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What to watch: Elections (UK), Elections (Mexico) and Elections (South Africa)

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Executive summary

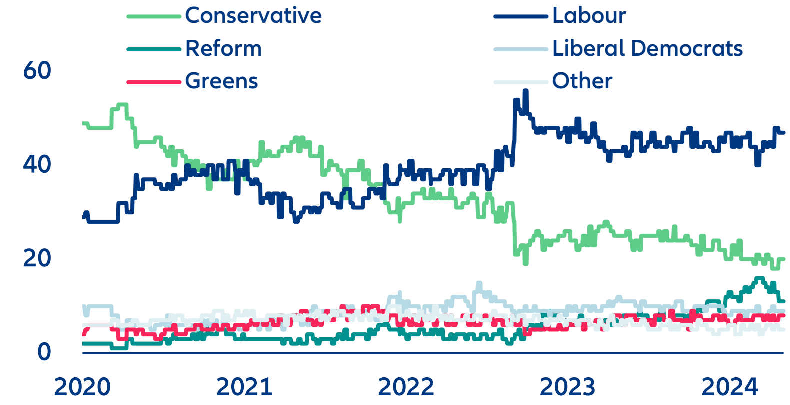
This week we look at the economic consequences of three electoral moments:

- **UK elections: What would a return to Labour mean for the economy?** The general elections on 04 July could bring back the Labour party after 14 years of Tory rule. We expect that under such a scenario, pragmatism and fiscal discipline should take precedence over higher public investments. In other words, based on electoral pledges, the Labour government is expected to increase green investments by around GBP5bn in (five times less than initially planned) and additional NHS spending by GBP1.1bn, leading together with other measures to a modest additional fiscal consolidation of GBP20bn (0.7% of GDP) by 2028. However, should they decide to revert back to their initial program, the fiscal shortfall could rise to 3% of GDP, needing more than GBP70bn in fiscal consolidation. Stepped up plans to control immigration and implement further labor protections could take growth to a trough of +0.7% in 2026, less than half of what it would have been under the baseline scenario, while inflation would stay above 3% as the sterling would depreciate by -7% to -10%.
- **Mexico elections: Fiscal and trade policies under scrutiny.** The 02 June general elections are expected to result in policy continuity, with Claudia Sheinbaum poised to succeed President López Obrador. However, markets will scrutinize two main risks. First, the upcoming fiscal and budgetary plans as the primary deficit increased to -1.1% of GDP. The central bank is likely to proceed with a modest reduction in interest rates in H2 (-50bps to 10.5%) as inflation remains slightly above the 4% target. Public debt stands at 53% of GDP, with risks of rising by +5pps this year due to Pemex's financial strain and increased social spending. Second, the US political landscape after the November Presidential elections will be crucial for its knock-on effects on Mexico's economy. While Mexico is likely to be spared from punitive US tariff measures, the economy would suffer from the second-round effects of a trade war between the US and China/the EU with GDP growth cut by -0.3pp after two years and exports by -1.4pp.
- **South Africa elections: Rising political fragmentation.** The African National Congress (ANC) will need to form a coalition to govern for the first time in 30 years. This fragmentation is likely to increase public debt servicing costs from an already high 5% of GDP. The policy rate has remained 2-3pps over inflation for a year now, shielding the ZAR against excessive volatility. We expect the policy rate to decrease by -50bps by year-end to 7.75%. While the primary fiscal balance is slightly in surplus since 2023, the political fragmentation will limit the strength of future public spending increases, notably as the net gold and foreign exchange contingency account is estimated at +2% of GDP. Overall, we expect GDP growth at +1.4% in 2024, mainly driven by the rebound in global trade.

UK elections: What would a return to Labour mean for the economy?

The UK general elections on 04 July are likely to bring back the Labour party after 14 years of Tory rule. Since end-2022, voting intentions for the Labour party have been 20pps higher than those for the Conservative Party (Figure 1), setting the stage for Labour to win an absolute majority of around 480 of the total 650 seats in the House of Commons. Looking at its national missions, the top themes that emerge are energy supply and climate; health and the National Health Service; security and defense; jobs and skills and education. Themes such as border control and immigration, budget and fiscal policies, and wealth and taxes are also present but appear less frequently among the top priorities.

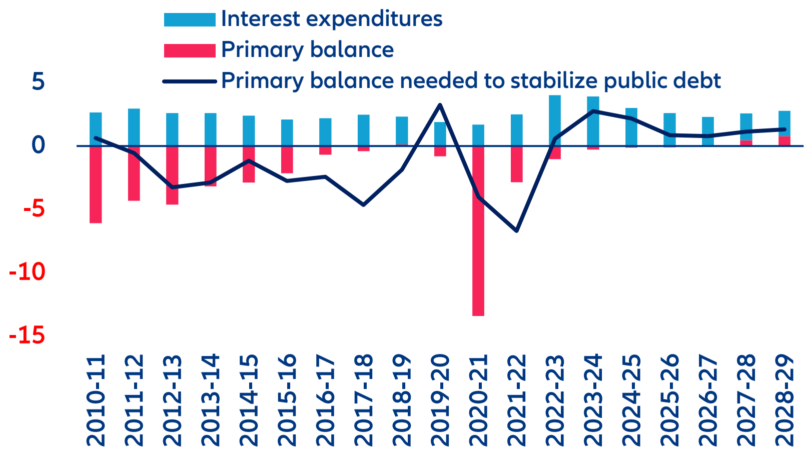
Figure 1: General UK election voting intentions by party, %



Sources: YouGov, Allianz Research

Both Labour and Tories are committed to fiscal discipline and aim to bring down the public debt ratio in the next five years. This will require further fiscal consolidation. Under the current government budget, fiscal tightening is a 50-50 mix of tax increases (mainly through the freezing of tax thresholds) and cuts to unprotected departmental spending (which include mainly local governments). On top of this, public investment is expected to reduce from 2.6% of GDP in 2023-24 to 1.8% in 2028-29. Overall, under the current plans of the Conservative government, the scheduled tightening in fiscal policy between 2025 and 2028 is worth GBP19bn per year on average, or 0.8% of GDP, as the primary surplus is less ambitious, i.e. -0.6pp to 1.6% of GDP. But reaching these targets will be challenged by higher interest payments on debt (+1pp of GDP above the 2010-19 average) and lower economic growth, on top of an ageing population increasing pressure on health, social care and pension spending. Overall, a primary balance of +1.3% of GDP will be needed to stabilize debt by 2028 – see Figure 2.

Figure 2: Fiscal primary balance and interest expenditures, % of GDP



Sources: OBR, Refinitiv Datastream, Allianz Research

In this context, should Labour win the elections, we expect pragmatism and fiscal discipline to take precedence over higher public investments in order to avoid another "Truss" moment. Shadow chancellor Rachel Reeves has committed to just one Autumn Budget a year, no more fiddling with the fiscal rule and a "road map for business taxation", capping the corporation tax rate at 25% and claiming that Labour will be "more pro-business than Tony Blair". In our baseline scenario, we expect the Labour government to target around GBP5bn in green investments (five times less than initially planned), GBP1.1bn in additional NHS spending[1], GBP1.8bn in upgrading port infrastructure and GBP1.3bn per year for a home-insulation scheme, as well as to support building 1.5m new houses over the next five years, with an estimated cost of GBP4bn, partly supported by additional public sending. Hence, we expect a modest additional fiscal consolidation of GBP20bn (0.7% of GDP), primarily through higher tax receipts to be announced in order to achieve the fiscal targets. Based on decisions taken by previous Labour governments, we would also expect a higher stamp duty for non-residents on UK property, a higher tax on carried interest returns of private equity firms, a higher windfall tax on profits of big energy firms, higher taxes on "online giants" and a VAT on private schools fees, in addition to the expected higher tax receipts from the crackdown on tax evasion (Figure 3).

An alternative scenario with a more determined Labour government (20% probability) could lead to a fiscal shortfall of around 1% of GDP in 2025-26 (Figure 4) and a total of 3% of GDP by 2028. The experience of previous Labour governments suggests that the green investment plan could be revised up to the initial GBP28bn, and the NHS spending plan could be doubled to GBP2.2bn. The home insulation scheme could target 19mn in five years as initially announced and defense spending increased to 2.5% of GDP. In this scenario, growth would reach a trough of +0.7% in 2026, less than half compared to the baseline scenario, induced by higher tax burden, while inflation would stay above 3% as the sterling would depreciate by -7% to -10% and wage growth would be higher due to reduced labor market flexibility (combined with immigration policies).

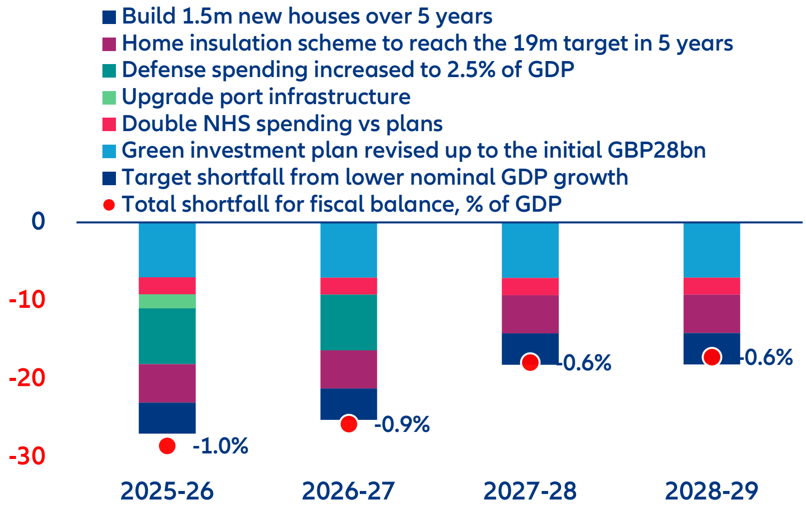
Figure 3: Key assumptions of a Labour government tax scenarios

Pragmatic Labour government (80% probability)	Estimated tax receipts (GBPbn)	Ambitious Labour government (20% probability)	Estimated tax receipts (GBPbn)
Increase stamp duty paid by non-residents on UK property from 2% to 3%	0.2	Increase the National Insurance rate back to 12% from 8%, as the Blair administration did in 2002 to fund additional spending for the NHS	20
Increase the tax on carried interest returns (capital gains, dividends, interest) of private equity firms from 28% to 45%, in line with the higher rates of income tax	0.6	Increase the top rate of income tax of 50% for individuals earning over £150,000 per year from the current 45%, the level the Gordon administration introduced in 2010	16
Implement a "proper windfall tax" on profits of big energy firms (increase from 75% to 78%)	10.8	Increase further the corporate tax rate from the current 25% introduced in 2023 to 30% that was in place before 2008. Increase banks surcharge back to 8% from the current 3%.	21
Increase taxes on "online giants"	3.0	Extend the scope of the bank levy to UK-based global banks on their global equities and liabilities. Restore the cap on bankers' bonuses equivalent to 200% of bankers' regular pay that was abolished by the Truss government	1
Impose VAT on private school fees	1.5	Increase the capital gains tax from 20% for most assets to 25% (maximum historical level at 35%)	4
Reduce tax evasion	4.0	Increase environmental taxes by 10% paid by households and corporates	5
		Reduce tax evasion	6
Total increase in tax receipts (billion GBP)	***20***	***Total increase in tax receipts (billion GBP)***	***73***
% of GDP	***0.7***	***% of GDP***	***2.6***

Sources: various official sources, Allianz Research

[1] *The number of people suffering from long-term illnesses has reached a record-high level, accounting for 30% of total inactive persons and close to 10% of total employed persons.*

Figure 4: Fiscal balance under an ambitious Labour government



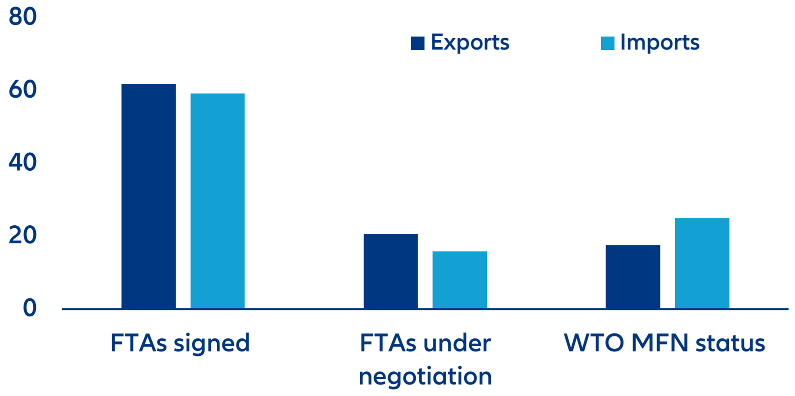
Sources: various official sources, Allianz Research

The Labour Party's current electoral pledges also suggest a reduction in labor market flexibility, which could lead to higher job vacancies and wage growth in the medium run. However, some of these measures (see appendix) might be adjusted, as seen already in the case of banning zero-hour contracts. The shadow chancellor Rachel Reeves has declared that businesses have "nothing to fear" from Labour's plans to strengthen workers' rights and that the party will consult them on how to implement its proposals to ensure there are no "unforeseen, adverse consequences".

Migration pledges would be negative for growth but look unlikely to be fully implemented as they would exacerbate labor shortages. Net migration to UK reached 672,000 in 2023, up from an average 250,000 before Covid-19. This development was mainly driven by the influx of foreign students and care workers from non-EU countries. Without a positive migration balance, the UK's working age population would shrink by -10% to 34.9mn in 2050, i.e. 4mn less. Between 2013 and 2023, the share of foreign-born workers aged 16 and older increased from around 15% to 21%. Two-thirds of them were born in non-EU countries. In fact, since 2021, the net migration of people born in EU27 countries has been negative. Both parties promise to reduce immigration to 200,000 (Labour) and 300,000 (Conservatives) persons per year, respectively. The Labour pledges would reduce growth by -0.5pp between by 2029 and would exacerbate labor shortages, notably in health and social care. However, this promise is not new: The Conservative-led UK government from 2010 to 2019 had already targeted to reduce net migration to under 100,000 per year, without success. Hence, the net migration target was abandoned at the end of 2019. Since then, the points-based immigration system was introduced in 2021 and in November 2023, the Home Office announced measures that are set to be introduced in Spring 2024 to limit immigration, including an increase in the 'general' salary threshold for both long-term work visas and British or settled people applying to bring their partners to the UK from GBP26,200 and GBP18,600 respectively, to GBP38,700.

In terms of international trade, the Labour Party wants to pursue fewer Free Trade Agreements while easing the burden of trade with the EU. Around 40% of UK trade is not under FTAs. The top 10 FTAs under negotiation are with the US, Switzerland, India, the UAE, Canada, Turkey, Singapore, Japan, South Korea and Australia. Should tariffs be reduced to below 1% on the share of imports that are trading under the WTO rules (i.e. 3.2% trade weighted tariff), this would reduce import costs by GBP7.8bn, or 0.3% of GDP, potentially boosting private consumption by +1.0pp. On the export side, signing the remaining FTAs could mean a boost of GBP6bn.

Figure 5: Share of UK exports & imports by type of trade agreement, % of total



Sources: WTO, Allianz Research

Mexico's elections: Fiscal and trade policies under scrutiny

The 02 June general elections in Mexico should result in policy continuity, with no significant immediate impact on the economy or on financial markets. Claudia Sheinbaum, mayor of Mexico City, is leading the polls and her party Morena (left) is likely to secure both chambers of the Congress. She is seen as the successor of the current President Andrés Manuel López Obrador. However, markets will scrutinize the upcoming fiscal and budgetary plans, as well as the US political landscape after the November Presidential elections, for its knock-on effects on Mexico's economy. In the short to medium term, the next Mexican administration will face substantial challenges from the deteriorating fiscal profile and the impact of US politics on Mexico's industrial policy.

Budgetary discipline should be a top priority. The next administration will need to address several fiscal challenges to address to avoid a marked deterioration of public finances, additional expenditure on debt interests and major difficulties for the national oil company. Recent data show that the overall budget deficit reached -4.3% of GDP due to a surge in government spending. The primary deficit widened to -1.1% of GDP in March from -0.1% in December, the highest level in almost a decade due to an increase in subsidies and transfers, but also due to the outgoing President's signature projects, particularly in the transportation sector. The Mexican government's pre-election spending spree has left the next administration with the challenging task of stabilizing public finances and tackling the poor performance in tax revenues (16.9% of GDP, compared to the LAC region average of 21.5% and the OECD average of 34%[2]). Sheinbaum has been vague on her fiscal plans, but some tightening is expected. She has ruled out broad fiscal change and tax increases, instead stating that she will enhance government revenue by making tax collection more efficient. Phasing out some of the recent subsidies and transfers would already rein in between 0.5% and 1.0% of GDP, which would be enough to maintain the public debt ratio at the level of 2023, i.e. 53% of GDP.

The recent fiscal loosening in Mexico may exert upward pressure on inflation, which has remained stable between 4.5% and 5% over the past 12 months. However, this is above the target range of 2-4%, potentially complicating the efforts of Banxico to reduce inflation. The central bank might need to maintain the policy rate at its current level of 11% for a longer period to mitigate inflation and subsequently consider a modest reduction in interest rates in the second half of the year (-50bps to 10.5% by year-end). This situation could have implications for Mexico's public debt dynamics as the average interest rate on government debt is expected to exceed nominal GDP growth, necessitating a primary surplus of approximately 0.5% of GDP to stabilize the debt ratio. Nonetheless, there are short-term collateral benefits. Mexico's central bank has been the most conservative among major Latin American countries and its cautious approach to rate cuts has established financial buffers in terms of interest rate differentials (both nominal and real) with the US, resulting in the peso being one of the few currencies to appreciate against the USD this year, in addition to the ongoing nearshoring driving investors' optimism. Going forward, risks are mostly on the downside for the peso, and we expect a moderate depreciation of -5% in the next 12 months.

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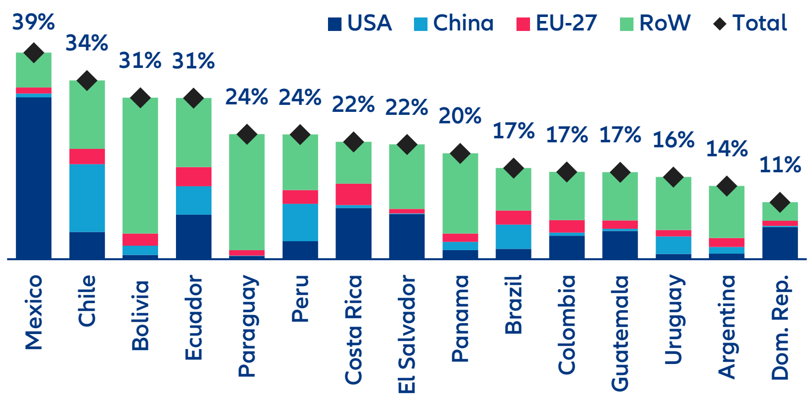
[2] Source: OECD et al. (2024), Revenue Statistics in Latin America and the Caribbean 2024, OECD Publishing, Paris. LAC stands for Latin America and the Caribbean.

The limited fiscal space implies reduced support for Pemex, Mexico's heavily indebted state-owned oil company, despite current assurances of continued financial aid. Taking on 40% of Pemex's debt, as recently indicated by government officials, would result in an approximate +2pps increase in Mexico's public debt-to-GDP ratio, which should remain within 58% in 2024. However, Sheinbaum may be tempted to prioritize social programs and environmentally friendly energy policies over Pemex, which remains the largest taxpayer. The nexus between Pemex and the Mexican government remains both the oil company's main strength and weakness, but even with reduced oil production it seems unlikely that the situation will take an irreversible turn, with oil prices expected to remain above USD80 a barrel again this year.

On industrial policy, the nearshoring process is ongoing but exposed to several major obstacles, mostly related to bilateral relations with the US. Exports to the US are equivalent to 31% of Mexican GDP (Figure 6). Sheinbaum's policies on this front aim at building 100 industrial parks across Mexico and reinforcing development hubs in southwest Mexico to spread nearshoring gains across the country and improve infrastructure. However, the success of nearshoring also depends on broader geopolitical factors, particularly US-Mexico relations, and complex bilateral issues, of which the most important are migration and trade policies.

Figure 6: Exports of selected economies in Latin America by destination in 2022, % of GDP



Sources: LSEG Datastream, ITC, Allianz Research

Despite some positive developments in trade relations, Mexico's investment landscape faces significant challenges. The availability of industrial real estate dropped to 2.2% in 2023 from 5.5% before the pandemic, reflecting increased demand for industrial parks. However, critical issues such as electricity supply remain largely unresolved. In 2023, foreign direct investment (FDI) inflows fell both in USD terms and as a share of GDP. New investments made up just a fifth of FDI inflows, and sectors typically associated with nearshoring, such as manufacturing, saw a decline in FDI flows compared to the 2010-2019 average.

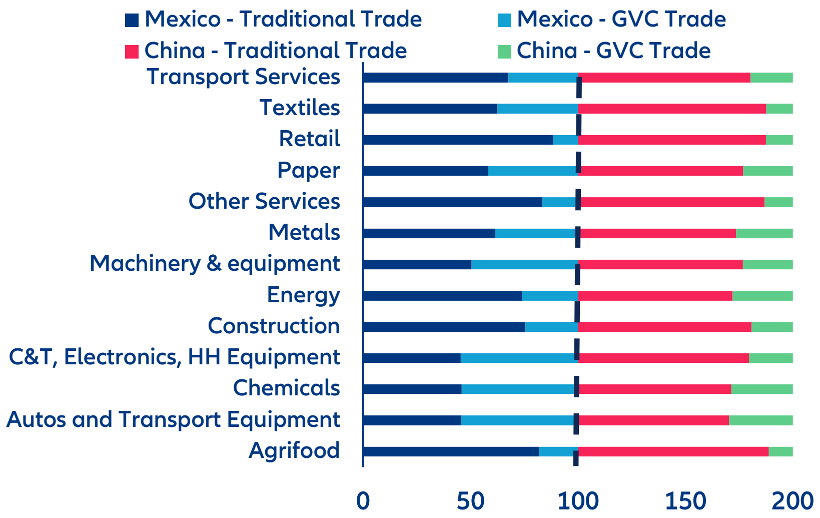
The approach north of the border matters more than the approach south of the border. Although Mexico became the US's largest source of imports last year, this was due to reduced imports from China rather than a significant increase from Mexico. Notably, Mexico's share of US imports of high-value products such as semiconductors and batteries has decreased, indicating no shift towards higher value-added production. Moreover, recent tariffs on Chinese imports by the US administration suggest a growing protectionist stance that could extend to Chinese products manufactured in other countries. Increased US pressure on Mexico to screen Chinese investments more thoroughly could also discourage third countries' subcontractors from establishing operations in Mexico.

An aggressive US trade policy would be harmful to both Mexico and the US, especially with a risk of supply-chain disruptions. On the campaign trail, Donald Trump has stepped up aggressive rhetoric against Mexico. He has floated a tariff rate of 100% on vehicles imported from Mexico and 200% on vehicles imported from Chinese-owned plants operating in Mexico. He also floated a 100% tariff rate on goods from certain companies that have relocated factories from the US to Mexico. However, imposing duties on Mexican goods could seriously threaten the very existence of the United States-Mexico-Canada free-trade agreement (USMCA) – the revamped NAFTA that he crafted during his first term. Besides, Trump would most certainly face stiff opposition from business lobbies against raising trade barriers on Mexican intermediate goods.

In our baseline scenario, we expect Mexico to be spared from punitive US tariff measures. Nevertheless, the Mexican economy would still suffer from the knock-on effects of a trade war between the US and China/the EU. Mexican GDP would be knocked by -0.3pp after two years and exports by -1.4pp. Besides, we suspect that a Trump administration might try to use a review of USMCA due in 2026 to push for tighter rules of origin and/or labor requirements. Potentially even more damaging is Trump's pledge to crack down forcefully on Chinese imports re-routed through Mexico to circumvent steep tariffs. Stepped-up customs checks at the border could result in severe disruptions to US-Mexican supply chains, with shipment delays leading to shortages and potential stoppages of production. Indeed, the deep integration of US-Mexican supply chains, particularly in sectors such as automotive manufacturers and suppliers, transport equipment, computers and telecom, electronics and household equipment (Figure 7) where inputs cross the borders multiple times, could prove very harmful for both economies. For instance, we estimate that for the auto sector, Mexican-US trade is 54% global value chain (GVC) trade, i.e. goods and services that cross the border more than one time.

Nevertheless, Mexico sits in a sweet spot amid the shift towards nearshoring, given its trade complementarity with the US and strong trade substitutability with China. These two factors could set the stage for an amelioration of trade relations between the two economies, especially in light of the upcoming elections. However, the Mexican administration will also need to address challenges on two major fronts: the lack of resources to fulfil additional demand and competition from other Asian markets.

Figure 7: Decomposition of exports of Mexico and China to the US, % of gross exports

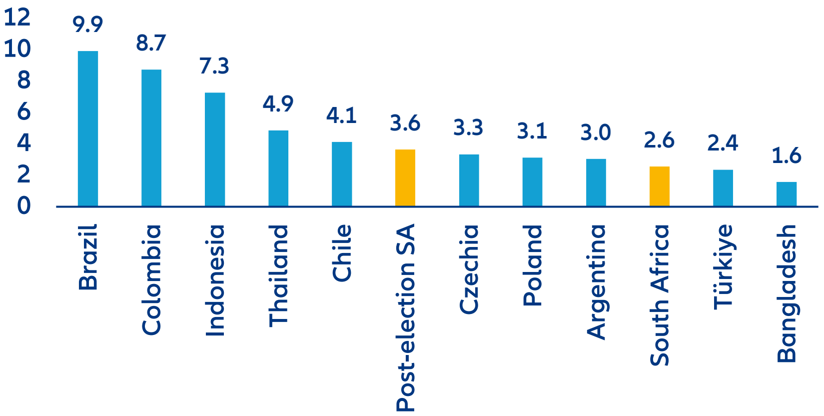


Sources: WITS, Allianz Research. C&T = computers and telecom, HH Equipment = household equipment. The autos sector includes automotive manufacturers and suppliers.

South Africa elections: rising political fragmentation

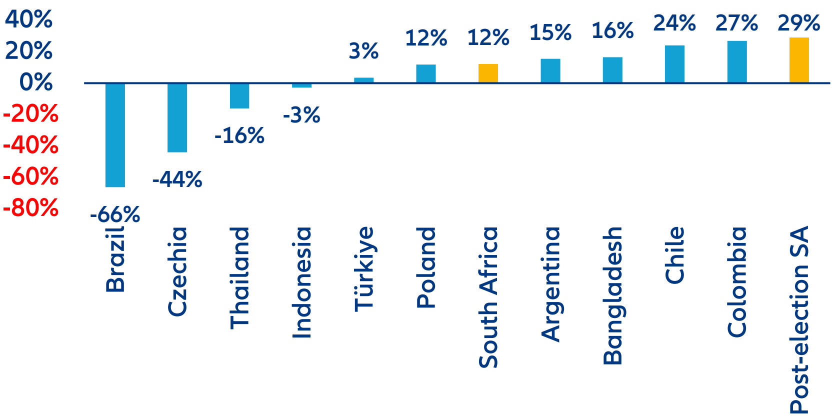
The preliminary results of South Africa's elections suggest that the African National Congress has not managed to secure a majority for the first time in 30 years. Should the African National Congress (ANC) remain close to 50% of seats, it could potentially work with smaller parties or newly elected independents on a case-by-case basis without formally entering a coalition. However, a coalition between the ANC and at least another party is widely seen as the most likely outcome, likely with one of the two left-leaning ANC spin-offs, the Economic Freedom Fighters (EFF) or former President Jacob Zuma's Spear of the Nation (MK). An ANC-EFF coalition may see some flag-bearing measures to appease the electorate, which could alienate investors particularly in strategic sectors, such as energy, transport and financial services. On the other hand, an ANC-MK coalition would be less frictional, given Zuma's role. Overall, our political fragmentation index shows a +29% increase (Figures 8 and 9), which suggests that fragmentation in South Africa's parliament has accelerated much faster than recently observed in Colombia and Chile, for example.

Figure 8: Political fragmentation index[3], selected countries



Sources: National sources, Gallagher and Mitchell, recent polls, Allianz Research

Figure 9: Increase in party fragmentation compared to previous election[2], selected countries



Sources: National sources, Gallagher and Mitchell, recent polls, Allianz Research

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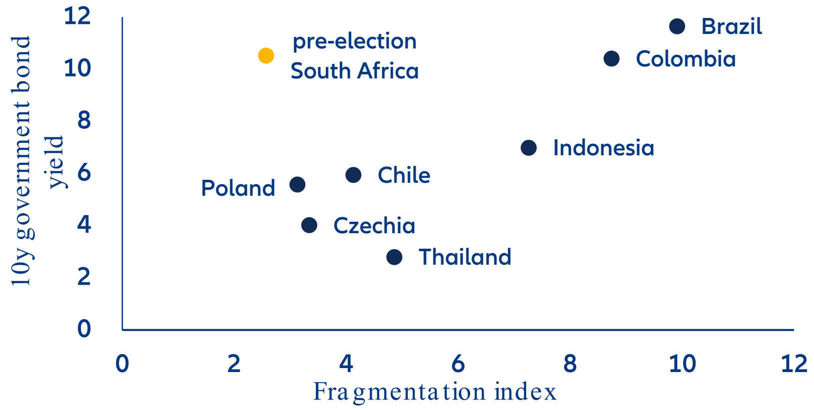
[3] *The political fragmentation index is calculated using as a proxy the effective number of political parties using their seats in parliament. In the late 1970s, Markku Laakso and Rein Taagepera developed the effective number of parties as a measure of party system fragmentation. Douglas W. Rae proposed a fractionalization measure in 1968, which served as its foundation. 'Effective' is used to mean 'in effect' rather than "efficacious" or "successful in producing a result". More fragmented political systems do not necessarily produce less effective policies (see the work of Arend Lijphart in this regard). The index adopted here is derived from the recent work of Michael Gallagher and Paul Mitchell.*

Given the polarized and historically divided context, the formation of a coalition government is likely to raise debt servicing[4] costs. The current administration has managed to consolidate public spending and improve the country's position with respect to external debt. The primary fiscal budget (i.e. government receipts less non-interest expenditures) went from an average deficit of -1% of GDP during Jacob Zuma's administration (2009-2018) to breakeven in 2022 and +0.1% in 2023. Foreign-denominated debt remains modest at around 12% of total debt and mostly denominated in USD, thanks to a deep and sophisticated local market. African countries (including South Africa) pay an already-elevated country risk premium in comparison to peers (the so-called "Africa premium"[5]) which is reflected in government bond yields, including those of South Africa (Figure 10). In the short-term, the rand (ZAR) might depreciate further against the USD (-5.2% since the beginning of the year) as the formation of the coalition government might take some time. While higher political fragmentation could eventually support an environment that is structurally less conducive to corruption in the medium run, we do not expect this to have a significant impact on debt-servicing costs, which should remain close to 5% of GDP.

Figure 10: Government bond yields and political fragmentation, selected countries



Sources: Crivelli, Gupta, Mulas-Granados, Correa-Caro; Gallagher and Mitchell; LSEG Datastream; Allianz Research

The country's economic stagnation has continued since the second half of 2022 due to external and internal factors, such as business interruption, mostly attributable to load shedding and logistics deficiencies, a lack of skilled workers and still subdued capital attraction. Some industries continued to drive growth under President Cyril Ramaphosa (Figure 11), particularly financial and personal services (incl. education and health). On the other hand, higher logistics, energy supply and financing costs have impacted the performance of the agrifood, mining and construction sectors. However, the manufacturing sector has been showing positive signs for several quarters, recovering alongside business confidence, and the second half of the year is likely to see an acceleration of economic activity, thanks to base effects as well as an easing of monetary policy, and the rebound in global trade, leading to an overall growth of +1.4% in 2024. Indeed, lowering financing costs would provide some tailwind to the manufacturing sector ahead. The policy rate has remained 2-3pps over inflation for a year now, shielding the ZAR against excessive volatility. We expect the policy rate to decrease by -50bps by year-end to 7.75%.

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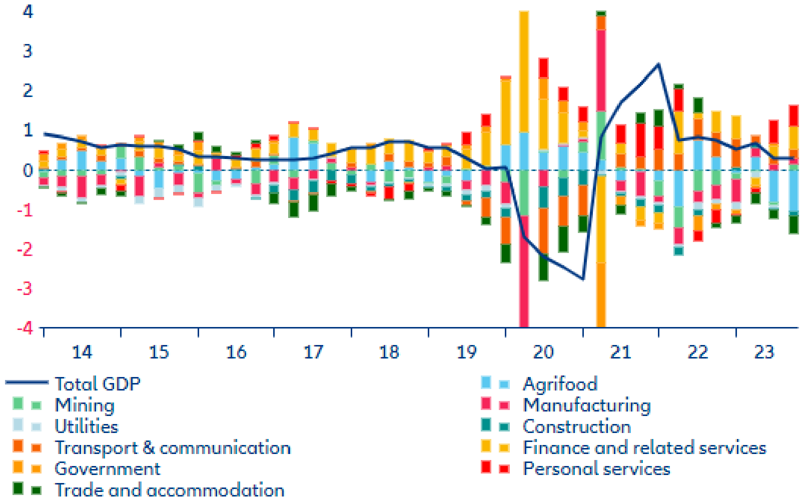
[4] On the correlation between fragmented politics and public debt, see "Fragmented Politics and Public Debt" by Ernesto Crivelli, Sanjeev Gupta, Carlos Mulas-Granados and Carolina Correa-Caro, IMF Working Paper, September 2016. The study was conducted on 92 advanced and developing countries during 1975-2015, including 18 African countries but not South Africa given the regime change that occurred in 1994.

[5] We looked at the "Africa premium" in our recent report "Going together and going far. Powering Africa´s economic and social potential". It consists of a differential of between 2.9pps and 3.4pps in sovereign bond interest rates, mostly associated with fiscal transparency, political volatility and exposure to capital flight. The regional cost of financing for sovereigns is around 12%. Conversely, location risk influences disparities in interest rates in a more pronounced way at the corporate and retail level compared to international peers.

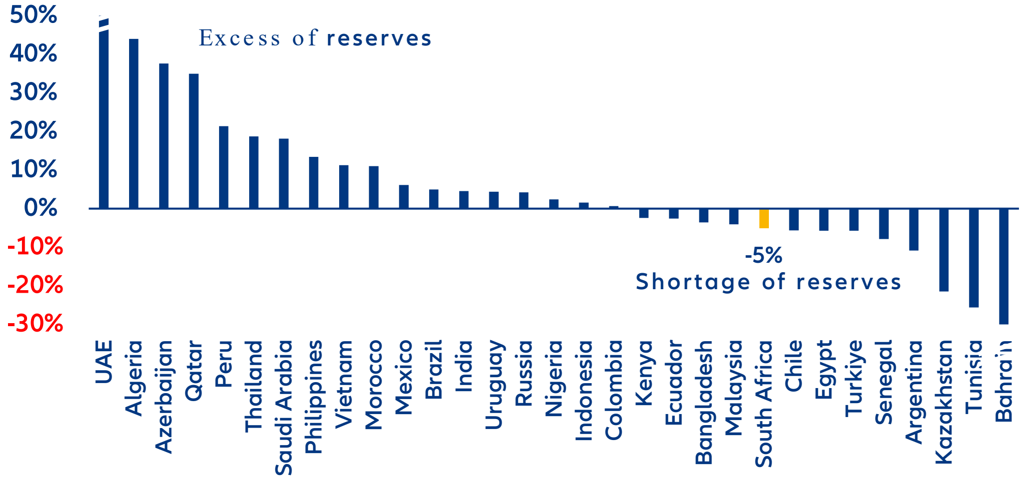
Figure 11: Contribution to GDP growth by sector, one-year % change



Sources: Statistics South Africa, LSEG Datastream, Allianz Research

The ability of the ANC to accommodate change will be crucial in the predictability of policy action, but we do not expect a major investment plan to go forward. Government officials have been exploring ways to tap the gold and foreign exchange contingency account held by the central bank, which has reached more than 7% of GDP and is not accounted for under FX reserves. These funds could be used to finance specific policies, such as infrastructure plans, health-related spending and any other measures for households and/or companies. However, securing a majority to achieve this seems complicated at this stage. In addition, this could lead to a more uncertain path on fiscal sustainability, given the fact that disposable FX reserves remain less abundant and don't cover all the external financing needs in the short run (Figure 12).

Figure 12: FX reserves by country minus short-term external financing needs, % of GDP



Sources: Various, LSEG Datastream, Allianz Research

Appendix: Details of the UK Labour party's electoral pledges on the labour market

- Increase the national minimum wage to at least GBP10 per hour for all workers against three thresholds today (<18 years old = GPB5.28, 18 to 20 years old = GPB 7.49, 21 to 22 years old = GPB 10.18 and >23 years old = GPB10.42);
- Reform the employment law status from three types of employment status (employees, workers and self-employed) with different rights afforded to each to a single status of 'worker' with the same basic rights and protections;
- Give employees the right to claim unfair dismissal from their first day of job after the probation period (three to six months) ends vs. two-year employment currently. In addition, there is a proposal to remove the cap on compensation for unfair dismissal;
- Strengthen sick pay;
- Ban "exploitative zero-hour contracts" for workers (total zero-hour contracts account for 3.5% of total employment);
- Boost protection for non-standard (gig) workers;
- Banning 'fire and rehire' practices used in situations when employees refuse to agree to contractual changes and offering to re-employ them on the new terms;
- Introducing a right to 'switch off' and it will be complemented by proposals to reform family rights, including parental and bereavement leave;
- Tribunal claim time limits to be extended from the current three months;
- End restrictions on the apprenticeship levy. Under current rules, firms with an annual wage bill of above GBP3mn must give 0.5% of their total payroll to HMRC, which they can then claim back to spend on funding apprenticeships. In their proposal, they would give firms freedom to use up to half their total levy contributions on non-apprenticeship training, with 50% reserved for apprentices.

These assessments are, as always, subject to the disclaimer provided below.