

Dr Thérèse Coffey MP

Newsletter



Please find below a special newsletter on the 2024 Budget. I also update my website www.theresecoffey.co.uk and Facebook regularly. If you no longer wish to receive this newsletter, there is a link to unsubscribe below.

The Chancellor of the Exchequer, Jeremy Hunt, made his Budget statement last week and published the [Red Book](#) with supporting documents including the assessment by the Office of Budget Responsibility (OBR) and the list of **changes announced in the Autumn Statement** a few months ago. [I spoke in the debate](#), focusing on areas of national interest and what I thought would be helpful locally. Encouraged to speak for no more than seven minutes, I did not cover every relevant aspect.

What stood out in this Budget was the backing of investment for growth, making work pay and making life easier for families. It is amazing that since 2010, on average, 800 jobs have been created every single day.

The Budget headlines are the **reduction in National Insurance Contributions** for employees and the self-employed, **encouraging business investment to improve productivity** and **supporting families**.

On NICs, the first 2% cut started in January this year and from April there will be a further 2% cut – great news for people working. Based on the country's average salary, this means £900 more in people's pay packets every year. For families, the government is raising the salary cap/threshold on child benefit so nearly half a million families will be better off by an average of nearly £1300 per household. The fuel duty freeze (costing about £6 billion) will help all families and businesses.

The Chancellor also announced an extension to the Household Support Fund for another six months. This is great news for the most vulnerable households in Suffolk Coastal. I thank the Chancellor for making this important decision and for

name-checking my and my colleague's campaign during his statement to the house.

Business

Full expensing of capital investment will be extended to leasing of equipment. This should particularly help small businesses which tend not to have sufficient cashflow to pay outright for capital equipment. Historically, tax deductions would be spread over the estimated lifetime of the capital product purchased – similar to how the value of that equipment is shown in company accounts taking into account depreciation.

Small businesses will welcome the increase in VAT threshold from £85,000 to £90,000, boosting growth opportunity. We already had the highest VAT threshold across Europe. We cannot raise the threshold any further without breaking the agreement we have with the EU regarding Northern Ireland.

Small businesses can benefit from the Growth Guarantee Scheme till the end of March 2026. This offers a 70% government guarantee on loans to SMEs of up to £2 million.

In the Autumn Statement, it was announced that the 75% business rate relief for eligible retail, hospitality and leisure properties will be extended 2024-25, a tax cut worth £2.4 billion. The freeze on alcohol duty will also help many local pubs. Freeport East will benefit from tax relief extensions – key to attracting jobs and new investment.

Agriculture and Rural Communities

Government has tried to encourage sustainable farming – sustainable in terms of productivity and profit, and sustainable for the environment. I also [spoke in the Farming Debate](#) last week.

Agriculture will benefit from the business benefits on capital investment. Further support announced in the Budget includes £75 million to help Internal Drainage Boards (we have one in East Suffolk). The Prime Minister had already announced nearly half a billion of grants to help farmers. This comes on top of the over £3 billion annual funding given to agriculture across the UK (over £2bn every year in England).

Agricultural land also benefits from intergenerational tax relief – recognising the importance of food security for the nation. To help the environment improve, farmers are being encouraged to improve productivity for profitability and also be better for the natural environment, often using buffer strips and other activities. However, a barrier to this was that it was only farmed land that

benefitted from the tax relief. As Secretary of State for Defra, I worked with the Chancellor on this and the Treasury published a consultation last year. I am delighted that the outcome of that means that any land included within the Environmental Land Management Scheme (ELMS) will now continue to enjoy the tax relief.

There is £5 million extra funding going into the Village Hall funds. Westleton Village Hall has been helped by this in the past.

Pensions and Pensioners

A really interesting part of the Budget is regarding people paying into their pension now. Tax relief continues – which has been a significant factor in encouraging people to pay into a private or employer pension. Many current pensioners have particularly benefited from defined benefit (DB) pensions, based on their final salaries, but in more recent years, most employers have switched to a career average DB or a defined contribution (DC) scheme – where the pensioner relies on the market and whatever pension fund they have put their pension contributions into.

When I was Secretary of State at DWP, I looked into returns on this and was concerned about how the pension pots being acquired were not growing as much as one would hope. This is primarily driven by trustees tending to take a low-cost, low-risk approach – which may be understandable when you have a responsibility (fiduciary duty) for other people's money. However, with a modest change to risk, that future pension pot could be considerably higher. We were due to have a Year of the Trustee to raise awareness of this issue and to encourage more people to get involved in their pensions. For what it is worth, the NEST pension scheme set up by government to help employers and employees is – called Nest Pensions. What the Chancellor has set out is that this information will now be published – so people saving for their pension can have a better view of what their future pension pot could look like – and if they want to change.

Pension funds will also be expected to publish how much of their money is being invested in the UK versus elsewhere. We have lots of foreign investors buying into assets.

For **current pensioners**, there is nothing specific in the Budget for pensioners as those still choosing to work do not pay NICs (their employers do) though **state pensions are going up by 8.5% next month**. Of course, pensioners continue to benefit from other changes like fuel duty being frozen, the winter fuel allowance and cost of living payments for those on pension credit.

Other Measures

NHS – the NHS in England will receive a further £2.5bn in day to day funding per year. The NHS continues to receive record funding. In addition, £3.4 billion is being given to improve technology (like higher specification scanners) and IT to help improve productivity for patients.

Housing for Rent – removing the Furnished Homes Letting tax regime could have a beneficial impact for longer term letting in our area and may improve the affordability of homes for purchase. Currently, those letting out for holidays have much better tax treatment including being able to get tax relief on their mortgage payments. The government has listened to concerns from those of us in coastal areas deemed highly desirable. Making the tax regime the same whether you rent for holidays or rent longer term is a sensible change though I am conscious that there are some limitations on planning for some landlords. If you have any limitations on letting, please do contact me and I can help intervene with the district council.

The Autumn Statement set out the increase in help with rent – an extra £1.2 billion towards helping lower income families – and the increase in funding for education. Schools and children enjoy the highest ever spending per pupil.

Next Steps on the Budget

On Tuesday and Wednesday, as a member of the Treasury Select Committee, I will be scrutinising the OBR, economists from various think tanks and the Chancellor of the Exchequer on the Budget. The OBR in particular plays a crucial role in how the government puts together its budget. I experienced this when I was Secretary of State of the Department of Work and Pensions. Their role and their forecasting has provoked increasing discussion in recent years. Sky economics editor Ed Winfield [gives a perspective](#) which you may find interesting.

Finally, after an unusual vote on Budget Day itself last week, Parliament will vote on the substance of the full Budget then will separately consider detailed legislation through the Finance Bill. The last Finance Bill went through in record time, as opposition parties did not seem to scrutinise it in detail as they have historically done. Let's see if it will be different this time.

To give you a sense of how the government raises money, the [House of Commons Library report](#) may be helpful. In 22/23, Income tax raised £250 billion, National Insurance Contributions (from employers, employees and self-employed) £178 billion and sales tax/VAT raised £162 billion. The Budget documents (link at the start) also provide information.

