policy

Ban on advertising junk food to children.

Business Impact

Limitations on advertising and marketing of products will likely serve to reduce sales and, therefore, have a knock-on effect on business performance. Labour have not yet provided details as to how a targeted ban will work. Retailers will, in any event, need to take time and resources to review and reorganise their marketing strategy.

Implementation

The Guardian, 'UK ban on junk food adverts targeting children is delayed until next year' (linked here)

Not yet been implemented but is scheduled to be implemented in January 2026.

Implementation

Labour has announced the Product Safety and Metrology Bill, which is to be fronted by the Department for Business and Trade (linked here). Whilst the Bill was not referenced in Labour's manifesto, it will have a wide scope to cover "*nearly all manufactured products*", including consumer products.

Labour has stated that the Bill aims to improve product safety generally and, in particular, to address risks associated with e-bikes and lithium-ion batteries. Therefore, it is clear that Labour has a focus on increasing product regulation and protecting customers.

Consumer Goods & Retail

Crime

Manifesto

The Labour Party Manifesto
2024 June 13, page 65
(linked here)

Policy

Scrap the current "*effective immunity*" for some shoplifting offences and create a new specific offence for assaults on shopworkers that will protect them from threats and violence.

Business Impact

Shoplifting is an increasing burden on retailers – not only does it directly affect revenue and profits, but it also disturbs inventory accuracy and the ability of retailers to meet customer demand. Labour's policy is, therefore, likely to be welcomed by retailers.

Implementation

UK Parliament, Parliamentary Bills, 'Crime and Policing Bill' (linked here)

Not yet implemented, currently in the Reporting Stage in the House of Commons.

Key Contacts

Judith Mulholland
Partner
judith.mulholland@bakermckenzie.com
+44 20 7919 1341

Julia Hemmings
Partner
julia.hemmings@bakermckenzie.com
+44 20 7919 1619

Energy, Mining and Infrastructure

Energy

Manifesto

The Labour Party Manifesto 2024 June 13 Pages 50, 51, 52, 53, 54, 55, 56, 57, 58 and 59.
(linked here)

Policy

"Green Prosperity Plan"

The plan aims to create hundreds of thousands of new jobs for electricians, plumbers, engineers, and technicians across Britian by investing in these industries.

The plan aims to achieve clean power by 2030 through two main methods:

- Establishing a National Wealth Fund which will assess and make investments in ports, gigafactories, clean steel, industrial clusters and hydrogen.
- Establishing GB Energy – a publicly-owned clean generation company which will invest and deliver projects to provide additional investment alongside the private sector in leading edge energy technologies.

The introduction of the Energy Independence Act will establish the framework for Labour's energy and climate policies.

Business Impact

Labour aims to make the UK a clean energy superpower by 2030 through investing into existing/building new clean energy infrastructure within the UK and offshore as well as making strategic investments in new green energy technologies and accelerating the deployment of established technologies where there is a clear case that public sector investment would accelerate private sector deployment.

There is a clear priority for public-private partnerships and to channel public and private investment into the British green energy industry.

Labour insists that the benefits of GB Energy are that it is rooted in the UK which will help grow domestic supply chains, ensuring that homegrown research and development (R&D) leads to domestic manufacturing and nurturing partnerships with SMEs and large local employers.

Oil and gas firms will continue to manage their existing fields for the entirety of their lifespan and retain any licences obtained before the policy comes into effect. However, new licences will not be handed out to explore oil and gas fields so firms will need to be prepared for the transition out of oil and gas in the UK and into alternative energy sources. This plan may come under pressure from UK industry groups and the Scottish Government who have stated that they will continue to consider new licences on a "case-by-case" basis.

The nuclear industry can expect to receive heavy investment in building modular reactors and speeding up the approval and construction of current approved projects.

Implementation

The National Wealth Fund
(linked here)

Great British Energy Act 2025
(linked here)

UK Government, 'Clean Power: 2030 Action Plan: A new era of clean electricity'
(linked here)

Department for Energy Security and Net Zero, Press release: 'Contracts signed for UK's first carbon capture project in Teesside'
(linked here)

Department for Energy Security and Net Zero, Press release: Government rips up rules to fire-up nuclear power'
(linked here)

The National Wealth Fund was launched in October 2024 (with a rebrand of the UK Infrastructure Bank) with a total of £27.8 billion being capitalised by the end of this parliament. The Fund deploys financial tools including blended finance and government guarantees to help mobilise private investment into clean energy.

As mentioned in Labour's manifesto, the Fund will target five priority sectors: ports, gigafactories, clean steel, industrial clusters and hydrogen.

GB Energy was formally established in May 2025 by the Great British Energy Act, set to receive £8.3 billion in funding from the National Wealth Fund and aims to invest in strategic energy projects like floating offshore wind.

GB Energy will invest £200 million in new rooftop solar power and renewable energy schemes for schools, hospitals and communities. An additional £300 million will be funding offshore wind supply chains, aiming to support engineers, technicians and welders in the industry.

The **Clean Power 2030 Action Plan** outlines a strategic roadmap to achieve a fully clean electricity system by 2030. Spearheaded by the Department for Energy Security and Net Zero, the plan addresses three major challenges: ensuring energy security, fostering economic growth through green industries, and combatting climate change. It includes reforms to accelerate infrastructure development, particularly through the Connections Reform Annex, which was updated in April 2025. This reform aims to streamline the grid connection process, potentially unlocking up to 500GW of capacity and significantly reducing project backlogs. These changes are designed to fast-track clean energy projects like solar, wind, and battery storage, while aligning with the National Energy System Operator's (NESO) net-zero-aligned 2035 scenarios.

The first Carbon Capture, Usage and Storage (CCUS) projects funded by the Labour government were launched in Teesside as part of the East Coast Cluster, marking a major milestone in the UK's clean energy transition. Announced in December 2024, these projects include Net Zero Teesside Power, a gas-fired power station with integrated carbon capture technology, expected to begin construction in mid-2025 and deliver low-carbon electricity to up to one million homes by 2028.

The initiative is backed by a £21.7 billion government commitment to CCUS and is projected to support 2,000 jobs in the North East initially, with tens of thousands more across the UK as the industry scales.

Planning regulations have also been reformed by the UK Government to expedite approvals for modular nuclear reactors, particularly small modular reactors.

An Energy Independence Bill appears to have been referenced in the King's Speech, but has not yet been introduced to Parliament.

Energy, Mining and Infrastructure

Infrastructure

Manifesto

The Labour Party Manifesto 2024 June 13
Pages 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41 and 42.
(linked here)

Policy

"Strategic Partnership Through Industrial Strategy"

Labour plan to work with industry to upgrade our national transmission infrastructure and rewire Britain.

Labour plan to develop a ten-year infrastructure strategy and National Infrastructure and Service Transformation Authority, to set strategic infrastructure priorities and oversee the design, scope and delivery of projects.

Labour proposes to reform the railways and bring them into public ownership.

Labour plans to develop a long-term strategy for transport, ensuring transport infrastructure can be delivered efficiently and on time.

Labour proposes to pledge £1.5bn to build battery factories focusing on the automotive industry.

Business Impact

Firms can expect reforms in the design, planning and delivery of infrastructure projects to which will speed up the delivery and approval of such projects.

The creation of the infrastructure strategy will guide investment plans and give the private sector certainty about project pipeline. Creating clear policies and procedures will enable increased investment in the sector as projects will be delivered on time.

Firms can be prepared to work closely with the government to resolve challenges faced on project delivery.

Implementation

Department for Business & Trade, Closed consultation: 'Invest 2035: the UK's modern industrial strategy'
(linked here)

Department for Business and Trade, Press release: Government launches Industrial Strategy Advisory Council to boost growth and living standards'
(linked here)

Planning and Infrastructure Bill
(linked here)

Ministry of Housing, Communities & Local Government, Guidance: 'Guide to the Planning and Infrastructure Bill'
(linked here)

Invest 2035 is the UK Government's modern industrial strategy. Launched by the Department for Business & Trade, it is a 10-year plan designed to provide long-term certainty and stability for businesses to invest in high-growth sectors. It focuses on unlocking the UK's strengths in services and manufacturing, while also targeting emerging sectors. Key priorities include improving access to finance, reforming infrastructure planning, enhancing skills and talent pipelines, and reducing barriers to innovation and energy costs.

A new Industrial Strategy Council has been established as part of the government's strategy to ensure policy stability and long-term planning, avoiding the "policy merry-go-round" of previous governments.

The council aims to offer the government independent advice and recommendations on its Industrial Strategy implementation.

The Planning and Infrastructure Bill, although still undergoing debate in Parliament, is a cornerstone of the UK Government's strategy to "get Britain building again." It aims to accelerate the delivery of 1.5 million homes and fast-track 150 major infrastructure projects by streamlining planning processes and reducing bureaucratic delays.

The Bill supports the Clean Power 2030 target by enabling faster construction of clean energy infrastructure. Key measures include a new strategic planning system, reforms to the compulsory purchase order (CPO) process, and incentives for communities hosting energy infrastructure. It also introduces modernised planning committees, mandatory training for councillors, and improved cost recovery mechanisms for local authorities. South Western Railway (SWR) became the first contracted passenger train operator to return to public ownership under the UK government's nationalisation programme in May 2025. The transition is part of a broader plan to bring all Department for Transport-contracted services into public control by 2027. The services, previously run by First MTR, will now be operated by South Western Railway Ltd, a subsidiary of DfT Operator Ltd, with continuity in branding and staffing. The eventual goal is to consolidate operations under the new Great British Railways entity, pending legislation.

Key Contacts

Richard Blunt
Partner
richard.blunt@bakermckenzie.com
+44 20 7919 1842

Philip Thomson
Partner
philip.thomson@bakermckenzie.com
+44 20 7919 1518

Natalya Bremen
Knowledge Lawyer
natalya.bremen@bakermckenzie.com
+44 20 7919 1963

Financial Institutions

Financial Sector and Regulations

Manifesto

Labour Party Manifesto
2024 June 13, pages 28, 29, 57 and 122
(linked here)

Press release: Government introduces new Fiscal Lock Law to deliver economic stability and protect family finances
(linked here)

House of Commons Library Budget Responsibility Bill
(linked here)

Financing Growth: Labour's plan for financial services
2024 January 1, page 11
(linked here)

The King's Speech 2024
(linked here)

Policy

Labour outlines several priorities to drive financial growth including:

- Growing regional financial sectors across the country;
- Becoming a world leader in sustainable finance through a green finance regulatory framework;
- Embracing innovation and fintech (e.g., Open Banking and Open Finance);
- Reviewing the pensions landscape and increasing investment from pension funds; taking a more cohesive approach to financial regulation;
- Building better business partnerships; and
- Increasing female representation across the financial services sector.

Business Impact

A recurring theme in the Labour Manifesto is to leverage the financial services sector to unlock more business investment (domestic and foreign) to deliver growth across the wider UK economy. As suggested in the Labour Manifesto, "*ensuring a pro-innovation regulatory framework*" could create an environment which allows investment to flow more freely.

To convert the UK into a leading destination for capital investment into green technology and infrastructure it plans to:

- Extend covered bonds to green assets, enabling banks and insurance companies to lend and borrow more affordably; and
- Address regulatory rules to attract patient capital and institutional investment for green assets.

There is a clear priority to identify avenues for public-private partnerships and to channel private investment into British industry. There are also incentives for new and existing businesses entering the green economy. Although positive, the main questions surround implementation and the speed at which some of these proposals can be delivered and therefore as impactful.

Implementation

Building a Pro-Innovation Regulatory Framework

Financial Times, Starmer axes UK payments watchdog as part of anti-regulation drive
(linked here)

Financial Times, Bank of England explores ways to loosen ringfencing rules for UK banks
(linked here)

Financial Conduct Authority, CP25/11: Mortgage Rule Review: First steps to simplify our rules and increase flexibility
(linked here)

Financial Times, UK to dilute rules for smaller private equity firms and hedge funds
(linked here)

Financial Conduct Authority, Call for Input: Modernising the Redress System
(linked here)

Financial Times, Court of Appeal sides with UK consumers over 'secret' car loan commissions
(linked here)

Financial Times, UK unveils shake-up of financial compensation rules
(linked here)

HM Treasury, Policy paper, National Payments Vision
(linked here)

The first year of the Labour government has been marked by promises to streamline regulation. Labour has attempted to loosen rules governing financial institutions in an effort to encourage growth in the UK financial sector. Much of these reforms have been made through the financial regulators and the Bank of England, though these actions have been prompted by the Labour government's "growth" imperative. While the ultimate shape of many of these proposals is to be seen, and as ever the devil is in the details, the direction of travel has been towards creating a more attractive environment for financial institutions to operate in.

Such efforts include attempts to streamline the oversight of financial institutions to remove blocks on innovation, investment and growth. For example, to reduce supervisory complexity, the Payment Systems Regulator will be abolished and its operations merged into those of the Financial Conduct Authority (FCA). These efforts also include moves by the regulators to simplify and streamline rules to remove unnecessary regulation, such as the FCA's recently-closed consultation proposing to simplify and consolidate the rules for UK investment firms on what qualifies as regulatory capital.

Post-Great Financial Crisis regulation intended to limit risk taking are being relaxed as well. The Prudential Regulation Authority ("PRA") has announced plans to withdraw restrictions on building societies' lending and treasury activities. There have also been reports that the PRA is considering ways to relax ringfencing rules while ensuring that core protections for retail deposits are maintained. Rules up for review include those determining the activities that banks can engage in within the ringfence, and the limitations on how back-office services are structured within and outside the ringfence. Both measures would allow more capital to be used for financial activities. The FCA has also recently held a consultation to simplify some mortgage lending rules.

Several measures have also been proposed to reduce the regulatory burden for small- and medium-sized financial institutions. The PRA has proposed lifting the limit for the UK retail deposits a bank can have before it has to comply with its "leverage ratio" rules from £50 billion to £70 billion. Further, a new, less onerous regime for smaller private equity firms and hedge funds with assets between £100 million and £5 billion has been proposed, which would reduce the proportion of net asset value caught by the full scope of the Alternative Investment Fund Managers Regime from 99% to 74%.

Of note has been the focus on the Financial Ombudsman Service ("FOS"), which is being scrutinised by HM Treasury over concerns that it behaves as a "quasi-regulator", and the fitness of the FOS redress system as explored in a recently-closed call for input from the FOS and the FCA on modernising the redress system. The call for input followed a significant Court of Appeal decision that ruled that certain commissions lenders paid to car dealerships for arranging loans were unlawful, which could result in £23 billion customer redress scheme if the Supreme Court upholds the Court of Appeal's decision. The call for input included options for reforms that would give companies longer to respond to customer complaints, and reduce the scope to appeal against FOS decisions. Further consultations are likely to set out concrete modernisation proposals.

There has also been a flurry of recent activity to account for modern, innovative financial services within the regulatory framework, with new activities to be brought within the scope of regulation. HM Treasury has published a near-final statutory instrument that will bring cryptoassets within scope of the existing regulation framework under the Financial Services and Markets Act 2000. This follows EU efforts to regulate cryptoassets, where a bespoke regime (the Markets in Crypto-Assets Regulation) is already in place. Long-stalled efforts to modernise the regulation of consumer lending products are also being accelerated: legislation is finally being brought forward that will lead to FCA oversight of "buy-now, pay-later" services, and the Treasury is finally moving to update the 51-year-old Consumer Credit Act to create a "modern, pro-growth framework that reflects how people borrow today".

Growing regional financial sectors

To date, the UK government has not announced plans that focus specifically on growing regional financial centres.

Green Finance

Regulatory measures concerning green finance are discussed in the latter "Green economy" section.

Fintech

The government's measures to enhance the fintech sector have been largely focused on regulating the cryptoasset sector (see above), alongside consideration of the integration of AI in the financial services industry and innovations in the payments space.

The government has opted for a non-statutory, technology-neutral, principles-based approach to the regulation of AI. The regulators have made clear that they will foster growth and innovation while avoiding excessive regulation by relying on existing rules and frameworks – such as the Senior Managers and Certification Regime, Consumer Duty, and operational resilience requirements – to oversee financial institutions' use of AI.

Financial Institutions

Financial Sector and Regulations Continued

The government has also sought to support the UK fintech sector through payments innovation, and in particular through its National Payments Vision. As part of the vision, the government plans to advance initiatives to simplify regulation, modernise retail payments infrastructure, develop Open Banking, enable the use of digital identity services, continue the design phase of the potential UK retail central bank digital currency (the "digital pound"), and bolster security and fraud measures. The government intends to deepen collaboration between policymakers, regulators, and financial institutions by introducing a Payments Vision Delivery Committee within the Treasury to reduce regulatory silos and encourage greater dialogue. It is hoped that this plan will help secure the UK's position as a global leader in retail payments.

Pensions

Changes to the regulation of pensions are set out in the latter "Economic growth and investment" section.

Business Partnerships

The Labour government has made significant efforts to promote partnerships to channel private investments into UK projects. This is discussed in the latter "Economic growth and investment" section.

Female representation in finance

To date, the government has not announced plans to improve female representation in finance.

Economic Growth and Investment

Manifesto

Labour Party Manifesto
2024 June 13, pages 19, 21, 126 and 127
(linked here)

The King's Speech2024
(linked here)

Deep dive into the pension schemes bill
(linked here)

The Draft Audit Reform and Corporate Governance Bill – landmark legislation in the making?
(linked here)

Policy

The Labour Manifesto proposes to deliver economic stability by:

- Upholding fiscal rules to manage a sustainable debt level;
- Enabling the Office for Budget Responsibility to independently publish forecasts for government decisions; and
- Targeting stable inflation at 2 per cent.

Business Impact

Stronger fiscal policy will limit market volatility and instability in response to key events and government decisions but may in turn constrain growth.

Improving the discretionary implementation of fiscal policy may create a more predictable financial landscape, enabling investors and businesses to make long-term decisions but lower volatility and risk is usually accompanied by lower returns.

Implementation

BBC News, Budget 2024: Is the tax take the highest for 70 years?
(linked here)

IPPR, "Voters want the government to put fixing public services ahead of balancing books, new polling finds"
(linked here)

Financial Times, Reeves aims to close £40bn funding gap as she plans tax rises in Budget
(linked here)

HM Treasury, A strong fiscal framework
(linked here)

Financial Times, "UK economy grows at fastest pace in a year"
(linked here)

On assuming power, the Labour government faced a challenging fiscal position. The UK public debt burden was nearly 100% of GDP. UK taxpayers, at the time, faced the highest tax burden in 70 years. UK investment and economic growth, however, was growing and was expected to pick up still further. The electorate demanded better public services following a decade of austerity. The Labour government had to abide with the tax promises set out in its general election manifesto. And the government needed to demonstrate fiscal credibility to the markets, especially given the reaction to the October 2022 "Mini-Budget", and the £22 billion "Black Hole" the Labour government claims it identified after coming into power.

The fiscal framework unveiled in the October 2024 Budget attempted to, in one form or another, address each of these challenges.

Britain's new fiscal framework encompasses three rules:

1. The current budget should be on course to be in balance or surplus by 2029/30 ("stability rule");
2. Public net financial debt should fall as a share of the economy in 2029/30 ("investment rule"); and
3. Some types of welfare spending must remain below a pre-specified level ("welfare cap").

The intention for these rules was to ensure that day-to-day government activity falls within the UK budget and remains affordable (as set out by the stability rule and welfare cap) while giving the UK the fiscal space needed to fund investments in public assets (the investment rule). And while the market initially supported the new rules, the scale of proposed UK government borrowing from its October 2024 Budget (and later fears over UK economic growth, and general turmoil in global bond markets) has steadily increased UK borrowing costs, threatening the fiscal framework.

Alongside rising UK borrowing costs, Labour's framework also faces new pressures: a need to increase defence spending; a decline in global economic confidence following "Liberation Day" tariffs; and the surging popularity of the Reform Party, which has opposed reductions to winter fuel payments, an element of welfare spending.

The Labour government has attempted to address these challenges by: reducing welfare spending (though cuts to winter fuel payments are being reversed in the face of voter backlash and intended savings in its Welfare Bill have been scaled back due to a lack of parliamentary support); increasing defence spending; and trade discussions (negotiating with the new US administration to reduce the impact of new tariffs on the UK, and establishing closer trading ties with the EU and India).

While the government enjoyed higher than expected economic growth in Q1 2025, it is unclear how durable this growth will be in the face of global trade uncertainty, and an increased tax burden that UK business now face since the beginning of FY 2025.

The question now facing the Labour government is, given how dramatically the world has changed in the past few months, whether its fiscal framework is still fit for purpose. If it is not, then a new framework will need to be devised, and UK businesses, including financial institutions, will need to calibrate to a new set of rules – only adding to the policy volatility experienced over the past decade.

Financial Institutions

Economic Growth and Investment Continued

Manifesto

Labour Party Manifesto
2024 June 13, pages 26, 28, 31, 32 and 55
(linked here)

King's Speech 2024: Summary and highlights from Labour's first opening of parliament | The Independent
(linked here)

Boost for new National Wealth Fund to unlock private investment
(linked here)

Policy

Labour intends to harness private investment through:

- Economic regulation and planning reform, making it easier to attract investment;
- Establishing a National Wealth Fund to unlock £3 of private investment for every £1 of public investment; and
- A £500 million annual "British Jobs Bonus" to award grants to companies entering the clean energy sector.

Business Impact

Clearer policies and regulations can provide certainty and opportunities for greater inward private investment. These proposals intend to lure businesses and investors back to the UK market with incentivised initiatives, focused on long-term solutions and projects.

If the proposed planning and housing reforms to effect, these should yield new investment opportunities as financial institutions (FIs) stand to benefit from greater lending activity.

The focus on public-private partnership is a re-adoption of economic strategies common in the Blair/Brown era and continued under the coalition and Conservative administration so cannot be regarded as exclusively a Labour strategy.

Implementation

Economic regulation and planning reforms

Ministry of Housing, Communities and Local Government, Press release, "Planning reforms to slash a year off infrastructure delivery"
(linked here)

As seen above in the "Financial sector and regulations" section, Labour has proposed deregulatory measures to encourage greater activity by financial institutions.

As for planning reform, the government has published a Planning and Infrastructure Bill (at the time of writing in the "report stage" in the House of Commons), which aims to accelerate construction by:

- Reducing opportunities for legal challenges – this measure is hoped to reduce costs and delays for projects;
- Eliminating the need for central government approval for compulsory purchase orders, and removing the requirement to consider a property's "hope value" – this measure aims to reduce development costs, and expedite construction and regeneration;
- Reforming the "Nationally Significant Infrastructure Project" regime by simplifying application procedures, reducing government involvement, restricting multiple judicial reviews, and establishing a "nature restoration fund" to offset environmental impacts – it is hoped that this will reduce the time for approving major infrastructure projects from four years to less than two;
- Allowing local planning authorities to raise their own planning fees to invest in local planning services – this is in an effort to ensure that local planning services, which have traditionally been underfunded, receive sufficient invest ment;
- Requiring planning officers, and not local planning committees, to make planning decisions – it is hoped that centralising decision making will accelerate approval times;
- Placing a duty on local government (at the combined authority, county authorities, upper-tier county councils, or unitary authorities level) to prepare a strategic plan for infrastructure development for their area – it is hoped that this measure will encourage more coordinated local planning;
- Updating the legislation for development corporations, including allowing new town development corporations to be used for urban extensions and not just as entirely new settlements – it is hoped this this updated framework will drive activity by development corporations, resulting in more building activity and regeneration of neglected areas;
- Compensating households living near new or upgraded power pylons – it is hoped that this will reduce resistance to the growth in energy infrastructure necessary to achieve net-zero targets;
- Streamlining the statutory consultee system by removing certain bodies (such as: Sport England; Theatres Trust; and The Gardens Trust) from the mandatory consultation process – it is hoped that this measure will reduce delays and uncertainty in planning proposals; and
- Reduce environmental red tape and compliance cost – it is hoped that streamlining environmental approvals and reducing compliance costs could result more infrastructure being built at a faster rate.

While the devil will be in the details of the final act, and planning reform alone won't increase construction activity, it is clear that this government wishes to make construction simpler, which may benefit financial institutions through infrastructure finance and increased mortgage activity.

National Wealth Fund

National Wealth Fund - Mobilising Private Investment
(linked here)

Institute for Government - National Wealth Fund
(linked here)

In October 2024, the government announced that the UK Infrastructure Bank would be known as the National Wealth Fund. Its remit has expanded to invest in green hydrogen, green steel, carbon capture and storage, gigafactories, and ports. The intention is to "crowd-in" finance for projects. Although the initial manifesto commitment was to capitalise the National Wealth Fund with £7.3 billion, that amount has been reduced to £5.8 billion, with the other £1.5 billion to be used by the government for similar investments, albeit through different channels.

The National Wealth Fund is to provide financial institutions the opportunity to lend funds for, or invest in, projects that have been de-risked by government involvement. It is also to lend alongside the private sector into UK low-carbon projects.

Public-Private Partnerships

Financial Times, "Plans for 12 new towns in England to cost up to £48bn, report says"
(linked here)

Public-private partnerships have been encouraged by the new Labour government. Projects such as the construction of the Lower Thames Crossing and the regeneration of Old Trafford are being organised through public-private partnerships, and it has been reported that Labour's 12 planned new towns will involve a form private financing. This offers an opportunity for lending and investment activity in UK infrastructure assets.

"British Jobs Bonus"

To date, a "British Jobs Bonus" has not been implemented, nor has the government announced any steps towards establishing this incentive.

Financial Institutions

Economic Growth and Investment Continued

Manifesto

Labour Party Manifesto
2024 June 13, pages 29, 36 and 79
(linked here)

Financing Growth: Labour's plan for financial services
2024 January 1, pages 20-22
(linked here)

King's Speech includes 'surprise' pension schemes bill
(linked here)

Deep dive into the pension schemes bill
(linked here)

Policy

Labour's proposals to deliver capital reform would include:

- Adopting the Solvency UK reforms to eliminate blockades and release capital from insurers;
- Reshaping defined contribution pension schemes to enable greater consolidation across retirement savings and pension schemes; and
- Conducting a review of the pensions landscape and identifying ways to increase investment from pension funds.

Business Impact

It is understood that a proper evaluation on how to deliver better value for pension funds and subsequent reform to pension schemes would increase investment. The central concern will be balancing risk profiles with longer-term investments into illiquid assets.

The Solvency UK reforms intend to retain high levels of protection for policyholders while creating productive finance investment opportunities. The Association of British Insurers estimates these measures could result in £100 billion invested across the next decade.

Implementation

Solvency UK Reforms

Bank of England, "The PRA consults on reforms to the UK Insurance Special Purpose
Vehicle regulatory framework"
(linked here)

Practical Law, "Reform of UK Solvency II regime'
(linked here)

As promised in the Labour manifesto, the government adopted the Solvency UK reforms, which came into force on 31 December 2024.

The government has been investigating a wider streamlining of rules to release capital from insurers, with the PRA announcing a consultation on reforms to the UK insurance special purpose vehicle framework in November 2024.

This points to a trend toward the relaxation of the regulatory environment for insurers, which may release capital previously held for compliance purposes.

Pension Scheme Investment

HM Treasury, Press release: Pension schemes back British growth
(linked here)

Pensions Expert, 'Pensions industry launches Mansion House Accord to provide £25bn boost to UK investment by 2030"
(linked here)

Pension Schemes Bill, Government press release
(linked here)

The Labour government has been very active in encouraging UK pension funds to invest in areas that support the government's broader investment objectives.

The government announced the Mansion House Accord, where 17 pension schemes and providers agreed to allocate at least 10% of defined contribution default funds to private markets, with at least half of these investments to be in UK assets, by 2030. It is expected that this will increase UK investment by £25 billion in the next 5 years, and yield a higher overall return for pension funds. This builds on the 2023 Mansion House Compact, where pension funds agreed to a 5% allocation to private assets.

The Pension Schemes Bill 2025 implements several of the policy recommendations made in the first part of the Government's investment review (see Pensions section) and introduces further measures to drive economic growth. The bulk of defined contribution schemes will be subject to new "scale" requirements which, broadly, will require them to have at least one 'main scale default arrangement' of at least 25 billion GBP by 2030. The Government believes that consolidation of the existing markets is key to encouraging investment in the type of UK productive assets which the Government is keen to see pension funds invested in. The Bill also contains provisions which could, potentially, allow the Government to mandate investment to a certain extent in relation to certain types of defined contribution pension schemes.

The Government's consolidation agenda is also reflected in proposed changes to the management of investments held by the Local Government Pension Scheme, which include asset pooling requirements.

Manifesto

Labour Party Manifesto
2024 June 13, pages 35 and 36
(linked here)

Financing Growth: Labour's plan for financial services
2024 January 1, pages 9, 11 and 21
(linked here)

Policy

The Labour Manifesto details intentions to improve the BBB's operations, making it easier for SMEs to access capital. The plans also include widening the BBB's remit with a longer-term business plan to give investors and businesses more certainty.

Under Labour's proposals, more investment allocation targets would be introduced across regions and opportunities to offer match funding for seed funds will be explored.

Business Impact

One of the BBB's priorities is growing a green economy through financing. Broadening access and helping more SMEs transition to net zero, could lead to attractive investment opportunities.

SMEs which are created with a sustainable purpose could become targets for green deals and leveraged for strategic alignment as ESG-driven investing becomes more prominent.

Implementation

BBB

HM Treasury, Press release: Government steps in to back British business in changing world
(linked here)

The government has been pushing the BBB to align its operations with government policies, and improve the funding of SMEs.

It was reported that the BBB was being refocused on small companies operating in the eight sectors identified in the industrial strategy (being: advanced manufacturing; clean energy industries; creative industries; defence; life sciences; financial services; professional and business services; and digital and technologies). Although the BBB would continue to fund promising small companies in sectors not covered in the industrial strategy, the government clearly seeks to drive financing for SMEs into entities operating in key policy areas.

April 2025 saw the government inject additional funds into the BBB, with the aim of allowing small businesses to access loans of up to £2 million through the BBB's "Growth Guarantee Scheme". This was also coupled with a package worth £20 billion to UK Export Finance to encourage British businesses to export.

In May 2025, the BBB's investment service received regulatory approval from the FCA. With this authorisation, the BBB plans to launch a "British Growth Partnership", a BBB-administered fund through which, it is hoped, that co-investment with financial institutions will encourage the development of fast growing, innovative companies.

Financial Institutions

Green Economy

Manifesto

Labour Party Manifesto
2024 June 13, pages 49 and 50
(linked here)

Financing Growth: Labour's plan for financial services
2024 January 1, pages 16 and 17
(linked here)

The King's Speech 2024
(linked here)

How will the transition to net zero affect the UK economy? - Grantham Research Institute on climate change and the environment
(linked here)

Press release - 9 July, 2024 | British Business Bank
(linked here)

Sustainable aviation fuel initiatives
(linked here)

Policy

Labour seeks to position the UK as a leader in sustainable finance by:

- Harmonising sustainability disclosure standards;
- Working with FIs to create new financial products; and
- Mandating regulated FIs (and FTSE 100 companies) to deliver credible transition plans aligned with the Paris Agreement.

Business Impact

The UK is losing capital in green investment to the EU and US which, along with other jurisdictions, have already introduced legislation to help de-risk and incentivise investment into the green economy. Labour's regulatory proposals could reverse this trend, providing more certainty and clarity for investors to attract global capital.

Transitional financial services and products represent a source of revenue growth for FIs considering the level of financing required, especially across higher-emitting sectors of the economy.

However, FIs must be live to the legal, regulatory and reputational risks associated with transition finance. Robust governance processes are required, and transition plans must be properly scrutinised. These proposals deliver a significant regulatory burden for FIs and revenues could be materially impacted by enforcement costs in the event of regulatory breach.

At the same time, mandating transition plans for all FIs (which may need to be disclosed in certain jurisdictions) will be challenging given the nature of financed emissions; number of portfolio/customer evaluations required, and reliance on client data which may not be comparable.

Implementation

The UK Green Economy

Department for Energy Security and Net Zero, Open consultation: Voluntary carbon and nature markets: raising integrity
(linked here)

Department for Energy Security and Net Zero, Press release: UK backs businesses to trade carbon credits and unlock finance
(linked here)

Alongside the flurry of proposals to streamline general UK financial regulation, the new Labour government has also introduced measures to enhance, and clarify the regulation of, green finance. The intention here is to give financial institutions the confidence to invest in UK green assets.

The government has published the Overarching Principles Standard. It is hoped that establishing these benchmarks will build confidence that green investments are making a real improvement to the natural environment, and, through as a result, channel more lending and investment activity into the green economy. Further, it is expected that the Overarching Principles Standard will clamp down on greenwashing.

Building on the introduction of the Overarching Principles Standard, the government has issued a consultation on raising the integrity of voluntary carbon and nature markets. The government seeks views on the implementation of the six principles for voluntary carbon and nature market integrity, and clarification of expected standards for guiding supplier and buyer engagement in these markets. The government hopes that the consultation will help leverage the finance needed to address climate change and diversify revenue streams for British businesses.

Mandating regulated financial institutions to deliver credible transition plans aligned with the Paris Agreement

The government recently issued a consultation on its commitment to mandate UK-regulated FIs (including banks, asset managers, pension funds and insurers) and FTSE 100 companies to develop and implement credible transition plans that align with the Paris Agreement. The consultation seeks views on how the government should take forward that commitment, in particular the design, disclosure, alignment and implementation of the plan. The government also asks for views on whether and how climate resilience and nature could be incorporated over time to ensure a holistic approach to transition planning by companies. The consultation closes in September 2025.

Financial Institutions

Other

Manifesto

Labour Party Manifesto
2024 June 13, page 39
(linked here)

The King's Speech 2024
(linked here)

What does the King's Speech mean for the UK Property Market in 2024
(linked here)

The King's Speech 2024 – New Planning Reform Bill to Boost UK's Housing and Infrastructure - IBB Law
(linked here)

Planning And Infrastructure Bill Takeaways | Hugh James
(linked here)

Policy

Labour intends to revamp and make the government's existing 'Freedom to Buy' mortgage guarantee scheme, scheduled to end in June 2025, permanent. The scheme is primarily aimed at first-time buyers and those struggling to access the property ladder.

The manifesto also proposes to restrict the pre-sale of new developments to international investors before local residents are given the chance to buy.

Business Impact

Banks and lenders in this market will benefit from reduced risk exposure by offering loans backed by a government guarantee. This could be a revenue generator should lenders choose to capitalise by selling other products and services to these buyers.

In tandem with proposals on planning reform, a significant increase in in construction and development could significantly stimulate the real estate finance sector.

However, restricting the ability for international investment in pre-sale property could impact lending for property development projects. Lenders often rely on pre-sales in lending decisions to help mitigate risks and assess project viability.

Implementation

Mortgage Guarantee Schemes and Other Housing Policies

Ministry of Housing, Communities and Local Government, News story: Growth boost to support more first time buyers
(linked here)

Financial Times, 'Rachel Reeves to launch permanent mortgage guarantee scheme'
(linked here)

In February 2025, the government reaffirmed its commitment to modernise and make permanent the UK mortgage guarantee scheme which expired at the end of June 2025. The Government is expected to provide further details of its plans in the Chancellor's Mansion House speech on 15 July 2025. Mortgage products will be available for as little as a 5% deposit, with fees paid by lenders to HM Treasury to cover potential liabilities.

To date, the government has not announced a measure restricting international investment into UK real estate.

Manifesto

Labour Party Manifesto
2024 June 13, page 10, 19, 35, 36 and 129
(linked here)

Let's Get Britain's Future Back
Date TBC, pages 4
(linked here)

Policy

During Covid-19 spending limits on external consultants were relaxed and only required central approval when contracts exceeded £20 million (formerly £600,000).

As part of its economic stability proposals, to address this, Labour plans to:

- Halve government consultancy spending;
- Introduce additional spending controls;
- Overhaul the procurement process; and
- Remove access to public contracts via ministerial connections.

Business Impact

Businesses and consultants often assist government by providing specialist expertise and can execute large-scale and complex projects.

This proposal may inadvertently present challenges for both government and business, limiting the ability for businesses to step in and help government solve challenges facing the public sector.

Implementation

Policy on Consultants

Cabinet Office, Press release: New controls across government to curb consultancy spend and save over £1.2 billion by 2026
(linked here)

The government has announced new controls on the use of consultants in the public sector.

Under the reforms, ministerial signoff is required for any consultancy costs over £600,000, or for contracts lasting more than nine months. Further, consultancy costs over £100,000, or those lasting for more than three months, will now need to be signed off by the relevant permanent secretary.

Further, the government has committed to using only a single, centralised list of suppliers that are selected through a tendering process. Previously, individual departments contracted with their preferred consultants.

These measures are expected to save the government £1.2 billion by 2026.

Key Contacts

Mark Simpson
Partner
mark.simpson@bakermckenzie.com
+44 20 7919 1403

Kimberly Everitt
Senior Knowledge Lawyer
kimberly.everitt@bakermckenzie.com
+44 20 7919 1048

Richard Powell
Knowledge Lawyer
richard.powell@bakermckenzie.com
+44 20 7919 1577

Healthcare & Life Sciences

Investment in AI, Life Sciences, Research and Tech

Manifesto

The Labour Party Manifesto
2024 June 12, page 97 (linked here)

King's Speech 2024: Science, technology and innovation, page 2 (linked here)

Policy

Labour's manifesto states that data and life sciences have the potential to transform the NHS, they give the example of the government and industry partnering together for the development of the Covid-19 vaccine.

Therefore, Labour has stated that it will pledge to develop life sciences within the NHS, providing a clearer route for products into the NHS, with reformed incentive structures which drive innovation. Labour intends to implement faster regulatory approval for new technology and medicines.

Business Impact

These manifesto pledges aim to quicken regulatory approval to keep pace with new technology and medicines.

Faster regulatory approval should help firms in the healthcare and life sciences sector to develop medicines and products more efficiently. Accelerated product development coupled with a reduced product time to market will benefit first movers who can capture market share to gain a competitive advantage.

However, should Labour come to power, businesses should monitor developments in this space to evaluate these proposals with greater detail.

Implementation

The Medicines for Human Use (Clinical Trials) (Amendment) Regulations 2025 (linked here)

Explanatory Memorandum to the Medicines for Huma Use (Clinical Trials) (Amendment) Regulations 2025
(linked here)

Prime Minister turbocharges medical research - GOV.UK
(linked here)

Status: Implemented (to become effective from 28 April 2026).

Summary: On 28 April 2025, the UK Parliament approved the Medicines for Human Use (Clinical Trials) (Amendment) Regulations 2025. The regulations will come into force on 28 April 2026. The current legislation is based on the EU Clinical Trials Directive (2001/20/EC), which requires detailed and duplicative requirements for trial sponsors. The new instrument intends to lower the administrative burden on these sponsors.

Key features:

1. **Expedited Combined Review and extension of Request for Further Information ("RFI") timeframe**

   To begin a clinical trial, both regulatory and ethical committee approvals are needed. Since January 2022, the combined regulatory and ethics committee approvals is the exclusive route for clinical trials.

   The instrument intends to expedite the combined review process by ensuring a maximum of 7-day validation period, 30 calendar days review period, and 10 calendar days for a decision to be granted.

   Furthermore, under the new instrument, RFIs could be answered within 60 days instead of the current 14-day deadline. Currently, trial sponsors have to apply for a substantial modification

   After approval is given, sponsors can apply for a substantial modification if there is an indication of a substantial impact on patient safety or efficacy of the data generated. Currently, the requested for a substantial modification can only be rejected or approved. Under the secondary instrument, regulators and/or ethics committee can send an RFI to the sponsors, which will help curb delays or interruptions to an ongoing trial.

2. **Notification scheme**

   Under the new instrument, sponsors will be able to proceed with the trials upon notifying regulators about lower-risk trails without the need for an explicit approvals.

3. **Regulatory action against part of a trial**

   The instrument would allow for prevention or suspension of a specific part of a trial. Under the current regime, a regulatory action can only be taken against a whole trial. Therefore, the new instrument will introduce flexibility to sponsors.

4. **Simplified safety reporting**

   The new instrument will also simplify the safety reporting process by eliminating the need for sponsors to make Suspected Unexpected Serious Adverse Reactions ("SUSARs") report to both investigators and ethics committee. Sponsors would now be able to make a SUSAR report to the Medicines and Healthcare products Regulatory Agency (MHRA) alone.

   Sponsors would also benefit from an extended timeline of 7 days (compared to the current 3 days) to make a notification of Urgent Safety Measures ("USMs").

5. **Simplified labelling requirements**

   The new instrument would do away with the requirement of radiopharmaceuticals requiring a specific Manufacturing Authorisation for an Investigational Medicinal Product (MIA IMP). As long a the radiopharmaceuticals are used exclusively at a trial location and are manufactured under a valid manufacturing licence, they would not require specific MIA IMP before being used.

   Where the trial medicine remains at the trial site and is administered at the trial site as a single dose by a healthcare professional, only the market authorisation and not the specific clinical trial labelling.

Healthcare & Life Sciences

MedTech

Manifesto

The Labour Party Manifesto
2024 June 12, pages 96-97, 127 (linked here)

Build an NHS Fit for the Future
2024 February 5, pages 9-11 (linked here)

King's Speech 2024: Science, technology and innovation, page 6 (linked here)

The King's Speech 2024
(linked here)

Policy

Labour has indicated an intention to focus on developing trials and expanding research within the NHS. Furthermore, one of its key pledges is to modernise the NHS through a variety of means which would include:

- Harnessing data and digital technology to connect different parts of the service;
- Leveraging the NHS Digital Transformation Fund to digitise medical records and improve patient engagement;
- Working with the CQC and revising procurement procedures to provide a clearer path for new products and technologies into the NHS; and
- Investing £171 million annually in a new 'Fit for the Future Fund' to double the number of CT and MRI canners, to help identify cancer and other conditions earlier.

Business Impact

Labour aims to increase funding in diagnostic support which means increased demand on diagnostic medical tools and devices.

Implementation

Modernisation of the NHS:

Implementation of the future regulations - GOV.UK
(linked here)

First major overhaul of medical device regulation comes into force across Great Britain - GOV.UK
(linked here)

Medical Devices Regulatory Reform - Roadmap to Implementation
(linked here)

Exceptional Use Authorisation - GOV.UK
(linked here)

Innovative Licensing and Access Pathway (ILAP) - GOV.UK
(linked here)

Good Machine Learning Practice for Medical Device Development: Guiding Principles | FDA
(linked here)

MHRA Guidance on Software and AI as a Medical Device
(linked here)

Digital mental health technologies guidance launched to help manufacturers and safeguard users - GOV.UK
(linked here)

Software and artificial intelligence (AI) as a medical device - GOV.UK
(linked here)

- **Harnessing digital healthcare data**

  Prime Minister turbocharges medical research - GOV.UK (linked here)

  Status: Not yet been implemented but will be.

  Summary: On April 7 2025, the Prime Minister announced that the government and the Wellcome Trust will invest up to £600 million to create a new Health Data Research Service.

  The Health Data Research Service will bring access to data for medical research into on secure location. The Health Data Research service will begin from the end of 2026.

- **Leveraging the NHS Digital Transformation Fund to digitise medical records and improve patient engagement;**

  Written questions and answers - Written questions, answers and statements - UK Parliament (linked here)

  Status: Not yet been implemented but will be.

  Summary: On 4 February 2025, the Secretary of State for Health and Social Care informed the parliament that £2 billion have been allocated to digitise the NHS.

- **Improve NHS procurement procedures**

  Status: Implemented

  NHS England » The Provider Selection Regime: statutory guidance (linked here)

  Summary: On 24 February 2025, the Public Contract Regulations 2015 were repealed by the Procurement Act 2023 and the Provider Selection Regime was updated.

  Relatedly, NHS England released revised statutory guidance on the Provider Selection Regime.

- **Investment into diagnostic services to help identify cancer and other conditions earlier**

  Tens of thousands more patients receiving crucial scans quicker - GOV.UK (linked here)

  A. **Endoscopy, ultrasound and MRI**

  Status: Unknown. While there seems to be an indication that more diagnostic checks are being administered, it seems to be through expansion of personnel capacity and available tests.

  Summary: On 14 May 2025, the Department of Health and Social Care and NHS England reported that compared to last year, 44,000 fewer people waited more than 6 weeks for critical diagnostic tests like endoscopies, ultrasounds, and MRIs.

  The government continues to expand the network of community diagnostic centres (CDCs) across England. There are currently 191 CDCs, of which some offer 12-hours, 7-day access to vital tests and appointments.

  The expansion is funded from the extra £26 billion investment in the health service announced in the Autumn 2024 budget.

  B. **Bone scanners**

  More scanners across the country for better care of brittle bones - GOV.UK (linked here)

  Status: Implemented.

  Summary: On 12 May 2025, the government announced that it will be able administer 29,000 extra bone scans per year, owing to the rolling out of 13 new DEXA scanners.

- **Medical Devices Regulatory Reform**

  Summary: The MHRA has set out a regulatory roadmap outlining new measures to support safe access to medical technology including AI and diagnostics. The roadmap outlines four key milestones:

  A. **New Regulations for Post Market Surveillance (PMS)**

  Status: Implemented.

  Summary: On 16th June 2025, the new regulations for PMS came into force. The regulations apply to all UKCA- and CE-marked devices placed on the GB market after 16 June 2025 and require device manufacturers to actively track the safety and performance of these products.

  Key features:

  1. **Data collection methods harmonised across manufacturers**

     The legislation introduces detail on methods for collecting PMS data to support improved capturing of PMS data and harmonisation across manufacturers.

  2. **Enhanced incident reporting obligations**

     Manufacturers are now required to report serious incidents to the MHRA within 15 days (previously 30). The legislation also expands the scope for incident reporting to include incidents relating to side effects.

  3. **Clearer duties for risk mitigation and communication**

     The legislation provides strong requirements for manufacturers to assess and manage risks, and to notify users promptly when safety issues arise.

  4. **Clearer obligations regarding field safety corrective action (FSCA)**

     The regulations introduce clearer obligations on manufacturers to consider conducting a field safety corrective action (FSCA) to prevent or reduce the risk of a further serious incident as well as requirements on field safety notices (FSN) to better target patients and users at risk.

Healthcare & Life Sciences

MedTech Continued

B. **New Regulations for Pre-Market Requirements**

Status: Not implemented yet.

Summary: On 14 November 2024, the government published the Consultation on Medical Devices Regulations: Routes to market and in vitro diagnostic devices. The roadmap indicates that legislation for new pre-market requirements will be introduced in Parliament towards the end of 2025 and implemented in 2026. The 'pre-market' regulations will outline additional measures for manufacturers to take before putting a device on the market. The regulations will include requirements for devices to have a unique device identifier (UDI), changes to the classification of certain devices such as implantable medical devices, and greater alignment between UK and EU requirements for medical devices.

C. **Policy Development**

Summary: The roadmap identifies four areas for development of guidance and policy:

1. **Exceptional Use Authorisation (EUA)**

   Status: guidance published.

   Summary: The EUA allows non-UKCA/CE certified medical devices to be placed on the UK market and exempts manufacturers from certain regulatory requirements. The MHRA reviews each application individually and grants it for a specified period.

2. **Early access and innovation pathways**

   Status: Guidance published

   Summary: The ILAP provides a single integrated platform for collaborative working between the developer, the regulator, the UK health technology assessment bodies, the National Health Service and patients, to get new medicines to patients more quickly.

3. **Health Institution Exemption (HIE)**

   Status: Guidance not published yet.

4. **IVD-specific roadmap**

   Status: Guidance not published yet.

D. **Software including AI & Digital Mental Health Products**

Summary: The roadmap identifies four areas for development of guidance and policy:

1. **Good Machine Learning Practice (GMLP)**

   Status: Guidance published.

   Summary: MHRA, alongside the U.S. Food and Drug Administration (FDA) and Health Canada, have identified 10 guiding principles to promote safe, effective and high-quality medical devices that use artificial intelligence and machine learning.

2. **AI Development and Deployment**

   Status: Guidance published.

   Summary: The Software Group is responsible for taking all reasonable steps to assure the safety of software as a medical device (SaMD) and ensure the UK public have access to technology as a clinical need.

3. **Cybersecurity for Software as a Medical Device (SaMD)**

   Status: Unknown.

4. **Digital Mental Health Tech**

   Status: Guidance published.

   Summary: The guidance explains when digital mental health technology is considered a medical device under UK law, how risk classification is determined and how to define and communicate the intended purpose of a digital mental health technology.

Key Contacts

Phelim O'Doherty
Partner
phelim.o'doherty@bakermckenzie.com
+44 20 7919 1653

Julia Gillert
Of Counsel
julia.gillert@bakermckenzie.com
+44 20 7919 1971

Jaspreet Takhar
Counsel
jaspreet.takhar@bakermckenzie.com
+44 20 7919 1857

Industrials, Manufacturing and Transportation

Investment in/Fiscal Policy on Industry

Manifesto

The Labour Manifesto
2024 June 13, pages 50
(linked here)

Policy

The Labour Party has committed to limiting taxes on and retaining tax incentives for business by:

- Capping corporation tax rates at 25% for the duration of parliament and acting it the UK rate becomes uncompetitive; and
- Retaining permanent full expensing for capital investment and the annual investment allowance for small businesses.

However, the Labour Party has not committed not to raise or to maintain current rates of capital gains tax.

Labour has also committed to backing businesses through finance and strengthening the workforce. This includes:

- Reform of the British Business Bank, that will provide a stronger mandate to support growth in the nations and regions;
- Reforming procurement rules to make it easier for SMEs to access capital; and
- The Creation of Skills England, which aims to promote collaboration between businesses and unions to deliver Labour's Industrial Strategy.

Business Impact

Labour has announced a number of policies which aim to support SMEs and this will, naturally, be welcomed by any clients with interests in businesses of this nature.

However, Labour's reluctance to make fiscal policy commitments on the likes of capital gains could lead to some level of uncertainty as clients go about their tax planning.

Labour's commitments on workforce and skills will be welcomed by clients in particularly high-skilled and/or labour-intensive industries. However, especially on the skill/training side, these benefits are likely to materialise over a longer period, given the long lead times on such benefits being felt amongst the workforce.

Implementation

HM Treasury, Policy paper, Corporate Tax Roadmap 2024
(linked here)

Financial Times, "Private equity firms urge UK to rethink carried interest tax change"
(linked here)

One year on, Labour has upheld its pledge to cap the main rate of corporation tax at 25% for the duration of this Parliament, formalising the commitment through a published. It has also retained full expensing for qualifying plant and machinery and preserved the Annual Investment Allowance at £1 million, ensuring businesses can continue to deduct capital investment in full in the year of purchase. These measures provide certainty for SMEs planning investment. However, Labour has remained silent on the future of capital gains tax, leaving a gap that could generate uncertainty.

Labour is on track in respect of its pledges to strengthen the workforce with the recent launch of Skills England, and apprenticeship reforms. It has also reformed the British Business Bank under the National Wealth Fund but has faced criticism as to whether substantial changes were made.

The Procurement Act is covered in the section above.

Roads/Local Transport

Manifesto

The Labour Manifesto
2024 June 13, page 34
(linked here)

Policy

Labour plans to invest in roads, including:

- Fixing an additional one million potholes across England in each year of the next parliament, which will be funded by deferring the A27 bypass; and
- Maintaining and renewing road networks to ensure safety and tackle congestion.

Labour plans to introduce reforms with regard to the management of bus services, such as:

- Introducing new powers for local mayors to franchise local bus services; and
- Lifting the ban on municipal ownership of bus services.

Business Impact

Labour's proposed programme for investment in roads and local transport presents potential public-private partnerships ("PPP") and other contracting / investment opportunities for clients.

Any clients with business interests, particularly involving the movement of goods, in West Sussex or along the south coast may be affected by Labour's decision to defer the A27 bypass.

Implementation

Department for Transport, Transparency Data, Highways maintenance block: formula allocations 2025 to 2026
(linked here)

UK Parliament, Parliamentary Bills, Bus Services (No. 2) Bill
(linked here)

One year on, Labour's pledge to improve road conditions and fix an additional one million potholes annually is "in progress," with the government allocating a record £1.6 billion for highway maintenance. In the bus sector, Labour introduced the Bus Services (No. 2) Bill was introduced to Parliament in May 2025. The Bill aims to grant mayors new franchising powers while lifting the ban on municipal ownership of bus services. It is currently progressing through Parliament. In the meantime, Greater Manchester's Bee Network transitioned to full public control in January 2025, serving as a live model for the reforms Labour is implementing nationwide.

Industrials, Manufacturing and Transportation

Rail

Manifesto

The Labour Manifesto
2024 June 13, page 33
(linked here)

Policy

Labour plans to introduce a number of significant rail reforms such as:

- Nationalisation of rail services, whereby a new body, Great British Railways, would take over service contracts held by private companies when they expire,
- Wider powers granted to Great British Railways to manage investment, day-to-day operations, and improvements in Britain's railway services;
- Creation of a new passenger watchdog to drive up standards; and
- Actively promote and grow the use of rail freight.

Business Impact

Private sector involvement is still anticipated in both the short term and the long term despite Labour's planned nationalisation of rail.

These plans would involve continuing to leverage private capital, particularly to manufacture new trains. This would be good news for clients currently manufacturing and financing trains in the UK.

Implementation

Department for Transport, Written statement to Parliament, "Public ownership: railway passenger services"
(linked here)

Department for Transport, Written statement to Parliament, Establishing a Shadow Great British Railways
(linked here)

Department for Transport, Press release, New rail watchdog to give passengers a voice and hold railways to account
(linked here)

Department for Transport, Closed consultation, A railway fit for Britain's future
(linked here)

One year on, Labour has enacted the Passenger Railway Services (Public Ownership) Act 2024. On May 25th 2025, South Western Railway became the first railway service to be brought into public ownership under this legislation, with more to follow.

In preparation for the creation of Great British Railways ("GBR"), a Shadow Great British Railways body was established in September 2025 to design the new statutory organisation. An independent passenger watchdog was also announced in February 2025, which is set to begin operating alongside GBR's legal establishment. The forthcoming Railways Bill is due to go before Parliament this parliamentary session and is set to confer GBR with wide investment, operational, and promotional duties to improve services and grow rail use.

Green Transport

Manifesto

The Labour Manifesto
2024 June 13, page 33
(linked here)

Policy

The Labour Party has committed to accelerating the rollout of electric vehicles by:

- Supporting the transition to electric vehicles by accelerating the roll out of EV charge points;
- Restoring the phase-out date of 2030 for new cars with internal combustion engines;
- Supporting buyers of second-hand electric cars by standardising the information supplied on the condition of batteries; and
- Pledging £1.5 billion to build new gigafactories through the new National Wealth Fund.
- Labour also aims to promote the use of sustainable aviation fuels.

Business Impact

The Labour manifesto contains a number of policies which promote electric vehicles (EVs) in the UK. This should make the UK an attractive place for investment by clients with interests
in EVs.

Labour's moving forward of the electric vehicle mandate should be closely monitored by clients in the automotive space, even those who produce EVs. Industry figures have previously indicated that the 2030 target was unachievable.

Also, policies promoting sustainable aviation fuels (SAF) could mean that aviation clients may soon start looking to the UK to buy their SAF.

Implementation

Department for Transport, Official Statistics, Electric vehicle public charging infrastructure statistics: April 2025
(linked here)

Department for Transport, Written statement to Parliament, Phasing out the sale of new petrol and diesel cars from 2030 and support for zero emission vehicle (ZEV) transition
(linked here)

HM Treasury, Press release, Another boost for British car industry as £1 billion secured for new Sunderland gigafactory
(linked here)

Express, Experts call for Labour to introduce new motoring 'health certificates' in 2025
(linked here)

One year on, as pledged, Labour is expanding the rollout of EV charge points in the UK and has officially reinstated the 2030 phase-out date for new petrol and diesel cars, reversing the extension introduced by the previous government.

Labour has also committed £1.5 billion supported by private financing via the National Wealth Fund for gigafactory projects. However, while Labour has pledged to develop standardised battery health certification for second-hand EVs, it has yet to publish guidelines for battery testing and has faced calls to do so.

Finally, on January 1st 2025 a Sustainable Aviation Fuel Mandate came into effect, starting at 2% in 2025, rising to 10% by 2030, and 22% by 2040 in order to encourage the supply of sustainability fuels.

Industrials, Manufacturing and Transportation

Innovation

Manifesto

The Labour Manifesto
2024 June 13, page 50
(linked here)

Policy

Labour plans to introduce a number of reforms and new bodies to manage industrial strategy. This includes:

- A pledge to deliver a new Industrial Strategy in partnership with businesses;
- The establishment of an Industrial Strategy Council, on a statutory footing, to provide expert advice within the sector;
- A sectoral approach to industrial strategy which will be clear on where the UK enjoys advantages over other countries;
- Establishment of a National Wealth Fund that will directly invest in industrial clusters - the fund will aims to attract three pounds of private investment for every one pound of public investment; and
- A National Wealth Fund will be capitalised with £7.3 billion over the course of the next Parliament. This includes allocations for:
  - i. £1.8 billion to upgrade ports and build supply chains across the UK;
  - ii. £1.5 billion to new gigafactories;
  - iii. £2.5 billion to support the steel industry;
  - iv. £1 billion to accelerate the deployment of carbon capture; and
  - v. £500 million to support the manufacturing of green hydrogen.

Business Impact

Labour's National Wealth Fund stands to offer significant PPP and other contracting/investment opportunities for businesses through initiatives, particularly in relation to ports, gigafactories, carbon capture projects, green hydrogen, and steel.

The publishing of an Industrial Strategy and setting up of an Industrial Strategy Council may also provide some level of certainty for businesses to make investments in line with the recommendations of the strategy and council.

Specific capital spending commitments are also likely to be welcomed by clients in the ports, steel and hydrogen spaces.

Implementation

HM Treasury, News story, Chancellor's National Wealth Fund to deliver growth and boost security
(linked here)

Department for Business & Trade, Closed consultation, Invest 2035: the UK's modern industrial strategy
(linked here)

Department for Business and Trade, Press release, Government launches Industrial Strategy Advisory Council to boost growth and living standards
(linked here)

Labour has launched the National Wealth Fund through the UK Infrastructure Bank, and recently announced an increase in its capital to £7 billion. The fund has begun distributing initial funding with allocations geared towards Labour's five priority sectors mentioned in the Manifesto: upgrading ports, building gigafactories, greening the steel industry, accelerating carbon capture, and supporting green hydrogen production.

While these sector-specific plans are being implemented, the formal publication of Labour's new Industrial Strategy, Invest 2035, has been postponed until June 2025.

Additionally, while Labour has not yet introduced legislation to place the Industrial Strategy Council on a statutory footing or appoint its official members, it has created an advisory council in the interim.

Industrials, Manufacturing and Transportation

Trade

Manifesto

The Labour Manifesto
2024 June 13, page 111
(linked here)

Policy

The Labour Party has given some indications on where its trade priorities will lie. Its trade policy includes:

- Publishing a trade strategy to enable access to international markets for UK business;
- Seeking a new strategic partnership with India, including a free trade agreement, and deepening co-operation in areas such as security, technology, and climate change;
- Deepening co-operation with partners across the Gulf on regional security, energy, trade, and investment;
- Fostering opportunities for mutual and long-term benefit with business partners across Africa; and
- Leading international discussions to modernise trade rules and agreements so they work for Britain, as well as promoting deeper trade through multilateral institutions such as the WTO.

Notably, Labour makes no commitment to re-join the EU, nor return to the single market or customs union.

Business Impact

These Labour policies may point to promising investment opportunities for clients looking to establish/expand operations in certain regions such as India, the Gulf and Africa.

With respect to India in particular, these policies are in keeping with the 2030 Roadmap for India-UK future relations introduced by the Sunak Government, notably its talk of a free-trade agreement, and so should provide some certainty to clients with business interests in India.

Policies around modernising trade rules may also be welcomed by clients with an interest in importer/exporters.

Implementation

Department for Business and Trade, News story, PM secures new agreement with EU to benefit British people
(linked here)

Department for Business and Trade, Press release, Landmark economic deal with United States saves thousands of jobs for British car makers and steel industry
(linked here)

Department for Business and Trade, Press release, UK concludes trade deal with India
(linked here)

UK Parliament, Written questions, answers and statements, Free Trade Agreement with the Gulf Cooperation Council (GCC): Update on Continuous Negotiations
(linked here)

UK Parliament, House of Commons Library, Africa in 2025: G20 presidency and a new UK approach to Africa
(linked here)

Since taking office in July 2024, the Labour government has made notable progress in implementing its trade-related manifesto commitments. A public consultation, now closed, was held to gather views from organisations, businesses, and individuals to help shape the forthcoming trade strategy publication. In the meantime, recent trade deals struck with the EU, US and India, align with Labour's pledged commitments. The UK-EU trade deal struck in May 2025 focuses on reducing post-Brexit barriers by simplifying food export checks, aligning carbon trading systems, and expanding youth mobility and fishing access agreements. These measures aim to restore smoother economic ties with the EU and deliver benefits to key UK industries. The UK- US trade deal improves the UK's position by reducing tariffs on certain British goods notably on the car industry, and removing tariffs on the aerospace, aluminium and potentially steel industries to offer better access to the American market. However, its main terms such as the implementation of a 10% baseline tariff on UK goods are still less favourable than those in place last December 2024. The UK-India Trade deal struck on May 6th 2025 is projected to boost bilateral trade. It includes significant tariff reductions on British exports such as whisky, cars, and medical devices, and lowers duties on Indian exports such as textiles and food products.

Additionally, the Labour government is progressing negotiations with the Gulf Cooperation Council, with the Minister of State for Department and Trade announcing that negotiations are progressing at a good pace. Finally, while overall progress on delivering opportunities with business partners across Africa has been limited, the government recently published a consultation summary in June 2025, reflecting input from African partners on the future of UK-Africa relations.

Key Contacts

Kate Corby
Partner
kate.corby@bakermckenzie.com
+44 20 7919 1966

Technology, Media & Telecommunications

Investing in Infrastructure

Manifesto

Labour Manifesto 2024, June 13, page 32
(linked here)

The King's Speech 2024, 17 July, page 39
(linked here)

Policy

The Labour Party plans to fulfil the ambition of full gigabit broadband and national 5G coverage by 2030.

Business Impact

This plan may provide opportunities for corporations active in telecommunications, particularly those who provide products and services to the public network.

Implementation

House of Commons, Research Briefing, 'Data (Use and Access) Bill [HL]'
(linked here)

Parliamentary Bills, Data (Use and Access) Act 2025
(linked here)

Data (Use and Access) Act 2025
(linked here)

The Data (Use and Access) Bill (previously named the Digital Information and Smart Data Bill) was introduced in The King's Speech.

The bill would, amongst other objectives, put the National Underground Asset Register (NAUR) on statutory footing by making it mandatory for underground assets to be registered. This register acts as a digital map, giving planners and excavators access to necessary data to install, maintain and operate cables efficiently.

The Data (Use and Access) Bill was passed on 11 June 2025.

This measure may indirectly assist with furthering the gigabit broadband and national 5G target. Beyond this, the Labour Party have not so far addressed how the target will be achieved.

Innovation

Manifesto

Labour Manifesto 2024, June 13, page 35
(linked here)

The King's Speech 2024, 17 July, page 39
(linked here)

Policy

Labour have committed to implement an industrial strategy that supports the development of the Artificial Intelligence (AI) sector and removes planning barriers to new datacentres.

The Labour Party have stated that they will create a National Data Library to bring together existing research programmes and help deliver data-driven public services.

Labour have pledged to implement 10-year budgets for key R&D institutions in place of shorter terms.

Labour have said that they will work with universities and industry to support start-ups.

Labour will create a new Regulatory Innovation Office, bringing together existing functions across government. They have pledged to introduce binding regulation on those developing the most powerful AI models.

Business Impact

Businesses should be aware of how the Labour Party intend to regulate technology, particularly AI. This may not only affect those who develop AI, and particularly Generative AI, but also any firms who wishes to bring GenAI systems into their day-to-day environment. Additional regulation may lead to further legal obligations.

Labour's proposals may also generate opportunities for those in the business of building datacentres, as well as those offering data management solutions.

Implementation

Data (Use and Access) Act 2025
(linked here)

Department for Science, Innovation and Technology, 'Government to set a new ten-year budgets for R&D funding'
(linked here)

Department for Science, Innovation and Technology, 'Transformative £86 billion boost to science and tech to turbocharge economy, with regions backed to take cutting-edge research into own hands'
(linked here)

UK Parliament, Written questions, answers and statements, 'Announcing the Regulatory Innovation Office – Statement made on 8 October 2024'
(linked here)

The King's Speech 2024, 17 July, page 39
(linked here)

AI Opportunities Action Plan, January 2025
(linked here)

AI regulation report, February 2025, Lord Holmes
(linked here)

The government has not released its draft AI bill yet. The AI Regulation Bill (which is a private member's bill) has been re-introduced since the election, it seeks to introduce a central authority to oversee the regulation of AI, support innovation and assess risks. This Bill is still being developed, but aims to focus on AI and copyright issues comprehensively.

The Data (Use and Access) Act, as mentioned, aims to "*harness the power of data for economic growth*". The Act aims to:

- Establish Digital Verification Services
- Set up Smart Data Schemes
- Amend the Digital Economy Act to help improve digital public services.
- Enable scientists to better use data for their research
- Ensure data is protected, strengthening the ICO and amending some data laws.

In May 2025 the government announced criteria for awarding ten-year or other long term R&D spending.

The Chancellor announced a new £86 billion R&D package in the 2025 Spending Review.

The Regulatory Innovation Office was established in October 2024 under the UK Department for Science, Innovation and Technology. The Labour Party describes this as "*a priority for ensuring innovation and promoting new opportunities for technologies through focused collaboration in the regulatory environment*".

Baker McKenzie.

UK Government Policy Implementation Tracker

Technology, Media & Telecommunications

Protecting Children Online

Manifesto

Labour Manifesto 2024, June 13, pages 97 and 98

Policy

Transforming NHS technology and productivity

Labour pledged to "transform" the NHS app, enabling patients to be in control of their care, and to digitise the children's "Red Book" improving support for new families.

Business Impact

Whilst it is not clear how this "transformation" will take place, it could provide opportunities for health technology companies who work within public services.

Implementation

The government has accelerated the roll-out of the reformed NHS App increasing efficiency and preventing 1.5 million appointments being missed. 87% of hospitals now offer services digitally, including allowing patients to view their appointment information, which has exceeded the government target.

Creative Industries

Manifesto

Labour Manifesto 2024, June 13, pages 35, 36 and 97
(linked here)

Policy

Public Procurement

The Labour Party proposes to simplify procurement processes to support innovation and reduce micromanagement for universities and R&D institutions.

Labour also plans to reform procurement rules to give SMEs greater access to government contracts.

As part of its proposed NHS innovation and adoption strategy in England, Labour have said that it will include a plan for procurement with a view to giving a clearer route to get products into the NHS.

Business Impact

It is unclear from Labour's manifesto exactly what mechanisms they will use to pass such reforms, and whether this will involve further legislative change, or be effected via a Labour Government's procurement policy. Businesses will need to be cognisant of how any such changes tie in with the incoming reforms engendered by the new Act.

In any case, these proposals may give rise to opportunities for tech companies that supply universities or R&D institutions, as well as those who contract with the NHS. It may also lead to greater access to public contracts for SMEs.

Implementation

UK Parliament, Written questions, answers and statements, 'Procurement Act 2023 Update – Statement made on 12 September 2024'
(linked here)

Government efficiency, transparency and accountability, Guidance, 'National Procurement Policy Statement'
(linked here)

As of yet, it is unclear how the Labour Party propose to fulfil this pledge and a timeline to do so.

The government delayed the commencement of the new Act to 24 February 2025 to produce a new National Procurement Policy Statement, which came into force alongside the Act.

Manifesto

The King's Speech 2024, 17 July, page 94
(linked here)

Policy

Cyber Security and Resilience

Business Impact

Businesses should be aware of any changes to the powers of regulators and how that impacts their obligations, particularly if they have changed in relation to reporting incidents.

Implementation

Department for Science, Innovation & Technology, Policy paper, 'Cyber security and resilience policy statement'
(linked here)

The King's Speech introduced a Cyber Security and Resilience Bill which aims to "strengthen our defences and ensure that more essential digital services than ever before are protected." It will do this by:

- Expanding the remit of the regulation to protect more digital services and supply chains
- Putting regulators on a strong footing to ensure essential cyber safety measures are being implemented
- Mandating increased incident reporting to give government better data on cyber-attacks.

In April 2025, a policy statement outlining the scope and further details was published.

Key Contacts

Francesca Richmond
Partner
francesca.richmond@bakermckenzie.com
+44 20 7919 1621

William Holder
Partner
william.holder@bakermckenzie.com
+44 20 7919 1455

Helen Davenport
Lead Knowledge Lawyer
helen.davenport@bakermckenzie.com
+44 20 7919 1849