

## BUDGET MARCH 2024: SUMMARY OF KEY POLICY ANNOUNCEMENTS

<u>SUBJECT</u>	<u>MEASURE / ANNOUNCEMENT</u>	<u>DEVOLVED?</u>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>• From April 6th, National Insurance cut by 2p to reach 8%, self-employed NI cut from 8% to 6%.</li> <li>• Alcohol Duty Freeze Extended until February 2025</li> <li>• Fuel Duty Freeze Extended by another 12 Months</li> <li>• Full expensing will be extended to leased assets when fiscal conditions allow.</li> <li>• VAT Registration Threshold Upped from £85,000 to £90,000</li> <li>• Excise duty on vapes to be introduced. Tobacco duty increased at the same time.</li> <li>• Air passenger duty on non-economy flights hiked.</li> <li>• Furnished holiday lettings regime abolished.</li> <li>• Multiple dwelling stamp duty relief abolished.</li> <li>• Capital Gains Tax on property cut from 28% to 24%.</li> <li>• Non-domicile regime abolished. To be replaced with “residency-based system” from April 2025 – tax relief on foreign income for first four years only.</li> </ul>	<p>Stamp duty is devolved in Scotland and Wales.</p> <p>Air Passenger Duty is devolved to Scotland and Long-haul Air Passenger Duty is devolved to Northern Ireland.</p> <p>National Insurance and Alcohol Duty are UK-wide.</p>
<b>Energy, Environment, and Net Zero</b>	<ul style="list-style-type: none"> <li>• Extending the Energy Profits Levy (EPL) by an additional year until March 2029, raising £1.5 billion.</li> <li>• £160 million deal with Hitachi to purchase the Wylfa nuclear site in Ynys Môn.</li> </ul>	<p>The EPL is UK-wide.</p>
<b>Housing and Planning</b>	<ul style="list-style-type: none"> <li>• Speed up/Unblock the planning system: To boost capacity in the planning system, the government is committing £3 million to match the BCC &amp; industry-led funding in the next Spending Review period for a skills and education programme to attract more people to take up roles as local planners in planning authorities.</li> <li>• A new pilot will use Artificial Intelligence to help speed up development of local plans. In addition, new software will be explored to streamline key processes for planning officers.</li> <li>• Accelerated Planning Service – Publishing the consultation on the design of the new accelerated planning service as well as new measures to constrain the use of extension of time agreements and identifying local planning authorities who are using these excessively.</li> </ul>	<p>Planning is devolved to the Devolved Administrations.</p>

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<b>Transport and Infrastructure</b>	<ul style="list-style-type: none"> <li>• £600 billion of planned public sector investment over the next five years.</li> <li>• £7.2 million to unlock improvements to local transport connections between the Cambridge Biomedical Campus and the city</li> <li>• Delivery of works on the Bletchley to Bedford section of East-West Rail will be brought forward</li> <li>• Upgrading the timetable on the East Coast mainline</li> </ul>	Transport is devolved to Scotland and Northern Ireland, whilst some aspects are devolved to Wales.
<b>Childcare &amp; Education</b>	<ul style="list-style-type: none"> <li>• £500 million of new funding for councils to support the provision of adult and children’s social care.</li> <li>• The High Income Child Benefit Charge Threshold will rise to £60,000</li> <li>• The hourly rate providers of childcare support are paid to deliver the free hours offers will increase in line with the metric used at Spring Budget 2023 for the next two years.</li> <li>• £105 million towards a wave of 15 new special free schools to create over 2,000 additional places for children with special educational needs and disabilities (SEND) across England.</li> </ul>	Childcare is devolved in Scotland, Wales and Northern Ireland.
<b>Local Growth / Devolution</b>	<ul style="list-style-type: none"> <li>• £242 million investment in Barking riverside and Canary Wharf to build nearly 8,000 houses.</li> <li>• £20 million to a community-led housing scheme.</li> <li>• New Level 4 “trailblazer” devolution deal with the North East Mayoral Combined Authority, which will provide a package of new funding potentially worth over £100 million.</li> <li>• Extending devolution powers through new Level 2 devolution agreements with Buckinghamshire Council, Surrey County Council, and Warwickshire County Council.</li> <li>• Level 4 deeper devolution deals with West Yorkshire, Liverpool City Region, and South Yorkshire Combined Authorities.</li> <li>• Additional Level 4 powers to the West Midlands Combined Authority.</li> </ul>	Various announcements covering regions of England, Scotland, Wales and Northern Ireland separately.

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	<ul style="list-style-type: none"> <li>• £2 million to boost global investment and trade opportunities for Northern Ireland.</li> <li>• Devolved administrations are now receiving £560 million in additional funding in 2024-25 through the Barnett formula on top of record settlements.</li> <li>• The Scottish Government is receiving around £295m extra; Welsh Government around £170m; and the Northern Ireland Executive around £100m.</li> <li>• Cambridge will receive a long-term funding settlement plus £10 million to unlock transport and health infrastructure.</li> </ul>	
<b>Banking &amp; Pensions</b>	<ul style="list-style-type: none"> <li>• A Great British ISA introduced with a extra £5,000 allowance for UK equity.</li> <li>• Government’s NatWest stake to be sold by 2025-26 subject to favourable market conditions, with potential for sale of part of its share to retail investors this year</li> </ul>	UK-wide.
<b>Research &amp; Development</b>	<ul style="list-style-type: none"> <li>• £7.4 million upskilling fund pilot that will help SMEs develop AI skills of the future.</li> <li>• More funding for AI Research and Development</li> <li>• £14 million for infrastructure used by public sector research and innovation organisations.</li> <li>• £45 million for medical research charities including for cancer, epilepsy.</li> </ul>	UK-wide.
<b>Digital, Culture, Media</b>	<ul style="list-style-type: none"> <li>• Film studios have 40% relief on business rates until 2034, with new tax credit on small independent films.</li> <li>• New theatre and creative industry reliefs.</li> </ul>	UK-wide.
<b>Access to Finance</b>	<ul style="list-style-type: none"> <li>• Extending the Recovery Loan Scheme to support SMEs to access the finance they need and renaming it as the “Growth Guarantee Scheme”.</li> </ul>	UK-wide.
<b>Business rates</b>	<ul style="list-style-type: none"> <li>• Introducing a 40% relief from business rates for eligible film studios in England for the next 10 years.</li> <li>• The Empty Property Relief “reset period” will be extended from six weeks to thirteen weeks from 1 April 2024 in England.</li> <li>• The government will also consult on a “General Anti-Avoidance Rule” for business rates in England and has published at Spring Budget a summary of responses to the Business Rates Avoidance and Evasion Consultation.</li> </ul>	Business Rates are devolved in Scotland, Wales and Northern Ireland.

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### **BUDGET MARCH 2024: OBR ECONOMIC & FISCAL OUTLOOK SUMMARY**

#### **ECONOMIC GROWTH**

- The OBR expects GDP growth for 2024 of 0.8%, up from their previous forecast of 0.7% published in November 2023. This is slightly higher than the recent [BCC Forecast](#) of 0.5% in 2024, driven by interest rates falling and real household incomes recovering. The OBR forecast growth of 1.9% in 2025, 2.0% in 2026, 1.8% in 2027, and 1.7% in 2028.

#### **INFLATION**

- The OBR expects the CPI to ease further to an average of 2.2% in 2024, similar to the BCC's forecast of 2.3% for Q4 2024. The OBR forecast an inflation rate of 1.5% in 2025, 1.6% in 2026, 1.9% in 2027 and 2.0% in 2028. The OBR forecast assumes current disruptions in the Red Sea make only a small (0.2 percentage points) upward contribution to inflation.

#### **EXPORTS**

- Export volumes are expected to fall by 1.1% in 2024, a greater fall compared to the -0.9% forecast in November 2023. The OBR then expects an improvement in exports, with growth of 0.5% in 2025, 0.6% in 2026 and 2027, and then 0.7% in 2028.

#### **LABOUR MARKET**

- The OBR expects unemployment rate to increase to 4.4% in 2024 and 2025, to then fall to 4.2% in 2026 and 2027, and 4.1% in 2028. This is slightly lower than their November forecast and more optimistic than the BCC's Q1 forecast, which expects unemployment to rise to 4.4% in both 2025 and 2026.

#### **FISCAL OUTLOOK**

- The OBR expects public sector net debt (excluding Bank of England) as a percentage of GDP to be 91.7% in 2024/25, 92.8% in 2025/26, 93.2% in 2026/27, 93.2% in 2027/28 and 92.9% in 2028/29. This meets the Government's fiscal rules by a historically modest margin of £8.9 billion. The OBR gives only a 54% probability that the fiscal target will be met on current policy, citing planned rises in fuel duty that are not usually implemented and no real growth in public spending, despite commitments to increase spending on some public services in line with or faster than GDP.

**FULL OBR FORECAST:** [https://obr.uk/docs/dlm\\_uploads/E03057758\\_OBR\\_EFO-March-2024\\_Web-AccessibleFinal.pdf](https://obr.uk/docs/dlm_uploads/E03057758_OBR_EFO-March-2024_Web-AccessibleFinal.pdf)