



# King's Speech 2024: Economic affairs, business and trade

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This research briefing sets out the Labour Party's commitments covering economic affairs, business and trade, drawing on its manifesto and other material in the public domain. It has been written in advance of the King's Speech to help members of the House of Lords prepare for the debate on the speech. It does not constitute official information about the government's intentions or provide a complete list of bills to be announced.

## I. Labour's economic mission

In February 2023, while still in opposition, Keir Starmer set out five missions to guide a future Labour government.<sup>1</sup> The first of these missions relates to the economy. Specifically, the mission is to “secure the highest sustained growth in the G7—with good jobs and productivity growth in every part of the country making everyone, not just a few, better off”.<sup>2</sup> This mission was reaffirmed in Labour's manifesto, which argued that “sustained economic growth is the only route to improving the prosperity of our country and the living standards of working people”.<sup>3</sup> Rachel Reeves also highlighted the mission in her first speech as chancellor, saying that the new government would “get Britain's economy growing again” and that there was “no time to waste”.<sup>4</sup>

To help achieve its economic mission, Labour highlighted six key policy initiatives in its manifesto:<sup>5</sup>

- deliver economic stability with tough spending rules

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<sup>1</sup> BBC News, [‘Keir Starmer unveils Labour's five missions for the country’](#), 23 February 2023; and Labour Party, [‘A ‘mission-driven’ government to end ‘sticking plaster’ politics’](#), February 2023.

<sup>2</sup> Labour Party, [‘A ‘mission-driven’ government to end ‘sticking plaster’ politics’](#), February 2023, p 3.

<sup>3</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 13.

<sup>4</sup> HM Treasury, [‘Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy’](#), 8 July 2024.

<sup>5</sup> As above, p 23.





- a new partnership with business to boost growth everywhere
- a national wealth fund to invest in jobs
- planning reform to build 1.5 million new homes
- devolution of power across England
- a new deal for working people

Labour has made a series of legislative commitments to help deliver these initiatives. These commitments are outlined below.

## 2. Key legislative commitments

### 2.1 Office for Budget Responsibility

On 22 September 2023, Rachel Reeves announced that a Labour government would give the Office for Budget Responsibility (OBR) increased powers, to ensure that all major tax and spending decisions made by the government would be subject to an independent forecast by the body.<sup>6</sup> This commitment was reaffirmed in the manifesto and, on 19 June 2024, the Guardian reported that legislation to enact this commitment would be included in the King's Speech.<sup>7</sup>

The proposal to strengthen the role of the OBR in this way has been welcomed by some, with Institute for Government Senior Economist Olly Bartrum suggesting it will “improve the credibility of the UK's fiscal policy”.<sup>8</sup> However, other commentators have expressed scepticism. For example, Ben Zaranko, senior research economist at the Institute for Fiscal Studies, has argued that, while the UK fiscal framework can be improved, fiscal policy is “inherently political and we should be “cautious about moving towards an ever more powerful fiscal technocracy”.<sup>9</sup>

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<sup>6</sup> BBC News, [‘Labour pledges more watchdog power after Truss mini-budget’](#), 22 September 2023.

<sup>7</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 19; and Eleni Courea, [‘Labour pledges to strengthen economic watchdog within first 100 days’](#), Guardian, 19 June 2024.

<sup>8</sup> Olly Bartrum, [‘Rachel Reeves has made welcome moves to improve fiscal policy making’](#), Institute for Government, 22 September 2023.

<sup>9</sup> Ben Zaranko, [‘A note of caution on fiscal technocracy’](#), Institute for Fiscal Studies, 27 May 2024.



## 2.2 Tax reform

To help “close the tax gap and ensure everyone pays their fair share”, Labour pledged in its manifesto to “modernise HM Revenue and Customs (HMRC) and change the law to tackle tax avoidance”.<sup>10</sup> As part of this it said it would increase “registration and reporting requirements, strengthen HMRC’s powers, invest in new technology and build capacity within HMRC”, with potential measures outlined in a policy document published in April 2024.<sup>11</sup>

Tax experts have welcomed the ambition to reduce tax avoidance. For example, the Chartered Institute of Taxation “applauded” the ambition to close the gap.<sup>12</sup> However, it also noted that there will be diminishing marginal returns to such efforts and cautioned against spending the revenue before it is collected. (Labour have said they will use money raised tackling tax avoidance for funding its health and education spending commitments.)<sup>13</sup>

## 2.3 Industrial strategy

On 27 September 2023, Labour published a policy document which outlined its plan for a “mission-oriented” industrial strategy.<sup>14</sup> The intention of the strategy is to provide an “organising framework for business” by offering a “clear signal” as to the government’s industrial priorities.<sup>15</sup> The strategy sets out four missions, to be achieved in partnership with business, civil society and trade unions:<sup>16</sup>

- delivering clean power by 2030
- harnessing data for the public good
- caring for the future
- building a more resilient economy

Labour expects that the pursuit of these missions will spur innovations that “spill over into

<sup>10</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 31.

<sup>11</sup> As above, p 31; and Labour Party, [‘Labour’s plan to close the tax gap’](#), 9 April 2024.

<sup>12</sup> Val Cipriani, [‘Tax experts question Labour’s £5.2bn tax avoidance crackdown’](#), Investors’ Chronicle, 26 June 2024.

<sup>13</sup> Labour Party, [‘Labour’s plan to close the tax gap’](#), 9 April 2024.

<sup>14</sup> Labour Party, [‘Prosperity through partnership: Labour’s industrial strategy’](#), 27 September 2023.

<sup>15</sup> As above, p 6.

<sup>16</sup> As above, p 6.



other parts of our economy and drive growth and productivity, wages, and living standards”.<sup>17</sup>

As part of the industrial strategy, Labour has committed to establishing an ‘Industrial Strategy Council’ and placing it on a statutory footing to “strengthen its role” and offer certainty to business.<sup>18</sup> Labour describes the prospective council as follows:

The council would be a full-time expert body, supported by an advisory board of leading figures in business, the trade union movement and academia, drawn from across sectors and across the regions and nations. It will work with devolved governments and institutions to ensure a whole UK approach that prioritises regional and local growth.

The council’s primary remit will be to assess the effectiveness of the government’s industrial strategy. It would be tasked with regularly reporting on policy implementation and progress towards the government’s industrial strategy missions. In order to provide this scrutiny, it will also have a role to play in working with government to develop and agree a set of target indicators for each of the government’s industrial strategy missions.<sup>19</sup>

Labour reaffirmed its commitment to its industrial strategy, and to creating an industrial strategy council on statutory footing, in its manifesto.<sup>20</sup>

An industrial strategy, supported by an industrial strategy council, were previously established by Theresa May’s Conservative government. However, they were both abolished in March 2021 by Boris Johnson’s administration, with the government’s industrial strategy replaced by a ‘plan for growth’. The House of Commons Business, Energy and Industrial Strategy Committee criticised these moves in a June 2021 report on industrial policy.<sup>21</sup> MakeUK—an organisation which represents UK manufacturers—supports the reestablishment of an industrial strategy council, with research from the group suggesting that 99% of manufacturers believe the UK should have an industrial strategy.<sup>22</sup>

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<sup>17</sup> Labour Party, [‘Prosperity through partnership: Labour’s industrial strategy’](#), 27 September 2023, p 6.

<sup>18</sup> As above, p 6 and 10.

<sup>19</sup> As above, p 10.

<sup>20</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 27.

<sup>21</sup> House of Commons Business, Energy and Industrial Strategy Committee, [‘Post-pandemic economic growth: Industrial policy in the UK’](#), 28 June 2021, HC 385 of session 2021–22.

<sup>22</sup> MakeUK, [‘Industrial strategy: A manufacturing ambition’](#), May 2023.



## 2.4 Late payments

On 29 November 2023, Labour published a policy document which outlined its plan for small business.<sup>23</sup> This plan included a commitment to “legislate to tackle late payments”, which it described as a “scourge on small businesses”.<sup>24</sup> The document said that at any given time small businesses are waiting on over £20bn worth of invoices whose payments are overdue, thus denying the businesses in their supply chains “the valuable cash that they need to pay staff, buy materials and deliver on future orders”.<sup>25</sup> Therefore, Labour said it would introduce legislation which would require “the audit committees of big businesses to report on their company’s payment practices in the company annual report”.<sup>26</sup> It hoped this would provide more transparency for small businesses when they engage with potential future customers.

Labour reaffirmed its commitment to “take action on late payments” in its manifesto.<sup>27</sup> The commitment has been welcomed by Tina McKenzie, policy chair of the Federation of Small Businesses (FSB).<sup>28</sup> An FSB survey from 2022 found that small businesses were reporting an increase in the occurrence of late payments, with over half of small businesses having experienced late payments in the previous three months.<sup>29</sup>

## 2.5 National Wealth Fund

In September 2022, Rachel Reeves, then shadow chancellor, committed the Labour party to creating a National Wealth Fund (NWF).<sup>30</sup> As confirmed in Labour’s manifesto, the NWF will be capitalised with £7.3bn over the course of the parliament and will have a remit to support the party’s economic growth and clean energy missions.<sup>31</sup> Labour has said the fund will “directly invest in ports, hydrogen and industrial clusters in every corner of the country” and help “secure the future of Britain’s automotive and steel industries”.<sup>32</sup>

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<sup>23</sup> Labour Party, [‘The beating heart of our economy: Labour’s plan for small business’](#), 29 November 2023.

<sup>24</sup> As above, p 6.

<sup>25</sup> As above, p 6.

<sup>26</sup> As above, p 6.

<sup>27</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 36.

<sup>28</sup> Federation of Small Businesses, [‘Small business reaction to Labour Party manifesto’](#), 13 June 2024.

<sup>29</sup> Federation of Small Businesses, [‘Time is money: The case for late payment reform’](#), March 2023.

<sup>30</sup> LabourList, [‘Reeves announces £8bn “national wealth fund” for green investment’](#), 25 September 2022.

<sup>31</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 28; and Regarding Labour’s clean energy mission please see House of Lords Library ‘King’s Speech 2024: [Energy security, net zero, environment and agriculture](#)’, July 2024.

<sup>32</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 55.



On 9 July 2024, the newly installed Labour government announced that the NWF would initially operate through the existing UK Infrastructure Bank, rather than a newly created body, so that “investments can start being made immediately”.<sup>33</sup> The government will then bring forward legislation to “cement the NWF in statute” when parliamentary time allows.<sup>34</sup>

## 2.6 Workers’ rights

The Labour manifesto said that Britain’s employment laws are “outdated” and “not fit for the modern economy”, claiming that recent legislation had led to a worsening in industrial relations.<sup>35</sup> To address this, Labour said it would “create a partnership between business and trade unions”, by implementing ‘Labour’s plan to make work pay: Delivering a new deal for working people’.<sup>36</sup> This plan was initially announced by the deputy leader of the party, Angela Rayner, in September 2021, with a formal policy document for the plan published on 24 May 2024.<sup>37</sup>

Key elements of the plan include the following:

- **Delivering a genuine living wage.** The remit of the Low Pay Commission—an independent body that advises the government about the national minimum wage—will be changed to take into account the cost of living. A single enforcement body will be created and, alongside HMRC, will be given the powers necessary to ensure that the ‘genuine living wage’ is properly enforced.
- **Making work secure.** Exploitative zero hours contracts and ‘fire and rehire’—the practice of an employer making an employee redundant and then re-engaging them on reduced terms and conditions—would be ended. Basic worker rights, such as protection against unfair dismissal, parental leave and sick pay, would be guaranteed from the first day of employment.
- **Single status of worker.** There will be a transition away from the current three-tier system of employment status—of employees, self-employed and ‘workers’ (whose legal rights and protections are unclear)—towards a

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<sup>33</sup> HM Treasury, Department for Energy Security and Net Zero, Department for Business and Trade, [‘Boost for new National Wealth Fund to unlock private investment’](#), 9 July 2024.

<sup>34</sup> As above.

<sup>35</sup> As above, p 44.

<sup>36</sup> As above, p 45.

<sup>37</sup> LabourList, [“‘Let us face the future’—Angela Rayner’s full conference speech’](#), 25 September 2021; and Labour Party, [‘Labour’s plan to make work pay: Delivering a new deal for working people’](#), 24 May 2024.



- simpler two-part framework for employment status, that differentiates between workers (which have clearly defined legal rights and protections) and the genuinely self-employed.
- **Strengthen trade union rights.** Trade union legislation will be updated, removing certain restrictions on trade union activity and introducing new rights for trade unions to access workplaces for recruitment and organising purposes. The Trade Union Act 2016 and the Strikes (Minimum Service Levels) Act 2023 will be repealed.

The policy document for these reforms describes them as a “top legislative priority for an incoming Labour government”.<sup>38</sup> The document implies that primary legislation will be required, in the form of an employment rights bill, but also suggests that aspects of the plan will be implemented via secondary legislation.

The manifesto commits Labour to delivering this plan in full. It says that a Labour government will introduce legislation within 100 days of Labour coming to office and “consult fully with businesses, workers, and civil society on how to put our plans into practice before legislation is passed”.<sup>39</sup>

Labour’s commitment to deliver the plan in full follows tension with trade union leaders who had expressed concern that the plan was being “watered down” in the face of lobbying from employer groups.<sup>40</sup> The Trades Union Congress (TUC) had previously described the proposed reforms as “transformative” and “the biggest upgrade in workers’ rights in a generation”, publishing polling suggesting that the reforms were broadly supported by the public.<sup>41</sup> In contrast, the Confederation of British Industry (CBI) suggested the proposed reforms threatened the UK’s “competitiveness”, with CBI president Rupert Soames noting that the group was providing “private feedback” to Labour about its plans.<sup>42</sup>

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<sup>38</sup> Labour Party, [‘Labour’s plan to make work pay: Delivering a new deal for working people’](#), 24 May 2024.

<sup>39</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 45.

<sup>40</sup> Jessica Elgot, [‘Labour and unions reach agreement on workers’ rights proposals’](#), Guardian, 14 May 2024; and Jessica Elgot and Richard Partington, [‘Labour’s ‘new deal for workers’ will not fully ban zero-hours contracts’](#), Guardian, 1 May 2024.

<sup>41</sup> Trades Union Congress, [“‘Overwhelming support’ for Labour’s New Deal for Workers, including among Tory voters—new TUC poll’](#), 12 September 2023.

<sup>42</sup> Patrick Jenkins and Michael O’Dwyer, [‘CBI pushing Labour to soften workers’ rights pledges, says new president’](#), Financial Times (£), 6 February 2024.



### 3. Other commitments relating to economic affairs, business and trade

The above section highlights commitments related to economic affairs, business and trade where Labour have indicated they will legislate. Other commitments from the party in this area include the following:

- **International trade policy.** In its manifesto, Labour committed to publishing a trade strategy.<sup>43</sup> Rather than “prioritising insubstantial agreements which do not bring meaningful benefits to the UK”, Labour has said it will seek “targeted trade agreements” which are aligned with its industrial strategy.<sup>44</sup> In addition to free trade agreements, Labour has also said that it will seek “to negotiate standalone sector deals, such as digital, or mutual recognition agreements” to promote UK service exports.<sup>45</sup>
- **Business rates.** Labour has said the current system of business rates “disincentivises investment, creates uncertainty and places an undue burden on our high streets”.<sup>46</sup> Therefore, it has pledged to replace it with a new system of business property taxation that is “fit for the 21<sup>st</sup> century” and “levels the playing field between the high street and online giants”.<sup>47</sup>

### 4. Commitments in related areas

Labour has made other commitments which it says will help it achieve its economic mission but are in policy areas covered by other King’s Speech debates. These are briefly highlighted below.

- **Planning reform.** In her Mais Lecture earlier this year, Rachel Reeves said that the planning system was “the single greatest obstacle to our economic success” and that Labour would put “planning reform at the very centre of our economic and our political argument”.<sup>48</sup> Amongst other things, the

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<sup>43</sup> Labour Party, [‘Labour Party manifesto 2024’](#), June 2024, p 121.

<sup>44</sup> As above, p 121.

<sup>45</sup> As above, p 122.

<sup>46</sup> As above, p 31.

<sup>47</sup> Labour Party, [‘The beating heart of our economy: Labour’s plan for small business’](#), 29 November 2023, p 7; and as above, p 31.

<sup>48</sup> Labour Party, [‘Rachel Reeves Mais Lecture 2024’](#), 19 March 2024.





manifesto committed a Labour government to building 1.5 million homes over the course of the parliament and creating a new 'National Infrastructure and Service Transformation Authority' to "set strategic infrastructure priorities and oversee the design, scope, and delivery of projects".<sup>49</sup> For further information on Labour's planning policies, please see the Library's 'Levelling up, housing and communities' briefing.<sup>50</sup>

- **Devolution.** In its manifesto, Labour said that economic growth was hampered because "decisions are often taken in Westminster, and not by local leaders who understand local ambitions and strengths".<sup>51</sup> On that basis, it will introduce devolution legislation, to provide local areas in England with "new powers over transport, adult education and skills, housing and planning, and employment support".<sup>52</sup> For further information on Labour's plans for devolution, please see the Library's 'Devolved affairs' briefing.<sup>53</sup>

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<sup>49</sup> Labour Party, '[Labour Party manifesto 2024](#)', June 2024, p 36 and 32.

<sup>50</sup> House of Lords Library, '[King's Speech 2024: Levelling up, housing and communities](#)', July 2024.

<sup>51</sup> Labour Party, '[Labour Party manifesto 2024](#)', June 2024, p 40.

<sup>52</sup> As above, p 40.

<sup>53</sup> House of Lords Library, '[King's Speech 2024: Devolved affairs](#)', July 2024.

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