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Spring Budget 2024 – ukactive member briefing

Last week the Chancellor unveiled his Spring Budget 2024, emphasising this was a "long-term plan for growth". This was, most likely, the last major fiscal event before the General Election, and a final chance for the Chancellor to make major announcements that may have an impact before the country goes to the polls.

The Spring Budget took place amid a backdrop of low growth and relatively high debt, and so there was little prospect of major giveaways. What fiscal headroom available funds the Treasury did have was expected to be used for tax cuts, and these were largely restricted to personal taxation. The Government also used the Budget as an opportunity to remove some of the revenue raisers from whoever wins the next election, taking a central Labour policy to abolish tax breaks for those with 'non-dom' status.

As trailed in our Budget preview blog, there was little within the Budget that may impact the sector specifically. Below is a summary of the main announcements made by the Chancellor that could impact members, alongside ukactive's analysis.

VAT

The Chancellor announced the Government would increase the turnover threshold for VAT registration from £85,000 to £90,000 from 1st April 2024. This means businesses whose turnover is below £90,000 will no longer have to register to pay VAT, although this will not change the amount of VAT businesses with a larger turnover will pay.

HMRC has estimated that 28,000 fewer micro businesses will need to be VAT registered in 2024 to 2025, and 14,000 fewer on average from 2024 to 2025 to 2028 to 2029.

ukactive analysis: *This VAT change will provide some benefit to small businesses within the sector whose current turnover falls between £85,000 and £90,000. This will be of particular interest to micro businesses within the sector and sole traders. However, those who do not sit within this threshold will see no impact from the measure. ukactive is calling for a more comprehensive review of VAT for the sector, with a permanent reduction in the rate of VAT paid by private physical activity businesses.*

Public Sector Productivity Programme

The Chancellor committed £4.2 billion to fund the wider productivity of the public sector, as part of the Public Sector Productivity Programme. This will apply across the whole of the public sector, with particular emphasis on improving the IT offering within the NHS.

The Chancellor further announced the Treasury would prioritise proposals for the productivity plan that could deliver annual savings within five years, equivalent to the total cost of the investment required.

ukactive analysis: *This is an important and much needed area of work, but without any additional funding for struggling local authorities, these measures will do little to assuage concerns over the long-term sustainability of public sector leisure.*

There is opportunity to use the focus on productivity to pitch costed policies that deliver real medium-term return on investment – such as ukactive's Workout from Work, which a 2017 analysis found would deliver £240 million ROI for the Treasury within five years.

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NHS productivity

As part of the above plan, there was an announcement of £3.4 billion to fund the NHS Productivity Plan in England over three years from 2025-26.

There will also be an additional £2.5 billion to top up funding for the NHS in England in 2024-25.

ukactive analysis: *This additional funding will be used to service existing NHS budgets and whilst providing no new, direct opportunity for the sector, will support existing ambitions for integration of the sector with the NHS.*

National Insurance

The Chancellor's biggest announcement, heavily trailed ahead of time, was a 2p cut to employee National Insurance, from ten percent to eight percent. HMRC claims that combined with the 2p cut announced at the Autumn Statement in 2023, this will save the average worker on a salary of £35,400 (the UK's median salary), over £900 a year.

Self-employed National Insurance will be cut from nine percent to six percent. An average self-employed person on a salary of £28,000 will save about £650 a year from both cuts, the Treasury says.

ukactive analysis: *This announcement is an extension of the measures announced in the 2024 Autumn Statement and is a low impact requirement for employers in comparison to the increased minimum wage in Autumn. However, it will provide some support for staff within the sector and may make retention easier in the short-term.*

For self-employed workers there is potential for a reasonable saving based on this change, dependent on their income. Any concerns from any members on the impact of changes to NICs should be directed to the email below.

ukactive's full statement as part of the National Sector Partners Group (NSPG) can be found [here](). For any specific questions on the content of this briefing, please contact stephenmcloughlin@ukactive.org.uk.