



Insight & Analysis: 2024 Budget

6 March 2024



A rabbit-less Budget that does little to shift the dial

The most trailed Budget in recent memory saw very little in the Chancellor's speech we hadn't already heard, with the fiscal rabbits remaining soundly asleep in their Number 11 hutch.

This was the last chance saloon for the Chancellor and his Government to make an impact that could turn public opinion in their favour. Even closing the gap to Labour's poll lead of just over 20% would give the Conservatives a fighting chance – perhaps not of overall victory, but of yielding a result that would make it very difficult for Labour to govern effectively with no or a very slim majority.

The Chancellor's calculation seems to be that at this stage setting out an ideological battleground is their best bet: a vote for us [Conservatives] is a vote for more money in your pockets, maintained levels of spending on public services and a party with a plan; a vote for them [Labour] is a vote for higher taxes, a bigger state and a party with no plan – something he was at pains to repeat countless times at the dispatch box. Whether or not this is believable on the doorstep remains to be seen.

So the clichéd battlegrounds have been set, and there was much here to tangibly support this

narrative: tax cuts, sustained public spending, child benefit reform, extension of fuel and alcohol duty – all putting money back in the pockets of ordinary people.

For his part, Sir Keir Starmer outlined a government “asking the British public to pay more and more for less and less”, calling this Budget “the last desperate act of a party that has failed”, and reaction from commentators feels more aligned to the Labour leader's way of thinking.

Are Tory activists going to cheer today's measures as they take it to doorsteps across the country? Wishful thinking, perhaps, with the National Insurance cut in the Autumn having no impact on the polls, something I suspect won't be any different this time around.

Turning the tide of dissatisfaction required much, much more than we heard from Jeremy Hunt today, and without the fiscal headroom in his locker to deliver it, I suspect we will look back at today's Budget as largely forgettable.

Mike Robb
Co-CEO

SUMMARY

KEY DATA

In his opening remarks, Chancellor Jeremy Hunt reflected that in recent years the UK economy has dealt with a financial crisis, a pandemic and an energy shock caused by the war in Eastern Europe. Despite these economic headwinds, Mr Hunt argued that UK growth has been higher than every large European economy since 2010 and business confidence is returning.

The expectation for UK economic growth is now stronger than previously projected at 0.8% this year, up from 0.7% previously forecast in November's Autumn Statement. The Office for Budget Responsibility (OBR) now projects economic output to expand by 1.9% in 2025 and by 2.0% in 2026, higher than its previous

expectations for growth of 1.4% and 2.0% respectively.

Underlying debt is forecast to fall to 92.9% in 2028/29, and therefore is on track to fall as a percentage of GDP – meeting the Government's fiscal rule. Mr Hunt went on to claim that the UK continues to have the second lowest level of government debt in the G7, lower than Japan, France or the United States.

Throughout, the Chancellor was keen to emphasise that more investment, more jobs, better public services and lower taxes will result in long term growth for the UK. As he put it, "lower taxes mean higher growth."



SUMMARY

KEY HEADLINES

1

Tax

Chancellor said: “lower taxes mean higher growth.”

- National Insurance has been cut by 2p in the pound, from 10% to 8%. For the self-employed it has been cut from 8% to 6%.
- Vape levy and one-off increase in tobacco duty announced.
- Capital Gains Tax on property sales reduced to 24%.
- Windfall tax on energy firms’ profits extended until 2029.
- Stamp duty relief on multiple dwellings abolished.
- The threshold for the High-Income Child Benefit Charge will be raised from £50,000 to £60,000. It will save half a million families with children an average of £1,300 next year.
- Air Passenger Duty (APD) increased for business class travellers.
- Non-dom tax regime to be replaced with new rules from April 2025.

2

Cost of living

Mr Hunt referred to “much needed help in challenging times... measures to help the poorest families.”

- Fuel duty frozen for the next 12 months and the planned inflation-linked increase for 2024-25 cancelled.
- £90 administration fee to obtain a debt order scrapped, affecting around 40,000 families.
- Provided an additional £500 million to enable the extension of the Household Support Fund in England from April to September 2024.
- Alcohol duty frozen from 1 August 2024 until 1 February 2025.
- Longer repayment period for people taking out loans, increasing from 12-24 months.

3

Investment

The Chancellor argued that “stimulating investment is the most effective way to raise productivity and therefore wages and living standards.”

- Announced plans for a British ISA, allowing an extra £5,000 annual investment in UK equities, alongside existing ISA allowances.
- VAT registration threshold being increased from £85,000 to £90,000.
- Announced new investment support for regions including Barking, Canary Wharf and North Wales.
- Government loan scheme for small businesses extended until March 2026.

The measures outlined in the Budget can be seen in full at HM Treasury [here](#).

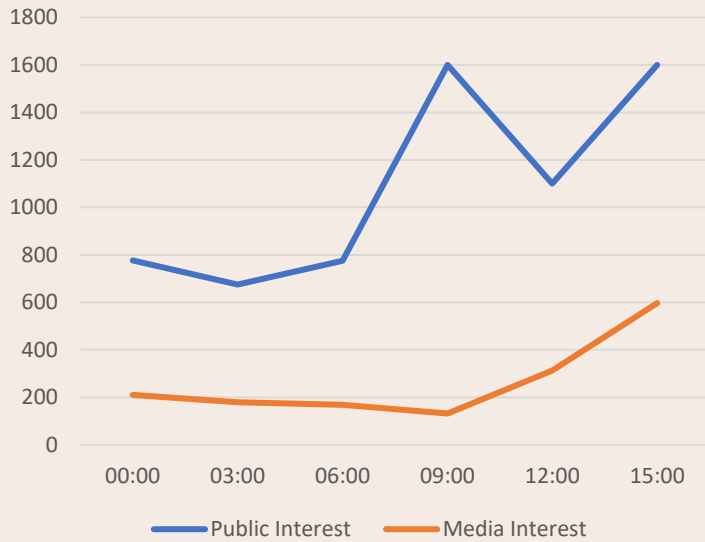


DATA & INSIGHTS

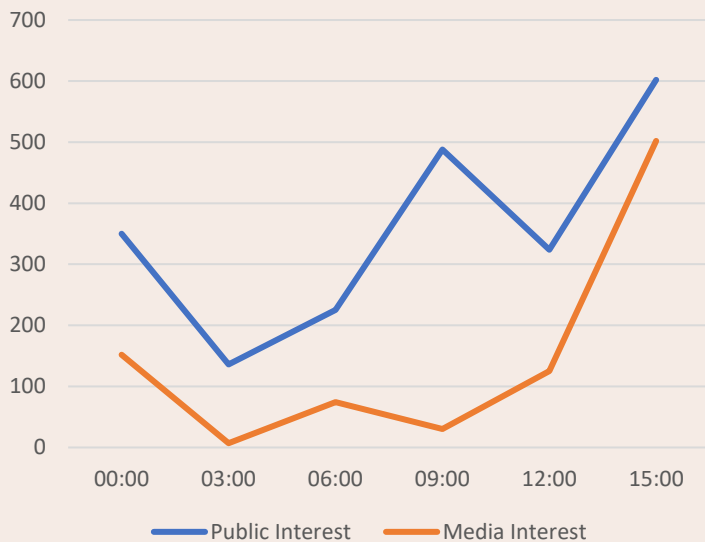
MEDIA INTEREST V PUBLIC INTEREST

While media and public reaction to the Budget takes days to fully emerge, early data shows that taxes, the key theme of the Chancellor’s speech, has largely driven media coverage in immediate analysis and reaction. This correlates with a spike in public interest in the topic. Further analysis in the next 48-hours, however, will enable an accurate view of what key messages cut through and whether the Chancellor has landed the result he was hoping for.

The Budget



Taxes



SNAPSHOT

REACTION

Positive

“The changes to Child Benefit will be welcome news to any struggling with the high cost of childcare. Especially in concert with the additional support to childcare providers. There is a strong argument to raise these thresholds and the support for early years even higher.”

Gianpaolo Mantini, Chartered Financial Planner at Saltus

“The new British Isa will appeal to those who currently max out their Isa limits, providing scope for an extra £5k tax-free saving. It will also offer transparency, appealing to those who wish to be certain their investment is staying within the UK. It will be important the forthcoming consultation creates an unambiguous definition of what qualifies as a UK investment within a ‘British Isa’, ”

Steven Cameron, pensions director at Aegon

“Our members welcome the increase in the VAT threshold from £85,000 to £90,000 announced by the Chancellor today but we have been pressing for the threshold to be set at £100,000 after it’s been frozen for more than 7 years. Small businesses are the lifeblood of our economy, and getting more of them trading internationally is essential to sparking growth in the UK economy. In the UK it is estimated that 99% of UK businesses are SMEs, but that only 9% of these are exporters.”

Marco Forgione, Director General at the Institute of Export & International Trade

“It was reassuring to hear the Chancellor emphasise his desire to help UK tech entrepreneurs start here and stay here, and unlocking more pension capital is certainly a worthwhile first step towards this. But this will need to be combined with a more comprehensive package of support for scaling our most innovative businesses.”

Russ Shaw, founder at Tech London Advocates and Global Tech Advocates

Negative

“As his starting headroom was limited, he did what most Chancellors are famous for – take with one hand and give with the other – to further fund his tax cuts... On balance though, this means that the Chancellor’s headroom at the end of this fiscal period is very limited and thus is dangerously close to breaking his own rules.”

Barret Kupelian, Chief Economist at PwC

“The Chancellor missed a real opportunity today to show that he backs hospitality and understands the real pain they are enduring. Government needs to take a different approach. It needs to bear down on the never-ending rising costs that are forcing businesses to shut their doors for good – taking away people’s livelihoods and robbing communities of a vital asset. A lower rate of VAT would have been a bold reform that would drive economic growth, keep prices down and unlock investment in the sector.”

Kate Nicholls, CEO at UKHospitality

“While it is positive to see that the Chancellor has announced the fuel duty freeze will be extended for another 12 months, motorists were really hoping for more investment in the UK’s electric vehicle charging network and incentives to encourage private consumers to buy EVs. Carwow’s pre-budget poll showed that motorists want to make the switch – 38% are considering an EV for their next car – but the lack of charge points is a real issue. Motorists need to trust that the transition to EVs is being supported by policymakers as they decide which car they’ll be choosing next, so today’s decision to focus on fuel duty over EV improvements is a real missed opportunity by the Chancellor.”

John Rawlings, Consumer Editor at Carwow

“It’s a really hard background for companies and individuals to plan against. The lack of consistency is in itself economically damaging, whatever the actual fiscal changes are. I want boring to come back i.e. a stable fiscal background that doesn’t change every five minutes. It may be bad for news flow but it’s what the country needs. They say Keir Starmer is boring... well I bloody hope so.”

Andrew Gossage, CEO at Ultimate Products





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