



UK Spring Statement – 26 March

Chancellor Rachel Reeves has scheduled the UK's Spring Statement for 26 March 2025. This event will feature the Office for Budget Responsibility's (OBR) latest economic and fiscal forecasts, accompanied by a parliamentary statement from the Chancellor. Reeves has emphasized her commitment to delivering one major fiscal event annually to provide stability and certainty for families and businesses, supporting the government's growth mission.

While the Spring Statement is not traditionally a full budget, it offers an opportunity to address pressing economic issues. Given the current economic challenges, including a £22 billion deficit in public finances and recent economic contractions, there is speculation about potential adjustments to previously announced measures.

One area of focus is the planned increase in employers' National Insurance Contributions (NICs). Set to rise to 15% on salaries above £5,000 from April 2025, this proposal has faced significant backlash from businesses and the charity sector. Experts suggest that the Spring Statement could be an opportunity for the Chancellor to reconsider or modify this measure to alleviate concerns.

Additionally, the government has announced plans for a multi-year Spending Review, now scheduled to conclude in June 2025. This review aims to embed a mission-led approach, drive public service reform, and optimize the use of technology in service delivery. The outcomes of this review will set spending plans for at least three years, influencing future fiscal policies and priorities.

In the lead-up to the Spring Statement, various sectors are voicing their concerns and expectations. For instance, the farming industry is organizing a UK-wide day of action on 25 January to protest proposed inheritance tax changes affecting family farms. Such demonstrations highlight the pressures on the Chancellor to address sector-specific issues in her forthcoming statement.

It's also worth noting that the Spring Statement will occur amidst ongoing economic challenges, including sluggish growth and high inflation. The Chancellor has expressed her determination to restore economic stability and has indicated that while the Spring Statement may not introduce new tax hikes or increased borrowing, it will provide an update on the government's fiscal strategy and economic outlook.

In summary, while the Spring Statement is not expected to serve as a full budget, it presents an opportunity for the Chancellor to provide updates on the UK's economic

situation, potentially adjust previously announced measures, and outline the government's fiscal strategy in response to current economic challenges.