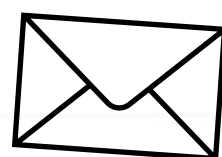


BUDGET IN FOCUS

Welcome to Weber Shandwick's political newsletter. This edition focuses on the first Labour Government Budget in 14 years; and it's fair to say it was a taxing day for all of us.

We take a look at how Reeves' big moment went down with media and politicians, what Labour's announcements mean for consumers' pockets, and the implications all across the UK. If you want to know more about how your sector and business is affected, **get in touch with us.**



THE POLITICAL FORECAST

PARLIAMENTARY PULSE

Hacks and observers alike questioned why Rachel Reeves opted to wait four months to deliver her first fiscal moment. At times the road was rocky - full of free tickets with all signs pointing to a fiscal fiasco - but she may well have pulled it off.

Aim high, shoot low they say. Well, Reeves still shot high but this Budget (at first...) seemed to be a fantastic exercise in expectation management. It's Halloween week after all, and the ghosts of the Treasury's past, by the names of Liz Truss and Kwasi Kwarteng, still spook civil servants. However, extensive "pitch-rolling"* and "kite-flying"** from the Treasury meant that Reeves didn't deliver any surprises.

But what a difference a day makes. Financial markets took action, and the verdict was not good news for the Chancellor. The pound fell sharply, while government bond yields increased significantly - meaning the UK public will pay more to service national debt in the coming years. It is still a far cry from the Truss-style market meltdown of 2022, but still a rather unwelcome reaction to Labour's first Budget since 2009...



There are three tests for Reeves' first budget that are still to come:

1) **WONKS' VERDICT:**

Westminster's stalwart institutions, like the Institute of Fiscal Studies, will opine. They will exercise caution and highlight the modest growth forecasts, but anything short of a character assassination is a win for Labour.

2) **THE LOBBY:**

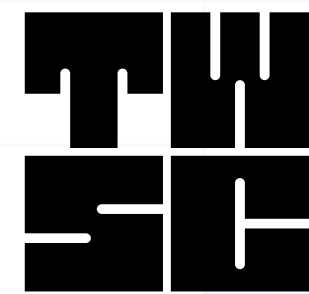
Hungry lobby hacks, particularly in the Sunday Papers, will give their verdicts and they will be fuelled by a newly crowned Conservative Party Leader. Whoever wins on Saturday will be given their belated right of reply to the Budget.

3) **BACKBENCHERS:**

Labour's teething backbenchers are still at the coalface and internal party management is a constant balancing act. As MPs' inboxes fill up with questions over the Budget, there is still uncertainty around the implementation of GB Energy and overhauling Railways - with Budget details conspicuous by their absence.

* Laying the groundwork for change - especially if it's unpopular

** Informally releasing or trailing announcements to gauge opinion before committing

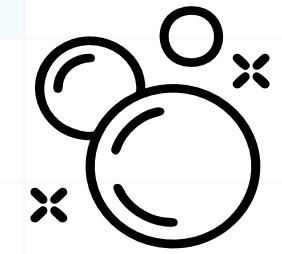


BUSINESS BULLETIN



"Sustained economic growth is the only route to improving the prosperity of our country". That's what Starmer and Reeves said ahead of the election in July and who would disagree with that! But businesses up and down the country have now been hit with a huge increase in National Insurance contributions from April 2025, among other things, and the bump in growth set for the next two years then tails off. Will the pain for businesses up and down the country pay off in the long run? Starmer wants the UK to be the fastest growing economy in the G7, but it's hard to see that happening if businesses are grappling with extra costs and have less to invest with.

BEYOND THE BUBBLE



It all seemed rather quiet north of the border immediately following the UK's Autumn Budget - but the largest settlement in real terms in the history of devolution means the Scottish Government have an extra £3.4bn to play with. The Finance Secretary, Shona Robison, was left criticising the previous Conservative UK Government, saying this budget "doesn't change 14 years of austerity". While Stephen Flynn, the SNP's Westminster leader, said the budget didn't deliver the transformational change Scotland needed. Given the Budget basically delivered on SNP demands made in the days and weeks leading up to the event, it begs the question of what can lead to that transformational change... maybe that's one for Robison to answer in Scotland's own Budget on December 4th. One thing is for sure: the debate in Holyrood this year might be a little more lively, especially with the Holyrood elections in 2026 on everyone's minds.

MAKING A SPLASH

Chancellor Rachel Reeves announced David Goldstone as the new head of the Office for Value for Money during Wednesday's Budget. You may remember Goldstone from projects including the London Olympic Games (which ran over budget by over £6 billion), the restoration of Parliament (a £4 billion project mired in delays) and the HS2 project (let's not go there). In an interview with LBC's Nick Ferrari after the Budget, Reeves was unable to say what salary price tag was associated with the new position Goldstone is undertaking. Tory leadership hopeful Kemi Badenoch also weighed in, criticising the new office as unnecessary bureaucracy stating, "we do not need another quango".



POLITICS IN NUMBERS

Did the budget bamboozle you? Here are our top takeaways in numbers...

0

The number of Budgets on record with tax rises higher than this one (£40bn).

1p

A penny off a pint? That's ale-most a good deal...



£2000

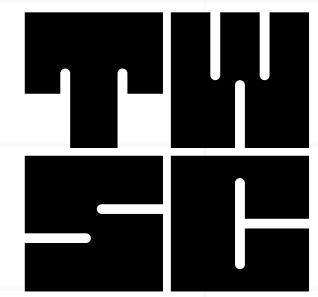
The average annual fees uplift for private school parents. Looks like they're getting schooled, courtesy of the VAT hike.

£60

The estimated annual saving for motorists due to the fuel duty freeze. Now that's what we call miles better!

£3

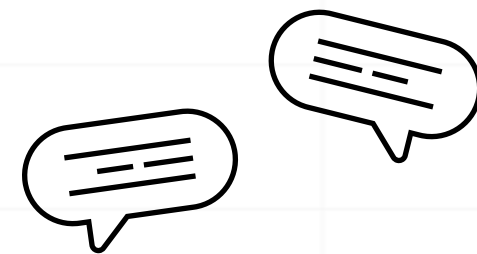
The new fixed bus fare - but with that fixed fare recently jumping from £2 to £3, our wallets are really getting pounded...



QUOTE OF THE WEEK

'Donald Trump is increasingly unhinged and unstable'

Vice President, Kamala Harris



VIRAL VIEW

Investors were initially bracing for another "Liz Truss moment," but lettuce be thankful that recent announcements don't seem to be indicating an uncontrollable debt disaster.

Liz, however, is convinced that *"this is just the start of the pain"*, launching a verbal assault on Labour's fiscal plans and implying the party is hell-bent on turning the economy into a circus act. We should probably remind her that her own mini-Budget from two years ago included £45 billion in unfunded tax cuts. If only her economic plans had come with a warning label: *"May cause severe headaches and spontaneous financial crises."*

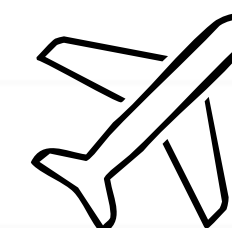


SO LONG, SUNAK: CLEARED FOR TAKE-OFF



In his final turn as Opposition Leader, Rishi Sunak delivered a fierce critique of Chancellor Rachel Reeves's budget, calling it *"broken promise after broken promise."* Claiming Labour has *"fiddled the figures"* and pushed the UK into new tax hikes and record borrowing, Sunak stated that the Government had betrayed voters and left working families *"paying the price."*

As Sunak exits (likely in a swanky private jet bound for California), all eyes turn to the Tory leadership race, where contenders Kemi Badenoch and Robert Jenrick make their final pitches ahead of Saturday's announcement of the winner.



In the spirit of the many gamble-gates that have plagued the last few months in politics, here are the latest odds on the remaining contenders...

1/9 Favourite: Kemi Badenoch

5/1: Robert Jenrick

Whoever wins, it's safe to say that the ideological divide between Starmer and the Leader of the Opposition will be significant. With both contenders promising a whole new Shadow Cabinet, the dynamic in the houses will be changing... yet again. Let's hope the speakers are up to keeping everyone in line!