

2024 Autumn Budget

31 October 2024

SUMMARY

This exclusive members' briefing provides an overview of the key announcements in the Autumn Budget, focussing on areas most relevant to the Aldersgate Group's work and its members.

The Group's reactive statement to the Autumn Budget can be viewed [here](#).

In her statement, the Chancellor of the Exchequer focused on tax and spending policy and amended the government's debt rules to enable further spending. In addition, a £40 billion package of tax increases was announced. **Key headline announcements in the Budget include:**

- £1 billion in 2025 for the **Warm Homes Plan**, and support to strengthen supply chain certainty with confirmation of a £3.4 billion investment.
- An extension to the **Energy Profits Levy** ('the windfall tax') on oil and gas profits for an additional year to 2029-30 and then increasing it by three points to 38%. The 29% investment allowance will also be removed, while the decarbonisation allowance will be retained.
- £5 billion confirmed over 2024-25 and 2025-26 to support **environmentally sustainable agriculture** in England. This includes £60 million this year for the Farming Recovery Fund.
- An additional **£300 million of funding for Further Education**.

[Click here](#) to view the Budget representation the Aldersgate Group sent to HM Treasury in September.

KEY CLIMATE, ENVIRONMENT AND ENERGY COMMITMENTS

Economy

- **Inflation** – Consumer Price Index inflation averages according to the Office for Budget Responsibility (OBR):
 - 2.5% this year
 - 2.6% in 2025
 - 2.3% in 2026
 - 2.1% in 2027
 - 2.1% in 2028
 - 2.0% in 2029
- **Economic growth** – Having stagnated last year, the economy is expected to grow by just over 1% this year, 2% in 2025 and around 1.5% in 2026.
- **Borrowing** – The OBR projects a rise from £122 billion (4.5% of GDP) last year to £127 billion in 2024-25 before falling to £71 billion (2.1% of GDP) in 2029-30. Net debt falls as a share of GDP from 98.4% this year to 97.1% by the end of the decade. Underlying debt, excluding the Bank of England, rises as a share of GDP in every year of the forecast.
- **Fiscal rules** – Announced a new 'investment rule' to reduce net financial debt as a proportion of GDP. By capturing not just the debt that the government owes, but the

expected future returns of its financial assets, the government is able to unlock billions of additional capital investment.

Business

- **National Insurance** – From 6 April 2025, the rate of employer National Insurance Contribution (NIC) is set to increase from 13.8% to 15%. The pre-employee threshold at which employers start to pay NI will be reduced from £9,100 per year to £5,000 per year. The Employment Allowance will also be increased from £5,000 to £10,500 and removing the £100,000 threshold, expanding this to all eligible employers.
- **Published a Corporate Tax Roadmap** – This includes a commitment to cap the Corporation Tax Rate at 25%; maintain the Small Profits Rate and marginal relief at current rates and thresholds; and maintain key features such as Full Expensing, the Annual Investment Allowance, R&D relief rates, and the Patent Box.
- **Capital Gains Tax (CGT)** – Increases the lower rate of CGT from 10% to 18% and the higher rate from 20% to 24% from 30 October 2024.
- **Full expensing** – Exploring extending full expensing to assets bought for leasing or hiring when fiscal conditions allow. A consultation will also be launched in the coming months to explore the tax treatment of pre-development costs.

Cost of living

- **National minimum wage** – Accepted the recommendations of the Low Pay Commission in full, with the National Living Wage due to increase by 6.7% to £12.21 per hour from April 2025.
- **Moving towards a single adult wage rate** – From April 2025, the National Minimum Wage for 18–20-year-olds will be £10.00 per hour, a 16.3% increase.
- **Household Support Fund** – £1 billion in 2025-26 to extend the Household Support Fund in England and Discretionary Housing Payments in England and Wales.
- **Winter Fuel Payments** – As announced in July 2024, the Winter Fuel Payment will be targeted to Pension Credit recipients and certain other income-related benefits from winter 2024-25, saving an average of £1.5 billion each year.
- **Working people's taxes** – Confirmed commitment to not increasing the basic, higher or additional rates of income tax, National Insurance Contributions (NICs), or VAT.

Power

- **Energy Profits Levy** – Extending the Energy Profits Levy (‘the windfall tax’) on oil and gas profits for an additional year to 2029-30 and then increasing it by three points to 38%. The 29% investment allowance will also be removed, whilst the decarbonisation allowance will be retained.
- **Great British Energy (GBE)** – DESNZ's departmental settlement provides £100 million capital funding in 2025-26 for clean energy project development in addition to £25 million to establish GBE as a company, headquartered in Aberdeen. GBE's investment activity will be undertaken by the National Wealth Fund.
- **New consultation on assessing effects of Scope 3 emissions from Offshore Oil and Gas Production** – Consulting on new environmental guidance for assessing end-use emissions related to oil and gas projects.
- **Climate Change Levy main and reduced 2026-27 rates** – Uprating the main rates of the Climate Change Levy for gas, electricity, and solid fuels in line with RPI in 2026-27.

- **Green hydrogen** – Providing support for the first round of electrolytic hydrogen production contracts. These 11 new hydrogen projects are across England, Scotland and Wales.
- **Nuclear energy support** – The settlement provides £2.7 billion to continue Sizewell C’s development through 2025-26. The process to raise equity and debt for the project will conclude in the spring. A Final Investment Decision on whether to proceed with the project will be taken in Phase 2 of the Spending Review. Also, Great British Nuclear’s Small Modular Reactor competition has entered the negotiation phase with shortlisted vendors, and final decisions will be taken in the spring.
- **DESNZ funding** – The department has been granted a 35% increase in its capital budget.

Industry

- **Investment Zones and Freeports** – The Budget confirms funding for the Investment Zones and Freeports programmes UK-wide. This includes approval of the East Midlands Investment Zone to support advanced manufacturing and green industries, and the designation of five new customs sites in existing Freeports.
- **Carbon capture and storage (CCUS)** – The DESNZ settlement re-confirmed £3.9 billion in 2025-26 for the first CCUS clusters in the UK. The Chancellor also reaffirmed the provision of £21.7 billion of funding over 25 years.
- **Port infrastructure** – £134 million invested to support the delivery of port infrastructure to facilitate floating offshore wind.
- **Research and development support** – As part of the upcoming Industrial Strategy the government is committing £2 billion in R&D and Capital funding over 5 years to support the automotive sector, including the zero-emissions vehicle manufacturing sector and supply chain. £975 million was also committed to R&D for the aerospace sector over five years, £520 million for a new Life Sciences Innovative Manufacturing Fund and Tax reliefs for the UK’s creative industries. The Budget protected the levels of government R&D investment, with £20.4 billion allocated in 2025-26. The R&D investment fully funds our Horizon association, meaning UK researchers and businesses can participate in the world’s largest programme of research cooperation, worth more than £80 billion.
- **UK Export Finance support for critical minerals** – UK Export Finance will support companies supplying critical minerals to UK exporters in growth-driving sectors. This new support targets projects that secure critical minerals from overseas and will boost supply chain resilience in key manufacturing sectors.
- **Industrial Energy Transformation Fund** – To support existing firms to decarbonise, £163 million is committed to continue the Industrial Energy Transformation Fund over 2025-26 to 2027-28.
- **Port Talbot Transition Board** – £80 million of funding for the Port Talbot Transition Board, with work already underway to support workers and businesses affected by decarbonisation at Tata Steel.

Build Environment

- **Warm Homes Plan** – The settlement will provide over £1 billion in 2025 and a further guarantee of investment for supply chain certainty, with an initial £3.4 billion towards heat decarbonisation and household energy efficiency between 2025-26 and 2027-28. Further funding over this period and the next, will be considered as part of Phase 2 of

the Spending Review, including an increase in funding for the Boiler Upgrade Scheme, after which full and final details of the Warm Homes Plan are expected.

- **Public Sector Decarbonisation Scheme** – over £1 billion of funding across three years to help decarbonise the public estate.

Transport

- **City Region Sustainable Transport Settlements** – An additional £200 million for City Region Sustainable Transport Settlements, bringing local transport spending for Metro Mayors to £1.3 billion in 2025-26. £650 million of funding for local transport in 2025-26 to ensure that transport connections improve in towns, villages and rural areas.
- **Bus fare cap** – The fare cap will be extended out to December 2025, at a new higher rate of £3, starting in January 2025.
- **Rail development** – Confirmed support for rail developments, upgrades and electrification. Specific projects include the TransPennine Route Upgrade, Northern Powerhouse Rail and East West Rail. Government will progress HS2, including the provision of funding for tunnelling to Euston Station.
- **Fuel duty** – The duty will be frozen at current levels for one year. The 5p cut will be extended for a further 12 months and the planned increase in line with inflation for 2025-26 will be cancelled.
- **EV incentives** – Existing incentives for EVs in company car tax from 2028 will be maintained. It will also increase the differential between fully electric and other vehicles in the first rates of Vehicle Excise Duty beginning in April 2025.
- **Air passenger duty (APD)** – For 2026-27, all APD rates will be adjusted to help correct for below-inflation uprating in recent years. This will equate to £2 more for those flying to short-haul destinations in economy class. The higher rate for larger private jets will rise by a further 50%. There will be a consultation on extending this rate to all private jets within the APD regime.
- **Airport expansion** – Re-confirmation of the expansion of London City Airport, in line with the position to support airport expansions where they contribute to economic growth, whilst balancing environmental objectives.
- **Active travel** – The budget confirmed an additional £100 million investment in cycling and walking infrastructure in 2025-26, with support for Local Authorities to install cycling infrastructure and upgrade pavements and paths.

Nature

- **Environmentally sustainable agriculture** – The Budget confirms £5 billion over 2024-25 and 2025-26 to support the sector in England. This includes £60 million this year for the Farming Recovery Fund.
- **Tree planting and peatland restoration** – The Budget confirms over £400 million of capital support over 2024-25 and 2025-26.
- **Flood Resilience** – A £2.4 billion investment over two years to support the building of new flood defences and maintaining existing assets to protect communities.
- **Nature Restoration Fund** – £14 million for the Nature Restoration Fund to offset the environmental impact of infrastructure and housing development, with a developer contribution, and £13 million to expand Protected Sites Strategies in priority areas.
- **Defra funding** – At least £58 million across 2024-25 and 2025-26 for research and innovation to support climate resilience and net zero goals.

Circular Economy

- **Plastic Packaging Tax** – To incentivise businesses to use recycled instead of new plastic in packaging, the Plastic Packaging Tax (PPT) rate for 2025-26 will increase in line with CPI inflation. To support the use of and investment in advanced chemical recycling technologies, businesses will be permitted to use a mass balance approach to evidence recycled content in chemically recycled plastic for Plastic Packaging Tax.
- **Landfill tax rates** – Re-confirmed the previously announced adjustment to Landfill Tax rates from 1 April 2025, which maintains the incentive to manage waste more sustainably.
- **Extended Producer Responsibility (EPR) for packaging** – The implementation of EPR scheme will bring in £1.1 billion per annum in revenue for local authorities to improve recycling outcomes.

Green Finance

- **National Wealth Fund** – The National Wealth Fund will be capitalised to invest in the UK's clean energy and growth industries, including gigafactories, ports, and green hydrogen. The Chancellor stated that the National Wealth Fund would catalyse over £70 billion of private investment.
- **Green gilt issuance** – Government confirmed it continues to make progress with its Green Financing Programme. As of 29 October 2024, the Green Financing Programme has raised a total of £43.4 billion, with plans to raise a further £10 billion via the issuance of green gilts in 2024-5.

Skills

- **Department for Education's settlement** – The department's resource spending on the education system in England will increase by £11.2 billion from 2023-24 levels by 2025-26: a 3.5% real terms increase.
- **Funding for Further Education (FE)** – An additional £300 million of funding will be provided for FE.
- **Building capacity and capability in local planning authorities** – £46 million of additional funding to support recruitment and training of 300 graduates and apprentices into local planning authorities.
- **Lifelong Learning Entitlement (LLE)** – Commitment to delivering the LLE, with a revised launch date of January 2027. The LLE will expand access to high-quality, flexible education and training for adults throughout their working lives.
- **Funding for apprenticeships** – Investing £40 million to help deliver new foundation and shorter apprenticeships in key sectors.
- **Increase in the Apprenticeship Rate** – The Apprenticeship Rate has been increased from £6.40 to £7.55 per hour.

STAKEHOLDER REACTION – See the full quotes through each organisation's links

Confederation of British Industry – Chief Executive, Rain Newton-Smith: “This is a tough Budget for business. While the Corporation Tax Roadmap will help create much needed stability, the hike in National Insurance Contributions alongside other increases to the employer cost base will increase the burden on business and hit the ability to invest and ultimately make it more expensive to hire people or give pay rises”.

Conservative Environment Network – **Director, Sam Hall:** “This Budget shows the government has the wrong priorities on the environment. There were positive announcements to protect electric car tax breaks, incentivise home insulation, and support rail electrification schemes. But ideological vanity projects were backed over low business taxes, long-term protection of the nature-friendly farming budget, acceleration of new nuclear, and support for rural bus services. The next Conservative leader now has an opportunity to offer a positive, market-led approach to the environment. They should seize this opening with both hands by pledging to sweep away state-imposed barriers to green private enterprise”.

Federation of Small Business – **FSB Policy and Advocacy Chair, Tina McKenzie:** “The decision to protect small businesses from an inflationary hike in business rates – by freezing the small business multiplier – will help small firms with premises across all sectors. Meanwhile, extending business rates relief, albeit at a lower level, for small firms in retail, hospitality and leisure will mitigate a potential cliff-edge tax hike for those in some of the toughest sectors”.

Institute for Fiscal Studies – **Director, Paul Johnson:** “But there was little in the way of serious tax reform, and some deeply disappointing decisions... Almost unbelievably this government has followed the practice of its predecessor in freezing rates of fuel duties and not allowing the “temporary” 5p cut to expire, while raising other taxes dramatically and claiming to be focused on tackling climate change”.

Labour Climate and Energy Forum – **Director, Paul McNamee, and Deputy Director, Megan Corton Scott:** “We welcome today’s budget, which showed us a Chancellor and a government that is not afraid to invest in the future of our country. To achieve a just transition and meet the public’s ambition on climate and environment requires a Treasury that prioritises workers, invests for growth, and has a long-term strategy and this budget centred all three”.