

What Will be in The Spring Statement?

2 months ago



Today, (March 3) Chancellor Rachel Reeves will deliver her Spring Statement. This annual update provides a crucial health check for the UK economy, but under the current government's fiscal strategy, the nature of this event has changed significantly.

Here is a breakdown of what to expect and why today's announcement matters.

What time is the statement?

The Chancellor is expected to address the House of Commons at approximately 12:30 PM. This traditionally follows Prime Minister's Questions (PMQs), though as today is a Tuesday, the timing depends on the conclusion of any prior urgent questions or ministerial statements.

Is this a Budget?

Technically, no. The government has transitioned to a 'single fiscal event' model, meaning major tax hikes and significant spending shifts are reserved for the Autumn Budget. Today is formally a Spring Forecast Statement. Its primary purpose is to allow the Chancellor to respond to the latest independent economic data from the Office for Budget Responsibility (OBR).

What's likely to be in it?

While Rachel Reeves has sought to play down expectations of 'rabbit from the hat' policy announcements, the statement will set the tone for the coming financial year.

- The OBR Health Check: The core of the statement will be the OBR's revised forecasts for growth,

inflation, and public borrowing. Analysts are looking for signs that the UK is on a path to sustained recovery, following recent downgrades in growth estimates by the Bank of England.

- **Inflation and Interest Rates:** With inflation nearing the 2% target, the Chancellor is expected to highlight falling price pressures as a success of the government's "stability first" approach. This data is critical for the markets, as it influences how quickly the Bank of England might continue cutting interest rates, which directly impacts mortgage costs.
- **Targeted Business Support:** There is speculation regarding "stealth" measures or minor tweaks aimed at specific sectors. This could include incentives for green energy investment, R&D tax relief adjustments, or potential relief for the hospitality and retail sectors currently struggling with business rates.
- **Fiscal Drag:** Critics will be watching for any mention of tax thresholds. Many earners continue to be pulled into higher tax brackets as wages rise while thresholds remain frozen—a phenomenon known as fiscal drag.

Why does it matter to you?

Even without headline-grabbing tax cuts, the Spring Statement dictates the financial mood of the country. A positive forecast can lower the cost of government borrowing and bolster the pound, while a bleak outlook could lead to tighter public spending. For households, the most immediate impact will be felt in the Chancellor's rhetoric regarding the cost of living and the future path of interest rates.