



Brief Autumn Budget 2024 UK

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CONTENTS.

03

Budget Roundup Spring 2024

06

**Autumn Budget Analysis 2024
United Kingdom**

15

Key Terms and Sources

16

About Insights

17

Contact Us

Budget Roundup Spring 2024

Overview

The UK Spring Budget for 2024–2025, presented by His Majesty's Treasury, emphasizes a trajectory toward economic resilience and growth, responding to recent challenges and making strategic allocations. Here's a summary of the key elements of the budget:

1. Economic and Fiscal Outlook

The Spring Budget outlines the UK's recovery from recent economic shocks, including the pandemic, global energy price spikes, and high inflation. Real household disposable income is expected to increase, signaling a rise in living standards. The Office for Budget Responsibility (OBR) predicts GDP growth throughout the forecast period, with the UK set for the third-highest cumulative growth in the G7 from 2024–2028.

Public sector net debt is forecast to decrease as a percentage of GDP, while annual borrowing should fall to the lowest share of GDP since 2001–02 by 2028–29. These positive economic indicators have facilitated tax reductions aimed at workers, further stimulating growth and maintaining a fair tax system.

2. Public Spending Reform and Productivity Enhancement

The budget includes significant measures aimed at reforming public spending to improve productivity in public services. The Public Sector Productivity Programme aims to modernize service delivery, particularly in the National Health Service (NHS). A £3.4 billion NHS productivity initiative will enhance technological upgrades, electronic patient records, and staff efficiency. This program expects to realize cumulative savings of £35 billion by 2029–30, which will reduce administrative burdens and accelerate NHS service delivery.

To maintain budget discipline, departmental spending grows at an annual real rate of 3.2% since the start of the current Parliament. The budget allocates an additional £2.5 billion for the NHS in England and £500 million for local councils to bolster social care, while educational spending increases to ensure record levels per pupil by 2024–25.

3. Tax and Benefit Reforms for Fairness and Growth

The budget addresses tax reform, targeting support for working individuals. The government reduced National Insurance Contributions (NICs) for both

employees and the self-employed, saving the average worker over £900 annually. This reduction is expected to increase total hours worked, equivalent to 100,000 full-time jobs by 2028–29. A notable tax adjustment includes changes to the High-Income Child Benefit Charge (HICBC), raising the threshold to £60,000 in April 2024, removing 170,000 families from the charge, and household-based assessment by 2026.

4. Sector-Specific Investments and Support

Public Services

With sustained funding increases for public services, the budget focuses on social support, defense, and education. Allocations to the NHS are expanded to cover day-to-day operational costs and waiting time reduction initiatives. Defense spending grows to enhance military resilience, while educational budgets rise, enabling schools to achieve record-high per-pupil spending by 2024–25.

Cost of Living and Business Support

In response to inflationary pressures, the government is extending the Household Support Fund with an additional £500 million for essentials like food and utilities. The temporary fuel duty cut and a freeze on alcohol duty save households on fuel and common consumer goods, costing the government over £8 billion in the forecast period. Small and medium enterprises (SMEs) benefit from a VAT threshold increase to £90,000, along with an extension of business rates relief, supporting retail, hospitality, and leisure sectors.

5. Infrastructure and Green Investments

Energy and Environment

The government allocates significant funds toward achieving energy security and climate objectives. This includes maintaining long-term investments in green infrastructure and renewables. There are substantial allocations for research, development, and public infrastructure, with over £600 billion set aside for capital investments, supporting Net Zero goals and public service enhancements over the next five years.

Budget Roundup Spring 2024

Overview

6. Labor Market and Workforce Participation

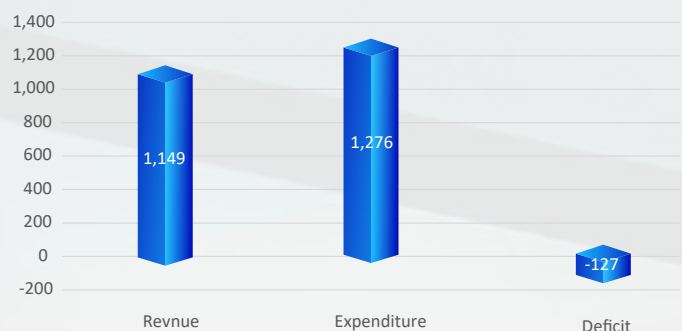
The government aims to address high rates of economic inactivity through targeted programs supporting long-term health conditions and disabilities, such as expanded mental health services and employment programs for people with disabilities. By addressing labor market challenges through fiscal measures and incentivizing work, the budget expects to increase total hours worked, helping to boost GDP across the economy.

7. Fiscal Sustainability and Debt Management

The budget reinforces a commitment to reducing debt, with public sector net borrowing projected to decrease annually, reaching a minimal deficit by 2028–29. Underlying debt is anticipated to peak at 93.2% of GDP before declining, while overall debt will remain below previous forecasts. The approach emphasizes sustainable fiscal policies and prepares for potential future shocks by improving the UK's fiscal resilience.



2024-25 (Spring Budget)



Budget Roundup Spring 2024

Overview of CPIH and CPI - Oct 2023 to Sep 2024

Over the year, Consumer Prices Index including owner occupiers' housing costs (CPIH) and the Consumer Prices Index (CPI) rates showed fluctuations influenced by various economic factors, primarily energy costs, housing, and transportation prices.

Key Trends and Potential Reasons for Monthly Fluctuations

Energy and Utility Costs:

A significant driver of inflation in recent UK history, energy prices, continue to impact CPIH and CPI rates. The UK has seen varying energy costs due to supply chain disruptions, geopolitical tensions, and fluctuations in global oil prices. October 2023, for example, recorded a CPI rate of 4.6% and a CPIH rate of 4.7%, reflecting relatively high energy costs as colder weather approached, increasing household demand for heating and energy. The Energy Price Guarantee, a government scheme, could have had a moderating impact on these rates, preventing even higher inflation levels.

Housing and Rental Prices:

Rising housing costs significantly impact CPIH rates as they include owner occupiers' housing costs, a major expenditure category. Higher mortgage interest rates, reflecting the Bank of England's measures to control inflation, likely put upward pressure on CPIH throughout the year. For renters, increased demand and constrained supply elevated rents, sustaining CPIH rates.

Transportation Costs:

Transport is a volatile component of CPI and CPIH, influenced by fuel costs, public transport pricing, and maintenance expenses. The CPIH and CPI indices between November 2023 and February 2024 reflect slight declines, potentially due to temporary reductions in fuel prices or government interventions in public transport pricing. However, geopolitical factors such as conflicts or trade disruptions may have driven occasional spikes in transportation costs, impacting these rates variably over the months.

Food and Non-alcoholic Beverages:

Food prices are a key contributor to inflation in the UK, often reacting to agricultural productivity, climate events, and currency fluctuations affecting import prices. Given the UK's reliance on food imports,

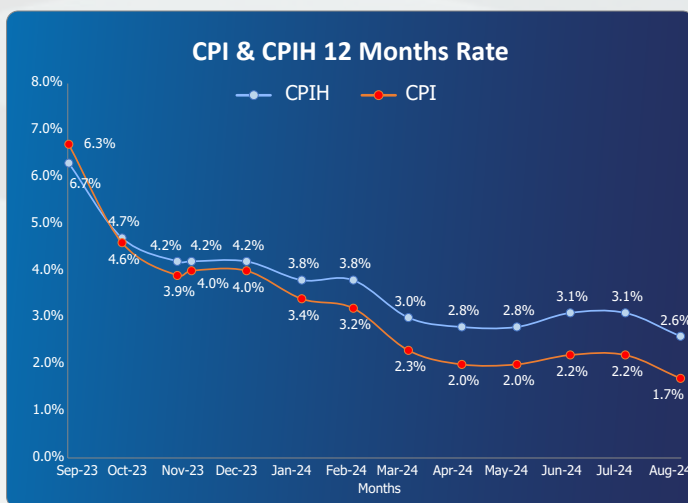
currency devaluation could have raised the cost of imported food, which would be reflected in higher CPI and CPIH values. This likely contributed to the persistently high rates from December 2023 through February 2024.

Healthcare, Education, and Other Essential Services:

Costs for healthcare, education, and miscellaneous services generally experience steady increases, influenced by rising labor costs and supply chain adjustments. These essential services are part of CPI calculations, adding a consistent upward pressure on CPI and CPIH rates. Furthermore, structural costs, such as healthcare and educational services, saw steady increases, contributing to sustained inflation despite reductions in more volatile sectors.

Post-Brexit and Supply Chain Disruptions:

Ongoing adjustments post-Brexit impact import costs, with tariffs and logistics challenges causing price increases across goods sectors. These effects lingered throughout the year, evident in both CPI and CPIH rates. The gap between supply and demand post-Brexit has impacted imports and exports, particularly in food and manufacturing inputs, causing slow but steady increases in consumer costs that contribute to inflationary pressures.



Autumn Budget Analysis 2024

United Kingdom

Overview

The Autumn Budget 2024, presented by Chancellor Rachel Reeves, aims to stabilize the economy, strengthen public services, and drive growth through targeted healthcare, education funding, and tax reforms for fiscal responsibility and equity. Key highlights include:

NHS and Healthcare Investment

A core element of the Autumn Budget 2024 is the commitment to the NHS. The budget allocates an additional £1.5 billion towards expanding NHS capacity, aimed at introducing new beds, surgical hubs, and advanced diagnostic scanners. The Department of Health and Social Care also sees a substantial £22.6 billion increase in its operational budget, underscoring the government's focus on addressing public health challenges through bolstered financial support.

Education and Infrastructure Development:

The budget allocates £1.4 billion to rebuild over 500 schools identified as structurally unsound. Additionally, £2.3 billion is earmarked for the core schools budget by 2025, ensuring continuity in quality education and safe, modern learning environments.

Taxation and Welfare Reform:

The Budget will raise **£40 billion** in additional tax revenue, focusing on various sectors. Notable tax changes include:

- **Universal Credit Adjustments:** To support lower-income households, the cap on the portion of Universal Credit used to repay debts will be reduced from 25% to 15%.
- **Private Education VAT Exemption Removal:** The Budget introduces the removal of VAT exemption for private schools, reflecting the government's commitment to a more balanced and inclusive taxation framework.

Transportation and Environmental Measures:

The Budget addresses both transport infrastructure and environmental concerns. The **Ministry of Defence budget** is set to increase by **£2.9 billion** next year, with air passenger duty on private jets to rise by 50% to discourage excessive private air travel emissions. ze on fuel duty is extended to 2025 to relieve households and businesses from rising fuel prices.

Business and Investment Policies:

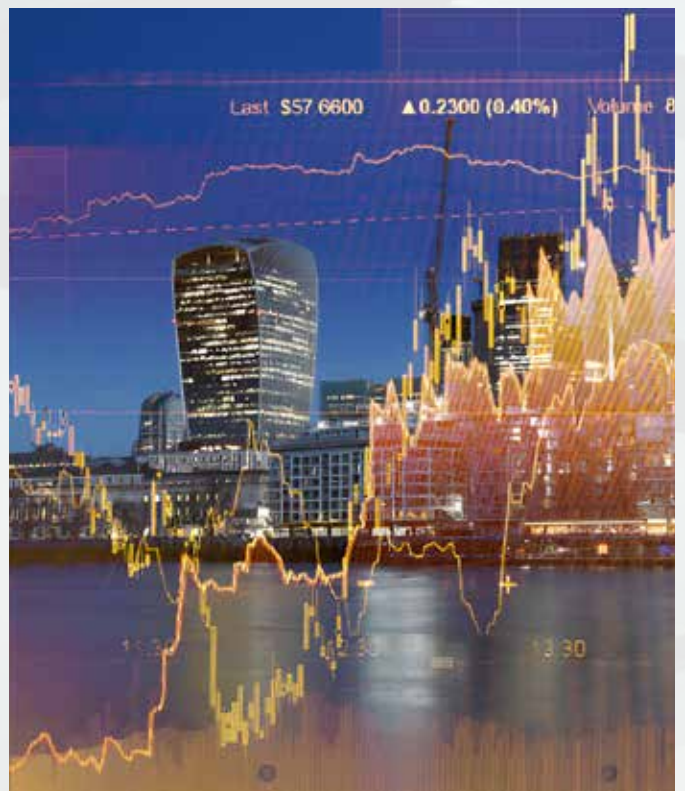
Businesses in retail, hospitality, and leisure industries are slated to benefit from 40% relief on business rates in 2025-26. Additionally, the government aims to stimulate private investment through the National Wealth Fund, which seeks to generate £70 billion in private sector capital for growth-driven sectors across the UK.

Employment and Social Support:

To support working families, £240 million is allocated to local services that facilitate job opportunities and workforce engagement, enhancing the economy's productivity. Carers will also see an increase in the Carer's Allowance earnings limit, aimed at improving financial security for those with caregiving responsibilities.

Fiscal Outlook and Public Sector Debt:

The Budget introduces stricter fiscal rules, focusing on curtailing debt and ensuring that public finances follow a sustainable path. Borrowing for the current year is projected to reach £127 billion, highlighting the scale of investments across sectors while maintaining oversight to avoid long-term financial imbalances.



Autumn Budget Analysis 2024

United Kingdom

Overview

- 01 Bus fare cap in England to rise to 3pounds until end of 2025
- 02 Lower rate of CGT increased to 18% and higher rate to 24%
- 03 Employers NI contributions to rise by 1.2% to 15% from April 2025
- 04 Minimum wage for over-21s will rise to 12.21 pounds from April 2025
- 05 Minimum wage for those aged 18-20 to rise by 16.3%
- 06 5bn pounds of investment to deliver housing next year
- 07 500m pounds increase in road maintenance budgets next year
- 08 Windfall tax on energy giants will rise to 38%
- 09 1.8bn pounds in compensation for victims of the post office scandal
- 10 Every Govt department to make cuts of 2% by 2025
- 11 Forecast borrowing to fall to 2.1% of GDP
- 12 11.8bn pounds in compensation for victims of the infected blood scandal
- 13 Right to Buy discounts to be reduced - so buying a council house will cost more
- 14 Stamp Duty Land Tax - surcharge on 2nd homes from 31 October to increase to 5%
- 15 NHS to receive 1.5 billion pounds for new beds, surgical hubs and scanners
- 16 22.6bn pounds increase in day to day health budget
- 17 1.4bn pounds in funding to rebuild over 500 crumbling schools announced
- 18 Cap lowered on amount taken from Universal credit allowances to pay off debts from 25% to 15%
- 19 Rate of air passenger duty increased by 50% for private jets
- 20 Chancellor extends freeze on fuel duty for 2025
- 21 Ministry of Defence budget to be increased by 2.9bn pounds next year
- 22 Core schools budget to increased by 2.3bn pounds in 2025
- 23 Income tax threshold freeze will not be extended beyond 2028
- 24 VAT exemption for private schools to be scrapped
- 25 40% relief on business rates for the retail, hospitality and leisure industries in 2025-26
- 26 Chancellor announces the non-dom tax regime will be abolished in April
- 27 Chancellor announces the budget will raise taxes by 40bn pounds
- 28 240m pounds to be spent on local services to get people back to work

Autumn Budget Analysis 2024 United Kingdom

Overview

Revenue

The UK is anticipated to experience substantial revenue expansion, rising from a projected £1,102 billion in 2023-24 to £1,149 billion in 2024-25, and further advancing to £1,229 billion in 2025-26. This marks an approximate uplift of 7% over the period.

Expenditure

During the 2024-25 and 2025-26 fiscal years, UK government spending is projected to grow from £1,276 billion to £1,335 billion, reflecting an increase of 4.62%.

Budget Deficit:

The UK's budget shortfall is projected to decline from £127 billion to £106 billion, reflecting a 16.5% decrease.

Gross Domestic Product

The UK's nominal GDP is expected to grow from £2,815 billion in 2024-25 to £2,950 billion in 2025-26 (4.8%), driven by Autumn Budget 2024 measures for business investment, green tech, and infrastructure support.

Public sector net debt

The UK's public sector net debt is expected to reach £3,088 billion in 2024-25, rising slightly to £3,133 billion in 2025-26, a 1.46% increase driven by ongoing investments in infrastructure, healthcare, and defense as outlined in the Autumn Budget 2024.

Revenue



an increase of
7%

Expenditure



an increase of
4.62%

Budget Deficit



Budget Deficit of
(16.5%)

Gross Domestic Product



Budgeted Nominal GDP £2,950
billion

Public Sector net debt

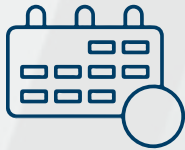
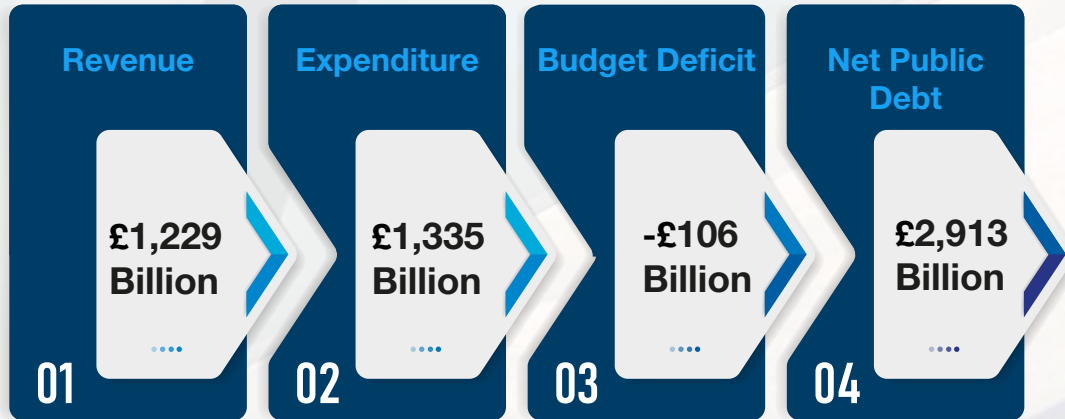


£3,133 billion
Inflation

Autumn Budget Analysis 2024

United Kingdom

Overview



Fiscal Estimates



%

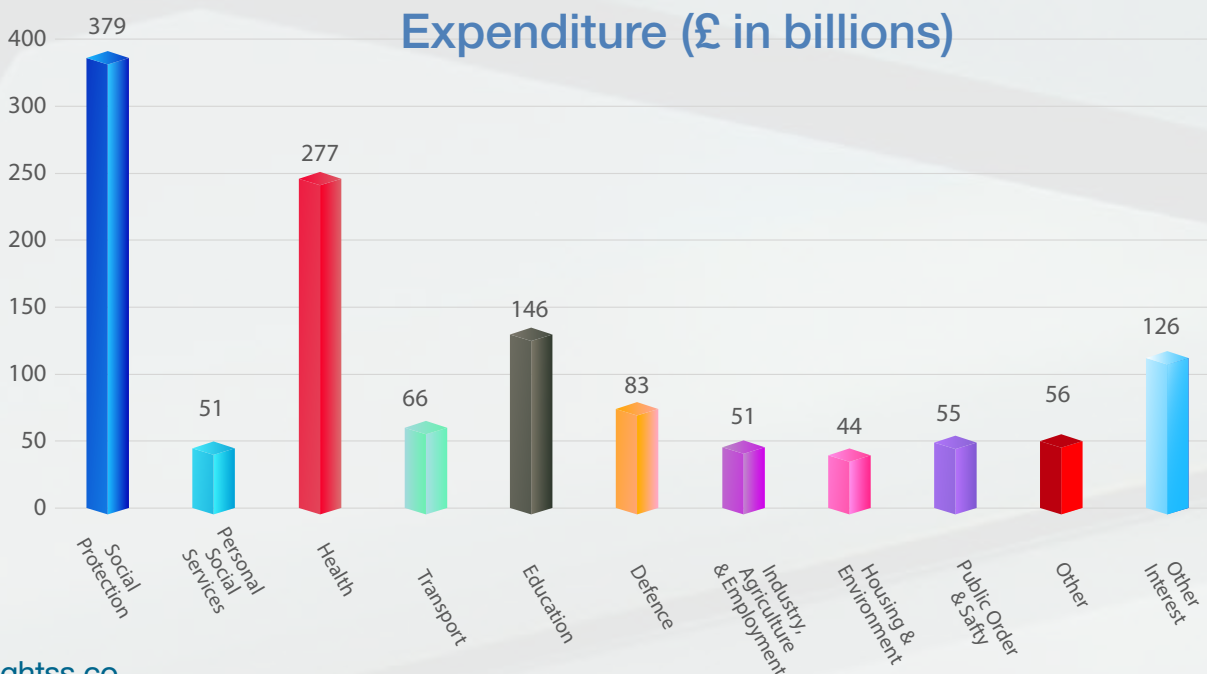
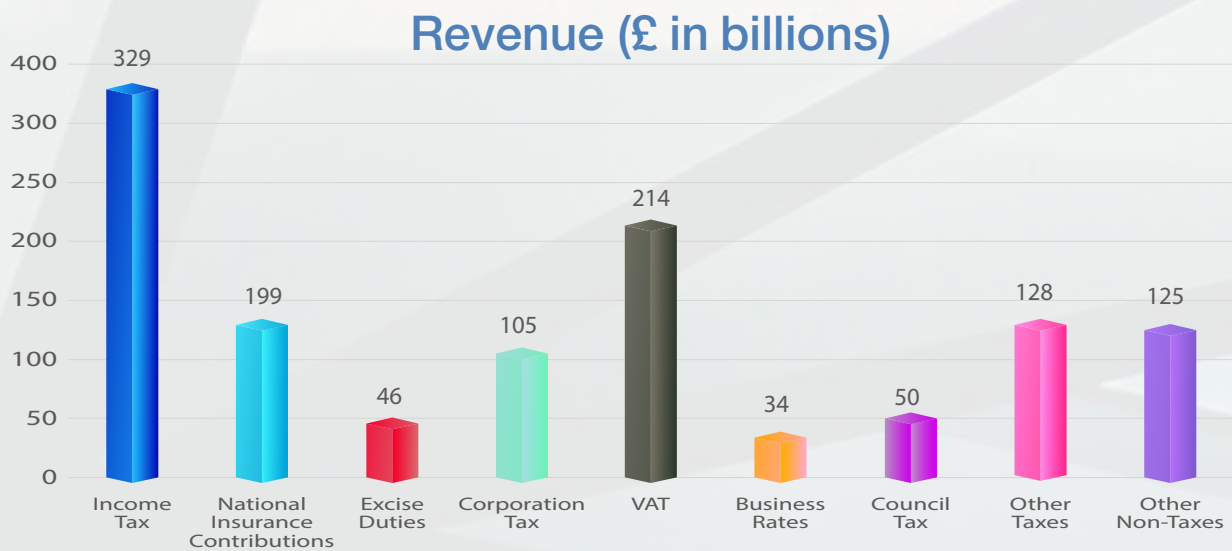
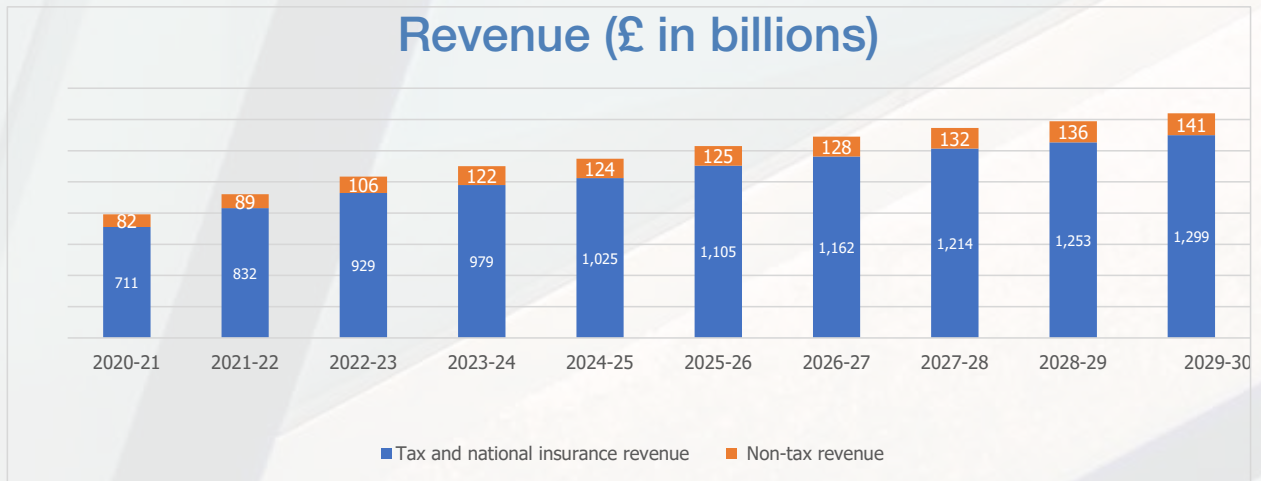
% Inc/Dec

Description	Estimated in 2024-25	Budgeted in 2025-26	% Inc/Dec
	----- £ in billions		
Tax and national insurance revenue	1,024.83	1,104.57	8%
Non-tax revenue	123.85	124.91	1%
Total Revenue	1,148.69	1,229.48	7%
Total Expenditures	1,276.18	1,335.06	5%
Surplus/ (Deficit)	(127.18)	(105.58)	-17%

Autumn Budget Analysis 2024

United Kingdom

Overview



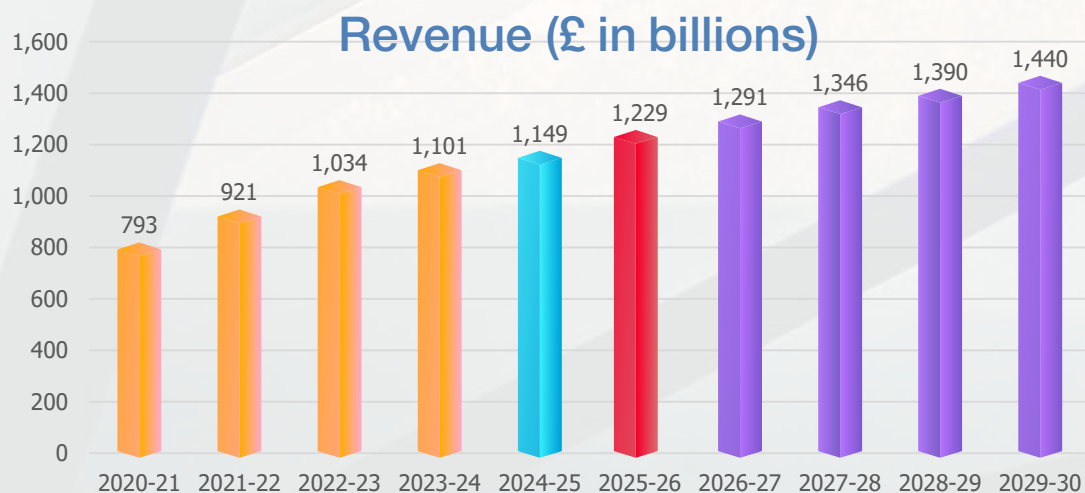
Autumn Budget Analysis 2024

United Kingdom

Commentary

Revenue

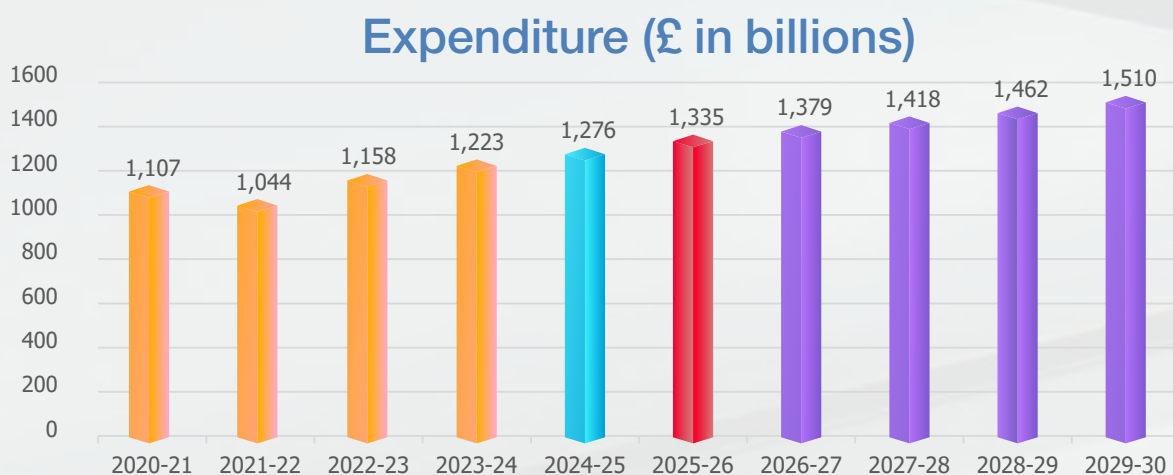
The UK's projected revenue growth, with a focus on an increase from £1,149 billion in 2024-25 to £1,229 billion in 2025-26—a rise of approximately 7%. This increase aligns with the Autumn Budget 2024 measures, including a clampdown on tax avoidance and reforms to corporate tax structures. The budget also aims to generate additional revenue through tightened capital gains and inheritance tax regulations. This steady 7% growth underscores the government's strategy to strengthen public finances by enhancing tax efficiency and fostering economic growth. Comparing 2024-25 to the previous year, 2023-24, there's an increase from £1,101 billion to £1,149 billion, marking a 4.36% rise, demonstrating a steady revenue growth trajectory as the government implements strategic fiscal policies.



Expenditure

For the fiscal years 2024-25 and 2025-26, UK managed expenditure is projected to rise from £1,276 billion to £1,335 billion, a 4.62% increase. This growth reflects allocations made in the Autumn Budget 2024, which emphasize increased spending on healthcare, defense, and infrastructure. Specific investments include a substantial boost to the NHS budget to tackle service backlogs and increased defense funding in response to global security challenges. Additionally, funds have been earmarked for transitioning to green energy, with increased support for renewable energy projects.

When comparing 2024-25 to the previous year, 2023-24, the expenditure grows from £1,223 billion to £1,276 billion, marking a 4.33% increase. This steady rise underscores the government's commitment to addressing both immediate public service needs and long-term strategic priorities.



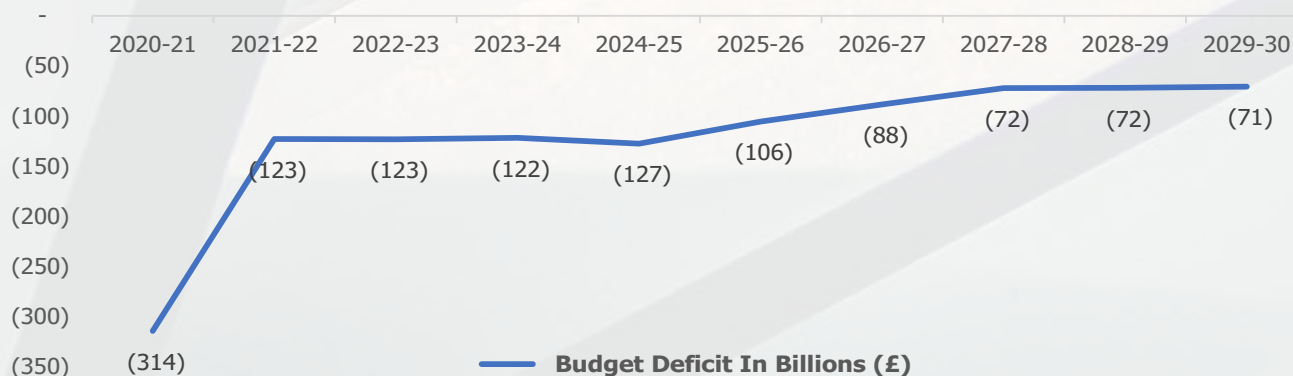
Autumn Budget Analysis 2024

United Kingdom

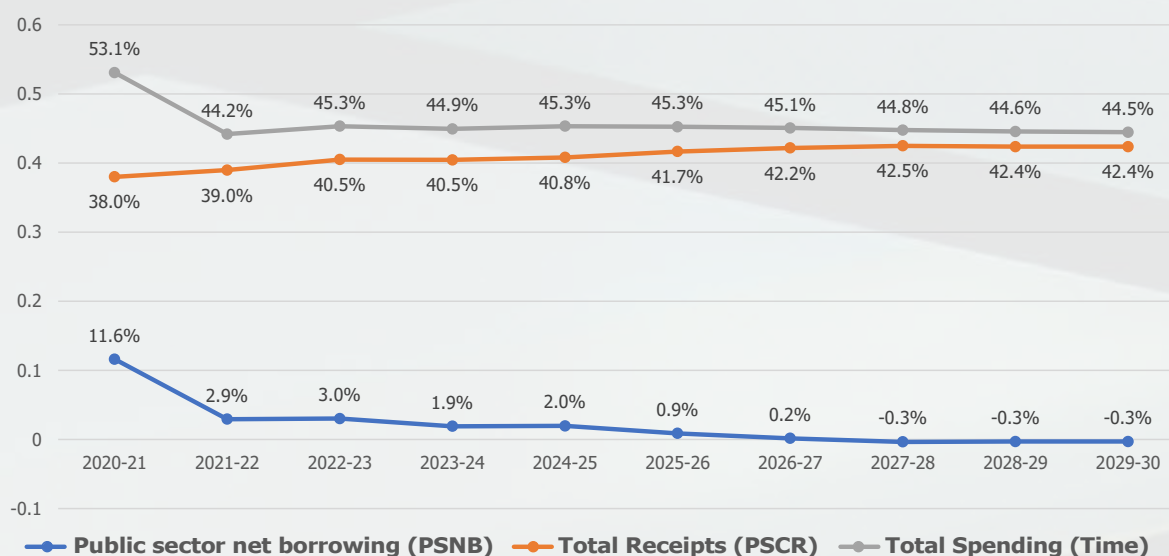
Commentary

Budget Deficit:

In the fiscal years 2024-25 and 2025-26, the UK's budget deficit is projected to reduce from £127 billion to £106 billion, marking a 16.5% decrease. This improvement aligns with the fiscal policies outlined in the Autumn Budget 2024, which emphasize deficit reduction through targeted spending and enhanced tax revenues. Key measures include tightening tax compliance to reduce avoidance, especially from multinational corporations, and revising capital gains and inheritance tax frameworks. Additionally, expenditure is being strategically controlled in non-essential areas, allowing more focus on core public services without excessive borrowing.



Percentage of GDP:



Autumn Budget Analysis 2024

United Kingdom

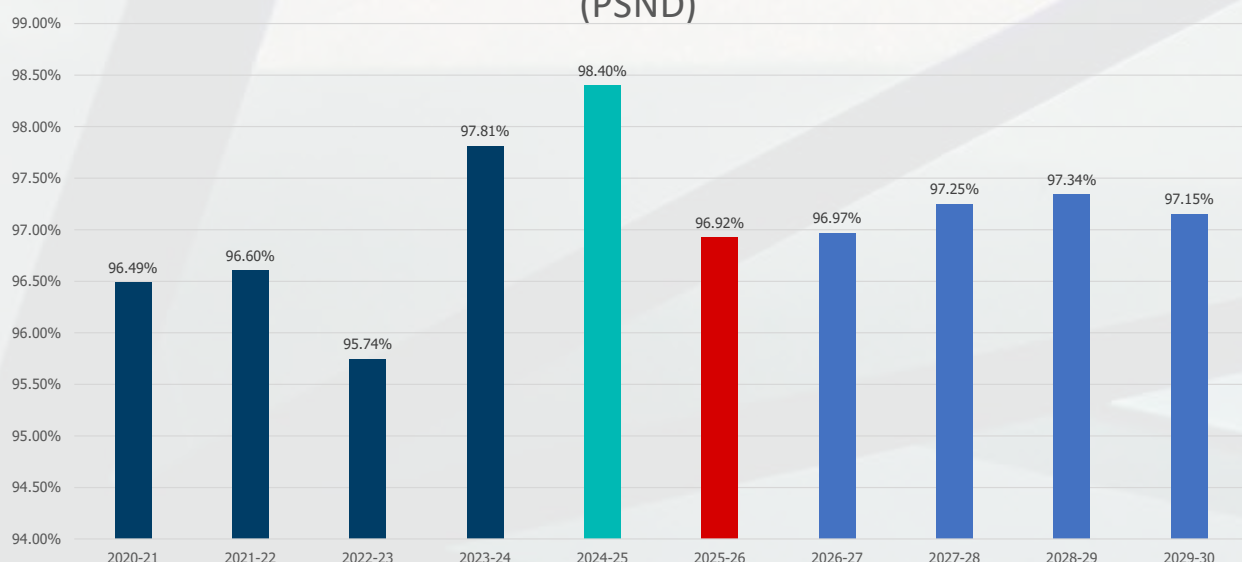
Commentary

Public Sector Net Debt

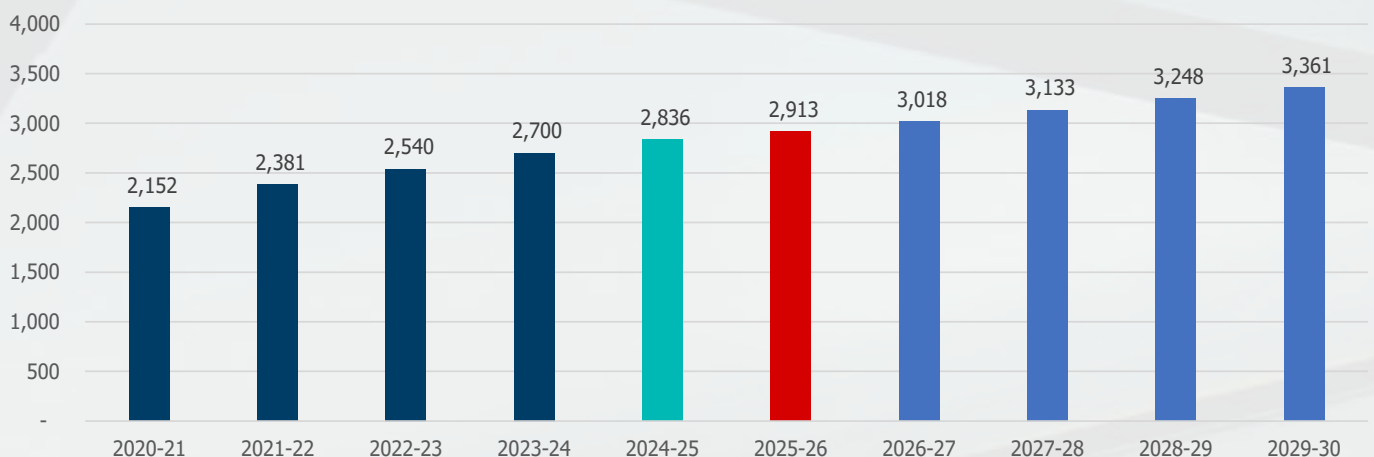
In 2024-25, the UK's public sector net debt is projected to reach £3,088 billion, increasing to £3,133 billion in 2025-26, reflecting a 1.46% rise. As outlined in the Autumn Budget 2024, this incremental increase is driven by sustained investments in essential infrastructure, healthcare, and defense, alongside efforts to stimulate economic growth. Despite the increase, the government remains focused on gradually reducing debt as a percentage of GDP through targeted tax reforms and efficient public spending.

In terms of public sector net debt as a percentage of GDP (PSND), 2024-25 is estimated at 97.20%, with a slight reduction to 96.92% in 2025-26. This minor decrease aligns with the government's fiscal strategy to stabilize debt relative to economic output, aiming for manageable long-term debt levels.

Public Sector net debt (PSND)



Public Sector net debt (£ in Billions)



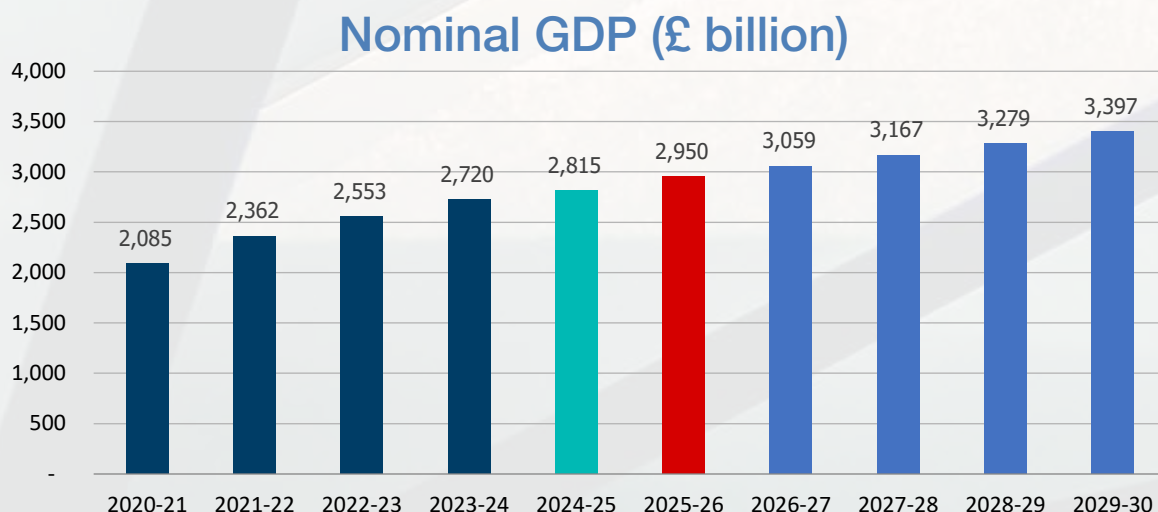
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Commentary

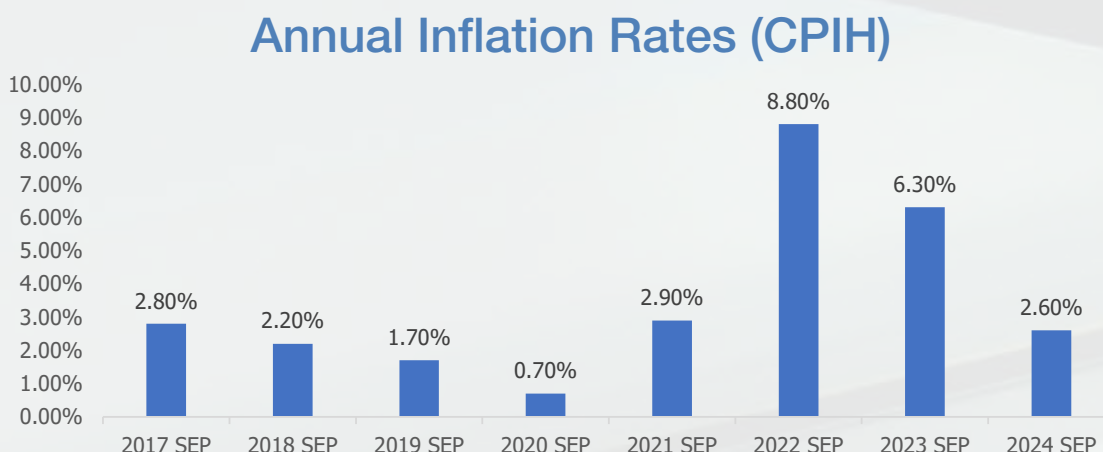
Nominal GDP

In 2024-25, the UK's nominal GDP is projected to reach £2,815 billion, increasing to £2,950 billion in 2025-26, marking a 4.8% growth. This rise reflects the anticipated economic impact of policies introduced in the Autumn Budget 2024, including incentives for business investment, green technology advancements, and skills development programs to boost productivity. The budget includes measures to support small and medium enterprises (SMEs) through tax reliefs, as well as increased public investment in infrastructure projects to stimulate job creation and economic output.



Inflation

The annual inflation rate (CPIH) in the UK reached a peak of 8.8% in September 2022, largely driven by surging energy prices and global supply chain disruptions. In September 2023, inflation moderated to 6.3% as energy costs stabilized, and targeted fiscal measures from the government began to ease inflationary pressures. By September 2024, inflation is forecasted to decline further to 2.6%, approaching the Bank of England's target rate. The Autumn Budget 2024 outlines specific policies to support this downward inflationary trend. These include additional investments in renewable energy infrastructure to reduce dependency on volatile global energy markets and funding for workforce development to improve productivity, helping to mitigate wage-driven inflation.



Key Terms and Sources

Key Terms

Key Terms	Definitions
CPIH	Consumer Prices Index including owner occupiers' housing costs.
CPI	Consumer Prices Index
OBR	Office for Budget Responsibility
HI-CBC	High-Income Child Benefit Charge
SMEs	Small and medium enterprises
GDP	Gross Domestic Product
PSND	Public Sector Net Debt
NIC	National Insurance Contributions
NHS	National Health Service

Key Sources

1. <https://www.gov.uk/government/publications/autumn-budget-2024>
2. <https://obr.uk/public-finances-databank-2024-25/>
3. <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/l55o/mm23>

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