

YOUR GUIDE TO THE

Spring Budget

6TH | MARCH | 2024

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The main highlights from the Chancellor's Spring Budget.

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On 6th March 2024, The Chancellor of the Exchequer, Jeremy Hunt announced the Government's Spring budget.

Prior to the main body of the budget statement, Mr. Hunt began by paying respect to the loss of life in Israel and Gaza and remembered the Muslims who died in service in the two world wars fighting for freedom and democracy.

Stating *"whatever your faith, or colour or class - this country will never forget the sacrifices made for our future"*, Mr. Hunt allocated £1m towards the cost of building a memorial in their honour.

The Chancellor then turned to the achievement of the Conservative party since 2010 summarising that despite the challenging headwinds of a global pandemic, war and financial crisis, growth has been higher than every large European economy stating that *"unemployment has halved, absolute poverty has reduced and there are 800 more people in jobs for every day that we [the conservative party] have been in power"*.

Acknowledging that interest rates remain high as they are bringing inflation down, Mr. Hunt said despite this, they are in the position to help families not on a temporary basis, but with *"permanent cuts in taxation"*.

Mr. Hunt then spoke through predictions made by the Office for Budget Responsibility (OBR), saying they show disposable household income will rise by 0.8% whereas the OBR had previously predicted that income per person would fall by 2% in the last year.

He continued by saying *"instead, after the support we have provided, it is on track to rise by 0.8% and today I take further steps to help families with cost-of-living pressures,"* he adds before beginning the main budget statement.

Further support measures for families and communities

Vulnerable families

Summarising the support, the government have provided to the country's most vulnerable families over the course of the past few years, today, Mr. Hunt announced the repayment period for advanced loans taken out by those on universal credit would be extended to 24 months from 12 months.

Additionally, it was announced that the £90 charge to apply for a relief debt order (RDO), which can support the most vulnerable citizens, would be abolished which will relieve the pressure on around 40,000 families.

The household support fund which allows local councils to support their citizens was also extended for a further six-months as *"now is not the time to stop the targeted help it offers"*.



Duty freezes

Turning to the measures in place to support local businesses, the alcohol duty freeze was extended until February 2025 benefitting around 38,000 pubs across the UK.

Another measure at the forefront of worry for businesses and families is the cost of fuel. Mr. Hunt confirmed that the 5p cut in fuel duty will be maintained for another year saving drivers around £50 on average in 2024-2025.

Taking the fuel cap and alcohol duty freeze together, the Chancellor said this would reduce headline inflation by 0.2 percentage points in 2024/25 "allowing us to make faster progress towards Bank of England's 2% target".

"The policies I announce today mean more investment, more jobs, better public services and lower taxes... for long term growth".

Economic growth

Investing & Investment zones

Mr. Hunt went on to confirm "further steps to boost investment" in the UK by pledging £200m of funding to extend the Recovery Loan Scheme as it transitions to the Growth Guarantee Scheme and increasing the VAT registration threshold to £90,000 from £85,000 on 1st April 2024, the first increase in seven years. The Chancellor said this measure would "*bring tens of thousands of businesses out of paying VAT altogether and encourage many more to invest and grow.*"

Moving onto "levelling up", Mr. Hunt allocated £100m in further funding to areas including High Peak and Coventry to support cultural projects.

£5m will also be allocated to renovate hundreds of local village halls across England so they can remain at the heart of their communities.

The Chancellor said that as a result of the decisions he takes today, the Scottish Government will receive nearly £300m in Barnett consequentials with nearly £170m for the Welsh Government and £100m for the Northern Ireland executive.

Mr. Hunt says he will also allocate £242m of investments in Barking Riverside and Canary Wharf where he says nearly 8,000 homes will be built *"as well as transforming Canary Wharf into a new hub for life science companies"*. This is following the announcement earlier in the week where £188m was allocated to support projects in Sheffield and Blackpool.

Mr. Hunt added that they are launching a new *"£20m community-led housing scheme supporting local communities to deliver the developments they want and need"*.

The Chancellor further confirmed that there will be a long-term funding settlement for Cambridge to reach its potential to be the world's leading scientific powerhouse at the next spending review, with over £10m invested in the coming year to unlock delivery of crucial local transport and health infrastructure.

Finalising this section on leveling up, the Chancellor confirmed the Treasury will help fund the renovation of Theatr Clywd in Mold and further announced the government had reached an agreement on a £160m deal with Hitachi to purchase the Wylfa site in Ynys Mon and the Oldbury site in South Gloucestershire.

"Promoting investment in our nations and regions are part of a budget for long term growth that sticks to our plan to deliver more jobs, better public services and lower taxes".

Savings vehicles

Continuing to focus on investing in UK growth opportunities, the government will give new powers to The Pensions Regulator and Financial Conduct Authority to ensure better value from defined contribution schemes by judging performance on overall returns not cost and make sure that there are vehicles to make it easier for pension funds to invest in UK growth opportunities.

Mr. Hunt said he would also introduce new requirements for DC and local government pension funds to disclose publicly their level of international and UK equity investment.

To help people save, a new British Savings Bond, delivered through NS&I, will offer a guaranteed rate, fixed for 3 years.

A new British ISA was also introduced which will allow an additional £5,000 annual investment for investments in UK equity. This will include all tax advantages of other ISAs and will be on top of the existing annual allowance of £20,000.

Renewable energy

In order to achieve the aim of nuclear energy providing up to a quarter of UK energy by 2050, Mr. Hunt announced that Great British Nuclear will begin the next phase of the small modular reactor selection process with companies having until June 2024 to submit their initial responses.

Furthermore, up to £120m will be allocated to the green industry growth accelerator to build supply chains for new technology ranging from offshore wind to carbon capture and storage by January 2025.

A&D industry

£270m of investment will be allocated into innovative new automotive and aerospace R&D projects, building the UK capabilities in zero emission vehicle and clean Aviation Technologies.

Creative industries

The Chancellor turned to offer support for the creative industries, saying the UK has become *"Europe's largest film and TV production center"*.

Mr. Hunt said he was taking further steps to attract investment into our technology related industries as he wants *"our brilliant tech entrepreneurs, not just to start here, but to stay here"*.

As such, Mr. Hunt confirmed that he will increase the rate of tax credit by 5% and remove 80% cap for visual effects costs in the audio-visual expenditure credit.

Eligible film studios in England will also benefit from a 40% relief on their gross business rates until 2034, he added.

Furthermore, the government will introduce a new tax credit for UK independent films with a budget of less than £50m.

£26m of funding was also allocated to the National Theatre to upgrade its stages.

Recognising the vital importance of the tourism that comes from the creative industry, Mr. Hunt announced that he is making the tax release announced in the autumn statement permanent at 45% for tutorial orchestral productions and 40% for non-touring productions.



Medical research

An additional £45m in funding was announced to support research by medical charities into diseases such as cancer, dementia and epilepsy including £3m for Cancer Research UK.

Praising the work of AstraZeneca in making the Covid-19 vaccine possible, he announced plans to invest £650m to expand their footprints on the Cambridge biomedical campus to fund the building of a vaccine manufacturing hub in Speke, Liverpool.

NHS Funding

Following a summary of the measures put in place in the autumn statement in relation to childcare, education and the NHS, Mr. Hunt confirmed there will be nearly £6bn of additional funding for the NHS. £3.4bn of that will be used to improve *"outdated"* IT systems and £2.5bn will go towards helping the health service *"meet pressures in the coming year"*.

Mr. Hunt said that with these new investments, *"allow the same number of consultants to do an extra 200,000 operations a year and it will fund improvements help doctors read MRI and CT scans more accurately and quickly. Speeding up results for 130,000 patients every year and saving 1000s of lives"*.

Police and court services

The chancellor pledged £75m to roll out more violence reduction units and hot spot policing in England and Wales stating that they have so far prevented an estimated 136,000 knife crimes and other violent offences since 2019.

A further £230m will be spent on *"time and money saving technology"*, allowing people to report crimes via video call and for drones to be used as first responders *"where appropriate"*, in order to free up the officers to increase response times.

£170m will be allocated to fund non-court resolutions in order to reduce reoffending and digitise the court process.

Care and education provisions

Explaining how too many children in care end up being looked after by unregistered providers at an expensive cost, £165m was announced over the next four years to increase the capacity of the children homes estate.

£105m was also allocated over the next four years to build 15 new special free schools to create additional high-quality places and increase choice for parents.

Taxes

Vaping and tobacco products

Duty is to be introduced on vaping liquids for the first time in October 2026. A one-off increase in tobacco duty will be made at the same time in order to encourage people to stop smoking, thus reducing the strain on the NHS for illnesses related to this.

Air duty

Mr Hunt also confirmed a *"one-off adjustment"* to rates of air passenger duty on non-economy flights only to account for high inflation in recent years.

Furnished holiday lets (FHL)

The FHL tax regime, which relates to short-term rental properties, is to be abolished from April 2025 as Mr. Hunt said he is *"concerned that this tax regime is creating a distortion meaning that there are not enough properties available for long term rental by local people."*

Stamp duty land tax (SDLT)

SDLT Multiple Dwellings Relief is being abolished from 1st June 2024. This applies to purchasers of residential property in England and Northern Ireland who acquire more than one dwelling in a single transaction or linked transactions.

This is being abolished due to there being no strong evidence that it had supported investment in the private rented sector and it was in fact being regularly abused.

Capital gains tax (CGT)

Mr. Hunt announced the higher rate of CGT that exists for residential property was being reduced from 28% to 24%.

Separately of note, the CGT annual allowance reduces from £6,000 to £3,000 in the 2024/25 tax year.

'Non-Dom' tax status

The non-dom tax status has been abolished. This means that foreign nationals who live in the UK, but are officially domiciled overseas, will no longer be able to avoid paying UK tax on their overseas income or capital gains. A *"modern, simpler and fairer"* residency-based system will arrive in 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.

"Recognising the contribution of many of these individuals to our economy...", Mr. Hunt said that they will *"put in place transitional arrangements for those benefiting from the current ratio"*. This will include a two-year period in which individuals will be encouraged to bring wealth earned overseas to the UK where it can be spent and invested here.

Mr. Hunt said that this is a measure that will raise £2.7bn a year and they will *"use this revenue to help cut taxes on working families"*.

Child benefit

The threshold on the high-income child benefit charge, which hits payments if one parent earns above £50,000 a year, is to move to a household-based system by April 2026 as *"it is not a quick fix"*. However, the threshold will rise to £60,000 from April 2024 and the top of the taper where the benefit is withdrawn altogether is raised to £80,000.

Mr Hunt said this means that *"no one earning under £60,000 will pay the charge, taking 170,000 families out of paying it altogether."*

This also means that half a million families with children will save an average of £1,300 next year.

Income tax

The Chancellor confirmed that national insurance will be cut by 2p from 6th April 2024.

This measure means the tax will drop from 10% to 8% for employees and the self-employed rate will reduce from 8% to 6%.

This works out that the average employee saves £450 per year and a self-employed person will save around £350 per year.

"[Income tax changes] will grow our economy by rewarding work".

The national insurance cuts will mean the equivalent of 200,000 more people in work filling one in five vacancies, adding 0.4% to GDP.



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“We stick to our plan with a budget for long term growth. It delivers more investment, more jobs, better public services and lower taxes. But dynamism in an economy doesn't come from ministers in Whitehall. It comes from the grit and determination of people who take risks, work hard and innovate. Not Government policies but people power. It is to unleash people power that we today put this country back on the path to lower taxes. A plan to grow the economy versus no plan. A plan for better public services versus no plan. A plan to make work pay versus no plan. Growth up, jobs up, taxes down. I commend this statement to the house”.

Jeremy Hunt

Chancellor Of the Exchequer

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