



UK Government Budget 2024

Wednesday 30 October



A balancing act: Labour's first Budget in 14 years

- Despite being the first Labour Chancellor to deliver a budget in 14 years, Rachel Reeves borrowed from the playbook of the Conservative government elected all those years ago - blaming the previous administration for the current economic challenges. The background to this budget had been marked by a startling amount of negativity for a new government with a colossal majority. And yet, in many ways, this was a classic Labour budget, and the clearest sign yet that this government intends to shift the burden from the most vulnerable to big businesses and the highest earners.
- Reeves emphasised the “difficult choices” stemming from the past 14 years, positioning Labour as both fiscally responsible and committed to growth while protecting the most vulnerable. She drew a sharp ideological line from her predecessors with a £40bn tax increase and an expanded programme of spending on public services, aiming to draw a line under austerity. Spending increases in the NHS and education, coupled with targeted taxes like a 50% hike in air passenger duty on private jets, are sure to satisfy Labour's rank-and-file.
- Business reaction, however, will be more tempered. While the Chancellor's promise of economic stability as a foundation for investment may reassure, measures like higher employer National Insurance contributions and increases to Capital Gains Tax will make small and medium-sized businesses and entrepreneurs wince. The energy sector, especially in the northeast of Scotland, will be wary of the energy profit levy's impact on North Sea jobs, even if news on investment allowances was better than expected.
- Labour's revised fiscal rules emphasise a commitment to long-term economic resilience through investment in green technology and transport. The government now hopes the programme of capital spending worth £100bn, the expansion of HS2 to Euston, measures to unleash housebuilding, and investment in carbon capture and hydrogen, will reassure the markets and give the stagnant UK economy the boost it needs.
- The success of this budget will rest partly on its ability to convey to markets and the private sector a clear, credible, path that builds confidence in the UK's economic direction. But it lacked a compelling vision about how the country will achieve the ‘decade of renewal’ promised by Sir Keir Starmer during the election campaign. Reeves emphasised that ordinary people must “feel” better off - time will tell whether this budget delivers tangible improvements for the public, or if it simply sets the stage for more political difficulty after a stumbling start to Labour's return to government.



At a glance

Key commitments within the 2024 UK Government Budget, *some of which were already known about or even underway*, include:

Energy

- Provide funding for 11 new green hydrogen projects
- Leverage £8bn of private investment in carbon capture, usage and storage infrastructure
- Continue funding for the development of Sizewell C
- Provide funding to kickstart GB Energy
- Increase the energy profits levy to 38%, which will now expire in March 2030, and remove the 29% investment allowance
- Maintain the 100% first year and decarbonisation allowances

Economy

- Catalyse over £70bn of private investment through the National Wealth Fund
- Freeze fuel duty and extend the 5p duty cut extended for another year
- Allocate an additional £3.4bn in funding in 2025-26 to Scotland's devolved government, including funding to deliver 'Brand Scotland' to champion Scottish culture, products and services across the world
- Commit £1bn to invest in aerospace sector R&D, £2bn in automotive industry R&D, £520m for a new Life Sciences Innovative Manufacturing Fund and tax reliefs for creative industries
- Commit £13.9bn for Department for Science, Innovation and Technology to invest in R&D, with at least £6.1bn of support for core research



At a glance

Housing:

- Reform planning to remove barriers to development and increase funding by £5bn to deliver housing plans next year, with an additional £3.1bn towards affordable homes programmes
- Increase stamp duty from 3% to 5% for purchases on second homes, buy-to-let residential properties and companies purchasing residential property.

Health and care

- Increase the health budget by £22.6bn, with a £3.1bn increase in capital budget over the next two years
- Raise the carer's allowance weekly earnings limit to align with a 16-hour week on the living wage, enabling carers to earn up to £10,000 while receiving allowance
- Crackdown on welfare fraud, with new legal powers to check benefits and strengthened debt recovery powers
- Increase tobacco duty by RPI +2%, with a new flat rate for vaping liquid from 2026
- Uprate alcohol duty uprate in line with RPI while draft duty will be reduced by 1.5%
- Commit to increase Soft Drinks industry levy

Education

- Invest an additional £6.5bn in education
- Increase in core schools' budget by £2.3bn and an extra £300m for further education
- Provide an additional £30m for breakfast clubs in primary schools
- Charge VAT to private schools from 2025, and remove business rates relief



At a glance – key spending commitments

Business:

- Introduce the permanently lower business rates multipliers for high-street retail, hospitality and leisure while the rate for the most valuable properties will be raised.
- Maintain the corporation tax small profits rate and marginal relief at current rate and thresholds, with the £1m Annual Investment Allowance also kept in place.
- Increase national minimum wage to £12.21/ hour, adjusted for cost of living.
- Phase towards a single adult rate with an increase 18–20-year-olds rate increasing to £10/ hour.
- No increase in National Insurance, VAT and Income Tax for employees.
- Increase in National Insurance contribution for employers to 15%.
- Reduction of Secondary Threshold from £9,100 to £5,000.
- Increase in Employment Allowance from £5,000 to £10,500.
- Increase in lower rate of Capital Gains Tax to 18% and higher rate to 24%.
- Increase the Business Asset Disposal Relief and Investors' Relief to 14% by April 2025 and 18% by 2026.
- Strengthen women's employment rights including enhanced dismissal protections and improved access to maternity and paternity leave.
- Extend the Enterprise Investment and Venture Capital Trust schemes to 2035.
- Commit to £250m funding for British Business Bank's small business loans programmes.
- Maintain Electric vehicle (EV) tax rate for businesses.



How to engage

After a new budget, organisations have a prime opportunity to engage strategically and position your voice in the conversation.

To make your mark, focus on clear communication, align with government priorities, and build a long-term advocacy strategy. Here are key steps to navigate and shape post-budget developments effectively:

- **Develop an ongoing advocacy calendar:** Map out key dates and events in the fiscal year and create a calendar of opportunities for budget follow-ups, policy feedback, and proactive engagement.
- **Invest in research:** Produce regular reports, case studies, or white papers on sector developments impacted by the budget. This ongoing research not only positions you as a thought leader but also provides data-driven support for policy adjustments in future budgets.
- **Engage in public policy discussions:** Participate in government or industry working groups, panels, and think tanks. These forums offer platforms to influence longer-term policy direction and position your organisation as a valuable stakeholder in decision-making.
- **Use feedback loops:** Track the impact of this budget's policies over time and provide constructive feedback to policymakers. Highlight any gaps or successes, keeping the dialogue active and positioning your organisation as a consistent voice for progress and improvement with government.



Want to understand how the budget and the government's legislative programme might affect you and what you can do about it?

Contact our political team for insights and advice at publicaffairs@bigpartnership.co.uk

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