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Spring Budget 2024: BSA Summary

Key Points

As part of today's Autumn Statement, the Chancellor has announced the following measures to

- The full documents can be found [here](#).
- The press release can be read [here](#).
- The OBR's forecast can be read [here](#).
- The BSA's Submission ahead of the Budget can be read [here](#).
- You can read about the public sector productivity drive [here](#).

Responding to the Statement, BSA Chief Executive Mark Fox said: "It's right to continue to focus on reducing national debt and borrowing. It's right to continue to focus on reducing inflation. Encouraging business and enterprise is essential to national prosperity. I welcome the Budget measures announced today that address these vital areas of national concern."

The BSA will be meeting with the Department for Business and Trade later this week to discuss the sector's reaction to the Statement.

Please send any feedback or insights to piers.neill@bsa-org.com by close of play Thursday 7th March.

In particular, DBT colleagues are looking for answers to the following questions:

- What are your organisation's overall sentiment (Positive, Neutral, Negative)?
- What are your initial reactions to the Spring Budget? (*this info will only be used internally within government*)
- In light of the budget, do you think upcoming investment decisions in your company will now look different?
- Do you have any questions about the statement?
- Any other comments?

Economy and OBR Forecasts

Inflation

- Inflation has fallen from 11% when Rishi Sunak took office to 4% today.
- The OBR forecasts show it falling below the 2% target in a few months' time - a year earlier than forecast in the Autumn Statement.

Growth

- The OBR expects growth to be 0.8% this year, and 1.9% next year - higher than previously expected. It did, however, note that the medium-term economic outlook "remains challenging".



- The forecaster said: “One of the biggest changes to our economy forecast is an increase in the size and growth of the UK population. But higher and rising levels of inactivity offset its impact on the overall size of the workforce, leaving our forecast for the level of GDP in five years virtually unchanged from the autumn, and the level of GDP per person slightly lower.”

UK National Debt

- Estimates for UK national debt are slightly higher than expected in the Autumn Statement but still on track to fall as a share of GDP in five years times.
- The OBR forecast that it will fall in every year to 94.3% by 2028-29.
- Underlying debt, which excludes Bank of England debt, is forecast to be 91.7% in 2024, then 92.8%, 93.2%, 93.2% before falling to 92.9% in 2028-29 with final year headroom against debt falling to £8.9bn.
- You can read the debt management report [here](#).

Deficit

- The Government is forecast to meet its rule on having borrowing below 3% of GDP early.
- The budget deficit is expected to fall through the next five years from 4.2% of GDP in the 2023-24 financial year, to 3.1%, 2.7%, 2.3%, 1.6% and 1.2% by 2028-29.

Taxation and Pensions

The full overview on tax legislation and rates can be read [here](#).

You can read the full personal tax factsheet [here](#).

National Insurance

- From 6 April National Insurance contributions for employees will be reduced by a further 2p from 10% to 8%, worth around £450 a year for someone on an average salary.
- Self-employed NI will drop from 8% to 6%.

Non-Domicile Regime

- The non-dom tax regime will change so that from April 2025, new arrivals to the UK will not be required to pay any tax on foreign income and gains for their first four years of UK residency.
- After four years those who continue to live in the UK will pay the same tax as other UK residents.
- Overall abolishing non-dom status will raise £2.7 bn a year by the end of the forecast period.
- Read the full changes [here](#).

Pensions

- There will be new powers for the Pensions Regulator and Financial Conduct Authority to ensure “better value” from defined contribution schemes by “judging performance on overall returns not cost”.
- The Government has confirmed that it remains committed to exploring a lifetime provider model for [Defined Contribution \(DC\) pension schemes](#) in the long-term. Officials will undertake continued analysis and engagement to ensure that this would improve outcomes for pension savers, and build on the foundations of reforms already underway, including the Value for Money Framework.



Public Sector Finance and Productivity

Spending

- Beyond 2024-25, planned departmental day-to-day spending will increase at 1% a year on average in real terms and planned departmental capital spending will follow the cash profile set at Autumn Statement 2023, adjusted where new commitments on productivity are funded in addition.
- The Chancellor argued that it is “not fair to ask taxpayers to pay for more when public service productivity has fallen. Nor would it be wise to reduce that funding given the pressures that public services face.”
- He emphasised the need for the public sector to be more productive (see below).
- The Chancellor announced £230m rolling out technology to speed up police response time by allowing people to report crimes by video call and, where appropriate, use drones as first responders.
- There will also be £105m in funding over the next 4 years to build 15 new special free schools “to create additional high quality places and increase choice for parents”.

Productivity Programme

- The Government is “reimagining how it delivers public services” through the Public Sector Productivity Programme.
- This programme “recognises that simply providing more money is not always the answer. Instead, the focus should be on targeted investment that helps reform the government public services so that they deliver value to the taxpayer”.
- The full paper *Seizing the Opportunity: Delivering Efficiency for the Public* can be read [here](#).
- Further details on NHS funding are included below.

Business, Employment and Skills

Investment and Business Taxation

- The VAT registration threshold will increase from £85,000 to £90,000, and the deregistration threshold from £83,000 to £88,000.
- There will be £200m in funding to extend the recovery loan scheme.
- The alcohol duty will remain frozen until February 2025.
- Full expensing will be extended to leased assets “as soon as it’s affordable”.
- A brand new British ISA will be introduced which will allow an additional £5,000 annual investment for investments in UK equity with all the tax advantages of other ISAs. The consultation can be found [here](#).

Employment

- The unemployment rate remains low by historic standards at 3.8% in Q4 2023, and has fallen since the summer of 2023. It is forecast to peak at 4.4% in 2024 and 2025, then to fall gradually to 4.1% in 2028.
- Economic inactivity remains elevated. Inactivity due to long-term sickness remains historically high, at 2.8 million in Q4 2023, accounting for 30% of the inactive population.



Apprenticeships and skills

- The Budget confirms plans for a £50 million Apprenticeship Growth Sector pilot, which will boost funding for eligible providers delivering 13 high-value apprenticeship standards in advanced manufacturing, green and life sciences sectors.

Energy and Environment

Infrastructure

- The Government has reached an agreement on a £160 million deal with Hitachi to purchase the Wylfa site in Ynys Môn and the Oldbury-on-Severn site in South Gloucestershire, though no decisions have been taken on projects.
- The Government has confirmed a further £120 million of funding for the Green Industries Growth Accelerator (GIGA), to support expansion of low carbon manufacturing supply chains across the UK.
- Great British Nuclear is running a competitive process for the selection of Small Modular Reactors (SMRs). The Government is now moving to the next stage of the SMR process, with six companies invited to submit their initial tender responses by June this year.
- The Electricity System Operator will publish this month, the transitional Centralised Strategic Network Plan which is expected to stimulate up to £60 billion additional investment in the GB network.
- The National Energy System Operator will be established in 2024, critical for the delivery of grid reforms and better system coordination, including through the new Strategic Spatial Energy Plan.
- The Government has published the full parameters for the [Contracts for Difference Allocation Round 6 \(AR6\)](#) to provide clarity and certainty for investment into the UK's renewables sector.

Taxation, levies and relief

- The Energy Profits Levy (EPL) has been extended by an additional year until March 2029.
- Legislation will be included in the Spring Finance Bill to disapply the levy when prices return to normal.

Energy

- The Government is examining the findings from the SME Business Energy Advice Service pilot in the West Midlands to inform future policy in this area, including the potential to expand support nationwide.
- A taskforce will be launched, chaired by the Rt Hon Julian Smith CBE MP, to explore Alternative Dispute Resolution mechanisms for disputes on compensation between landowners and electricity network operators.

Welfare

Welfare

- The OBR forecasts that the welfare cap will be breached by £7.4 billion in 2024-25. This is a £1.1 billion improvement on the Autumn Statement forecast breach.
- The Government is extending the duration of the Additional Jobcentre Support pilot, currently live in 90 Jobcentres in England and Scotland, for a further 12 months. As part of the pilot extension, claimants will be required to accept a new claimant commitment at 6, 13 and 26 weeks, agreeing to more work requirements or have their claim closed.



- The Government is providing additional funding to support the processing of disability benefit claims. The funding will increase system capacity to meet increased demand.
- The Government is committing £17 million to accelerate DWP's digital transformation, replacing paper-based processes with simplified online services.

Additional Support

- For people taking advance loans, the repayment programme will increase from 12 months to 24 months.
- The £90 charge for debt relief orders will be abolished.
- The Household Support Fund, which helps low-income families facing particular financial problems, will be extended for another six months with an extra £500m.

Childcare

- The Government will guarantee the rates that will be paid to childcare providers in order to deliver the childcare offer for children over 9 months old for the next two years.
- The threshold at which parents start paying the High Income Child Benefit Charge, from £50,000 to £60,000.
- The taper rate at which it is withdrawn will increase to £80,000.

Devolved and Local Government

Devolution Announcements

- A deeper devolution trailblazer deal for North East Mayoral Combined Authority has been [announced](#), underpinned by new Level 4 devolution framework. This includes new tools and package of financial investment potentially worth over £100 million to drive growth in key sectors, including £37 million of flexible funding and an agreement to designate a new business rates retention growth zone.
- New Level 2 devolution frameworks have been published for [Buckinghamshire](#), [Surrey](#), and [Warwickshire](#).
- Further detail on single settlements in West Midlands and Greater Manchester trailblazers has been [published](#).
- £15 million in new funding has been announced to the West Midlands Combined Authority to support culture, heritage and investment projects.

Levelling Up Funding

- The Long-Term Plan for Towns has been extended to further 20 towns: 14 towns in England, 3 in Scotland, 1 in Wales and 2 in Northern Ireland. Note [published](#) setting out the method for identifying these.
- An allocation of £100 million for levelling up culture projects has been [announced](#).

Other Regional Announcements

- The Ten-year vision has been [published](#) for comprehensive regeneration in Leeds.
- A new document has been [published](#) setting out government ambitions for the growth of Cambridge and the actions being taken to tackle existing constraints. Measures were also [announced](#) to address water scarcity in Greater Cambridge, with a [Joint Statement](#) published.
- The Chancellor announced that AstraZeneca [plans](#) £650 million investment in UK, in Speke and Cambridge.
- Guidance has been [published](#) on how to express interest in applying Community Ownership Fund Round 4.



- The Government's response has been [published](#) to consultation on Business Rates Avoidance and Evasion.

Health

Driving productivity in the NHS workforce

- The Government will build on the progress in driving productivity reported as a result of the NHS [Long Term Workforce Plan](#), which was designed to boost the NHS workforce.
- The Budget marks the next step for the [Public Sector Productivity Programme](#), including a comprehensive NHS productivity plan backed by £3.4 billion of funding.
- The programme aims to double investment in NHS technological and digital transformation.
- Steps to be taken include upgrading MRI scanners; rolling out universal electronic patient records; and reducing time spent by frontline workers on administrative tasks.
- NHS England will begin reporting against new productivity metrics regularly by the second half of 2024-25.

Technological and digital transformation in the NHS

- Digital transformations aimed at improving online experience for patients were announced. Steps will include making the NHS App the “single front door” through which patients can access NHS services. The NHS app also aims to support digitally enabled prevention and early intervention services.
- £430 million will be invested to transform access and services for patients, allowing patients to manage and attend appointments virtually.
- £1 billion in funding has been allocated to accelerate automated technologies in order to reduce time spent on administrative tasks by NHS staff. Pilots will be introduced to test the ability of AI to automate back-office functions and NHS staff will be provided with digital passports and access to a new app.
- The Federated Data Platform (FDP) will be accelerated, with the aim to bring together operational and ICS data currently stored on separate systems to every trust by the end of 2026-27.
- £2 billion to be invested to “update fragmented and outdated IT systems”. Steps include upgrading IT systems and scaling up existing use of AI; ensuring all NHS Trusts have Electronic Patient Records by March 2026; upgrading MRI scanners with AI; and digitising transfers of care.
- The Government forecasts that investing in technological and digital transformation will help to unlock £35 billion in cumulative savings by 2029-30.

Further announcements

- The Government announced an additional £2.5 billion of day-to-day funding for NHS England in 2024-25.
- The Government will aim to reduce the costs of agency staffing whilst ensuring that emergency cover can continue.
- NHS England will introduce measures to review agency price caps, tighten controls and rules around agency staffing, and improve support and transparency.
- £35 million to be invested over three years to improve maternity safety across England, including specialist training for staff.



Planning and Investment Zones

Investment Zones and Freeports

- Further details have been [published](#) on the six Investment Zones: Greater Manchester, Liverpool City Region, North East of England, South Yorkshire, West Midlands and Tees.
- The Investment Opportunity Fund [Prospectus](#) sets out further details of the Investment Opportunity Fund, available over five years to secure specific, named private investment in Investment Zones and Freeports.

Housing

- Following the £188 million allocated to housing projects in Sheffield, Blackpool and Liverpool at the Convention of the North, the Budget allocates over £240 million to housing projects in London (Barking and Canary Wharf).
- There will be a new £20 million investment in social finance will build up to 3,000 new homes and improve capacity of local community groups to deliver housing.

Transport, Infrastructure and Planning

- The Budget confirms £4.7 billion in long-term funding settlements for places outside city regions in the North and Midlands.
- Government remains committed to delivering privately financed HS2 Euston station. A Ministerial Taskforce will oversee next stages of delivery, set strategic direction, and facilitate decision-making.
- The next section of East West Rail has been given the green light, accelerating works to allow services from Oxford to Bedford to run by the end of the decade.
- The timetable on the East Coast mainline will be upgraded from December 2024.
- A revised National Networks National Policy Statement has been [published](#).
- The [Consultation](#) on an accelerated planning service, planning performance measures, extensions of time, expedited appeals and section 73B applications, has been published.
- The [Response](#) to the consultation on Operational reforms to the Nationally Significant Infrastructure Project (NSIP) consenting process has been published.

Tech

Investment

- The Government is more than doubling the size of i.AI, the AI incubator team, to ensure that the UK Government has in-house technology expertise.
- £34 million to expand the Public Sector Fraud Authority by using AI to help combat fraud in the public sector.
- £14 million committed for public sector research and innovation infrastructure.
- The Government will invest up to £100 million in the Alan Turing Institute over the next five years.

Digital technology and AI

- £7.4 million upskilling fund pilot to help SMEs develop AI skills, to complement the SME Digital Adoption Taskforce that the Government will launch soon.
- The Taskforce will investigate how best to support the adoption of digital technology by SMEs to boost their productivity.



- Two new data pilots will be introduced to “drive high quality AI in education” and improve access to data in adult social care.
- The Government will provide an update on the AI Safety Institute, focused on recruitment and safety training.
- Later this year, the Government will set out how access to the public compute facilities will be managed.