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News in Review

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"Across all the nations in the UK, we will support local leaders to deliver local growth"

On Monday, John Healey delivered his first major speech as Chancellor. Speaking at the Manufacturing Technology Centre in Coventry, Healey said his central purpose is to boost growth across Britain.

The Chancellor's speech comes days after Bank of England Governor, Andrew Bailey, warned that the UK is currently facing *"very, very substantial challenges."* In his speech, he acknowledged that financial conditions are currently difficult due to global trade tensions and rising inflation, which has affected the cost of everyday living and government borrowing costs. Healey therefore said that fiscal discipline is his *"first priority"* as he committed to controlling borrowing and reducing pressure on finances.

The Chancellor also said he will set out a roadmap for fiscal devolution, in line with Prime Minister Andy Burnham's goal to transfer power to local governments. Healey said, *"if our city-regions could emulate the growth of those in France or Germany, growth in our country would be transformed."*

He announced a £150m fund to support the most innovative scale-ups in the North, plus a new initiative - Northern 500 - which brings the North's most ambitious mid-sized businesses into a single growth community, supported by the private sector and central government. He said, *"Across all the nations in the UK, we will support local leaders to deliver local growth."*

Healey acknowledged concerns surrounding AI but said that Britain must take the opportunity to help boost growth. He set a goal to double the number of unicorn firms in the UK and will earmark dedicated funds to back British innovation.

The Chancellor also committed to addressing youth unemployment, with almost one million 16 to 24-year-olds currently not in work, education or training. Healey did not respond to speculation about tax rises in the forthcoming Budget on 28 October.

Business confidence increases

Business confidence in the UK reached a five-month high last month, according to the latest Lloyds Business Barometer. Confidence increased by 4 points to 53%, the highest level since March, before the effects of the Middle East conflict filtered through to survey responses. Sentiment is now 6 points above the 12-month average and well above the 30% long-term average.

In August, economic optimism strengthened for the second consecutive month to 49%, up 18 points from June. This is driven by 64% of firms feeling more optimistic about the economy, compared with 15% reporting pessimism. Sentiment towards firms' own trading prospects also improved slightly, rising by 2 points to 58%. The report showed that business confidence rose in 8 out of 12 regions.

Hann-Ju Ho, Senior Economist at Lloyds Bank, commented, *"August's results indicate that firms are taking a more positive view of the wider economic outlook."*

He added, *"The fall in price-setting intentions is also significant. It suggests that easing cost pressures and efficiency gains are giving firms greater scope to limit future price increases."*

Manufacturing and services sectors

The UK manufacturing sector stalled slightly last month according to S&P Global, as output growth slowed to a five-month low. This is likely because precautionary stock building eased due to businesses feeling the most optimistic since the outbreak of war in Iran. Meanwhile, conditions for UK services appeared to be improving in August.

The Services PMI Business Activity Index rose to the highest level for four months, indicating a moderate expansion of overall service sector output.

Also, employment numbers declined at the slowest pace since October 2025; however many firms reported ongoing hiring freezes due to inflationary pressures.

Savings update

According to the Bank of England, households' deposits with banks and building societies increased by £3.8bn in July, which is a slowdown from the £6.2bn deposited in June. Of the money saved in July, £2.2bn was put into ISAs, while £1.1bn came from non-interest-bearing accounts.

In other savings news, data from HMRC shows that 760,000 Child Trust Funds are sitting unclaimed. Each fund is worth an average of £2,000, so the FCA is urging young adults and parents to trace their Child Trust Funds.

Here to help

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