HOWARD
WEALTH MANAGEMENT

Fareham Innovation Centre,
Merlin House, 4 Meteor Way,
Lee-On-The-Solent, Hampshire PO13 9FU

T 02393 877630
E info@howardwealth.com
W www.howardwealth.com

News in Review

12 August 2026

"I want every government department to be a growth department"

Businesses bidding for government contracts will face new requirements designed to ensure public spending supports British jobs, skills and local communities.

The market is worth around £90bn a year and organisations will be assessed on their commitment to create high-quality jobs, tackle local skills shortages and support young people into apprenticeships and work placements. Under the changes, the weighting given to benefits for local communities will double from 10% to 20% for contracts worth £5m or more. The government is also removing some existing requirements in an effort to make it easier for smaller businesses to bid for public sector work.

Chancellor John Healey said, "*I want every government department to be a growth department.*" He cited using public spending to support jobs, skills and economic growth across the country.

Consumers face more expense

The exceptionally hot spring and summer could put further pressure on household food bills. According to analysis from the Energy and Climate Intelligence Unit (ECIU), drought and heatwaves may have reduced the UK's cereals and oilseed harvest by as much as 2.5 million tonnes compared with earlier forecasts, potentially costing arable farmers up to £390m in lost revenue.

Provisional estimates suggest wheat, spring barley and oat yields will all be down, with the wheat yield well below the ten-year average. If current estimates hold, 2026 could become the worst UK cereals and oilseed harvest since detailed records began in 1984.

Motorists have also faced higher costs at the pumps, with petrol rising above 160p a litre and diesel above 180p following volatility in global oil markets.

UK service sector up for first time in three months

The UK service sector returned to growth in July, recording its first increase in business activity for three months. The seasonally adjusted S&P Global Services PMI rose to 52.1, up from 48.8 in June and comfortably above the 50.0 mark that separates growth from contraction.

Providers cited improvements in market conditions and increased volumes of new work, although many continued to highlight the conflict in the Middle East as a headwind to growth. Employment fell again as outstanding workloads declined, although the pace of job losses was the slowest since October.

Tim Moore, Economics Director at S&P Global Market Intelligence, said, *"A rebound in both activity and new business could not prevent a further decline in staffing numbers, with job losses seen for the 22nd consecutive month."* The current period of falling employment now equals the longest recorded in 30 years of data collection.

House Prices

According to the latest Lloyds House Price Index, UK house prices remained stable in July, following a 0.2% increase in June. The average property price now stands at £299,253, compared with £299,396 in June.

Annual house price growth slowed to just 0.1%, the weakest rate since November 2023. However, there continue to be significant regional differences, with Northern Ireland recording the strongest annual growth in the UK at 7.4%.

Amanda Bryden, Head of Mortgages at Lloyds, said average house prices have remained relatively stable for almost two years, despite buyers and sellers facing a more uncertain economic backdrop. She added, *"Affordability remains a challenge for many would-be buyers,"* with mortgage rates having edged higher again following recent events in the Middle East.

UK construction slump eases as July PMI reaches four-month high

The downturn in the UK construction sector eased in July, with the S&P Global UK Construction PMI rising to 44.7, from 38.4 in June. This was its highest reading for four months, although it remained below the 50.0 mark.

New orders continued to decline, but at their slowest rate since September 2025, while business confidence improved. Commercial construction recorded the smallest fall in activity, followed by housebuilding and civil engineering.

Employment also continued to fall, although the rate of job losses eased. Input cost inflation slowed for the second consecutive month, despite firms reporting higher fuel and raw material costs.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.