

GMCVO

Working to drive economic and social
inclusion in Greater Manchester

2024 Budget overview

Contents

- General overview
- The economy
- Tax
- Public spending
- Greater Manchester
- Summary

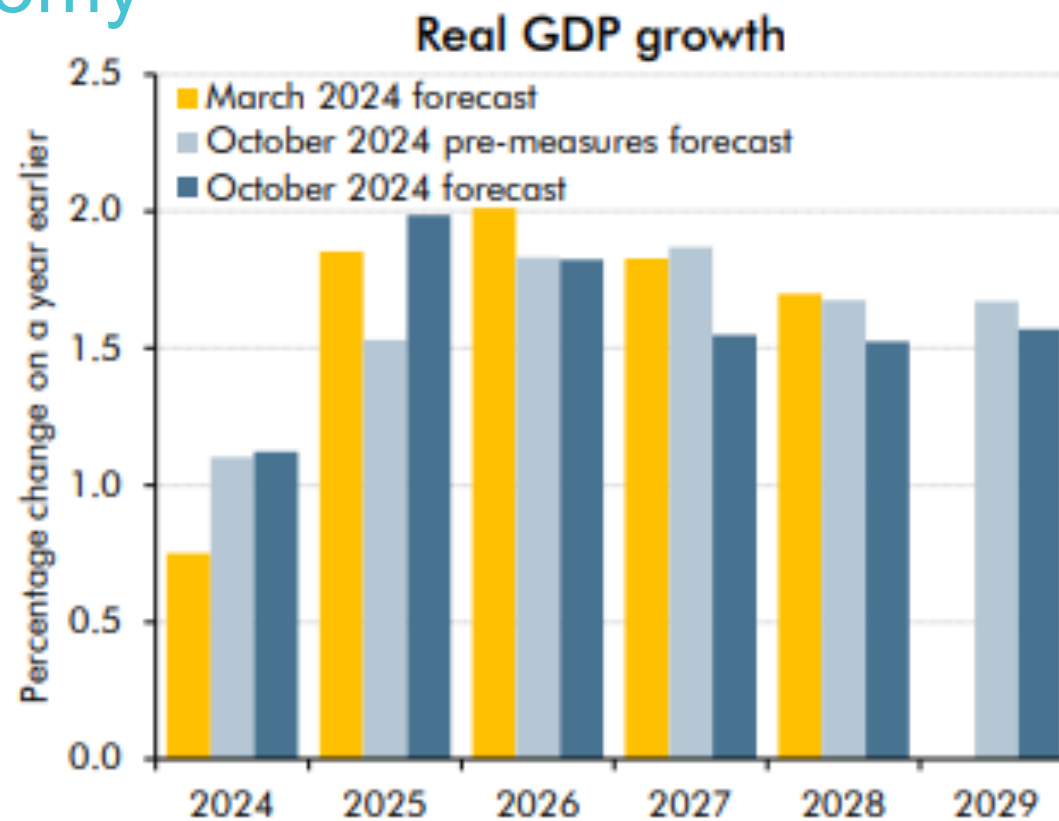


General Overview

- A significant increase in public spending – especially capital investment
- A significant increase in taxation
- Significant cuts were made in previous budgets and this won't restore everything
- Spend for the next 5 years is front-loaded – this won't be repeated
- A bet on growth and reform

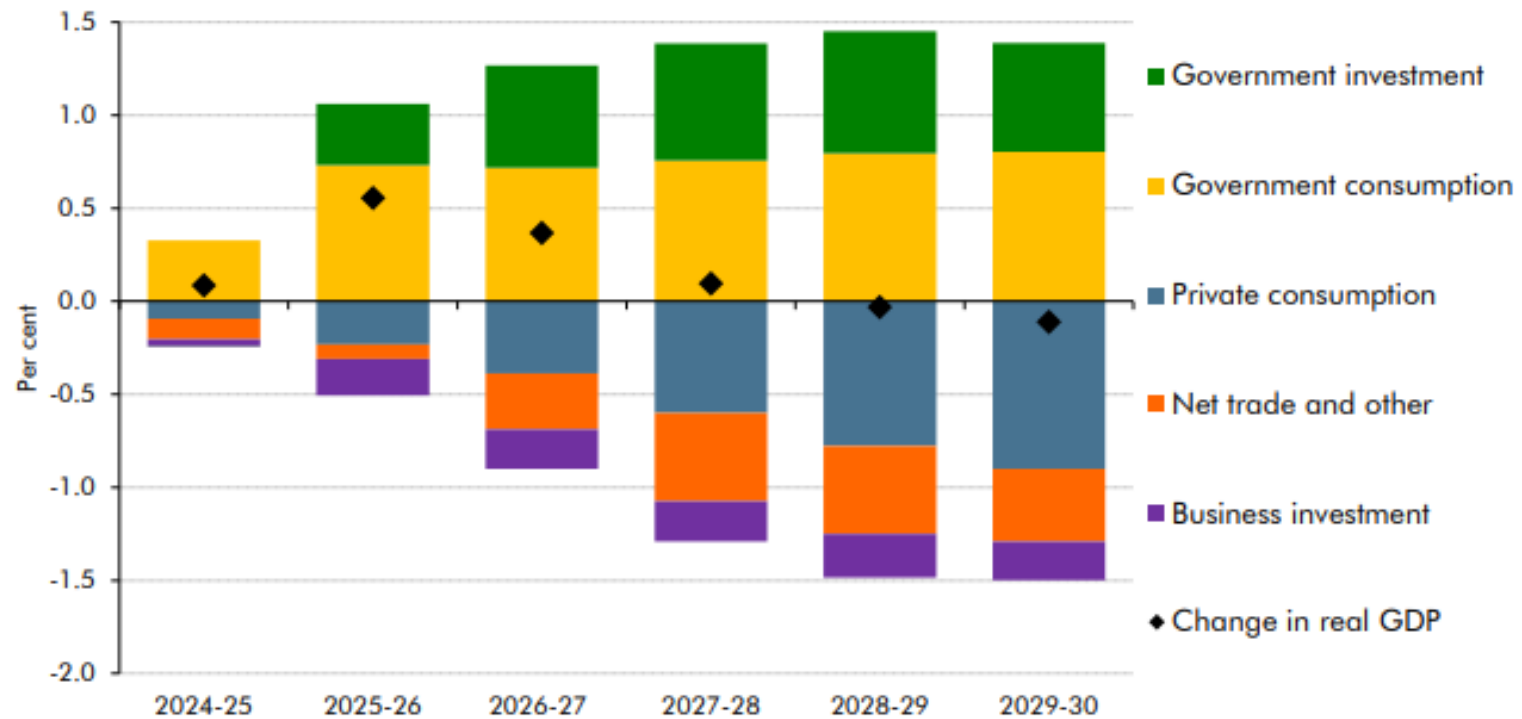


The Economy



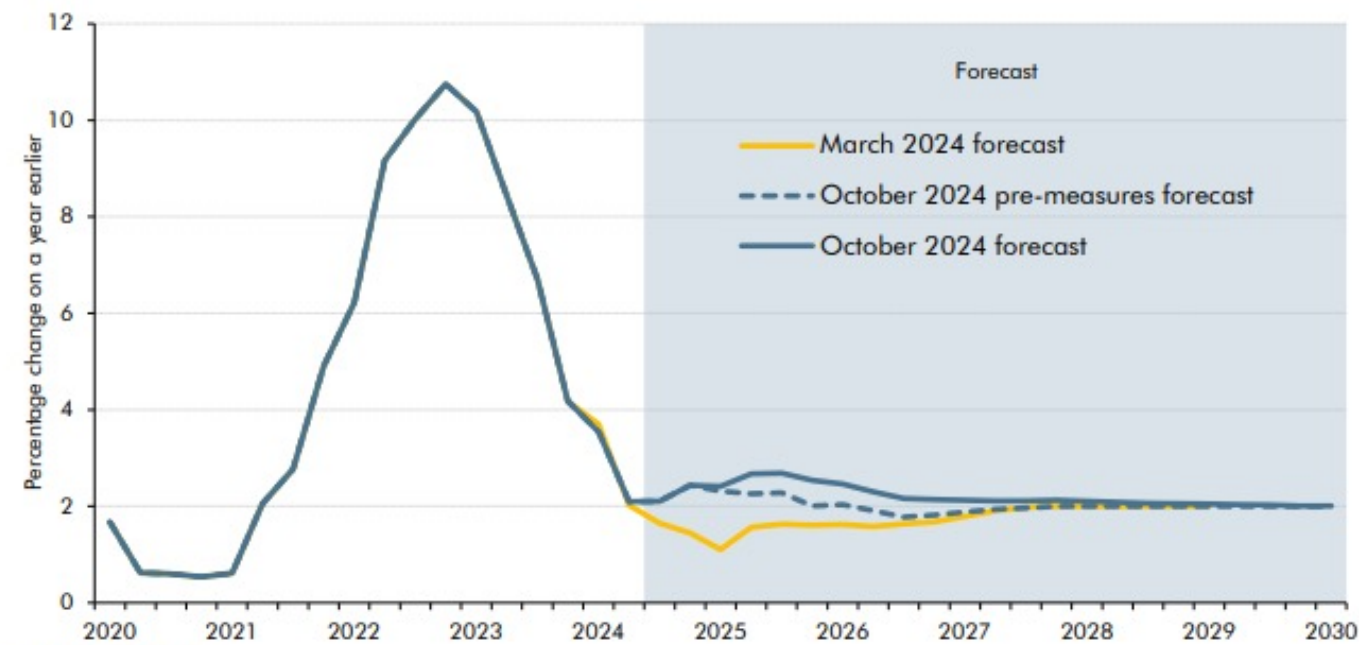
The Economy

Chart 1.3: Policy impacts on real GDP and its components



The Economy

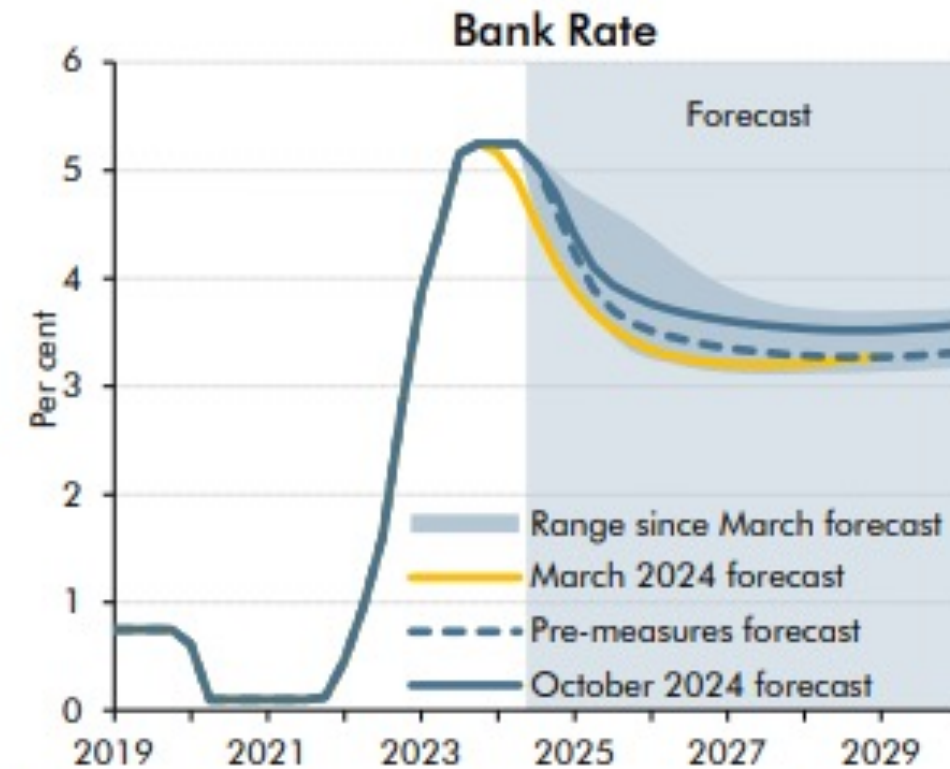
Chart 1.4: CPI inflation



Source: ONS, OBR



The Economy



The Economy - Summary

- Growth boosted in the short-term but tailing off
- Inflation stable but slightly higher over the next year
- Interest rates stabilise but at a slightly higher level
- This is based on a set of assumptions of how government spending “crowds out” private spending – the government disagree with this



Taxation

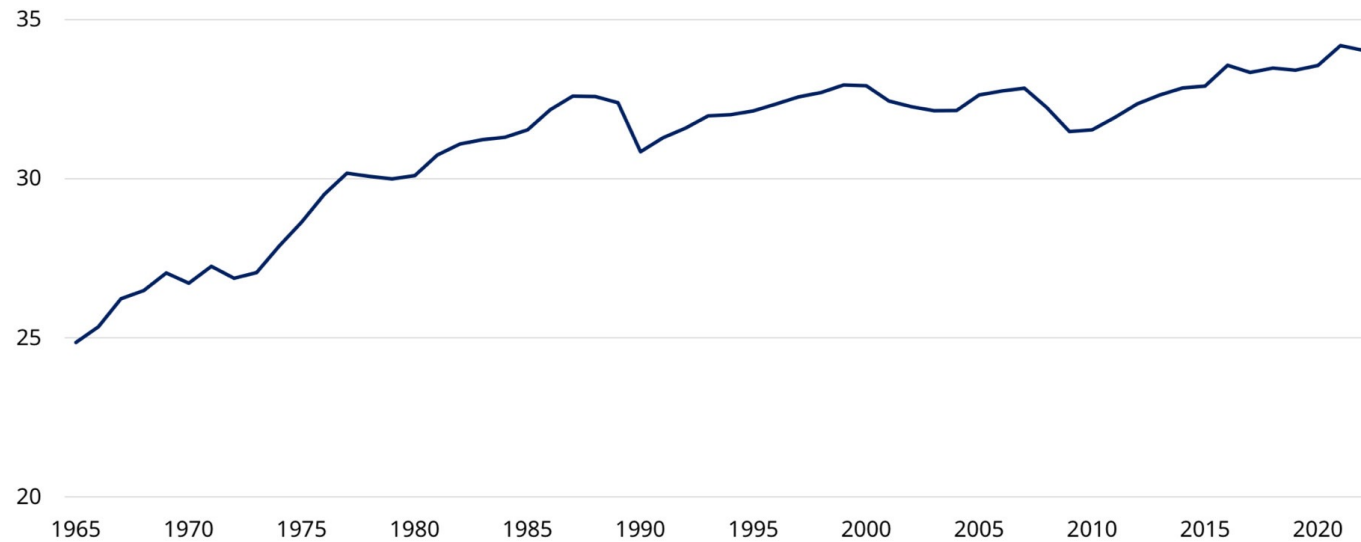
- Inheritance tax increased on pensions & farms
- Personal allowances and duty levels frozen
- Employers National insurance contributions increased with thresholds reduced (9k to 5k) and allowances increased (up to 10.5k)
- 865k employers will no longer pay NICs
- Estimated £1.4bn cost for VCFSE organisations
- Estimated £2.5bn cost for social care providers



Taxation

1. Most economies are taxed more now relative to GDP than at any point for more than half a century

Tax as % of GDP: OECD average



Spending

- Increased by £70bn a year over the next 5 years
- Roughly 2/3 on services and 1/3 on investment
- About half covered by tax and half by borrowing
- Much is frontloaded – last 3 years show average increases of 1.1%
- Each department given a 2% productivity target



Spending - specific measures

- £22bn for health revenue and £3bn for capital
- £1.3bn for Local Govt - incl £600m for social care
- £200m for City Region sustainable transport
- £500m roads maintenance
- Bus fare cap increased from £2 to £3 – not an issue in GM
- No new funding for rail
- UKSPF cut by 40% from £1.5bn to 0.9bn
- £240m for 16 employment trailblazers - £115m for supported employment for people with disabilities or health conditions



Spending – specific increases

- £300m for further education
- £1bn for SEND in schools
- £8bn on early years and family services
- £250m on innovation in children's care
- MoJ spend increased by 5.6% a year - £2.3bn for prison expansion
- Home Office cuts by 2.7% a year
- £500m on affordable housing
- £200m on homelessness



Greater Manchester

- Integrated settlement outlined in the budget with greater flexibility on spending than that promised by the last government
- No significant capital schemes as yet announced but they may follow
- A significant challenge for hospitality – GM has a lot of activity around events and entertainment
- UKSPF cuts may be a significant challenge – but may be balanced by new employment support initiatives



Summary

- More money for spending than expected
- Reflects a real belief that government thinks the state can generate growth
- There is a real drive for reform and increased productivity – technology rather than markets expected to be the driver for this
- Economic outlook doesn't look especially positive but this is based on orthodox assumptions
- Where's the workforce?
- We won't really know what much of this means until after the spring spending review

