

Committee(s): Finance Committee – For information	Dated: 9 April 2024
Subject: Spring 2024 Budget – Briefing for members	Public
Report of: Chamberlain	For Information
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Summary

On the 6th March 2024, the Chancellor of the Exchequer, Jeremy Hunt MP, delivered the Spring budget for 2024/25. The key points, and specific relevance to the City Corporation are set out in the report.

Overall, it is disappointing that the Government has not announced measures to adequately fund local government. Councils of all political colours are starting the 2024/25 financial year in a precarious position and are having to scale back or close a wide range of local services, so the continued squeeze on public spending in the years ahead is a frightening prospect for communities.

Recommendation

Members are asked to:

- Note the report.

Main Report

Economic Outlook

1. Overall, the economic outlook is similar to the forecasts from November 2023 and the autumn statement. Inflation has reduced at a slightly quicker rate and is now projected to the 2% target in the second quarter of 2024, around a year earlier than previously forecast. The expectation is it will then fall slightly below 2% before settling back at that level in 2028. Current MTFP assumptions include inflation at 2% for local risk budgets so this forecast would be within those levels.
2. The UK economy is currently in recession but is forecast to grow by 0.8% in 2024 increasing to 1.9% in 2025. Despite this growth, the medium-term outlook remains challenging due to high debt levels.

Local Government (City Fund)

3. The Household Support Fund is to continue at current levels for a further six months to the end of September 2024. Based on previous allocations and usage this would equate to c£60k for the City Corporation.

4. The Government is providing £240m for housing developments, including at Barking Riverside (£124m for 7,200 homes) and Canary Wharf (£118m for 750 homes) and £4m to set up the Euston Housing Delivery Group to support plans to develop 10,000 homes.
5. Right to Buy Receipts from the sale of HRA properties will see the cap raised on their use to fund replacement homes from 40% to 50%.
6. Departmental spending (including DLUHC) will grow by 1% a year on average in real terms from 2025/26 to 2028/29 with no further spending review to be undertaken until after the General Election.

Business Rates

7. The empty property relief reset period will be extended from six weeks to thirteen weeks from the 1st April. This may have a positive impact on collection rates for the City Corporation but further detail will need to be understood. A separate “General Anti-Avoidance Rule’ for business rates in England is due to be consulted on.
8. From 1st April 2025, the rates for Theatre Tax Relied, Orchestra Tax Relief and Museums and Galleries Exhibition Tax Relief will be permanently set at 40% for non-touring and 45% for touring productions. The Barbican Centre are already benefiting from these rates and so the announcement will not provide any further savings.

General Taxation

9. Class 1 employee NICs to be reduced from 10% to 8% from 6th April 2024 and from 8% to 6% for the self-employed.
10. Capital Gains Tax on property disposals is being reduced at the higher rate from 28% to 24%.
11. Child benefit limits raised for highest earning parents up to £60k (full benefits) and £80k (partial benefits).

Other documents

Appendix 1 – London Councils on-the-day briefing

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