In today's Budget speech, the Chancellor ate up a lot of time announcing give-aways that are relatively small beer – in some cases, literally. We heard about funding being made available to fix potholes in England; relatively small amounts of money for leisure centres, veterans and Ukrainians; a freeze on duty for draught beer; and even investment in Tipton town centre. Jeremy Hunt spoke for over an hour, but the significant announcements in the speech could have been condensed into much less time.

The reality is that today's Budget is on top of previous Budget announcements that have yet to take effect. This includes the corporation tax hike from 19–25%, the lapsing of the triple deduction allowance, multi-year freezes in tax thresholds, slashing Capital Gains Tax allowances, and so on.

Today's announcements therefore really just adjusted the big picture and most of it was trailed before the Chancellor took to the despatch box.

A big focus was on encouraging businesses to invest more. Despite the negative backdrop of a whopping corporation tax hike from 19% to 25% next month and the expiry of the triple deduction (130% tax deduction on taxable revenue if firms invest in plant and machinery), the Chancellor announced a range of multi-billion-pound capital allowances and is introducing “full expensing” which allows 100% of qualifying capital expenditure in the UK to be written off against taxable profits. For Northern Ireland, this measure, coupled with the potential of The Windsor Framework to bring stability and investment certainty for domestic and international investors to capitalise on Northern Ireland’s unique status, will be welcomed.

Hunt trumpeted this as a Budget for growth. A technical recession (two consecutive quarters of consecutive decline) will be avoided according to the OBR. However, the UK economy will still contract in 2023 as a whole by 0.2%. So the term Budget for Growth rings a little hollow. But growth will then picking up to 1.8% in 2024 and 2.5% in 2025. This improving growth picture is also reflected in the fiscal forecasts. However, it is worth noting that the tax burden (UK taxation as a share of GDP) is set to hit 37.7% by 2027/8 which would be its highest since World War II.

But despite this upgrade in the economic outlook, UK real household disposable income is set to fall at its fastest pace since the 1950s during the current fiscal year and the one beginning next month. This will be a cumulative fall of 5.7%. The Chancellor also is providing a fiscal ‘hospital-pass’ for the winners of the next General Election. Despite big increases in new spending on Defence and a Childcare package, departmental spending is set to rise by just 1% per annum after 2025. This is arguably for the optics of the Excel spreadsheets and making the figures add up. But it appears to be unrealistic and politically undeliverable. It implies significant cuts in other departments.

The cost-of-living crisis was clearly in the mind of the Chancellor and we saw fuel duty remain frozen and will not be uprated in line with inflation and the Energy Price Guarantee will be kept at £2,500 in the UK for an additional three months. These measures will help the government achieve its halving the rate of inflation target with CPI set to dip below 3% by the end of the year.

The Chancellor also focused on increasing the supply of labour. Skills shortages are everywhere. Brexit and demographics have added pressure to the labour supply. Childcare costs in the UK are also one of the highest in the world. One of the biggest give-aways today was therefore providing 30 hours of weekly free childcare to parents of one and two year olds in England when both parents are working. Northern Ireland will get its Barnett Consequential from this – one part of a total of £130million that NI will receive. NI though will have the freedom to spend this as it sees fit, but the lack of a Childcare Strategy is clearly another growing issue in Dormant Stormont's ever-increasing in-tray.

On increasingly labour supply, there was also a package of carrot and stick measures to attract more sick and disabled people into the workforce. But again this would be something for an NI Executive to review. Given that NI has the highest levels of economic inactivity in the UK it is highly relevant.

Early retirement has also been a key problem, particularly with high income employees within the NHS. The Chancellor abolished the lifetime allowance on pensions and raised the annual limit from £40,000 to £60,000 per year in order to help address this.

The one big thing missing was anything on public sector pay to help prevent further strike action and that will be an issue Stormont will have to grapple with when it is back up and running. The Chancellor also dangled a carrot to NI's politicians when stating that there would only be an Investment Zone in NI whenever devolution is functioning. From a

Northern Ireland perspective, getting Stormont back to work is critical.

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