



LABOUR'S BUSINESS PARTNERSHIP FOR GROWTH

A New Partnership with Business



Optimism is in short supply at this time of political and economic turmoil. And it's easy to see why. Business has suffered from a bad Brexit deal, a gruelling pandemic, and a series of reckless, short-sighted economic decisions that have set back our economy.

But from my conversations with businesses large and small over the last few years, I am confident Britain's situation can be turned around.

It will take determination and a genuine partnership to make it happen. If we are privileged enough to be elected, a Labour government will be up for it. I know too that the business leaders of Britain, who have been heroic in the face of adversity, have the same appetite to get our economy back on its feet.

But we will need to start doing things differently.

Since 2010 the UK has had five Prime Ministers and seven Chancellors. The result has been chopping and changing, a lack of certainty and risky experiments with the British economy: party interests put above the country's interests; sticking plasters where long term solutions were needed.

Businesses and working people have paid a heavy price – low growth, low productivity, low investment, high tax, spiralling costs and growing regional inequalities. In short, stagnation and decline and a damaging sense that Britain can no longer build anything.

We must be realistic about the challenges we face but never forget that we have huge assets. A highly educated population and world-class universities. The City – an economic giant. A global economy that is hungry for the services and sectors where Britain excels. We are home to world-leading businesses, and the second most active and capital-intensive venture

capital market globally. These are enviable advantages.

It is both ironic and a cause for optimism that Britain does some of the hard things well but does the economic basics poorly. Get the basics right – run the economy with more certainty, start to build the infrastructure we need, support skills and training properly – and we have everything we need to succeed.

So, it's time for a change.

The country needs purposeful government with a plan for the long term that matches the focus and ambition of business. It needs two things above all else: stability and strategy. That is what a government I lead will offer – a Britain built to last, a British economy built to last.

Let's take those two things in turn.

Britain must regain its reputation for economic stability, integrity and certainty.

We have developed the idea of Securonomics to reflect the need to provide certainty in an age of insecurity, as set out by Rachel Reeves in a speech in Washington DC in 2023. The British economy needs to become more resilient to external shocks, build its own supply chains and take decisions that build long term economic strength. It is on that platform that businesses and families can plan ahead, and we can seize the huge opportunities provided by the revolutions in clean power, digital technology and life sciences.

Business needs the certainty of economic and tax decisions being taken carefully and with the long term in mind, not veering wildly in the quest for political advantage. That is what our fiscal rules and fiscal lock are about.

To restore a sense of integrity, government needs to act fairly in its dealings with business. In the last few years, our hard

won reputation for straight dealing has been damaged by the actions of this government – fast lane contracts to its friends, the abuse of due process. This would end with a Labour government.

A new sense of purpose

Stability is essential, but not enough. It is the platform on which growth is built. To get growth up, even to the levels of the last Labour government, will require a strategy for the long term.

That is what mission led government is about. Many businesses use missions as a way of driving their company forward. Government should be the same. It is only by raising our sights as a nation, that we can break out of the short-term quick fixes. So, our missions are an invitation. An invitation to be part of something important, to play a part in setting the country on a new course.

It means government acting differently.

Labour believes in the power of the state to shape the economy, but not to control it. Where government can act strategically in a way that complements the private sector, it should. Where a Labour government can make considered, targeted interventions to correct market failures, we will. Where there are barriers which do not contribute to economic or social objectives, we will remove them. And where stepping back is the right approach, we will stay out of the way. Most of all in this hugely competitive age, government needs to become more entrepreneurial, de-risking markets and unashamedly backing key growth sectors.

Britain can turn the page

With stability and a clear sense of direction, I believe we can turn the page on the years of decline. Now what's needed is a government willing to roll up its sleeves, do the hard work, set a clear course and partner with business to create a more prosperous future for all.

**Keir Starmer MP,
Leader of the Labour Party**

Labour's deepening partnership with Business

Labour has continued to deepen its partnership with business with three key phases since Keir Starmer became Leader.

First, we needed to show that **Labour has changed**. To demonstrate that the Labour Party was firmly back in the mainstream, that it understood the importance of wealth creation and genuinely wanted to listen to and engage with business. That is what we have done. Keir Starmer, Rachel Reeves, Jonathan Reynolds and other colleagues, have had hundreds of sustained and serious engagements with businesses since 2019.

The second phase was **gaining a shared understanding of how to overcome the challenges facing the country**, an analysis of what specific issues are holding us back, and a resolve to put in place the plans to take us forward. In conversations with CEOs of large, medium and small businesses across the country and across sectors – from the high street to our AI future, from small start-ups to established big businesses, from traditional strengths like finance to cutting edge life sciences, that work has been imperative.

Now, we enter the third and critical phase: **to provide meat on the bones**. We want to **discuss our policies** with business and civil society so that if we win the election, we can hit the ground running. We don't want to start discussions in government that we could have had in Opposition. There is no time to waste in planning the actions we need to take: for example to accelerate upgrades to the grid, change the planning laws or provide the right climate for innovation.

Business can be confident that the partnership we have forged in Opposition will carry over into government. The plans we take forward will have your fingerprints on them.

A voice for business

Businesses will have a strong voice to ensure meaningful consultation and early visibility of decisions. This is evidenced already through our decision to set up the British Infrastructure Council so key investors can begin a dialogue with us now on the important strategic investments the country will need going forward.

We want business involved in driving forward all of our five national missions as well as playing a key part in day-to-day departmental consultations. A Labour government will provide businesses with as much notice as possible prior to major decisions being implemented, including through our commitment to a single budget in November, so that businesses can be ready when new requirements or changes are introduced.

As part of this, Labour will give businesses a formal voice in economic policy-making. We will set up a Council for Economic Growth to give business and union representatives a voice in macroeconomic policy. We will create an Industrial Strategy Council to include experts from business. It will be on a statutory footing to give the industrial strategy the stability it has too often lacked.



A Partnership for a Purpose

For Labour's partnership with business to work there needs to be frank and open dialogue and clarity on what each should expect of each other. Every partnership comes with compromise to deliver shared outcomes which benefit the country.

The role of government

1. Providing stability, integrity and certainty.

Government must provide economic stability, long term certainty, and a level playing field, so that the private sector can have the confidence to invest and take risks. Government will make sure public procurement is fair and transparent, and that the tax regime is fair and competitive

2. Setting the strategic direction.

Government should be transparent about its economic and social objectives – whether regional development or decarbonisation – but not dictate how they should be achieved. Government has an obligation to be honest about trade-offs, to give notice and to stick to its long term ambitions. Labour's five national missions are long-term solutions to the causes of our stagnation.

3. Remove unnecessary barriers.

In some instances, Government must regulate to support a cohesive society, but this must be balanced with an equal obligation to remove barriers like restrictive planning rules and support competitive markets and innovative business.

4. Growth everywhere.

We need to power up all parts of the country if we are to tackle low growth and productivity and ensure rising living standards for all. A new Labour government will work with local mayors, business leaders and others to make this a reality.

The role of business

1. Contributing to our five national missions.

Business has a vital role to play in achieving each of our five missions. Mission led government is an invitation to use your ingenuity skills, expertise, and innovation to accelerate progress towards our missions.

2. Investing in people, capital and ideas.

Prioritising investment in the skills of the workforce and providing the capital needed for growth

3. Providing working people with dignity and fulfilling work.

A secure, well-paid and motivated workforce is good for business and good for the bottom line, and most employers respect, value and fairly reward their workforce. Healthy dialogue is the key to ensuring we have got the right balance between fostering flexibility, agility and competitiveness with the need to treat every working person with the dignity they deserve.

4. Actively supporting growth in all parts of the country.

Helping to shape growth plans and the provision of skills across the country, rebuilding communities and high streets and creating local jobs and opportunities.

Labour's Five Point Plan for Growth

Together we can deliver *Labour's* plan for growth.

1. Putting economic stability first

- Iron clad fiscal rules and a fiscal lock
- Capping Corporation Tax at 25 per cent for the next parliament and retaining full expensing
- One Budget every autumn, at least four months before the new tax year

2. Backing British business

- A new industrial strategy created in partnership with business, through a statutory Industrial Strategy Council, to maximise Britain's strengths in life sciences, digital, creative, financial services, clean power, automotive, aerospace and defence sectors.
- Stable R&D tax credits, 10-year R&D budgets and a new Regulatory Innovation Office
- Making Brexit Work and a trade strategy aligned with UK strengths

3. Getting Britain building again

- Reforming planning rules to accelerate infrastructure and build 1.5 million homes and key infrastructure
- Creating a National Wealth Fund to unlock billions of pounds of private investment, crowding in 3 times the amount of public investment.
- A new British Infrastructure Council, convening senior business leaders to advise on how better to deliver and fund national infrastructure projects

4. Kickstarting a skills revolution.

- Getting Britain back to work with 2 million more NHS treatments, 8,500 more mental health professionals, changing incapacity benefits to encourage disabled people to find work without fear of losing their income; devolving employment support to local areas.
- A new generation of Technical Excellence Colleges, offering more high-quality apprenticeships and providing training opportunities tailored to local jobs; and Skills England which will work with business to plan for the skills of the future.
- Reforming the Apprenticeship Levy as a more flexible Growth and Skills Levy.

5. Growth everywhere and Making Work Pay

- Devolving powers away from Westminster, giving regional leaders the tools they need to develop long-term growth plans
- Supporting a secure, motivated and well-paid workforce with a New Deal for Working People and delivering a genuine living wage, banning exploitative zero hours contracts and ending fire and rehire.

To find out more details about our plans for growth and our partnership with business, please scan this QR CODE or visit labour.org.uk/missions/economic-growth/



Putting Economic Stability First

Labour's Distinct Approach:

Just as Bank of England independence transformed economic certainty and stability under the last Labour government, so our fiscal rules and fiscal lock will ensure that Labour is once again associated with the kind of reliability businesses and investors so desperately need. Rachel Reeves, with her background at the Bank of England, has the credentials to be a Chancellor with an unwavering focus on economic competence.

Labour's iron clad fiscal rules

Labour's fiscal rules are iron-clad and non-negotiable.

In normal times day-to-day spending will be fully funded out of government revenue. That is the only responsible and fair approach. We will not dodge difficult trade-offs on tax and spend. The books must balance because future taxpayers should not be funding consumption today.

We will invest, in building British industries and in increasing the supply of energy, housing, and transport. This is not only a necessity for prosperity and to make our economy more resilient, but it is also fair, because future taxpayers will benefit from those investments.

And we will ensure debt is on a sustainable path, falling as a share of the economy over the medium-term.

Labour's fiscal lock

A Labour government would strengthen our independent Office for Budget Responsibility (OBR), by introducing a "fiscal lock" which will guarantee proper scrutiny and accountability for decisions that have a large permanent fiscal impact. The fiscal lock will allow the OBR

to independently publish a forecast, rather than be requested to do so by the government as they do currently. This would have provision in the unlikely event of the OBR being unable to provide a forecast on time. In such a situation the OBR would set a date for when they can provide a forecast, so that market participants know that either a forecast will be provided alongside the fiscal event or that one is imminent. The threshold for an OBR forecast, and any associated changes to the working relationship between the Treasury and the OBR, will be set out in a revised charter of budget responsibility.

A fair and stable tax system

A vital pre-condition though it is, macro-economic stability alone will not create the conditions for our businesses to thrive. Policy must also be stable and where changes must be made the path must be predictable, not constantly chopping and changing. The tax system is no exception. All businesses need to know that when they choose to invest in the UK their plans will not be undermined by an unstable business tax environment, but there have been 26 changes to the Corporation Tax regime this parliament alone.

That is why a Labour government would commit to cap the headline rate of Corporation Tax at the current rate of 25 per cent for the lifetime of the next parliament.

The UK's current rate is competitive internationally – the lowest in the G7 and a similar rate to many of our OECD peers. We would continue to monitor this throughout the parliament and take action if tax changes in other advanced economies threaten to undermine UK competitiveness. We want to ensure British businesses are not competing abroad with one hand tied behind their backs and we also want to attract more international businesses

to headquarter and base their European operations in the UK. Our tax stability and competitiveness pledges will help to achieve that.

We would finish implementing the global minimum rate of corporate taxation and will support an OECD deal for the fair taxation of digital multinationals. Together this will ensure that firms pay their fair share using the methods agreed with our international partners.

Labour called for full expensing for capital investment to be made permanent and a Labour government would retain the current system and the annual investment allowance.

To further provide tax stability, we will publish a roadmap for business taxation early in the next parliament. While the exact timing depends on when the election takes place, we will seek to publish a roadmap after consultation within the first six months of taking office.

These new commitments sit alongside our existing business tax policies, including our plan to replace business rates with a new system of business property taxation, as well as our plan to turn the apprenticeship levy into a more flexible Growth and Skills Levy.

Fixed timetable of fiscal events

A Labour government will couple stability with predictability. A Labour government will hold a single Autumn budget each year in the final two weeks of November, giving businesses at least four months to plan for the new tax year. This would be followed by a restated forecast in the first two weeks of March, which may also make minor policy changes if needed. This is, in fact, similar to the stated policy of the current government, but they have failed to follow it. Should there be a change of government but timing of the general election make an Autumn Budget impractical, this commitment includes a provision to deliver a fiscal event outside of this routine in order

to put a Labour government's priorities quickly into practice.

A new Office for Value for Money

Labour will drive a culture change on value for money at the centre of government, with ministers and the civil service held to account for the decisions they make with taxpayers' – including business taxpayers' – money.

To help bring this about, a Labour government will create a new Office for Value for Money (OVM), staffed by the very best public finance professionals. As part of their work, the OVM will look at the use of procurement rules and contracting, investigating whether competitions were conducted properly, whether contracts were being managed appropriately and whether use of consultants is providing value for money. This is not about re-opening existing contracts, but improving government processes for future procurement decisions.

Backing British Business

Labour's distinct approach

We believe in industrial strategy. For the current government it has never been seen as an essential. There was a short-lived attempt to develop one, but it sat uncomfortably against a 'stand aside' ideology. For Labour, national competitiveness will always be a priority, but setting a strategic course with an active industrial strategy is just as vital in an increasingly competitive world. Without it, opportunities are missed, sectors we can lead in are not given the backing they deserve, the nascent potential in every region of the country is left to wither, and business lacks the support it needs to win new orders in new markets.

Industrial Strategy

On industrial strategy, Labour is unambiguous. The state can – and increasingly must – play a constructive, strategic role in the economy. It is vital to secure the conditions for our economic success. In today's world, where state-led policies have reasserted themselves across the globe, an industrial strategy approach is no longer a "nice to have" but essential to secure our economic prospects, national security, and access to vital goods, raw materials and energy.

Labour's approach will combine a competitive national business environment with a strategy for our leading sectors, while protecting UK economic security. We will maintain a tax system which is predictable, internationally competitive and incentivises investment in capital, skills and innovation; we will support our genuinely world-leading universities and research base; and we will ensure that our regulation is flexible, responsive and sets global standards in emerging technologies. These are the foundations on which British

industries can thrive and which will attract inward investment to the UK.

Our strategy will combine a sector and place approach. We are clear-eyed that the UK cannot expect to excel in every sector or emerging technology, but we will proudly support those in which we do because they are so crucial to our prosperity. At a local level, businesses need the depth of skilled labour, land and energy. Labour will support areas to specialise their skills provision, invest in transport and digital connectivity, densify our core cities, accelerate grid connections and liberalise planning for housing, infrastructure and employment.

This is not the state picking winners, but it is backing the winners we have. It is a misconception that Britain cannot do industrial strategy: the success of our financial services sector demonstrates we can. With HM Treasury as its sponsor, the sector has a powerful advocate for regulatory competitiveness and Canary Wharf is a product of sustained investment in transport infrastructure and commercial development.

Sector strategies

Labour has already set out sector strategies for the following sectors:

- **Automotive** – ensuring battery factories on our shores, reliable charging networks in every part of the country, secure supply chains, increased consumer demand and 80,000 more high skilled jobs.
- **Life sciences** – better use of NHS patient data for medical research; improving NHS procurement of innovation; reforming planning to deliver more laboratory capacity; stabilising R&D tax credits and maintaining the patent box; and increasing access to finance for innovative start-ups.

- **Financial services** – supporting regional financial centres outside of London; promoting our financial services sector internationally; taking the lead on sustainable finance; and protecting consumers with better financial advice, inclusion and resilience.

We will publish strategies for Aerospace, Artificial Intelligence, Creative Industries and Defence.

We recognise that it is neither possible nor beneficial to turn inward and for everything to be made in Britain. Openness creates prosperity and Labour will work tirelessly to remove unnecessary barriers to trade and support our leading firms to export internationally.

However, it is undeniable that in an increasingly insecure world we can no longer afford a laissez-faire approach. We must be more discerning when choosing international partners in the projects, sectors and technologies which underpin our economic security, and balancing competition with cooperation. That is why we have made clean power

by 2030 one of our five missions. It is a clear and unambiguous signal to markets that a Labour government will use every tool available to make Britain energy secure, cut the cost of energy for business and households and win jobs and investment for the UK. It is why we will set up a supply chain taskforce to map supply chains, identifying both risks to resilience and opportunities for growth. It is why we oppose watering down the screening powers in the National Security and Investment regime. And it increases urgency to the vital task of building our strategic advantage in technologies like AI, biotechnology and defence technology.

Industrial Strategy Council

It is not possible to deliver long-term strategic industrial interventions without a stable set of institutions to monitor implementation and progress. The previous Industrial Strategy Council set up by the Conservatives in 2018, and abandoned three years later, was a non-statutory advisory group. This meant that, as political whims shifted in the Conservative Party, it was too easily abandoned and institutional memory and expertise scattered and lost. Labour will introduce an Industry Strategy

The North Sea: Britain's energy capital

The UK has decarbonised further and faster than most developed nations, but it has little industrial footprint in the clean industries of the future. We are the second largest generator of energy from offshore wind in the world, but the turbines are imported because Britain's ports are too small and too shallow. Labour's Industrial Strategy and Green Prosperity Plan will make Britain energy secure and get us back in the global race for jobs. The North East of Scotland has a proud history as Britain's energy capital and a bright future with Labour.

Through our National Wealth Fund, we will invest £1.8bn in upgrading ports to be ready to deploy renewables and capture decommissioning contracts; and in the Grangemouth industrial cluster, with a £1bn investment in CCUS and hydrogen. Our British Jobs Bonus – worth up to £500m per year – will provide an capital incentive to winning bids in the Contracts for Difference auction to invest, create jobs and build their manufacturing supply chains in industrial heartlands and coastal communities with historic and current ties to fossil fuel production like the North of England and North East of Scotland. We will reform the grid connections process and coordinate a 'super tender' between transmission operators, to accelerate the pipeline of renewables projects and electrification of the North Sea platforms which will become hubs for floating offshore wind farms.

Council on a statutory footing to advise government and hold it to account. It will help give industrial strategy the commitment and scrutiny that the Climate Change Committee has given climate policy, bringing together experts from academia, business and unions.

The plan for innovation

A new Regulatory Innovation Office

Regulators are typically organised by sector and sectors are better at describing the economy as it currently is, rather than anticipating how the economy will change. Sector regulators are therefore inherently better suited to dealing with incremental innovation of incumbents. Responsiveness to dramatic innovations and new technologies, that cut across current regulatory boundaries and may require multiple licenses, is too slow and disjointed. That is why Labour will create a Regulatory Innovation Office (RIO) to improve accountability and promote innovation. By bringing together the Better Regulation Executive and the secretariat of the Regulatory Horizons Council, and taking on their functions we will set and monitor targets for regulatory approval for innovative products and services; establish targets for the speed of regulatory decisions, benchmarked against international best practice; and publish data on regulators' performance against these targets.

Long-term funding for research and development

The practice of short-term funding cycles prevents bodies like UK Research and Innovation (UKRI) from creating meaningful long-term partnerships with industry on new technologies or from funding new infrastructure because many projects have longer-term time horizons. A notable exception is the Aerospace Technology Institute (ATI), which has a ten-year settlement, and as a result levers £7 of private investment for every £1 of public money.

In its first Comprehensive Spending Review, Labour will set ten-year budgets for research and development, giving our world-leading institutions the certainty to strike long-term partnerships with industry, leveraging greater investment, and international collaborations.

As well as the short-termism of budgets, uncertainty is caused by the excessive bureaucracy of the R&D funding system. Labour will set strategic research priorities but will cut red tape and introduce a system of earned trust in place of retrospective and repetitive reporting and audit by Government departments and UKRI, letting researchers focus on research. This is consistent with key recommendations of the Nurse and Tickell Reviews: moving towards a single business case process for key institutions; embracing earned trust and expert review over generalist audit; and reforming the Research Excellence Framework.

R&D tax credits

Labour is proud to have introduced R&D Tax Credits. The scheme has been shown to have a sizable positive impact on research and development spending by UK companies, with up to £3 of R&D generated for every £1 of tax foregone. However, there has been far too much chopping and changing in recent years, with five changes announced this parliament alone.

To provide stability, Labour will 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. This will demonstrate how R&D tax credits supports our world-leading industries and help to uncover where fraud and error is particularly widespread.

Labour will also maintain the patent box which supports the commercialisation of IP in the UK.

Boost the number and success of university spinouts

UK spinouts are already making a significant contribution to the UK economy. In 2021, firms that emerged from universities employed nearly 100,000 people and attracted more than £5.3 billion of investment.

Labour will increase the number of spinouts coming out of universities, and structure the innovation funding system to ensure more of them successfully scale-up. We will do this by working with universities to encourage them to offer spin-outs a 'Founder-track' option, one where the university takes a share of equity at or below 10%.

The plan for trade

Making Brexit work

Labour is committed to making Brexit work. We have set out clear red lines on the future of our relationship with the European Union, and a future Labour Government would not seek to re-join the single market, the Customs Union or return to freedom of movement. However, it is clear that the current deal is not working. A Labour government would focus on delivering a smoother long-lasting relationship with the EU and find practical and achievable solutions to unblock the problems holding business back.

Labour would tear down unnecessary trade barriers, seeking a new veterinary agreement for our agri-food sector as well as mutual recognition of conformity assessments across specified sectors so that our producers no longer need to complete two sets of tests, or two processes of certification, to sell their goods in both the UK and the EU. Alongside that, Labour will support our world-leading services sectors by pursuing an agreement on mutual recognition of professional qualifications with the European Union. We will ensure closer alignment comes with robust mechanisms to allow the UK to diverge if we choose to.

A new trade strategy

British trade policy following our departure from the European Union has been too heavily focused on quantity over quality. The push to sign as many free trade agreements as possible has come at the expense of any prioritisation or strategy to advance UK economic advantages.

A Labour government will view trade policy differently, with a deeper, more substantive, and more focused approach which is consistent across all of Government. We will publish a trade strategy, shaped in consultation with business, setting out clear ambitions and priorities. Crucially, the Labour strategy will be intrinsically connected to our foreign and industrial objectives. We will pursue deals which bolster our national security and dovetail with our industrial strategy so that we can truly act in the country's best interests while promoting core Labour values such as workers' rights, environmental protections and fair trade.

Labour will also put an end to the FTA-or-nothing mindset which has mired UK trade policy in recent years. Free trade agreements will always have a role to play but, to achieve our objectives, we need to use every tool at our disposal. A Labour trade strategy will use every lever to get British business the access they need to international markets including: standalone digital and mutual recognition agreements to promote UK services exports; and critical mineral agreements for our manufacturers. Labour's trade strategy would be underpinned by a rules based international structures that facilitate cooperation. With a Labour government, the UK would continue to be a vocal supporter of the World Trade Organisation and would continue to play a significant role in protecting key pillars of multilateral agreements including the e-commerce moratorium.

Get Britain Building Again

Labour's distinct approach

Britain's growth and productivity problems are the result of both a lack of long-term planning and a failure of public and private investment. Our National Wealth Fund will invest in British industries and leverage £3 of private investment for every £1 of public investment. Rachel Reeves' British Infrastructure Council will help plan the country's needs for the long term. For too long, government has talked a good game on planning laws but failed to make the changes needed to unblock investments that are mired in endless delays. A Labour government would make this an urgent priority.

The plan for investment

Full expensing

Labour opposed the recent chopping and changing in investment allowances that served only to bring forward investment decisions rather than creating the stability needed for sustained higher business investment over the long term. A Labour government would retain permanent full expensing system for capital investment and the annual investment allowance. We would also publish detailed guidance on what investment qualifies for each regime to provide much greater clarity to firms looking to invest.

We will also trial greater use of advanced rulings and clearances for major investment projects, which are currently only available in limited parts of the tax system. These would clarify the tax treatment of investments before they happen, increasing certainty for firms looking to invest and reducing the risk that the tax treatment of an investment would change. Our tax roadmap will identify

areas where rulings and clearances could be beneficial.

Economic regulation

Investment in regulated utilities has been too low for too long and the UK has accrued a backlog of investment, because government and regulators have not prioritised new infrastructure. Success stories like offshore wind and the Contracts for Difference auction are matched by our failures on new nuclear and reservoirs. It is not clear that regulators new mandates will be sufficient to change behaviour and RPI-X, while still having a role in controlling prices for existing assets, may not offer enough certainty to deliver the new infrastructure investment necessary to get ahead of future demand. At the same time, government has failed to provide the clear infrastructure strategy and planning policy to enable sufficient investment.

Labour will rebalance regulators' focus towards investment. We will promote competition and innovation where possible but will share responsibility when there are trade-offs. Reforms will follow the following principles: independence from incumbents; accountability to the public and parliament; clarity of policy objectives, defined by departments and elected ministers; and strengthened capacity and technical expertise.

Public investment

We now know that austerity starved our economy of investment, stalling productivity and wages. It was a false economy which failed on its own terms, because without investment-led growth the national debt will continue to climb.

Through Labour's Green Prosperity Plan, we will make public investments in the industries that are crucial to Britain's future success. Throughout, we will use public

investment to underpin and unlock further private investment, just as the Inflation Reduction Act and the CHIPS Act has done in the USA.

A new National Wealth Fund

Labour's National Wealth Fund is a new strategic body to invest and create good jobs in the British industries. It will invest public money to drive forward projects that are necessary to the energy transition and our industrial future.

As well as creating new jobs and growing our economy, we want to make sure that when public money is invested, the British taxpayer will get a return on its investment and where appropriate, own a share of the project to ensure it happens. The National Wealth Fund will not be a competitor to private capital, but a partner alongside it and we will aim to leverage £3 of private investment for every £1 of public money.

However, the aim to lever private investment will not mean the Fund favours projects that are less risky and potentially less impactful. Investments will help overcome market failures and, by adopting a high risk appetite, accelerate new technologies. Therefore, the NWF will, like the UK Investment Bank, have a triple bottom line: achieving its strategic objectives; generating a positive financial return for the taxpayer; and crowding-in of private capital.

Labour has announced investments in: gigafactories (£2bn), green steel (£3bn), port upgrades (£1.8bn), carbon capture and storage (£1bn) and hydrogen (£500m).

British Infrastructure Council

In November 2023, Labour's Shadow Chancellor Rachel Reeves convened the first meeting of our British Infrastructure Council (BIC), which brings together senior figures from the private sector to advise on how better to deliver and fund infrastructure projects to boost economic growth and accelerate the net-zero transition. The first meeting was attended

by figures from major global financial institutions including the CEOs of HSBC and Lloyds, as well as senior executives from M&G, Blackrock and Santander UK, among others. Labour will carry the BIC into government to deepen and extend the initial work it has begun.

Accelerating infrastructure: planning reform

The UK's planning system is a significant barrier to growth. The UK is one of the only countries in the OECD where built-up land per capita has fallen since 2000.

We will make sure the system for major projects is more streamlined and proportionate. The current application (and pre-application) process is too slow and too expensive. In many cases, judicial review has been abused as a delaying tactic rather than for legitimate legal challenge. Labour five-point reform plan will a Labour government would aim to deliver mean infrastructure projects 25% cheaper and 20% quicker than now, while saving billions of pounds of taxpayers' money, unlocking investment and increasing biodiversity by over 10%.

On housing – which prevents places growing and people from moving to seek new jobs – our five point recovery plan is the first stage of our agenda reform to planning and build 1.5 million homes in a Parliament. This includes

- Reinstating compulsory local targets, strengthening requirements to maintain a deliverable supply of housing land and the presumption in favour of sustainable development.
- A Written Ministerial Statement with legal force strengthening requirements to approve homes, stating we expect authorities without up-to-date plans and if they fail key policy tests to approve new homes.
- Intervening where local authorities don't meet our expectations, ranging from mediation with the Planning Inspectorate, to use of 'call-in' and designation powers.

- Increasing capacity of LPAs, hiring hundreds of new planners to agree local plans, paid for by increasing tax on purchase of residential property by foreign buyers, and greater use of Planning Performance Agreements on large sites.
- Increasing flexibility in the Affordable Homes Programme so Homes England can support build out of 'stalled' sites with planning permission with more social and affordable housing, and reforms to the Section 106 agreements.

Removing the barriers to grid upgrades

Capacity constraints on the electricity grid are increasingly one of the most significant barriers to investment and growth in the UK economy. New grid connection dates are now being offered for 15 years' time, and there is more than £200bn worth of investment stuck in projects that are in the queue for grid connections, which include new energy-intensive manufacturing, new housing developments, and new clean power infrastructure. We cannot expect to win inward investment while this remains the case. Significant grid upgrades are also crucial to bringing cheaper, cleaner power, energy security, and jobs to every corner off the country, and achieving our mission to move to clean electricity by 2030.

A Labour Government will put GB Energy, Labour's new publicly-owned energy company, to work in coordinating the transmission operators to launch a super-tender which will procure the grid supply chain that Britain needs. This will ensure we are at the front of a global queue, that we cut costs for billpayers, and that we provide a clear demand signal to manufacturers to build up their supply chains here in Britain, creating jobs.

Labour will also open up new grid construction to competitive tendering, with GB Energy looking to bid into that competition to build or co-build that new grid where necessary.

Capital markets and institutional capital reform

Undertaking a broader in-government pensions review: In government, we will review the pensions landscape. The review will look across the whole ecosystem – at all types of pensions, at corporate sponsors, at asset managers, and at VCs and private equity, and set out proposals for how to bring about an approach that will benefit both UK PLC and UK pensioners.

Enable greater consolidation across all pension and retirement saving schemes (DB, DC, and LGPS): This will enable the access, expertise, and risk profile to increase investments in long-term illiquid assets and therefore deliver higher returns for savers. In particular, for DC schemes, Labour will give The Pensions Regulator (TPR) new powers to bring about consolidation where schemes fail to offer sufficient value for their members

British 'Tibi' scheme: Labour will set up an opt-in scheme for DC funds to invest a proportion of their assets into UK growth assets – split between VC and small cap growth equity, and infrastructure investment.

Kickstarting a skills revolution

Labour's distinct approach

Since the last Labour government made education its number one priority, successive Conservative governments have failed to grip the skills and education agenda. Business have told us that nobody in government is thinking about the skills of tomorrow, that the Apprenticeship Levy is too inflexible for the skills they need and that the technical skills system is not up to scratch. We have listened. That is why we will establish Skills England, to guide the skills system to be ready for the future, why we will reform the apprenticeship levy as a Growth and Skills Levy and why we will introduce new Technical Excellence Colleges where businesses are an active partner in shaping provision. Our future is people. High quality education and training – backed by government and business – is the long-term route to higher productivity.

Back-to-work plan

We are the only G7 country with an employment rate that has not yet returned to pre-pandemic levels and have record numbers of people out of work due to long term sickness. We will tackle this through our NHS and mental health policies, and our employment support policies and reform of the disability and sickness welfare system that will better incentivise and support people into work.

We will provide an extra 2 million operations, scans, and appointments a year by paying staff extra to run evening and weekend clinics. The plans will cost £1.1 billion and be paid for by abolishing the non-dom tax status. In addition, we will:

- transform mental health support by recruiting 8,500 more mental health

professionals so people can get treatment on time;

- introduce changes to incapacity benefits to encourage disabled people and people with ill health – who are currently not required to seek work by the benefits system – to try work without fear of losing their income or having to be reassessed if a job does not work out;
- local employment support in every Young Futures Hub; and
- overhaul Job centres so that they have a new focus on tackling the barriers to good employment, devolving new powers over employment support and changing their duties to require collaboration with other support agencies, including the NHS.

Skills England

Labour will establish a new body – Skills England – which will work across government departments and with both the Industrial Strategy Council and Migration Advisory Committee (MAC) to identify skills and labour needs, drive forward training opportunities and ensure that skills policy is aligned with wider needs of the economy. Skills England will engage with skills agencies across the devolved nations and identify levers to encourage businesses to invest in skills, with a particular focus on ensuring Britain has the skills needed to meet wider ambitions set out in our Industrial Strategy and Green Prosperity Plan.

This will also deliver a new, more integrated approach between skills and migration policy. We will reform the Migration Advisory Committee (MAC) so that it works with Skills England to co-ordinate migration policy with our wider labour-market policies and needs, including training and employment support. This will include appropriate input from business across

the UK, so that it can review shortages more often, take account of shortages specific to the nations and regions, and inform skills policy. This will include anticipating the workforce needs of the future. Labour believes in a point-based system that works for business and works for our economy. Any movement in our points-based migration system will come alongside new conditions to boost skills and more training, provide better pay and conditions, and invest in new technology to reduce the physical demands of work.

Reformed Growth and Skills Levy

Labour will reform the apprenticeship levy to enable firms to spend up to 50% of their levy contributions on non-apprenticeship training, with the remaining 50% reserved for apprenticeships. This flexibility will enable businesses to use more of the money in their levy pot for training, investing in essential skills that we need to prepare Britain for the challenges of the next decade. The list of approved qualifications to which the flexible levy funding will apply includes the following.

- Modular courses in priority areas, including digital and green skills, social care and childcare, which would boost training opportunities with a view to supporting national ambitions such as the transition to net zero.
- Functional skills and pre-apprenticeship training, helping to tackle key skills gaps especially around basic digital skills that hold back individuals and organisations.

This partial flexibility approach is in line with the recommendations of MakeUK, the British Retail Consortium and others, and would protect the status of apprenticeships as a “gold standard” training opportunity whilst ensuring that there is some flexibility within the system both on key basic skills and skills priorities.

Technical Excellence Colleges

Local Skills Improvement Funding will be repurposed to help colleges specialise and become Technical Excellence Colleges. These would reflect local skills improvement plans and would be part funded by investment from employers. In order to respond to the needs of local economies as identified in Local Skills Improvement Plans and to make technical education a high-quality attractive pathway on a par with university education, we will support colleges to specialise and lead the development of higher technical qualifications that meet local skills needs and employer priorities.

We will expect colleges and technical education institutions across local areas in England to work with the LSIP to identify need and make decision between them for the delivery of this. Particular institutions will take a lead on the skills needed for e.g. nuclear, another in house building, health or sectors of specifically local importance like agriculture.

The other institutions within an area should respond to this designated specialism by considering the other elements of skills need identified within an LSIP. Bids for specialist status will be assessed by Skills England based on the feasibility of business investment commitments submitted.

All colleges will continue to meet the needs of local communities by delivering level 2 and 3 (largely taken by 16–19 year olds or those returning to education), and basic skills qualifications. However, alongside this they will act as leaders within their local communities working with business and higher education institutions to support innovation and grow local economies.

Growth everywhere – making work pay in every part of the country

Labour's distinct approach

It is not enough for London and the South East to race ahead and leave the rest of the country behind. All of England's biggest cities outside the capital have productivity levels lower than the UK average. So, we need a proper regional policy and to ensure that power is devolved from Westminster so that local political and business leaders can make decisions in the interests of their communities.

At the same time, for too many people working hard and playing by the rules is not resulting in a better life and that too needs to change. We want every worker to feel they are motivated and treated well in the workplace and that they have the training opportunities they need to advance. That must be an important outcome from our partnership with business.

The plan for every region

Securing inclusive growth will require more active and strategic policy by national government, along with a new partnership with empowered mayors and local government.

The mayors and local government need to have greater powers and responsibilities for growing their economies and helping close the gap between the performance of many of our areas and their European and international equivalents.

Expansion of economic devolution in England

The UK is the most centralised country in Europe. The over-concentration of power in Westminster and Whitehall is undermining our ability to deliver growth and prosperity for the whole country.

We will only achieve Labour's mission of national renewal if all parts of our country are empowered. We need to have the right powers in the right places, with local leaders having the tools they need to develop credible, long-term plans for growth.

Take Back Control Act

Labour will harness the talent and efforts of working people in all parts of the country. A Labour government will oversee a significant expansion of economic devolution in England. This will begin with a Take Back Control Act to give English towns and cities the tools they need to develop credible, long-term growth plans. This will allow regional and local authorities to tailor policies more effectively to the needs of local economies and to local populations. That will include powers over skills, transport, housing and planning, employment support and the transition to net zero, alongside long-term, integrated funding settlements for those places that can demonstrate strong financial management.

The plan for the modern workplace

A secure, well-paid and motivated workforce is good for business and good for the bottom line, and most employers respect, value and fairly reward their workforce. However, practices such as those deployed by P&O who fired workers without sufficient notice or consultation remind us that employment rights must keep up with today's modern world of work to prevent a race to the bottom.

Our New Deal for Working People will be a key part of our plan to grow our economy, moving from an economy based on insecure, low paid jobs, to prosperity from good work, strong employment rights, and higher productivity. These changes

will bring us in line with common practice in many high-wage, high-productivity peer economies. It is our plan to deliver a stronger, fairer and more aspirational future of work for Britain, upgrading rights and regulations so they are fit for the 21st century economy.

A Labour government will not be the first to recognise and seek to tackle these issues. The Taylor Review commissioned under Theresa May made many similar recommendations, recognising that new trends and technologies meant rights and regulations needed to be updated for the 21st century. Our plans are practical, evidenced and proportionate changes that raise the floor on standards and ensure we can capitalise on new trends and technologies. Raising the floor is good for business and good for workers, giving employers the best and brightest to choose from and stamping out bad practice.

At a time when the UK desperately needs to increase labour supply, these policies also aim to incentivise more workers to enter or rejoin the workforce. The UK will retain its global standard among developed economies for proportionate and flexible labour market regulation, based on mutual benefit of both business and workers. The UK will remain one of the most flexibly regulated labour markets among developed economies. As set out elsewhere in this document, a Labour government will also prioritise significant issues such as planning policy, NHS backlogs and energy costs, that will work alongside our new deal to tackle the UK's productivity challenge.

Our plan includes basic employment rights from day one, banning exploitative zero hours contracts, compensation for shifts cancelled without proper notice, ending fire and rehire, action on gender, ethnicity and disability pay gaps and a genuine living wage.

