

Spring budget 2024

Connect

INTRODUCTION AND ECONOMIC OVERVIEW

- Building on the Autumn Statement's focus on three of the five priorities set out by the Prime Minister in January 2023. These were:
 - Halving inflation.
 - Growing the economy.
 - Reducing national debt.
- The Chancellor set out the progress against these target and the 'good progress' made
 - Inflation has gone from 11.1% to 4.0%, more than halved. The Office for Budget Responsibility (OBR) forecasts that inflation will return to 2% by the end of next quarter.
 - GDP forecast to grow as per the OBR's forecast.
 - Debt forecast to fall as a proportion of GDP in the medium term.
- The announcements made in the Spring Budget are expected to reduce taxes for 29 million people, increasing total hours worked by the equivalent of 100,000 additional full-time workers by 2028-2029.
- The Government confirms that the past three fiscal events will increase the size of the economy by 0.7% by 2028-2029 and boost business investment by £14 billion.

Taxation

- The main rate of National Insurance contributions for the self-employed will be reduced from 8% to 6% from 6 April 2024, saving the average employee on £35,400 around £900.
- The Chancellor announced that the Government will place a freeze on alcohol duty from August 2024 for a further six months, until February 2025, resulting in 2p less duty on the average pint of beer.
- A 5p cut in fuel duty rates will be extended for 12 months which will save the average car driver £50 per year.
- From April 1, the Government will be increasing the VAT registration threshold from £85,000 to £90,000.
- There will be an increase in the rate of tax credit by 5%.

- There will be an increase in air passenger duty for business class. Rates will remain frozen for economy on domestic or short - haul flights.
- There will be an increase in tobacco duty from October 2026.
- A new duty on vaping will be introduced from October 2026 to maintain the current financial incentive to choose vaping over smoking.
- The tobacco duty will also be increased from October 2026 to maintain the current financial incentive to choose vaping over smoking. This will raise a further £170 million in 2028-29.
- The non-domicile tax status will be abolished with a residency-based system from April 2025, where new residents will not be required to pay tax on wealth / foreign income earned overseas for the first 4 years of their residency in the UK. Following four years of domicile status tax will be same on foreign incomes and gains.
- Starting from April 1, 2024, personal representatives handling estates will no longer be required to obtain commercial loans to cover inheritance tax payments before applying for a "grant on credit" from HMRC.

Finance

- The Chancellor announced the introduction of a new UK ISA, allowing investments in UK-based assets up to an additional £5,000 a year tax free on top of the current £20,000 tax-free allowance.
- The Recovery Loan Scheme is being extended and will be renamed the Growth Guarantee Scheme to support UK small- and medium-sized enterprises (SMEs) to access the finance they need.
- The Chancellor announced that National Savings & Investments (NS&I) will launch a product which will offer consumers a guaranteed interest rate, fixed for three years.

Energy and Net Zero

- The Energy Profits Levy will be extended by an additional year until March 2029, raising £1.5 billion.

- The windfall tax on oil and gas company profits will be extended for an additional year to 2029.
- A new National Energy System Operator will be delivered in 2024, stimulating the delivery of grid reforms.
- A taskforce, chaired by the Rt Hon Julian Smith CBE MP, will explore Alternative Dispute Resolution mechanisms for compensation disputes between landowners and electricity network operators.
- A further £120 million investment was announced in the Green Industries Growth Accelerator (GIGA), to expand UK low carbon manufacturing supply chains.
- The Government will explore the possibility of building another large-scale nuclear reactor. The process for selecting the Small Modular Reactors (SMRs) will have tender responses submitted by June this year.
- The Government has agreed a £160 million deal with Hitachi to purchase the Wylfa site in Ynys Môn and the Oldbury-on-Severn site in South Gloucestershire.
- Smart data schemes in energy will be accelerated by the Government.

Cost-of-Living

- The Chancellor announced the length of repayment on budgeting advance loans for people on universal credit will be increased from 12 months to 24 months.
- The Government is providing an additional £500 million (including Barnett impact) to extend the Household Support Fund in England from April to September 2024 for a further 6 months.

Education and Childcare

- Rates for childcare providers will be guaranteed for the next two years for children aged nine months to four years.
 - This amounts to a package of an additional £500 million to support free childcare expansion. 97% of this fund will be passed through to providers by local authorities.
 - The first stage of this childcare expansion will be rolled out in April, where eligible working parents of two-year-olds will be entitled to 15 hours per week.

- A £105 million package to support the creation of 15 new free schools specialising in SEND provision, creating over 2,000 additional places for children with SEND. The locations of these schools will be announced in May of this year.
- The location of 20 Alternative Provision (AP) free schools will be confirmed, creating over 1,600 additional AP spaces in England.
- The Chancellor said the child benefit system will be changed by April 2026 from being based on individual earnings to household income.
- The child benefit charge threshold has been raised from £50,000 to £60,000, with the upper income threshold when these benefits are removed raised to £80,000. These changes are expected to benefit half a million families to an average of £1,300.
- Additional schools funding is to rise from £2.4 billion to £2.8 billion, increasing per pupil funding to £7,690 in 2024-25.
- The National Film and Television School (NFTS) is to have its extension funded by the government, supporting the creation of 200 new apprenticeship places per year, courses on AI and improved facilities for students with SEND.
- £50 million has been committed to establish an Apprenticeship Growth Sector pilot, with a specific focus on the advanced manufacturing, green, and life sciences sectors.

Housing and Planning

- The Chancellor announced the abolition of Furnished Holiday Lettings tax regime to improve the availability for long term rental for local residents.
- Abolition of Multiple Dwellings Relief with higher rate of Capital Gains Tax on property sales to be reduced from 28% to 24%.
- Piloting the use of artificial intelligence to speed up the planning decision process.
- Additional £240 million for housing projects in London: including 7,200 homes in Barking riverside and 750 new homes in Canary Wharf.
- Additional £20 million for a London-based community led housing fund to build up to 3,000 new homes.
- Committed £3 million to boost capacity in planning system as part of Round 2 of the Local Nutrient Mitigation Fund.

- Increasing Local Authorities' flexibility in use of Right to Buy Schemes, increasing the cap from 40% to 50% percentage of cost.

Levelling Up and Local Government

- The Chancellor announced the extension of Investment zones funding in Scotland and Wales from five to ten years.
- Tax relief available in Freeports to be extended from five to ten years.
- Creation of the North East "trailblazer" Devolution Deal with the North East Mayoral Combined Authority.
- Additional £15 million of funding to the West Midland Combined Authority
- Additional £400 million for the Long-Term Plan for Towns programme for: Royal Sutton Coldfield, Darlington, Runcorn, Canvey Island, Thetford, King's Lynn, Ramsgate, Eastbourne, Harlow, Newton-le Willows, Rawtenstall, Wisbech, Carlton (Gedling), Bedworth, Arbroath, Peterhead, Kirkwall, Rhyl, Derry/Londonderry, and Coleraine.
- Additional £5 million for Platinum Jubilee Village Halls scheme for the regeneration of village halls across England.
- Additional £23.7 million for the regeneration of capital projects in Bradford and Ashfield, as well as in other areas across England.
- Additional £6 million for community-led regeneration projects.
- Additional £100 million for culture nationally significant cultural projects.
- Additional £10 million for Scottish cultural investment.
- Additional £10.2 million to be invested in Cambridge's biomedical campus.

Health and Social Care

- Committed to protecting the future of the NHS by investing an extra £2.5 billion of day-to-day funding for the NHS in England in 2024-25.

- The Chancellor announced AstraZeneca are investing £650 million in a new vaccine manufacturing facility in Speke, Liverpool and will be increasing their presence in Cambridge.
- Additional £45 million will be allocated to support research by medical charities into conditions such as dementia and epilepsy, including funding of £3 million for Cancer Research UK to support their fight against cancer.
- £3.4 billion will be invested into the NHS to improve productivity, though methods such as expanding the use of artificial intelligence.
- The Individual Placement and Support scheme that supports people with severe mental illness into employment will be expanded.
- The NHS Talking Therapies programme will be expanded and digitised.
- Yearly places on the Universal Support programme will be doubled to support employment for people with a disability or health condition.
- Allocated £75 million over three years starting from 2025 to expand the Violence Reduction Unit model across England and Wales. This funding supports a prevention-first approach to serious violence, enabling local public services like health boards, schools, and police leaders to coordinate strategies aimed at tackling youth violence.
- The Changing Futures programme will receive funding to support locally led pilots in fifteen areas, testing a person-centred approach designed to improve outcomes for adults facing multiple disadvantages.
- Additional investment of £118 million to accelerate delivery of the Canary Wharf scheme which will deliver a life sciences hub, commercial and retail floor space, a healthcare diagnostic facility.

Work and Pensions

- The Chancellor introduced requirements for both Defined Contribution pension funds and local Government pension funds to publicly disclose their level of investment in both UK and international allocations.
- These requirements for Local Government Pension Scheme funds in England and Wales will be introduced as early as April 2024.
- The triple lock on pensions will be maintained.

- The Value for Money (VFM) pensions framework will be reviewed by the Government, in conjunction with the FCA and The Pensions Regulator (TPR).
- The Government remains committed to possibility of a lifetime provider model for Defined Contribution pension scheme.

Tech, Innovation and Research

- The Chancellor committed to expanding the capability and utilisation of the UK Artificial Intelligence industry.
- The Government announced that the size of the AI incubator team will more than double, expanding UK in-house capability across the public sector and Civil Service.
- There will be a £34 million investment in the Public Sector Fraud Authority to deploy AI in combatting fraud across the public sector.
- A £17 million investment will be put towards the digitalisation of the Department for Work and Pensions.
- A £14 million investment has been committed to public sector research and innovation infrastructure.
- Commitments to digitalising both the policing and prisons services were included in the Budget. £6 million of additional funding has been committed to speed up the digitisation of key services in prisons.
- In addition, £230 million will be invested in the delivery of pilot schemes for police technology – including deploying drones as first responders.
- AI will be used to digitalise the planning system. This will include using technology to speed up the development of local plans.
- £170 million will be invested towards delivering a digitalised justice system, including a £15 million to introducing digital court solutions.

Creative Industries

- The Chancellor announced the provision of an additional £1 billion tax relief for the creative industries over the next five years.

- Introduction of a new UK Independent Film Tax Credit at a rate of 53% for films with budgets under £15 million.
- Introduction of 40% relief on gross business rates bills for eligible film studios in England, until 2034.
- Introducing a 5% increase in tax relief for UK visual effects costs for films and high-end TV.
- Introducing higher permanent rates of tax relief for theatres, orchestras, museums and galleries.
- Investing £26.4 million to upgrade the National Theatre.

Food and Agriculture

- The Chancellor announced £5 million investment over the next 3 years in an agri-food Launchpad in Mid and North Wales.
- In 2024, the farming sector will receive the largest-ever round of grants aimed at supporting investment in agricultural productivity and innovation. This initiative includes £427 million of government funding, which is expected to attract additional private sector investment.
- The Chancellor has allocated £75 million to Internal Drainage Boards to enhance investment in water and flood management assets crucial for protecting agricultural land from the effects of floods and storms.