

Election Debrief

5 July 2024



Following weeks of intense campaigning, the electorate has delivered its verdict. As widely expected, the Labour Party has secured a historic landslide victory, soaring past the magic 326 seat mark in the early hours of Friday morning.

With the party now occupying over 400 seats, Sir Keir Starmer's promise of "change" has certainly struck a chord with the electorate. In his victory speech, the incoming Prime Minister said, *"We did it! You campaigned for it. You fought for it. You voted for it, and now it has arrived. Change begins now."*

The Conservatives sustained huge losses in the party's worst ever election performance. Outgoing Prime Minister Rishi Sunak said, *"The British people have delivered a sobering verdict tonight, there is much to learn... and I take responsibility for the loss."* He continued, *"Today, power will change hands in a peaceful and orderly manner, with goodwill on all sides. That is something that should give us all confidence in our country's stability and future."*

Mr Sunak, who has been in office since October 2022, managed to hold on to his seat in Richmond and Northallerton in Yorkshire; meanwhile, a raft of senior Conservative MPs lost their seats including former Prime Minister Liz Truss, Defence Secretary Grant Shapps, Penny Mordaunt and Jacob Rees-Mogg. In Wales, the Conservative Party lost all of their seats.

It was a record-breaking night for the Liberal Democrats, who secured over

70 seats. In the early hours of Friday morning, Sir Ed Davey said his party was set to achieve its *"best result for a century."* Meanwhile, Reform UK leader Nigel Farage was voted an MP for the first time and the Green Party also broke records.

The Scottish National Party (SNP) suffered a dismal night, with SNP leader John Swinney describing the General Election result as *"very, very difficult and damaging"* for the party. The result greatly diminishes the chances of an independence referendum.

In the first July General Election since 1945, millions of voters made their way to polling stations on Thursday to have their say. However, early indications suggest an estimated voter turnout of below 60% - the lowest in over 20 years.

Market reaction

In the run up to the election, the markets were reasonably stable with a strong Labour victory already priced in and investors hopeful of a pro-growth productivity-led agenda. As the markets opened following the results on 5 July, the FTSE 100 and FTSE 250 both opened up and sterling held steady after the exit polls came in on Thursday evening.

What now?

A new Parliament will be summoned to meet on 9 July. The King's Speech is scheduled for 17 July and is part of the State Opening of Parliament, before which no substantive parliamentary business can usually occur. The new government will then decide a date on which the summer recess will commence.

And a Budget?

We await the date of incoming Chancellor Rachel Reeves' first Budget, where we will gain clarity on the new government's fiscal priorities, where any changes to tax and spending will be announced. Ms Reeves said Labour would not hold a Budget without an independent forecast by the Office for Budget Responsibility (OBR), these require ten weeks' notice to prepare.

Labour manifesto key pledges

Some of the new government's key manifesto pledges include reforming planning rules, recruiting 6,500 new teachers and tackling immigration. Plans are expected to be funded by raising £8bn through abolishing the non-dom tax status, increasing Stamp Duty for foreign buyers, clamping down on those underpaying tax by closing 'loopholes' in the windfall tax on oil and gas firms, and introducing VAT on private school fees (Rachel Reeves has suggested this won't be imposed until at least 2025). No changes were promised to personal tax rates and on pensions, the Triple Lock is expected to be upheld and a review of the pensions landscape undertaken.

The bottom line

Whichever way you voted on 4 July, the country has acted decisively to provide a massive majority and, under Keir Starmer's leadership the hard work begins. As usual, we will keep a close eye on developments likely to impact your personal finances over the coming months. Looking after your financial future remains a priority. Please get in touch if you have any questions.