Autumn Budget 2024

Our Analysis

October 2024

The Heritage Alliance

Image: BBC, under the Open Parliament License

Introduction

On Wednesday 30th October 2024, the Chancellor of the Exchequer (Rachel Reeves) presented the Autumn Budget to Parliament, Labour's first in 14 years. She opened her speech by recalling previous times the Budget was delivered by the Labour Party to 'Rebuild Britain' in 1945, 1964 and 1997, as well as acknowledging her historic position now as the first female Chancellor of the Exchequer. This briefing paper provides analysis of the most significant announcements for the UK heritage sector.

Additional resources can be accessed at the following websites:

- You can find the Chancellor's speech in full, and the Budget document here.
- All associated supplementary documents can be found here.
- You can re-watch the Chancellor's speech on HM Treasury's LinkedIn, YouTube, or on X.

What areas does our analysis cover in more detail?

⇒ Employment Taxes

⇒ Land and Property Taxes

⇒ Culture and Creative Industries

⇒ Education and Skills

⇒ Environment, Climate and Energy

⇒ Planning and Communities

⇒ Departmental Expenditure

What were the key themes of the Autumn Budget?

Labour's Autumn Budget announcement was centred around strategies for economic growth and stability to fill the '£22billion black hole' in the public finances. Their focus manifests in two core fiscal rules that direct the objectives for the new government's fiscal policy:

1. **Stability**: to move the current budget into balance, so that day-to-day spending is met by revenues. This follows a commitment to keeping the budget in balance or surplus so to have only a single fiscal event per year.
2. **Investment**: to reduce net financial debt as a share of the economy and support economic growth through targeted public spending.

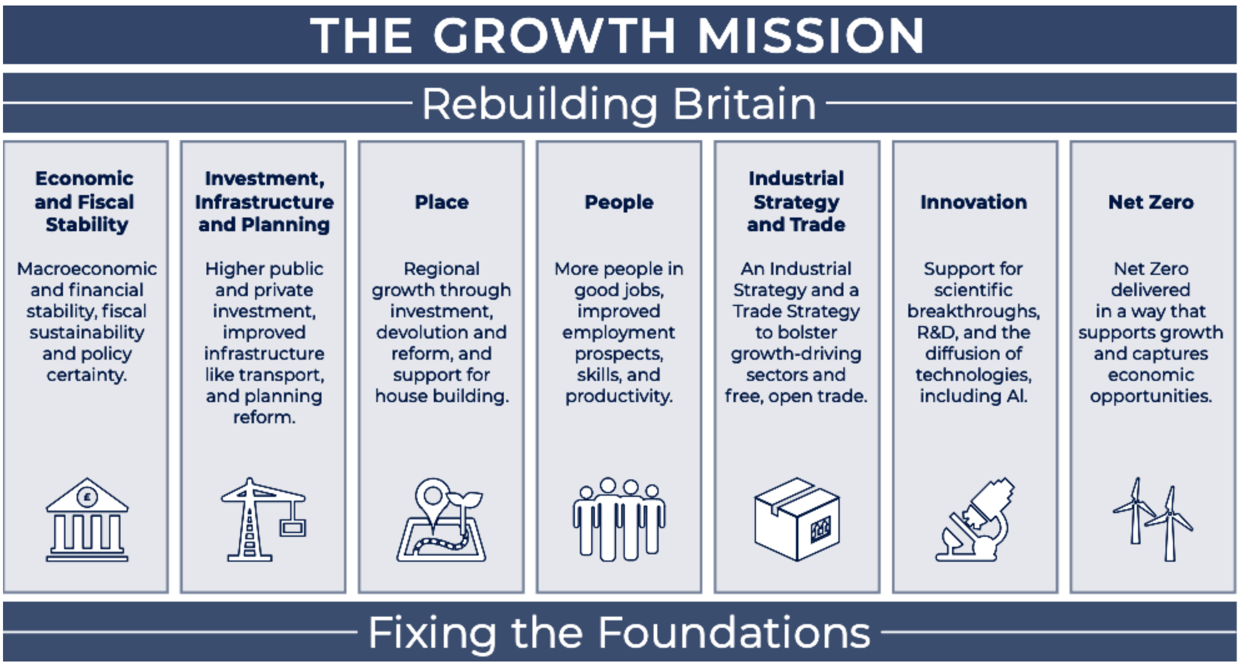
The Office for Budget Responsibility published 5-year growth forecasts based on the Budget announcements. They project CPI inflation decreasing from 2.5% in 2024 to 2% in 2029 and real GDP growth increasing from 1.1% in 2024 to 1.6% in 2029. Business investment is forecasted by the OBR to reach 10% of GDP in 2029, an increase from 9.7% in 2023. The OBR projects that the Budget could be in surplus by 2027-28.

Table 1.1: Overview of the OBR's economic forecast[1]

	Outturn	Forecast					
	2023	2024[2]	2025	2026	2027	2028	2029
GDP growth	0.1	1.1	2.0	1.8	1.5	1.5	1.6
GDP growth per capita	-0.8	0.2	1.4	1.3	1.0	1.0	1.1
Potential output growth	1.3	1.6	1.6	1.5	1.7	1.6	1.7

Source: Office for Budget Responsibility and Office for National Statistics

In addition to the two core fiscal rules, the Chancellor also outlined seven priorities to grow the economy:



Source: Autumn Budget 2024.

Employment Taxes

The new government's commitment to not increasing taxes for working people has resulted in an increase instead to employer **National Insurance Contributions (NICs)** from 13.8% to 15%, coming into effect from April 2025. The threshold for which employer contributions have to be paid will be also lowered from £9,100 to £5000, which is projected to raise £25billion per year. In order to protect small businesses, the Employment Allowance which currently gives employers discounts of £5,000 on National Insurance will be increased to £10,500 in April 2025. This means that a business will be able to employ up to four full-time minimum wage workers without paying National Insurance, which, according to HMRC modelling, would apply to 865,000 businesses.

Upon recommendation by the Low Pay Commission (LPC), the **National Minimum Wage (NMW)** is being increased by 6.7% to £12.21 per hour from April 2025. According to the Department for Business and Trade's calculations, this would equate to a pay boost for three million workers at an additional £1,400 a year for full-time workers. There will also be a phasing towards a single adult wage rate, meaning that the NMW for 18–20-year-olds will be raised to £10 per hour, closing the gap with the main NMW rate.

Impact on heritage: These two changes together are likely to be challenging for some heritage organisations, though the increased NIC allowance will mitigate some of the hike to NIC for smaller employers. The increases in minimum wage will go some way to addressing low pay in our sector, but is also likely to put further pressure on tight organisational budgets, reduce the overall number of opportunities available and increase reliance on volunteers.

Land and Property Taxes

The new government aims to support small businesses and protect the high streets by introducing permanently lowered **business rates** for retail, hospitality and leisure properties (RHL) from 2026-27. We do not currently know what the new rate will be, but in the interim the **Small Business Multiplier** will be frozen, and the relief applied to RHL businesses will be reduced from 75% to 40% (up to £110,000).

The current freeze on **Inheritance Tax** thresholds have been extended until April 2030. However, a new £1million threshold will be introduced for combined agricultural and business assets to qualify for **Agricultural or Business Property Relief.** Assets with a combined value over this threshold will receive a relief of 50%, at an effective tax rate of 20%.

Impact on heritage: The cut to business rates reliefs will be a challenge for historic high streets and businesses associated with heritage sites which are often retail, leisure or hospitality businesses. We do not yet know what the new permanent rate will be or what impact this will have. The new threshold for Agricultural and Business Property relief is likely to have an impact on historic estates, the vast majority of which have a value over £1m and which have previously been exempt through this relief. The Heritage Manifesto calls for business rates valuations to be reformed to be based on profit rather than property values, which penalises and disincentivises businesses based in historic buildings.

Culture and Creative Industries

The creative industries are one of the government's 8 growth-driving sectors according to the Industrial Strategy green paper. DCMS will use its settlement to continue funding programmes such as **Create Growth** and the **Creative Careers Programme** (which will see an expansion worth £3million) to tackle sector-wide skills gaps.

Grant-in-Aid will be raised for the National Museums and Galleries to support long-term sustainability, as well as a package of **cultural infrastructure funding** provided by DCMS that will build on existing capital schemes. This is in addition to capital investment for cultural organisations across the UK.

Funding will be provided for a programme of commemorative activities for the **80th anniversary of VE and VJ Day** next year. £2million will also be put into **Holocaust remembrance** and education to ensure that lessons are learnt by current and future generations, and so that charities like the Holocaust Educational Trust can continue their work.

Impact on heritage: The inclusion of the creative industries in the Industrial Strategy is welcome, but it is important that the contribution of heritage is recognised in the government's definition of this industry and in their skill development plans. Grant-in-Aid increases for museums and galleries are welcome, but is underscored by the fact that the heritage sector does not yet have an equivalent core funding structure.

The announcement of a capital investment fund responds to a dire need for funding for repairs and maintenance that we outlined in our On the Brink report, but the details of this funding have not yet been released. We also welcome the funding for commemorations to mark the 80th anniversary of the end of the Second World War next year, and will engage with DCMS to explore how heritage organisations can engage in these events. The budget notably did not contain any news on the future of the Listed Places of Worship Grant Scheme beyond March 2025, which we understand will be determined by DCMS in the coming weeks.

Education and Skills

£300million will be put into encouraging skills development in young people, particularly for further education, as part of Skills England. This includes an investment of £40million for delivering new foundation courses and shorter apprenticeships as part of steps taken towards a reformed Growth and Skills Levy. This also includes a commitment to the Lifelong Learning Entitlement which provides access to flexible education and training for adults, with an expected launch date of January 2027.

Impact on heritage: We welcome the investment in skills, noting that Skills England identified heritage retrofit skills as a priority area for future skills development. The changes to the Growth and Skills Levy will also make the levy more flexible and accessible for a wider range of organisations, however further changes to apprenticeships are needed to make them work for heritage. Our Heritage Manifesto recommends the introduction of shared apprenticeship schemes and greater flexibility in the length of apprenticeships to make them more affordable for freelance craftspeople, charities and small heritage businesses.

Environment, Climate and Energy

The **Department of Environment, Food and Rural Affairs'** settlement maintains the £2.4bn farming budget and pledges at least £400million in capital across 2024-25 and 2025-26 to restore landscapes and contribute to climate mitigation and resilience. £70million will also be allocated by DEFRA in 2025-26 to support infrastructure and housing development whilst boosting nature recovery as part of the government's growth mission. This includes £14million for **the Nature Restoration Fund** and £13million to expand **Protected Sites Strategies** in priority areas.

The **Department for Energy Security and Net Zero** settlement will provide over £1billion into the **Public Sector Decarbonisation Scheme** over 3 years to fund local energy schemes helping to decarbonise the public estate, and £3.4bn for the **Warm Homes Plan** to retrofit households in risk of fuel poverty. The **National Wealth Fund** is also to be launched as the UK's new impact investor, catalysing over £70billion of private investment in the UK's clean energy and growth industries to deliver the Industrial Strategy. Over £500million will be invested into **Project Gigabit and the Shared Rural Network** which will fund increased connectivity and digital infrastructure in under-served regions, particularly in rural areas.

Impact on heritage: the maintenance of the £2.4bn farming budget means no changes to fund for environmental land management schemes at this stage – whilst we call for an increase to this funding in the Heritage Manifesto, we have avoided the cuts which were rumoured. The investment in rural connectivity will benefit rural and remote heritage sites which have faced challenges in accessing digital infrastructure.

The funding for the Warm Homes Plan will support retrofit works to homes with poor energy efficiency ratings, including £15k per household for the installation of heat pumps, which are usually a good solution for historic buildings. Climate adaptations to historic buildings are vital to achieve decarbonisation, but EPC methodologies and recommendations must account for the unique construction, materials and heat performance of historic buildings to avoid doing more harm than good. The boost to the Public Sector Decarbonisation Scheme also has the potential to benefit heritage buildings owned or managed by public bodies, such as local museums, town halls and community spaces.

Planning and Communities

The Autumn Budget commits to reforming the planning system, including responding to the **National Planning Policy Framework** consultation before the end of the year. The Budget confirms that the **Planning and Infrastructure Bill** will 'simplify and streamline the planning system' and will be introduced in Parliament early next year. The government will also provide an additional £50 million to 'expedite the planning process' including a commitment to provide £46million of additional funding to recruit and train 300 graduates and apprentices into local planning authority bodies to deliver the wider reform agenda.

£1billion is being put into 2025-26 plans to revitalise high streets, town centres and communities as part of MHCLG's core **Levelling Up Fund** project. However, unfunded Levelling Up Culture and Capital Projects and West Midlands culture and inward investment funding are facing being cancelled. Potential funding recipients are told they will be consulted before any decisions are made on this matter.

There will be funding increases for **Local Government Budgets** next year, including £1.3billion in grant funding for essential services. This government has placed particular emphasis that investment is to be put into public sector buildings such as schools and hospitals.

Impact on heritage: We can expect a rapid response to the NPPF review, which we consulted on earlier this year, and the introduction of the Planning and Infrastructure Bill which is likely to present opportunities to advocate for amendments which benefit heritage. We do not yet know which measures the government will take to 'expedite' the planning process, but we will seek to ensure that heritage protections are maintained. The new planning officer capacity is welcome, but small-scale and unlikely to add resourcing to conservation teams.

The commitment to continue some Levelling Up funding is welcome, though some more recently announced projects may be cancelled. The increase to local government funding could reduce the pressure on culture budgets, though it will be a stabilisation and not a recovery. In our Heritage Manifesto we call for ringfenced funding for culture and heritage teams, and for multi-year settlements for local authorities.

Departmental Expenditure

The full Budget document includes details of Resource Departmental Expenditure Limits (DEL), i.e. the budgets for different government departments. The first phases of a departmental spending review have begun, and a 2% savings target has been established for government departments through the hopes of increased inter-departmental collaboration and technological adoptions. Day-to-day spending and capital spending will grow, however, by 1.7% and a 2-year injection of funding into public services is proposed.

The **DCMS settlement** amounts to £2.3billion worth of funding in 2025-26. This is an annual average real-terms growth rate of 2.6% from 2023-24 to 2025-26. The **DEFRA settlement** amounts to £7.5billion worth of funding in 2025-26. This is an annual average real-terms growth rate of 2.7% from 2023-24 to 2025-26. There were no changes to **Arms-Length Body funding** announced by the Chancellor or detailed in the briefing.

Impact on heritage: This budget did not include cuts to government departments facing heritage, however the Chancellor's longer-term plans for departmental spending are more likely to be set out in the 3-year Comprehensive Spending Review, which we now know will be in late Spring. We do not yet know what the impact of this will be on arm's length bodies that fund, support and advise the sector, such as the National Lottery Heritage Fund, Arts Council England, Historic England and Natural England.

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