

Ahead of the 4 July general election, we have reviewed the manifestos of the three main political parties, with a focus on the areas that are relevant for quoted companies and the UK's capital markets.

Below, we provide an overview of the relevant commitments from Labour, the Conservative Party, and the Liberal Democrats.

Labour Party Manifesto 2024

The 2024 Labour Party Manifesto focuses on economic growth and wealth creation. The Party's key proposals include capping corporation tax, establishing a National Wealth Fund, and positioning the UK as a leader in green finance.

We have outlined below the key areas of the Labour Party Manifesto:

Tax

- The Labour party intends to cap corporation tax at the current level of 25%.
- The Party aims to retain a permanent full expensing system for capital investment and the annual investment allowance for small businesses. They will also provide firms with greater clarity on qualifying allowances to improve business investment decisions.
- Labour intends to reduce the number of major fiscal events a year from two to one in order to give sufficient warning to businesses on tax and spending policies.
- The Party plans to abolish the non-domicile tax status in a move that could impact companies' ability to attract global talent for senior roles.
- Labour will remove carried interest, which treats investment returns as capital gains, for private equity fund managers.

Business growth and economic reform

- The Party aims to establish a National Wealth Fund to support its clean energy commitments and the UK's transition to net zero. The fund would be provided with £7.3 billion of capital over the course of Labour's first term and will have a target of crowding in three pounds of private investment for every one pound of public investment
- The Party plans to reform the British Business Bank, enhancing its mandate to better support regional and national growth. This will facilitate easier access to capital for small and medium-sized enterprises. Additionally, Labour aims to reform procurement rules to provide businesses with greater opportunities to secure government contracts. By simplifying and improving access to government procurement processes, the policy aims to ensure that SMEs can compete more effectively for public sector projects.
- The Labour Party proposes the establishment of an Industrial Strategy Council, which will operate under statutory authority to provide expert advice. This council will include representation from all nations and regions, as well as from business and trade unions. Its

primary goal is to end short-term economic policy making and foster sustainable economic growth across the country.

Pension

- The Party aims to increase investment from pension funds in UK markets through reforms that promote consolidation and scalability within workplace pension schemes. This strategy is designed to enhance returns for UK savers and foster more productive investment in the UK economy.
- Labour also plans to conduct a comprehensive review of the pensions landscape to identify further opportunities for improving pension outcomes and boosting investment in UK markets.

Regulation

- Labour plans to establish a new Regulatory Innovation Office that consolidates various government functions. This office will streamline regulatory updates, expedite approval processes, and coordinate on cross-functional issues.
- The Party plans to strengthen regulatory bodies with the intention of enforcing greater accountability on companies for misconduct and demand higher standards of performance.
- The Labour Party pledges to establish a supportive environment for businesses by implementing a competitive regulatory framework that promotes innovation, encourages investment, and aims to create high-quality jobs.

Climate

- Labour aims to position the UK as a global leader in green finance by requiring UK-regulated financial institutions, including banks, asset managers, pension funds, insurers, and FTSE 100 companies, to produce transition plans that align with the 1.5°C goal of the Paris Agreement.

Conservative Party Manifesto 2024

The 2024 Conservative Party Manifesto outlines the party's priorities. Covering a wide range of topics, the manifesto proposes initiatives such as enhancing access to finance for SMEs and increasing the budget for research and development. Notably, several policies advocated by the QCA have been incorporated into the Conservative manifesto. These include the Edinburgh Reforms, the Mansion House Compact, the retail sale of NatWest shares, and the maintenance of key tax incentives such as Business Relief on AIM shares.

We have outlined below the key areas of the Conservative Manifesto:

Tax

- The Conservative Party has committed to not raising Capital Gains Tax and also pledges to maintain the current corporation tax rate at 25%.
- They will retain key tax incentives that encourage small business growth, including the Enterprise Investment Scheme (EIS), Venture Capital Trusts (VCTs), Business Asset Disposal Relief (BADR), Seed Enterprise Investment Scheme (SEIS) and Business Relief (BR). These tax reliefs are crucial as they provide essential support to small businesses, enabling them to

access capital. Retaining these incentives marks a positive step forward in supporting the growth and success of small businesses.

Corporate governance/reporting

- The manifesto aims to reduce the reporting requirements for more companies by adjusting the threshold to allow more businesses to be considered medium-sized.

Capital markets reform

- The Conservative Party plans to build on the policies set out in the Edinburgh Reforms, offering continued support for the UK to be positioned as an innovative and competitive financial centre. The Edinburgh Reforms include measures to improve regulatory frameworks, foster innovation and support sustainable finance. By building on these reforms, the party aims to strengthen the UK's financial services industry and attract global investment.
- Additionally, the Party intends to build on the Mansion House Compact. The Mansion House reform initiatives include efforts to consolidate the defined contribution and defined benefit pensions sectors, as well as encourage greater investment by pension funds in UK companies.
- The Party will facilitate the sale of NatWest shares to retail investors, making it easier for individual investors to purchase shares in NatWest.
- It will support female entrepreneurs by working with the British Business Bank and private sector fund managers to create a £250 million Invest in Women Fund.

Research & Development

- Public spending on research and development (R&D) will be increased to £22 billion annually. This aims to enhance the UK's position as a leader in innovation.
 - The party also commits to maintaining the current R&D tax reliefs to foster innovation and growth. These tax reliefs are designed to incentivise businesses to invest in R&D activities, promoting technological advancements and competitiveness.
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Liberal Democrats Manifesto 2024

The Liberal Democratic manifesto for this year emphasises a robust focus on the NHS and the UK's care model, while also outlining plans to strengthen the country's economy and initiatives aimed at enhancing employee share ownership.

We have outlined below the key areas of the Liberal Democratic Manifesto:

Tax

- Raising Capital Gains Tax across three different rates: 20% (for gains up to £50,000), 40% (between £50,000 and £100,000) and 45% (over £100,000).
- The Liberal Democrats plan to introduce a 4% tax on share buyback schemes of FTSE 100 companies. This policy aims to incentivise productive investment, job creation, and economic growth.

Corporate governance/reporting

- The party aims to reform fiduciary duty and company purpose rules to ensure that all large companies have a formal statement of corporate purpose. This statement should include considerations such as employee welfare, environmental standards, community benefit, and ethical practice alongside shareholder benefit. Companies will also be required to report formally on the wider impact of their business on society and the environment.

Research & Development

- The party supports science, research & development, and innovation, particularly in small businesses and startups, with a goal of investing at least 3% of GDP in research and development by 2030, rising to 3.5% by 2034.

Investment

- The party aims to power scale-up economies, particularly outside of London and the South East, by utilising innovative methods of 'crowding-in' private sector investment.
- The Party plans to expand the role of the British Business Bank in the UK economy to increase access to capital for small and medium-sized businesses, whilst also enabling more private investment, particularly around zero-carbon products and technologies.

Employee share ownership

- Increasing employee share ownership by giving employees in companies with more than 250 employees a right to request shares to be held in trust.

Climate

- The Liberal Democrats will require all large UK-listed companies to set targets consistent with achieving a net-zero goal.
- They plan to regulate financial services to encourage climate-friendly investments, ensuring that pension funds and portfolio managers' investments are consistent with the Paris Agreement.
- The party is committed to upholding the highest standards of environmental, health, labour, and consumer protection in the UK, ensuring they are at least equivalent to EU standards.