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ukactive member briefing – Autumn Budget 2024

Yesterday, the Chancellor unveiled the Autumn Budget 2024, marking Labour's first budget in 14 years and setting out the economic and fiscal priorities for the rest of this Parliament. This milestone Budget delivered a large, sustained increase in spending, taxation, and borrowing, in what the Chancellor has dubbed an end to short-termism" with promises to "fix the NHS, rebuild Britain (and) restore economic credibility".

Tax increases, particularly in employer National Insurance, will fund much of this, raising the UK's tax-to-GDP ratio to record levels. The surge in spending planned for the first half of this Parliament aims to stabilise public services. Increased capital spending, supported by additional borrowing, is intended to build a stronger economy in the long term. Some relief has been extended to businesses in the sector, particularly through extended, though somewhat reduced, Business Rates support, commitment to long term Business Rates reform, along with further assistance for small businesses.

As anticipated in our Budget preview [blog](#), there was little within this Budget that directly acknowledged the essential role physical activity plays in supporting some of the Government's ambitions – particularly around prevention, growing the economy and getting people back into work. However, the Chancellor did unveil multiple policy initiatives and future plans that the sector could, and should, have a role in, so we will continue to engage with Government Departments on how our members can contribute.

Below is a summary of the main announcements made by the Chancellor that could impact members, alongside ukactive's analysis, split into two sections. Firstly, how it will impact day-to-day operating costs and growth for members, and secondly future opportunities for the physical activity sector in supporting economic growth and national health.

We welcome feedback from members on the impact that any of these measures will have to take into our engagement with Government.

Announcements:

Impact on business:

Minimum wage

The Chancellor announced that the Government has accepted the Low Pay Commission's recommendations in full, resulting in a 6.7% increase to the National Living Wage (NLW), which will rise to £12.21 per hour from April 2025. Additionally, the National Minimum Wage (NMW) for 18-20-year-olds will see a record increase of 16.3%, bringing it to £10.00 per hour.

ukactive analysis: While recognising these wage increases are intended to offer important support to workers, improve living standards and may help with staff retention in the sector, ukactive is also aware that they will add extra pressure on many employers' finances. Some smaller employers will be protected from these rising costs by the Employment Allowance increase (see below), but this will not cover the full cost increase for all businesses in the sector. ukactive will be engaging with other industry bodies on this subject to strengthen the lobbying call.



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National Insurance Contributions and Employment Allowance

The Chancellor announced an increase to the rate of employer national insurance contributions by 1.2 percentage points to 15%. The per-employee threshold at which employers start to pay National Insurance will be reduced from £9,100 per year to £5,000 per year. These changes will apply from 6 April 2025.

The Chancellor also announced some support for small businesses by increasing the Employment Allowance from £5,000 to £10,500 and removing the £100,000 threshold, expanding this to all eligible employers.

ukactive analysis: The Chancellor states this “difficult decision” will raise £25 billion, being her biggest money raiser of the Budget to fund investments in public services. We anticipate that this increase in NICs will be a considerable financial burden for employers in our sector. While the increase of the Employment Allowance by double and the removal of its £100,000 threshold will help some, the positive affect of this will not be as impactful for all r. We will monitor the impact of these measures on our members and raise any key concerns with Government, particularly where we see risk to growth in the sector and activity levels across the nation.

Business rates

The Chancellor announced a series of changes to the Business Rates system affecting the sector:

- 2025-26 Financial Year:
 - A 40% relief on Business Rates bills for retail, hospitality, and leisure (RHL) properties, capped at £110,000 per business.
 - A freeze on the small business multiplier.
- Permanent Change Starting 2026-27:
 - Business Rates multipliers for retail, hospitality and leisure properties will be permanently lowered.

ukactive analysis: Though a decrease from the previous 75% Business Rate relief for the sector, the continuation of short-term relief of 40% mitigates what could have been a cliff-edge tax hike. We welcome members’ feedback on the impact of this to inform discussions with Government on the potential for continued relief in future years. The permanent lowering of the Business Rates multipliers for the leisure sector from 2026-27 is a welcome step that reflects an understanding of our sector’s unique challenges. ukactive will be responding to the publication of the Government’s [business rates Discussion Paper](#) to help shape this moving forward.

Capital Gains

The Chancellor announced increases to Capital Gains Tax, effective from 30 October 2024. The main CGT rates will rise from 10% to 18% for the lower rate and from 20% to 24% for the higher rate. For Business Asset Disposal Relief (BADR) and Investors' Relief (IR), the rate will rise to 14% in April 2025 and align with the main lower rate of 18% from April 2026.



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ukactive analysis: The increase in CGT could affect members who might be planning to sell business assets. Members may wish to assess the potential impact of these changes.

Corporate Tax

The Chancellor has announced that the Government will publish the Corporate Tax Roadmap. Central to the Roadmap is a competitive and sustainable main rate of Corporation Tax capped at 25%. The Government will maintain the Corporation Tax Small Profits Rate and marginal relief at their current rate and thresholds. This means 9 in 10 actively trading companies, including a majority of SMEs, will have a Corporation Tax rate lower than 25%.

ukactive analysis: The Corporation Tax Roadmap will help create much needed stability, which will help members plan for growth and manage tax liabilities over the coming years.

Opportunities:

In addition to the taxation changes, there were several policy initiatives and future plans that were alluded to or announced within the Chancellor's speech. These key policy areas present potential future opportunities for the physical activity and leisure sectors, however the details of these have not been shared at this stage.

We will continue to engage with Government Departments as these agendas evolve, participating in consultations to understand and suggest ways for our members to contribute to each initiative.

Department of Culture, Media and Sport (DCMS): In the settlement for DCMS, the Chancellor included support for elite and grassroots sport through investment in multi-use facilities across the UK.

Skills: The Chancellor announced a £300 million investment for further education, including £40 million to develop new foundation and shorter apprenticeships targeted at key sectors

10-year Health Plan: The Chancellor confirmed Phase 2 of the Spending Review, which includes a commitment to publish a 10-year health plan for the NHS, with a strong focus on community-based preventive care.

Get Britain Working: The Chancellor announced £240 million to trial new ways of getting people back into work and a 'Get Britain Working' White Paper, which will explore innovative approaches to tackle ill-health-related inactivity and youth unemployment. This includes establishing eight "Trailblazer" areas across England and Wales to integrate health, employment, and skills services.

Breakfast clubs: The Chancellor announced £30 million to expand free breakfast clubs in primary schools across the UK.

Planning reform: The Chancellor has also confirmed an additional £5 million to deliver improvements to the planning regime for Nationally Significant Infrastructure Projects, as well as £46 million to boost capacity and capability in local planning authorities.

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 mirismith@ukactive.org.uk.