

## Spring Budget 2024: *Our Initial Analysis*

06 March 2024

On Wednesday 6 March 2024, the Chancellor of the Exchequer (Jeremy Hunt) presented his Spring Budget 2024 to Parliament. This is expected to be the last major fiscal event before the next general election (which is expected, at the time of writing this briefing, to take place in November). Prior to the budget announcement, there was widespread speculation that it would focus on a package of tax cuts to bolster support for the Conservative platform – but that this might be tempered after the UK [officially entered recession in February](#).

This document – designed exclusively for Heritage Alliance Members – **provides initial, ‘hot off the press’ analysis** of the most significant announcements within the Spring Budget 2024 for the UK heritage sector. A fuller briefing will be published on the Heritage Alliance website in due course.

[Click to read the full text of the Spring Budget 2024](#)

[Click to read the Budget supporting documents](#)

### Economic Overview

In his opening remarks, Jeremy Hunt stated that this was a ‘budget for long term growth’, and that ‘we can now help families not just with cost-of-living support but with permanent cuts in taxation’. He announced that the government would be able to deliver a 1% real-terms increase in planned departmental day-to-day spending – higher than analysts had predicted. According to OBR forecasts, inflation (currently at 4%) is expected to fall below the government’s 2% target in Q2 2024, a year earlier than its forecast at the time of the Autumn Statement.

However, it should be emphasised that slower inflation does not mean that prices are falling – just that they are rising at a slower rate. The cost-of-living crisis is still very much present and having an impact across the country. In recognition of this, the Budget announced £500 million to support the extension of the Household Support Fund (HSF) in England April until September 2024 – to provide money for local authorities to distribute to struggling households to help with the costs of utilities and food.

## Arts, Culture, and Creative Industries

In a move that will please many of our members, **Theatre Tax Relief (TTR)**, **Orchestra Tax Relief (OTR)** and **Museums and Galleries Exhibitions Tax Relief (MGETR)** will be permanently set at 40% (for non-touring productions) and 45% (for touring productions and all orchestra productions) from 1 April 2025. A commitment to the future of MGETR was one of the key asks of our [Heritage Manifesto](#), so this is very positive news.

**Other announcements in this area include:** a new tax credit for independent films with budgets of less than £15 million; a 40% relief on gross business rates for eligible film studios in England (to run until 2034); and £26.4 million to upgrade the National Theatre's stages and infrastructure. [More details are available on GOV.UK](#). The government also plans to allocate up to £1 million for a war memorial dedicated to Muslim soldiers who served in the British Armed Forces during the world wars.

## Digital Markets, Competition and Consumers Bill

The DMCC Bill has received [much attention within the charity sector](#), due to its potential impact on charities' ability to claim Gift Aid on membership subscriptions. The government has announced ([within the full text of the Budget](#)) that it proposes to **amend existing Gift Aid legislation** by Statutory Instrument, so that charities can continue to claim Gift Aid whilst complying with the new DMCC protections. According to the Budget, 'the amendments to the Gift Aid regime will be in place by the time the relevant provisions of the Bill come into force'. We welcome this announcement, and will continue to monitor the progress of both the DMCC Bill and the proposed secondary legislation.

## Tourism

The government announced that it would scrap various tax breaks for holiday let owners, including the **Furnished Holiday Lettings (FHL) scheme**, which was criticised for making it more profitable to rent properties to holidaymakers rather than to tenants. This may impact heritage properties which are holiday lets or sites which have holiday lets on their land. In addition, the **Capital Gains Tax** for residential property will be cut from 28% to 24%, which could incentivise individuals to sell holiday lets (by making these transactions more financially favourable).

As was widely anticipated, **Alcohol Duty** will be frozen to February 2025, in a mood to safeguard 'the great British pub'. However, there were no announcements regarding lower VAT rates for hospitality or VAT-free shopping for international visitors – both heavily lobbied for by the tourism sector.

## Environmental and Agricultural Policy

The government emphasised its support for investment in green infrastructure as a means of boosting rural economies. It is increasing the **Green Industries Growth Accelerator (GIGA)** by up to £120 million to bolster green energy technology and the expansion of low carbon

supply chains. It also confirmed plans to develop a new nuclear site on the island of Anglesey, and to reactivate the Oldbury site in South Gloucestershire.

The Budget contained little mention of farming. However, the government has committed to strengthening water and flood management efforts by providing £75 million to **Internal Drainage Boards**, which will help to ensure that agricultural land is shielded from flooding and storm damage.

More broadly, the government has extended the 5p cut to **fuel duty** – first introduced in 2022, and due to run out this month.

### Taxation

As expected before the Budget announcement, Jeremy Hunt has confirmed that **National Insurance Contributions** will be cut from 10% to 8% starting in April, following a prior reduction from 12% to 10% in the Autumn Statement – a total reduction of 2p for every pound. According to government estimates, a typical full-time nurse earning £38,900 annually will see their income increase by more than £1,000 each year. The UK now has the lowest combined basic rate of income tax and NICs since the modern system began in 1975.

**Income tax thresholds** have been static since 2021 and are set to remain frozen until at least 2028. This means that individuals who receive salary increases due to inflation are at risk of falling into a higher tax bracket, even though they may be earning less than before their pay rise in ‘real terms’. Typically, tax thresholds rise with inflation, and the Resolution Foundation has warned that the current freeze is effectively a £40bn tax.<sup>1</sup>

The government’s Recovery Loan Scheme for small- and medium-sized enterprises, initiated during the Covid era, has been extended to last until March 2026 and renamed the **Growth Guarantee Scheme**.

From April, the **VAT registration threshold for small businesses** will increase from £85,000 to £90,000 – potentially offering some for smaller heritage organisations that were to the previous limit.

### Technology

A new £7.4 million **AI Upskilling Fund** pilot that will help will help to upskill small- and medium-sized enterprises. We will await more details of the fund, and whether it could be beneficial for heritage organisations. The government is also seeking to take advantage of the opportunities of AI more broadly; some members with an interest in spatial planning may be interest to learn that the Budget proposes to ‘[pilot] the use of AI solutions to support planning authorities to streamline their local plan development processes ... which has already reduced planning officer processing times by up to 30% per application’.

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<sup>1</sup> ‘Taxpayers to Pay £40bn More Due to Threshold Freeze, Think Tank Says’, *BBC News* (6 October 2023), <https://www.bbc.com/news/business-67031930>.

## Departmental Expenditure

The full Budget document includes details of [Resource Departmental Expenditure Limits](#) (DEL), i.e. the budgets for different government departments. Increased expenditure is proposed for Education and for Local Government (with the latter primarily earmarked for the provision of adult and children’s social care). We have pulled out the details for some key heritage-adjacent departments below:

Extract from Budget Table 2.1: Resource Departmental Expenditure Limits (DEL) excluding depreciation

<b>Department</b>	<b>Outturn 2022-23 (£ billion)<sup>1</sup></b>	<b>Plans 2023-24 (£ billion)<sup>2</sup></b>	<b>Plans 2024-25 (£ billion)</b>
DLUHC Local Government	7.7	9.6 (+1.9)	12.4 (+2.8)
Transport	8.4	8.2 (-0.2)	5.7 (-2.5)
Environment, Food and Rural Affairs	4.4	4.8 (+0.4)	4.2 (-0.6)
DLUHC Levelling Up, Housing and Communities	4.0	3.4 (-0.6)	2.2 (-1.2)
Culture, Media and Sport	1.8	1.6 (-0.2)	1.4 (-0.2)

(1) i.e. actual expenditure

(2) i.e. planned expenditure