



To: Interested Parties
From: Kayvan Hazemi-Jebelli, Senior Director for Europe, Chamber of Progress
Re: **What do the UK Election Results Mean for Tech?**
Date: 8 July 2024

The UK election on 4 July 2024 is largely a referendum on the last 14 years of Tory (conservative) rule. Labour won by a massive landslide, gaining 211 seats in Parliament with Conservatives losing 250 (with 2 seats still undecided). This gives it a larger majority than the Conservatives won in 2019 when the vote revolved around “getting Brexit done” and Labour was led by the widely criticised Jeremy Corbyn (Conservatives won 365 seats, Labour 262, with the Scottish National party winning 48 seats, and the Liberal Democrats only 11). After five different Prime Ministers, several Cabinet reshuffles, and [numerous scandals](#), the British electorate is ready for [a change](#).

However, Labour barely increased its vote share compared to what Corbyn won in 2019 (33.7% vs 32.1%). This election was less about what Labour brings to the table and more about getting the Tories out (whose vote share dropped from 43.6% to 23.7%). That is partially why Labour leader Keir Starmer was very light on policy details during the campaign, to keep the focus on the Tories, who [have lost](#) the electorate’s trust. Starmer has presented an administration that will “[stop the chaos](#)”, and return trust in public services and a government that can work for the people.

From a policy perspective, this has led to reassuring messages [on finances, borders, and security](#). On the economy, this has translated to a focus on wealth creation and growth. The tech sector will therefore continue to play an important role.

What Labour Has Said About Tech

While concrete digital policy proposals are limited, there are things we can expect, based on [Labour’s Manifesto](#):

- **Opportunity for B2G Services:** The incoming Government faces historic debt and will strain to fund an expansive spending program (debt to GDP ratio has been hovering at

around 100% [since 2020](#)). Instead, with the idea of doing more with less, Labour wants to encourage the deployment of cutting-edge technology to improve the efficiency and capabilities of public services. They are particularly interested in new ideas, presenting an opportunity for B2G service providers.

- **Support for AI Industry and Data Centres:** While there are few details, the manifesto states that Labour “will ensure our industrial strategy supports the development of the Artificial Intelligence (AI) sector”, and “removes planning barriers to new data centres”. Those considering making European investments in these areas in the near future may want to keep this in mind. However ...
- **More AI Regulation:** ... Labour also promises “binding regulation on the handful of companies developing the most powerful AI models”. Unlike the relatively light-touch approach of the Sunak Government, AI deployment might be somewhat stifled in the UK market.

That said, the Sunak Government had a rather poor record on tech. It passed major new tech regulations that were not well received, including the [Online Safety Bill](#), and the [Digital Markets, Competition and Consumers Bill](#). It also failed to pass the [Data Protection and Digital Information Bill](#), which could have made the UK “a more attractive place for the research, development and deployment of AI technology, establishing new frameworks for Smart Data and Digital ID and granting the UK the flexibility needed to adapt to a rapidly changing global trade environment,” [according to](#) techUK.

The previous Government’s track record on interventions was so bad that it led Microsoft President Brad Smith [to declare](#) “People are shocked, people are disappointed, and people’s confidence in technology in the UK has been severely shaken. ... There’s a clear message here - the European Union is a more attractive place to start a business than the United Kingdom.”

Nevertheless, Rishi Sunak himself was generally pro-tech, and willing to engage with the tech industry. It remains to be seen whether Labour will lean in quite as much. There’s an opportunity for Labour to do better, particularly by building on the progress made towards a progressive data protection bill that facilitates digital business models, making use of the UK’s [new autonomous vehicle legislation](#).

Labour’s [Industrial Strategy Paper](#) says a lot of the right things, like increasing access to finance for start-ups, access to talent, and stable trading relationships. However, there is a mention there of “balanc[ing] the burden between our high streets and the biggest online and digital firms”. This could mean more taxes for online stores if digital tax negotiations [at the OECD](#) stall.

One more thing to watch will be the creation of the new Government’s “Industrial Strategy Council”, which Labour has promised to be put on a statutory footing and strengthen its role. The ISC will be a full-time expert body that will work with the government to provide accountability in achieving industrial policy goals. An encouraging sign would be if Labour includes significant technology companies on its advisory board.

Broader Electoral Shifts Raise Questions on Trade

Post-Brexit, the UK sits somewhere between the EU and the rest of the world. It has lost its privileged position as the best entry point to the European market, but still largely aligns with European rules. The next Government will have to decide whether to continue (and deepen) that alignment, in an attempt to regain some of its lost trade or to take advantage of Brexit freedoms and go in a different direction. The minority parties in the UK, the Liberal Democrats and Reform UK, represent these two paths.

The Liberal Democrats have improved their standing, winning 71 seats (an increase of 63 and the best result for a third party since 1923). This is in part due to voters in the south of England voting tactically against the Conservatives, knowing that the Lib Dems were the second most popular party. Lib Dem leader Ed Davey's [campaign stunts](#) didn't hurt and brought attention to the only party that was advocating for the UK to rejoin the EU single market. They're set to put pressure on Labour to encourage closer ties with the EU, an issue Labour deftly dodged.

Reform UK, led by Nigel Farage, is the successor to the UK Independence Party (UKIP), and the Brexit Party (advocating for a no-deal Brexit). It faced a [number of scandals](#) around racist and bigoted comments made by its candidates but nevertheless succeeded in [splitting the Tory party](#). It did well in seats that voted heavily to leave the EU in 2016 and won 5 seats previously held by conservatives. Some conservatives have been arguing that the party wasn't conservative enough to meet the electorate, while others [have been saying](#) the party's embrace of far-right rhetoric is the problem.

Clearly, the battle over EU relations and progressive internationalism, on both the right and left sides of the political spectrum in the UK, remains unresolved.

Two-sentence Quote:

- The Conservatives talked a lot about promoting tech, but have a very mixed record. Labour is coming in saying a lot of the same things on tech but with a huge mandate and less need to compromise. Hopefully, they'll end up fulfilling a lot of what the Tories promised but weren't able to deliver.
- Labour's massive success means Starmer has the opportunity to show what a true centre-left party in power can achieve for people and for progress. Empowering the tech industry is the best way to bring the UK wealth creation and growth, while making sure that all people share in the benefits.