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HMT Budget 2026

28 October 2026

HM Treasury Budget document

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Measures announced in advance of the Budget

- **Homelessness and rough sleeping:** additional £432m for 2027/28–2028/29, taking the rough-sleeping programme commitment to £874m. Local allocations and guidance remain outstanding.
- **Gas standing charges abolished:** targeted for 2027 or as soon as possible afterwards. Costs move into unit rates: Government estimates 60% of households save £45 annually on average, but higher users could pay more.
- **Local growth and devolution:** £285m Good Growth funding, £150m strategic authority capacity funding and a proposed £1.5bn borrowing facility from 2028. Non-strategic-authority areas can access a share of growth funding. Business and infrastructure investment: £20.4bn additional capital, comprising £15.4bn for the National Wealth Fund and £5bn for the British Business Bank.
- **Household and worker support:** end the Carer's Allowance earnings cliff edge; extend parental pay; retain 55p business mileage, increasing to 35p above 10,000 miles; remove tariffs on 100+ products; launch low/interest-free home-energy loans.
- **Investment appraisal reform:** place-based Green Book business cases and a headline discount-rate reduction from 3.5% to 3%, giving greater weight to long-term benefits.

Local Government Finance (1)

- **Business Rates - Retail, Hospitality and Leisure:** from April 2027, qualifying properties will receive 100% Small Business Rates Relief (SBRR) up to £18,000 rateable value, with tapered relief up to £21,000 (previously £12,000 tapered to £15,000).

- **Pubs, social clubs and live music venues:** relief increases by **20% to 35%** from April 2027. The largest music venues, with rateable values of £1m or more, do not receive the increased relief.

- **Two-year real-terms freeze:** qualifying RHL Business Rates bill increases are capped by CPI in 2027/28 and 2028/29, with exclusions for specified improvements and losses of other reliefs. The Non-Domestic Rating Multipliers for 2027/28 have been confirmed as follows:

    - standard multiplier 49.7p; small business multiplier 44.7p; standard RHL multiplier 44.7p; small business RHL multiplier 39.7p; high-value multiplier: 52.5p

- **Supporting Small Business and Transitional arrangements:** the 2026 Supporting Small Business scheme extends to 2023 recipients for one year from April 2027. The 1p Transitional Relief Supplement extends for two years.

- **Household Energy Payment:** local authorities will deliver **£100 payments to households in Council Tax bands A to D** in England from January 2027, as part of a **£2.6bn** package.

- **Targeted energy support:** an additional **£100m** is provided for local authorities in England to support households acutely affected by energy bills, including some in higher Council Tax bands.

- **High Value Council Tax Surcharge:** the Budget confirms a deferral scheme, discounts and exemptions, and a 100% premium for properties empty and unoccupied for at least 12 months from April 2028.

Local Government Finance (2)

- **Business Rates reliefs for vape shops and Adult Gaming Centres:** will be removed so that these reliefs are better targeted at businesses that support thriving high streets: from April 2027, vape shops and Adult Gaming Centres in England will no longer be eligible for the RHL multipliers, and vape shops will also lose eligibility for SBRR.

- **Council borrowing:** the Public Works Loans Board (PWLB) statutory lending limit rises from £135bn to £155bn, with scope to increase to £175bn through a statutory instrument. The preferential housebuilding rate is extended to 2027/28.

- **Business rates avoidance:** a General Anti-Avoidance Rule will follow consultation. From April 2027, councils will be reimbursed for external legal costs in unsuccessful avoidance cases that test a point of law.

- **Rating appeals:** £150 and £300 Valuation Tribunal fees are abolished for the 2026 rating list and future lists, with refunds for fees already paid on the 2026 list.

- **Council debt relief:** The Government is providing £500m for Woking and £200m for Thurrock relating to PWLB debt. These are named awards, not a general council debt write-off programme.

- **Waste costs:** a three-year pilot from 2027 will fund councils' Landfill Tax liabilities from clearing illegal waste sites. Inclusion of energy from waste in the Emissions Trading Scheme (ETS) is delayed; no revised start date is specified in the table.

The Economy and Public Finances

- **GDP growth:** the OBR forecasts 1.2% in 2026, 1.0% in 2027, 1.6% in 2028, 1.8% in 2029, 1.7% in 2030 and 1.6% in 2031. The 2026 forecast is 0.1% higher than in March.
- **Inflation:** CPI is forecast to average 3.1% in 2026 and 3.4% in 2027, peaking at 3.8% in Q1 2027 before returning to the 2% target by Q3 2028.
- **Employment:** unemployment is expected to rise to 5.1% in Q2 2027, then fall to 4.1% by the end of the forecast period.
- **Household incomes:** real household disposable income per person is forecast to fall by 0.6% in 2026/27, then average 0.6% annual growth over the rest of the forecast.
- **Borrowing:** public sector net borrowing falls from 4.2% of GDP in 2026/27 to 1.8% in 2031/32. Higher debt interest costs account for the increase against the March forecast.
- **Fiscal headroom:** the stability rule is met with a buffer of £15bn in 2029/30, increasing to £22bn in 2030/31. The investment rule is met by £24bn in 2029/30.
- **Debt:** public sector net debt is forecast at 95.5% of GDP in 2026/27, peaking at 97.3% in 2028/29 before falling to 95.6% in 2031/32. Public sector net financial liabilities (PSNFL) are forecast to rise from 83% of GDP this year, to just under 84% in 2027/28, and then to fall gradually to 82% at the end of the forecast.
- **Debt interest:** the OBR forecasts an average £14bn a year of additional Government debt interest compared with March. The Budget states that policy is fully funded over the forecast.

Taxation

- **Income tax on property and savings:** rates increase by a further 2% from 6 April 2027, taking the basic, higher and additional rates to 24%, 44% and 49%. Property rates apply in England, Wales and Northern Ireland; savings rates apply UK-wide.
- **Cash ISAs:** the planned reduction is reversed and the annual cash ISA limit remains £20,000. A new incentive for first-time stocks and shares ISA investors will be explored.
- **Bank Corporation Tax Surcharge:** temporarily increases from 3% to 6% between 1 January 2027 and 31 March 2028, returning to 3% from 1 April 2028.
- **Capital allowances:** the main rate first-year allowance rises to 50% for expenditure from 1 January 2027; the main writing-down allowance falls to 12% from April 2027.
- **Online marketplaces:** VAT liability rules extend to UK businesses from October 2027, including a £90,000 minimum annual sales threshold per platform. Personal sales, second-hand goods and business-to-business transactions are excluded.
- **Tax administration:** mandatory VAT e-invoicing starts in April 2029; more regular self-assessment payments and direct debit arrangements for VAT and PAYE liabilities also begin from April 2029.
- **Private hire vehicles:** larger operators will be liable for VAT on full fares from 2 January 2028. The £50m annual fare turnover threshold is the lead consultation option, not a final threshold.

Public Spending

- **Spending Review:** the next review will take place in 2027. Day-to-day departmental spending continues to grow overall in real terms, but the Budget does not guarantee real-terms increases for every department.
- **Defence reprioritisation:** a further 1% reduction in departmental capital budgets from 2027/28 to 2029/30 raises £3bn, with £1.7bn from the Treasury capital Reserve.
- **Government Administration budgets:** reduced by 20% in real terms by 2029/30 compared with 2025/26, rather than the previous 16% target. This saves an additional £595m in 2029/30.
- **Prevention and appraisal:** a new ringfenced preventative Departmental Expenditure Limit (DEL) category will be introduced at the 2027 Spending Review.

Cornwall: Good Growth funding

- **£285m in transitional seed funding for 2027/28:** £165m will support places with a sitting mayor in 2027 to establish Good Growth Funds; £120m is incubator capital for areas transitioning towards a devolution deal or strategic authority status.

- The **Good Growth Funds** (published separately to the Budget) sets out the indicative allocation of these funds, including £2.66m for Cornwall for 2027 to 2028.

- **Reindustrialisation:** The budget reaffirms the UK Industrial Strategy as the main driver of growth across the UK including through:
  - An additional £20.4bn **public investment institutions including** an additional £15.4bn for the National Wealth Fund, £2bn for the Energy Wealth Fund and £5bn will increase British Business Bank capacity.
  - Sector-led Local Growth Plans
  - Grid updates
  - Public procurement that backs British business

- **Separate mayoral borrowing offer:** the £1.5bn facility is for Mayoral Strategic Authorities from April 2028.

- **New High Street Strategy 'Hope on the High Street':** Includes a reannouncement of the £125m Derelict Buildings Fund and funding allocations confirm that no funding will be allocated to Cornwall.

- **Additional fiscal powers** for Strategic Authorities seem to be long term plan for funding Good Growth in local areas (see Devolution section for visitor levy, business rates and income tax retention).

Devolution (1)

- **Cornwall** is listed as being in the final stages of agreement for becoming a single Foundation Strategic Authority.
- **Overnight Visitor Levy:** Government plans to legislate for all Strategic Authorities to be able to introduce an overnight visitor levy. Further detail will be provided in the 2027 Spending Review.
- **Fiscal Devolution Roadmap:** Mayors will receive a share of local income tax receipts from 2028.
- **Business rates retention:** 20% share of locally retained business rates will go to Mayors from April 2027, with an aim to achieve 100% business rate retention by the end of the decade. This will be in place of grants from central government, with local authorities retaining at least 70%. The measures "will strengthen local growth incentives and support councils to play a more active role in driving economic growth". **Since 2017/18 Cornwall already retains 100% of business rates through a 'pilot' scheme.**
- **Business rates retention zones:** A first wave of Mayoral Strategic Authorities will be offered an opportunity to propose zones. This does not include Cornwall.

Devolution (2)

- **Good Growth Funds:** Government will establish Good Growth Funds to support mayors and local leaders across England. This will comprise £285m in 2027/28, made up of £165m for places with a sitting mayor in 2027 and £120m in incubator capital for areas transitioning towards devolution or strategic authority status (as referenced above: this includes £2.66m for Cornwall).

- **Mayoral borrowing:** Mayoral Strategic Authorities will be able to access a £1.5bn borrowing facility by April 2028, including a mechanism for "concessional lending to support a broad range of locally-determined projects".

- **Capacity and capability funding:** Strategic Authorities will receive a £150m uplift to capacity and capability funding in 2027/28. Allocations and a fuller assessment will be set out at the Spending Review 2027.

- **Rural proofing:** new non-statutory guidance is being developed with Strategic Authorities and rural stakeholders, due to be published in early 2027 – to ensure devolution works for rural places.

- **Local Renewal Fund**: the new £80m fund will support job creation, local economic regeneration, maintaining heritage assets and backing local initiatives that boost economic growth.

- **Rewiring the State Delivery Plan:** to be published by the end of 2026, setting out further devolution to all strategic authorities.

Health and Adult Social Care

- **NHS winter pressures:** an additional £190m in 2026/27 for the NHS in England to manage winter and other pressures.
- **Robotically-assisted surgery:** £100m will accelerate adoption across England, aiming for an increase in robotic-assisted procedures from 70,000 a year in 2026 to 500,000 in 2035.
- **VAT on innovative treatments:** VAT will be removed on medicines donated for free, as part of early and expanded access programmes.
- **Adult Social Care:** savings from the adjusted State Pension Triple Lock (see Welfare, Work and Pensions slide) will help fund a new National Care Service in England, although details and dates remain to be established. The Casey Independent Commission on Adult Social Care will report in 2027.

Education, Skills and R&D (1)

- **Local apprenticeships:** £100m will be invested in local apprenticeship services over 2027/28 and 2028/29, with funding going to Mayoral Strategic Authorities. The money will provide tailored support and enable local employers to deliver more apprenticeship opportunities.
- **Apprenticeships in government projects:** Government has set a target that at least 3% of workforces on large Government construction and infrastructure projects will be apprentices.
- **Youth employment:** the Budget confirms funding for measures already announced in Spring 2026, including Youth Jobs Grants for businesses hiring unemployed young people; the expanded Jobs Guarantee for people aged 22-24; and a £2,000 apprenticeship hiring payment for many small and medium enterprises.
- **School PE and sport:** Department for Education funding will increase by £60m a year to contribute to the cost of new PE & Sport partnerships due to roll out in England in 2027.
- **Books for young children:** £5m a year for three years from 2027/28 will support increased access to books for pre-school children via charities.

Education, Skills and R&D (2)

- **Higher education franchising:** providers in England with 300 or more students must register with the Office for Students from 2028/29 for their courses to qualify for student finance.
- **Innovation clusters:** £1bn over four years for UK Research & Innovation (UKRI) to support priority clusters for “the businesses of tomorrow”.
- **Local Innovation Partnerships Fund settlements** will be devolved to established Mayoral Authorities from 2028.
- **Research commercialisation:** UKRI will receive £19.75m to support university partnerships and promote research commercialization through the “Collaboration for a Sustainable Future Programme”, alongside £16m proof-of-concept funding.
- **Skills and exchange:** the £15m per year Union Learning Fund will be re-established in England “to allocate to projects put forward by unions to support learning and training among workers”.
- **Erasmus**: the UK will participate in the Erasmus+ study scheme for 2027 from 1 January 2027.

Welfare, Work and Pensions (1)

- **National Living Wage (NLW)** will rise by 3.9%. From 1 April 2027, the NLW will rise to £13.21 an hour, equivalent to an increase of £910 in the gross annual earnings of a full-time worker on NLW).
- **National Minimum Wage** for 18-20-year-olds will also rise by 3.9%, to £11.27. It will rise by 3.9% to £8.31 for 16 to 17-year-olds and eligible apprentices.
- **Carer's Allowance:** the earnings cliff edge will be replaced by a 100% taper on earnings above the Weekly Earnings Limit in England and Wales, planned for 2030/31. This means carers will no longer lose their entire benefit for exceeding the earnings limit even by a small amount. It is likely to benefit around 48,000 carers in England and Wales
- **Parental pay:** from April 2029, eligible self-employed fathers, partners and adopters in Great Britain will gain access to a parental. Some people with irregular or interrupted employment histories will also qualify if they have sufficient work and earnings history.
- **Universal Credit:** the £2,500 surplus earnings threshold will be extended for a further year to the end of March 2028.
- **Welfare reform:** a Government response to the Milburn and Timms reviews is due before the end of 2026, followed by a White Paper in early 2027.

Welfare, Work and Pensions (2)

- **State Pension:** the existing Triple Lock will continue until April 2029, with annual increases by the highest of 2.5%, inflation or earnings growth. However, the **Triple Lock will be adjusted from April 2030** to remove the "ratchet effect" of the State Pension continuing to rise relative to earnings. Annual uprating will become the highest of 2.5%, inflation or the amount needed to maintain the pension's value relative to earnings as reached in April 2029.

- **Pension Tax Allowance:** pensioners with incomes at or under the value of the full new State Pension will not be brought into paying tax because of State Pension uprating in this Parliament.

- **Fraud and error:** the Government will recruit over 2,000 specialist Department for Work and Pensions fraud staff to prevent fraud in Universal Credit claims.

Planning and Housing (1)

- **Social and Affordable Homes Programme:** a £1.5bn uplift between 2027/28 and 2030/31 will deliver around 10,000 homes in England, prioritising Social Rent - especially council homes.
- **Council preferential access to the Public Works Loan Board for council housebuilding** will be extended for one year to 2027/28, at 40 basis points below the normal rate.
- **Land for social housing:** a zero VAT rate will apply to land sold to qualifying registered social housing providers from 1 April 2027.
- **Rough sleeping:** £432m in additional funding across 2027/28 and 2028/29 will extend the off-the-streets offer, ensuring that everyone who wants a bed will have one. This takes total additional funding to £874m from 2026/27 to 2028/29.
- **Homelessness review:** the Value for Money Review into homelessness funding will conclude in 2027, considering the most effective ways to reduce homelessness (including temporary accommodation and supported housing delivery models).
- **Planning technology:** local planning authorities will be mandated to digitise and publish key planning documents as open data by the end of 2027. MHCLG's AI tool PlanAssist is intended to be available to all English councils by then, subject to further testing.

Planning and Housing (2)

- **Your First Home:** a new £4.7bn scheme will support around 70,000 first-time buyers in England who would not otherwise be in a position to purchase a residential property. Income caps will be set at £110,000 per household outside London. The scheme will offer 20% equity loans, requiring a 2.5% minimum deposit. There will be no interest to pay for five years. Developers will be expected to make a contribution when signing up to the scheme to help cover costs. The first loans are due from April 2027.

- **Biodiversity Net Gain:** residential brownfield developments on sites up to 1.5 hectares in England will be exempted from Biodiversity Net Gain requirements. The implementation timetable will follow in the consultation response “in due course”.

- **Supported housing:** Government will introduce a licensing regime enforcing national standards in England from 2027/28.

- **Building regulations:** to provide further certainty for house builders, there will be no major changes to building regulations for the rest of this Parliament (except continued building safety improvements). Proportionate amendments supporting development will remain under consideration.

Cost of Living

- **Household energy:** £100 payments for Council Tax bands A to D in England from January 2027, with £100m additional targeted council support.
- **Targeted energy support:** an additional **£100m** is provided for local authorities in England to support households acutely affected by energy bills, including some in higher Council Tax bands.
- **Bus fares:** single fares in England outside London are capped at £2 for one year from 1 January 2027 (previously announced by the Prime Minister).
- **Fuel duty:** the temporary 5p-per-litre cut and the planned RPI increase are deferred to 1 July 2027. The 3.7p red diesel cut also continues to that date.
- **Food and heating oil:** tariffs on selected food products and kerosene heating oil are suspended from 26 November 2026 to 31 December 2028; fertiliser suspensions run to 31 December 2027.
- **First-time buyers:** a new ISA from April 2029 provides a 25% bonus towards a first home up to £450,000, with the bonus capped at £20,000. Existing Lifetime ISA holders retain their accounts.

Energy

- **Gas standing charges:** Ofgem has been asked to abolish domestic charges in Great Britain by the end of 2027, or as soon as possible afterwards. Costs move into unit rates, with targeted mitigation; this is not a universal £108 saving.
- **Domestic electricity VAT** remains at 0% until 1 July 2027, which is expected to take around £50 off the annual Ofgem price cap in April 2027.
- **Electricity standing charges and debt:** reform details follow in 2027. An Energy Debt Circuit Breaker includes targeted debt relief and is expected to save a typical household almost £30 by 2030.
- **Industrial electricity:** eligible manufacturers receive support from April 2027 through BICS, cutting electricity bills by up to 25%, with an additional payment reflecting earlier support.
- **Cost control:** a framework at the 2027 Spending Review will set budgets for energy cost components. The planned Gas Shipper Obligation is scrapped and hydrogen support is publicly funded instead.
- **Warm Homes Plan:** £1bn capital grant is removed. The majority of low-income and social housing funding delivered by mayors and councils is protected; Boiler Upgrade Scheme funding remains £400m in 2027/28.

Miscellaneous Measures

- **Public procurement:** a new National Procurement Policy Statement is due in March 2027, prioritising high-quality jobs, fair pay and skills - including pathways for young people. A new "UK supplier" in public procurement definition is due by January 2027: this will enable action to better understand and track UK suppliers and subcontractors across public supply chains

- **Local Government Pension Scheme (LGPS):** a relief will be introduced for the pooling of Local Government Pension Scheme (LGPS) debt assets (in England and Northern Ireland), to support LGPS reforms. This will apply to transactions from 28 October 2026 and before 1 April 2032 and will be introduced through Finance Bill 2026-27.

- **AI and public services:** £24m to expand the public sector AI defence programme, "to systematically harden the public sector technology estate" and benefit local authorities, hospitals and schools.

- **National security:** At the 2027 Spending Review, Government will set out how it intends to deliver its NATO commitment to spend 3.5% of GDP on defence commitment by 2035. By 2030, Government aims to spend 3% on defence.

- **Ukraine:** Government will make available over £10bn of additional financial support to Ukraine, on top of the UK's existing commitment to £3bn a year of military support until 2030/31 or as long as it is needed.

External responses to the Autumn Statement (1)

Cllr Eamonn O'Brien, Chair of the Local Government Association, said: "Extra funding to tackle rough sleeping and for social housing is positive. However, no overall funding increase for local government means councils will continue to struggle to meet demand and provide services to our communities."

"Government recognises that councils are central to achieving good growth and rewiring the state. These ambitions cannot be achieved if council finances remain fragile and reliant on emergency bailout agreements."

"The full value of local government will only be unleashed if both local and strategic authorities are empowered and financially sustainable. Plans for real fiscal devolution must ensure investment decisions can better meet local needs."

"We need a new deal for local government. Genuine devolution must go beyond mayors and strategic authorities to empower councils themselves. Local authorities know their communities best, and only with adequate funding, meaningful powers and a review of statutory obligations can they have the freedom to focus on local priorities and deliver for their residents."

External responses to the Autumn Statement (2)

Jonathan Werran, Chief Executive Localis, said: "The Treasury's signal of "devolution by default" sets a welcome direction, combining immediate capital mechanisms like the £285m Good Growth Fund with a £1.5bn mayoral borrowing facility from 2028, a £1.5bn extra for an affordable housing programme now weighing in at £40bn, and revised Green Book guidance that should encourage vital investment in areas that remain stubbornly left-behind."

"There is a lot to positively drive the reform of local public services here under the aegis of 'Rewiring the State', the guiding hand of Number 10 North and the clear direction set by prime minister Andy Burnham's insistence on embedding place-based collaboration as the default setting. This agenda for local public service integration and future promise of ring-fenced prevention could well provide a genuine opportunity for whole-place budgeting and modern place-based business plans to tackle systemic challenges like worklessness and skills shortages."

"Most excitingly today's Budget finally sets out the long-awaited fiscal devolution roadmap, devolving all of business rates from the end of the decade – with 20% going to mayors next year and a share of income tax to mayors also in 2028 as well as the confirmation of the visitor levy. The challenge the Treasury now faces is that delicate balancing act to prevent revenue gains accumulating disproportionately in London and the greater south-east, providing some insurance to less prosperous areas while maintaining growth incentives across all regions."

"Crucially, our mayoral strategic authorities, which will principally benefit from fiscal devolution, cannot power regional growth while their constituent local councils remain hamstrung by crippling statutory service cost pressures. Ultimately, while today's Budget takes strides toward rewiring the state, accelerating decentralisation and putting a firmer stamp of devolution across the full map of England, these great ambitions for place risk being undermined by national spending plans that remain untenable 'fantasy public finances', at least until next year's Spending Review forces a reality check".

External responses to the Autumn Statement (3)

Cllr Sean Matthews, Chair of the County Councils Network, said: "The announcement of twelve new devolution agreements for County Councils Network members is not a moment too soon. County and rural unitary councils have strong economic potential, containing the industries vital to England's growth: advanced manufacturing, defence, life sciences, agriculture and digital. They require the tools and powers to turbocharge local growth and we are pleased the government has listened to the CCN's calls for a faster, more ambitious rollout of devolution.

"The CCN set out the opportunities and challenges of fiscal devolution, including income tax retention, in a report last year. Putting powers into local leaders' hands is the right thing to do, but the benefits of income tax retention must be shared fairly across England, without disincentivising high-income areas and ensuring that councils receive a fair share of these resources. We've got a commitment for devolution to go wider, now we need to ensure it goes deeper. In practice, this should mean that the areas announced today – and in future – have access to powers and resources on par with urban mayors. With mayoral elections not expected until 2028, new strategic authorities could wait years to get 'established' status and therefore access to the fullest range of devolved powers. Government should confer established status within six months of a mayor taking office: ensuring structural procedures do not hold back growth…."

"…Strategic authorities and effective regional leadership are dependent upon financially sustainable and resilient councils. Despite the Prime Minister showing a recognition of the funding challenges facing councils, the Treasury has not opted to provide much-needed support and today fiscal devolution announcements will replace existing grants and will not necessarily provide additional funding for councils. County and rural councils bear the brunt of this: by the end of this parliament, they face £7bn of additional annual costs just to maintain services, while hundreds of millions have been redistributed from rural to urban areas. We are calling on the government to address this in the Local Government Finance Settlement, providing additional funding and re-instating 'remoteness' into how central government resource is distributed to councils.

"Equally, CCN remains deeply concerned that many of the recent decisions on reorganisation could severely undermine progress on devolution. While the government is reviewing these decisions, affected councils are still awaiting the outcome. Unless this review results in a material change in direction, we will continue to face the prospect of large-scale fragmentation and complex boundary change that will create a pattern of reform that is more costly, less stable and less effective than the current two-tier system. This could ultimately weaken, rather than strengthen, the foundations on which meaningful devolution must be built."

External responses to the Autumn Statement (4)

Helen Miller, Director of the Institute of Fiscal Studies, said: “In the face of bad economic news, the Chancellor has chosen to accept higher borrowing over the next five years. There was a small set of giveaways in the next few years, paid for with even higher borrowing today and higher revenues in later years.

“The Chancellor’s commitment to fiscal consolidation is welcome. But it is delivery that really matters. The plan to reduce borrowing has been pushed back. The planned consolidation has an Achilles’ heel in the form of very tight plans for public service spending. This Budget has a raft of fiddly measures but very little that will move the dial on growth.

“The Chancellor set out a balanced approach to devolving tax revenues to mayors – allowing areas to be rewarded for growth, but within guardrails that cap the biggest falls in funding by squeezing the most rapid growth. This sets a clear direction of travel and represents a real change in the financial stake that local areas have in economic growth.

“But on many other big areas – disability benefits, support for young people, plans for social care, and the path for defence spending – we are still waiting. Next year's Spending Review will continue to loom large. Chancellor Healey spoke today about a “breathing room” Budget for households and business and he will be hoping that he has bought the government some breathing room as well. But the government has left itself many difficult decisions, against a backdrop of lower headroom, worse living standards, and continued economic risks.”