



31 October 2024

Autumn Budget 2024:  
IFS analysis

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@TheIFS

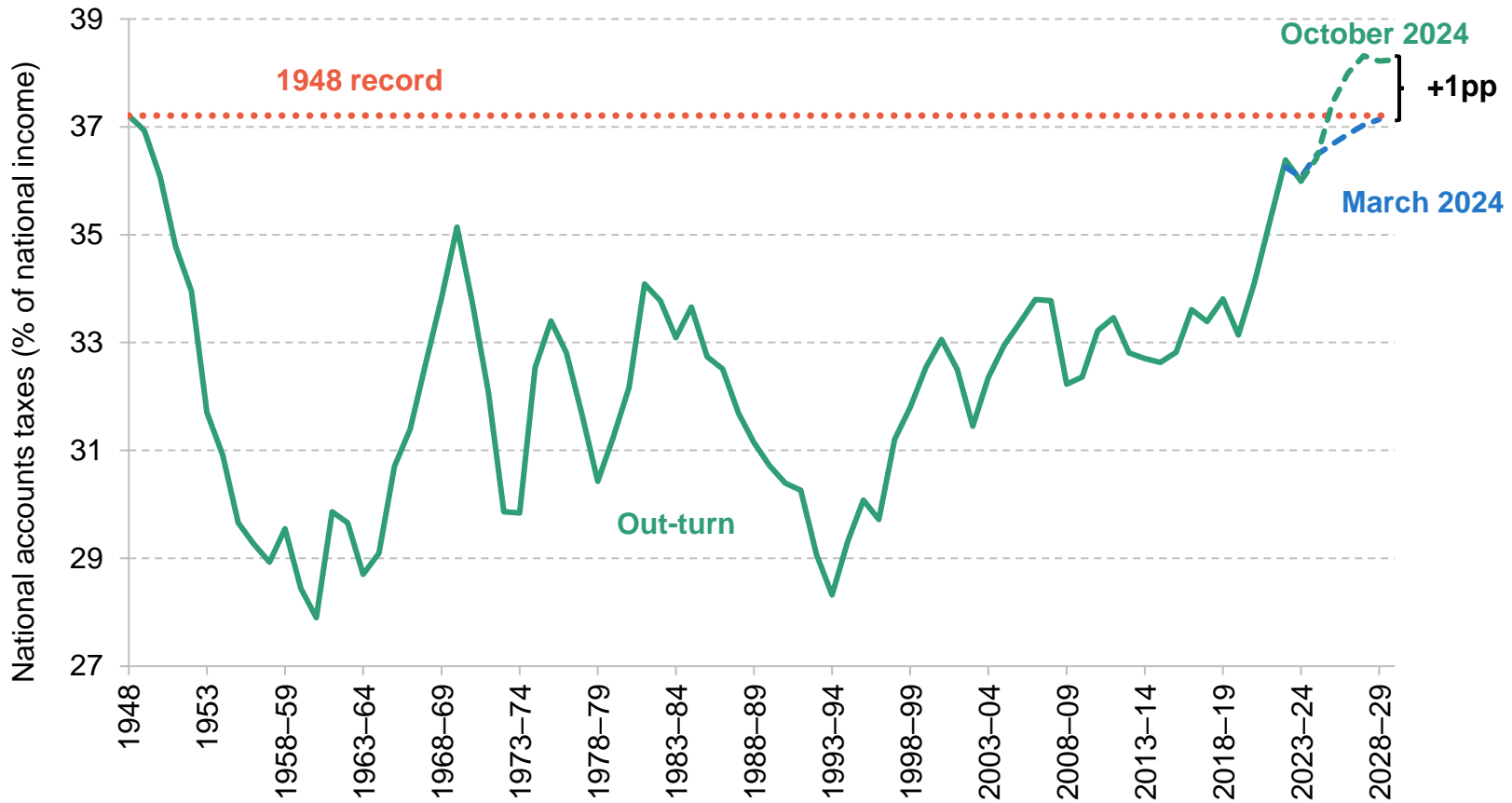
# Tax and treat – but ghosts lurking?



Economic  
and Social  
Research Council

# Taxes rising to a record high

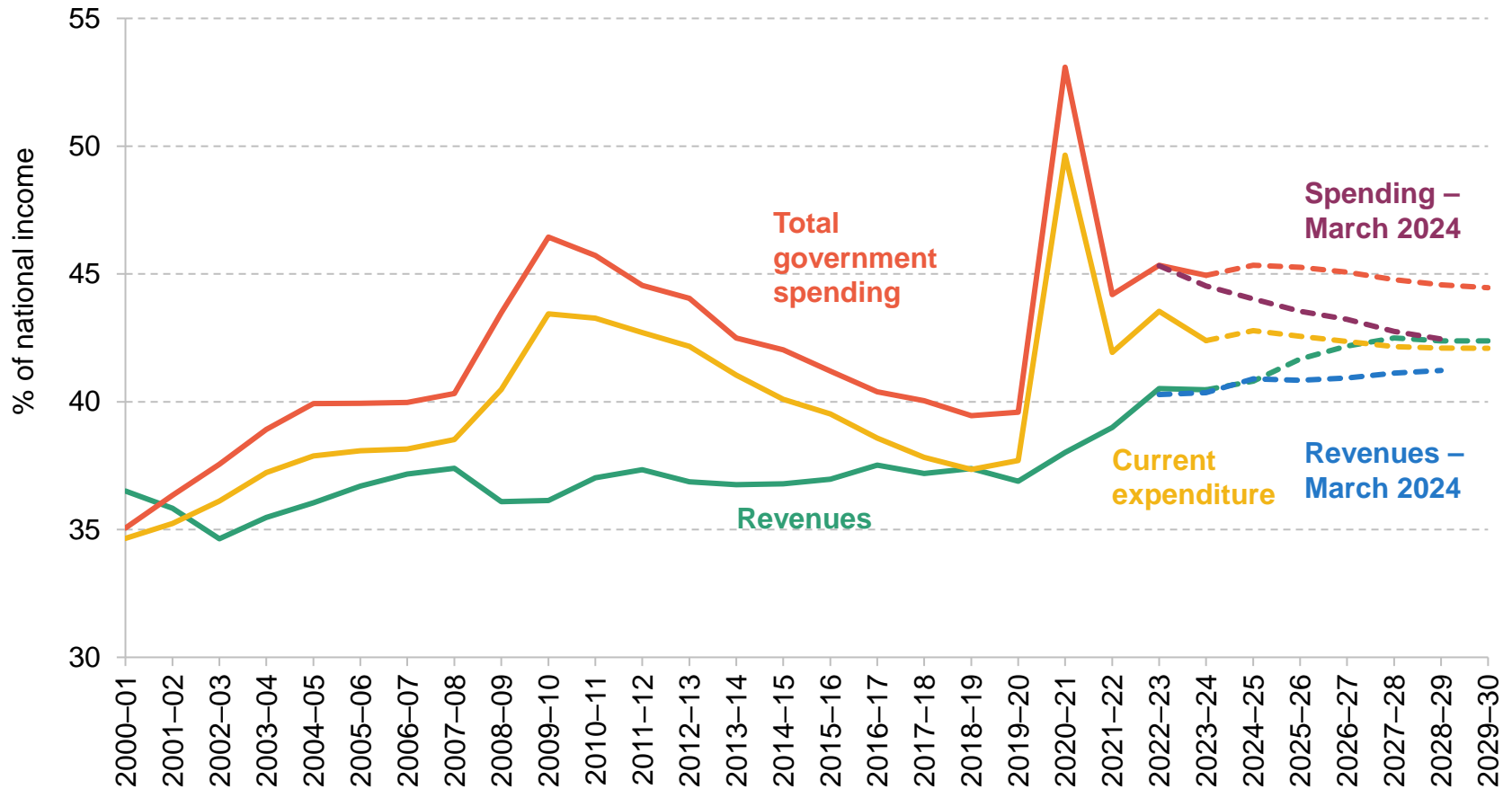
## Tax revenues: out-turn and official forecasts



Source: OBR Economic and Fiscal Outlook (March 2024, October 2024)

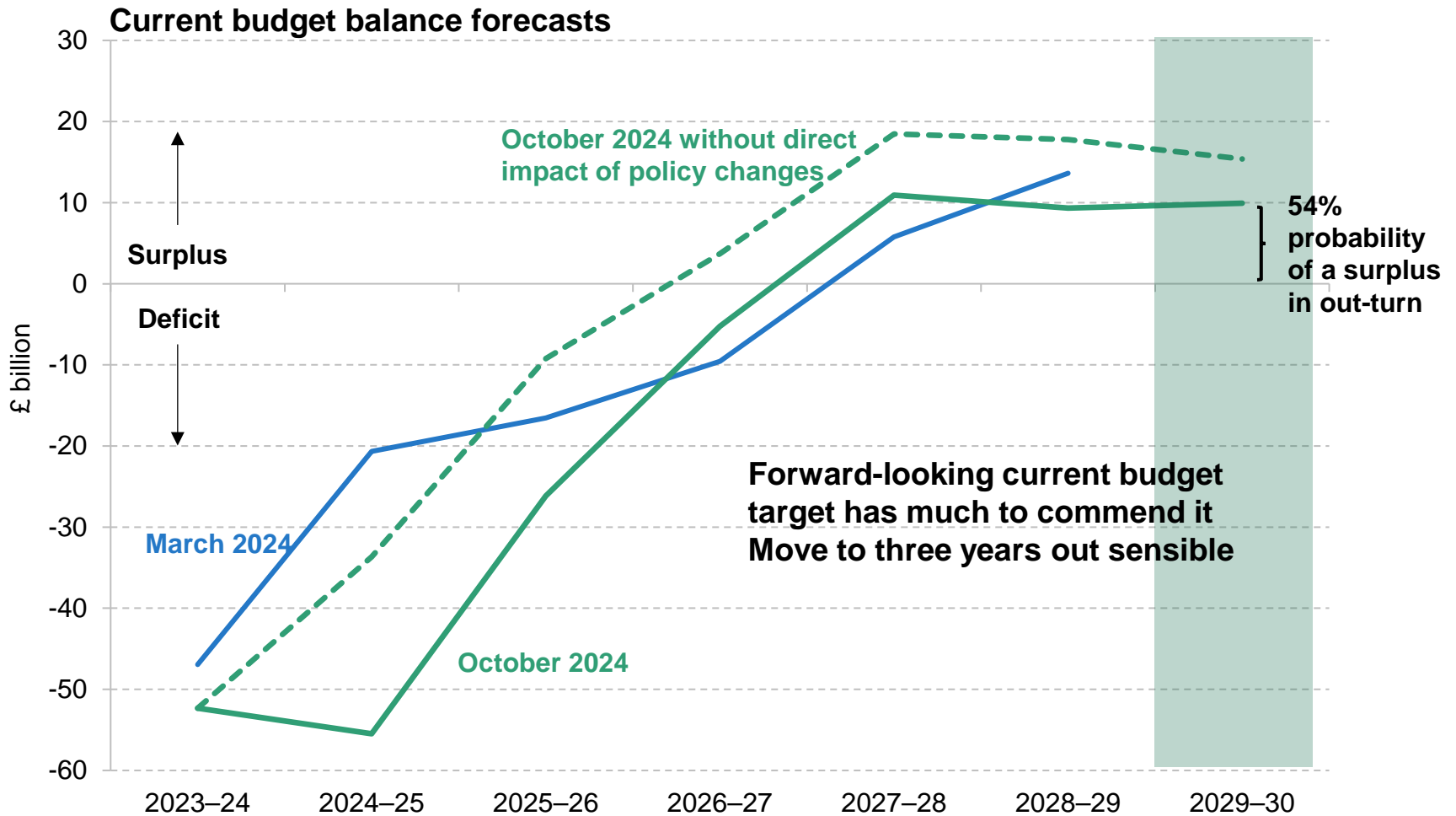
# Size of state to stay (even more) elevated

## Government spending & revenues (out-turn & October 2024 forecast)



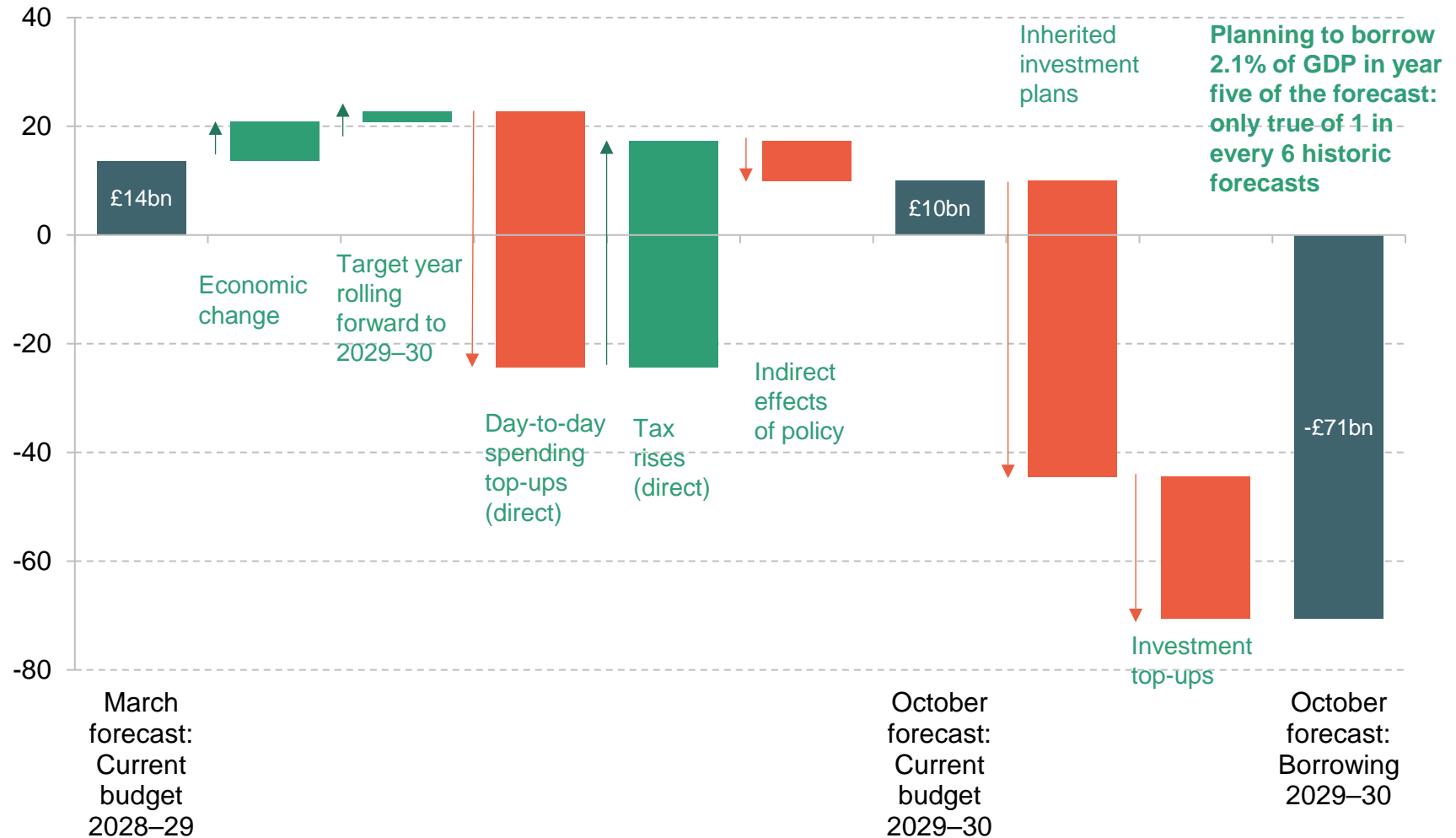
Source: OBR Economic and Fiscal Outlook (March 2024, October 2024)

# Near-term loosening, medium-term restraint



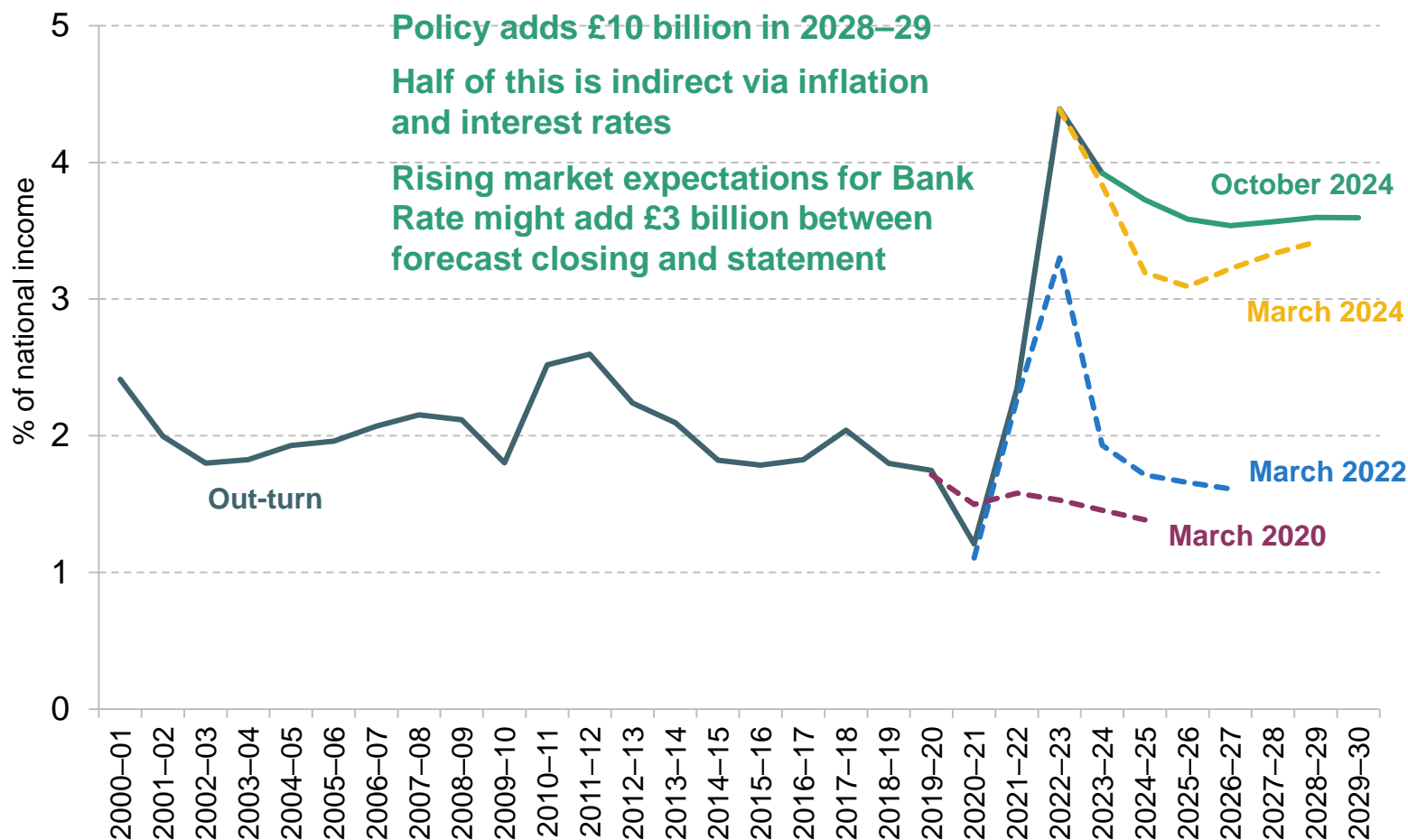
Source: OBR Economic and Fiscal Outlook (March 2024, October 2024)

# Changes to the borrowing forecast



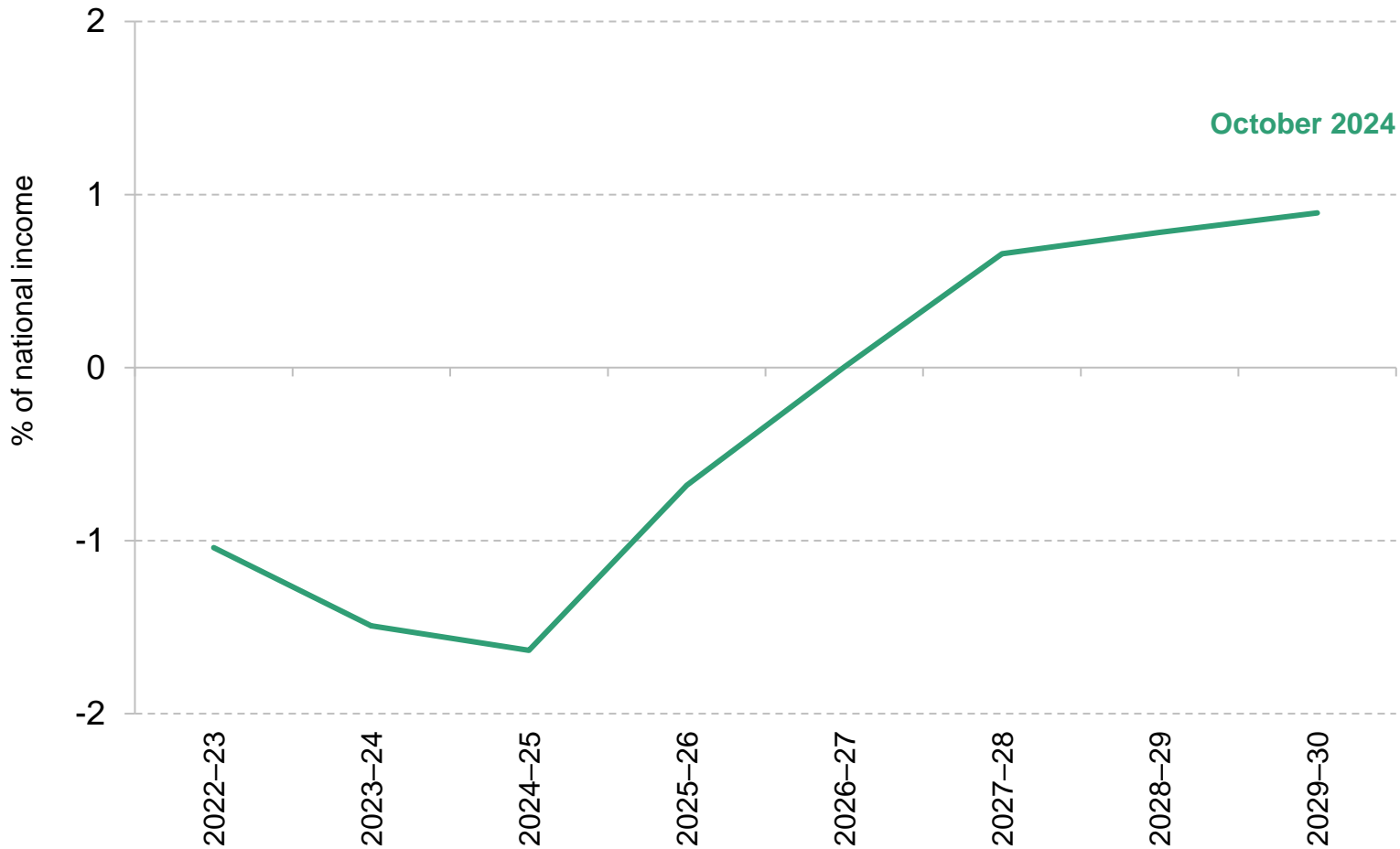
Notes: Investment top-ups include indirect effects.  
 Source: OBR Economic and Fiscal Outlook (October 2024)

# Debt interest spending



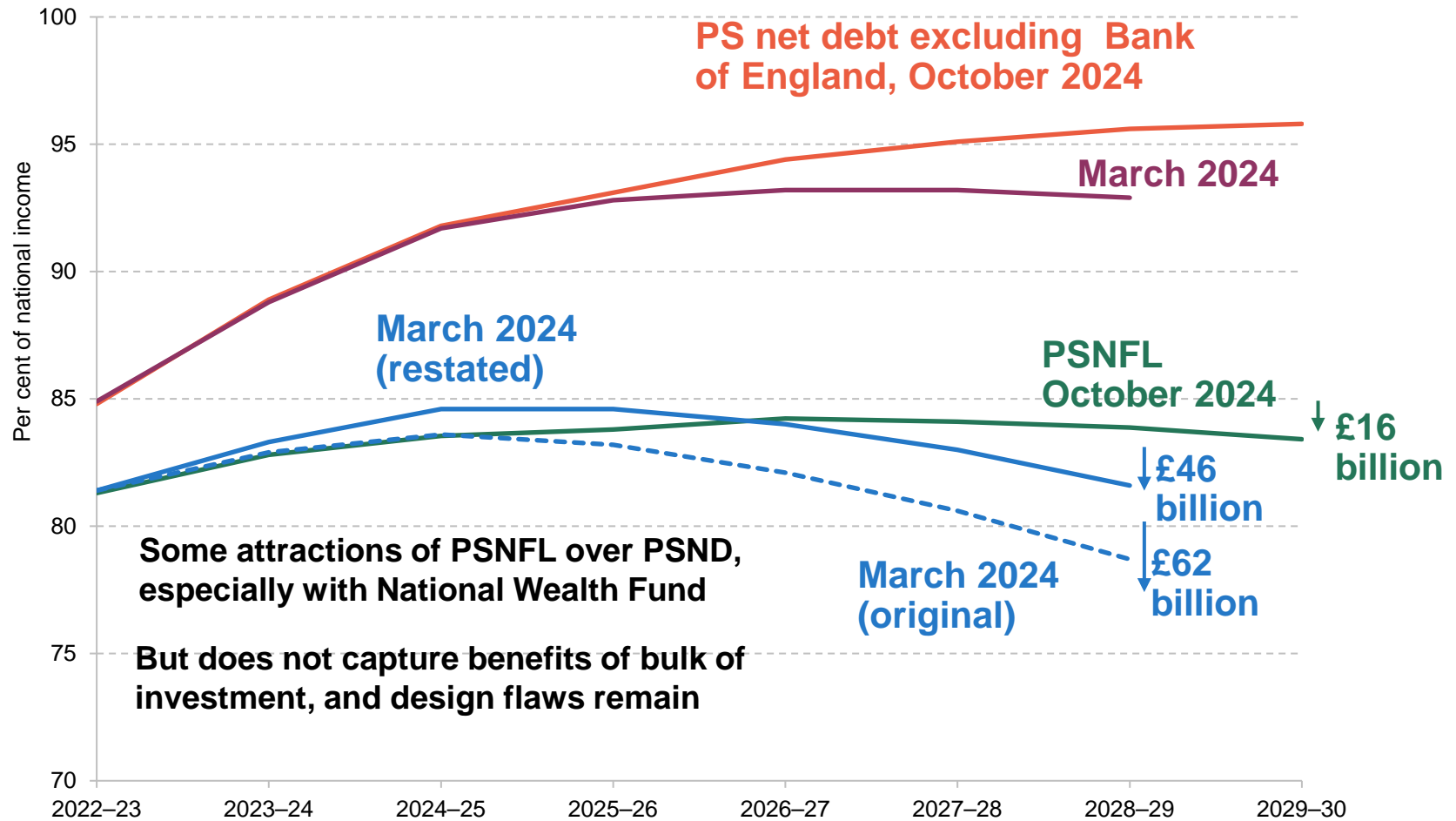
Notes: Central government debt interest net of APF shown  
 Source: OBR Economic and Fiscal Outlook (successive editions)

# Despite narrow margins on fiscal targets: A chunky primary surplus



Source: OBR Economic and Fiscal Outlook (October 2024)

# The persnuffle kerfuffle



Source: OBR Economic and Fiscal Outlook (March 2024, October 2024)



# Conclusions



- Big increases in tax and borrowing to fund much higher spending
- This adds to debt, and debt interest
- If spent well: better public services and eventually, more growth
- Margins against both fiscal targets are razor-thin

## Risks and uncertainties remain:

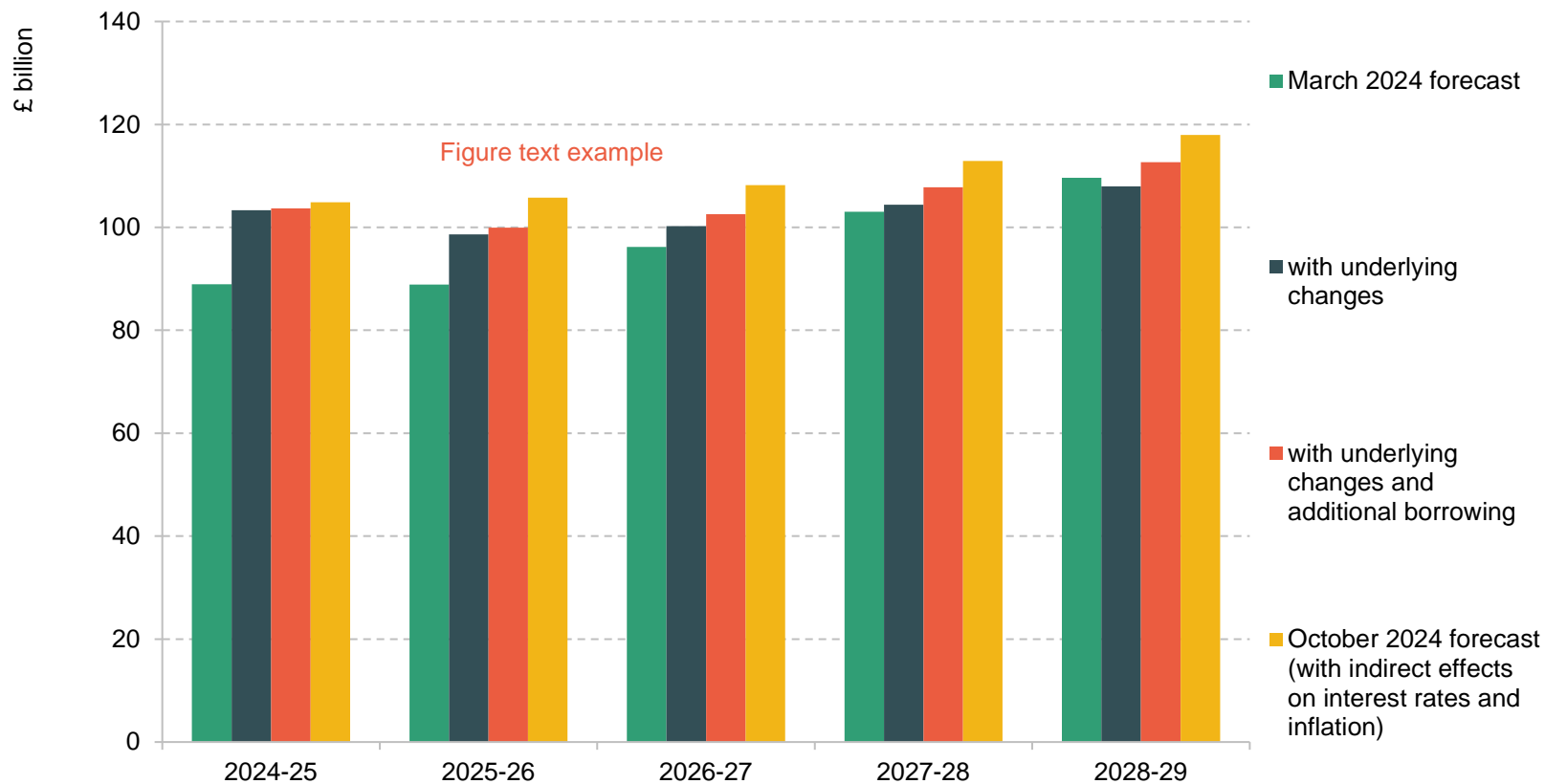
- Will size of state really stop rising from 2025-26?
  - £9 billion needed to avoid cuts to unprotected day-to-day spending
- Will 'temporary' measures expire?
  - Permanent fuel duty freeze costs £4.8 billion in 2029-30: half the current margin against the main fiscal rule
- How will debt interest evolve?

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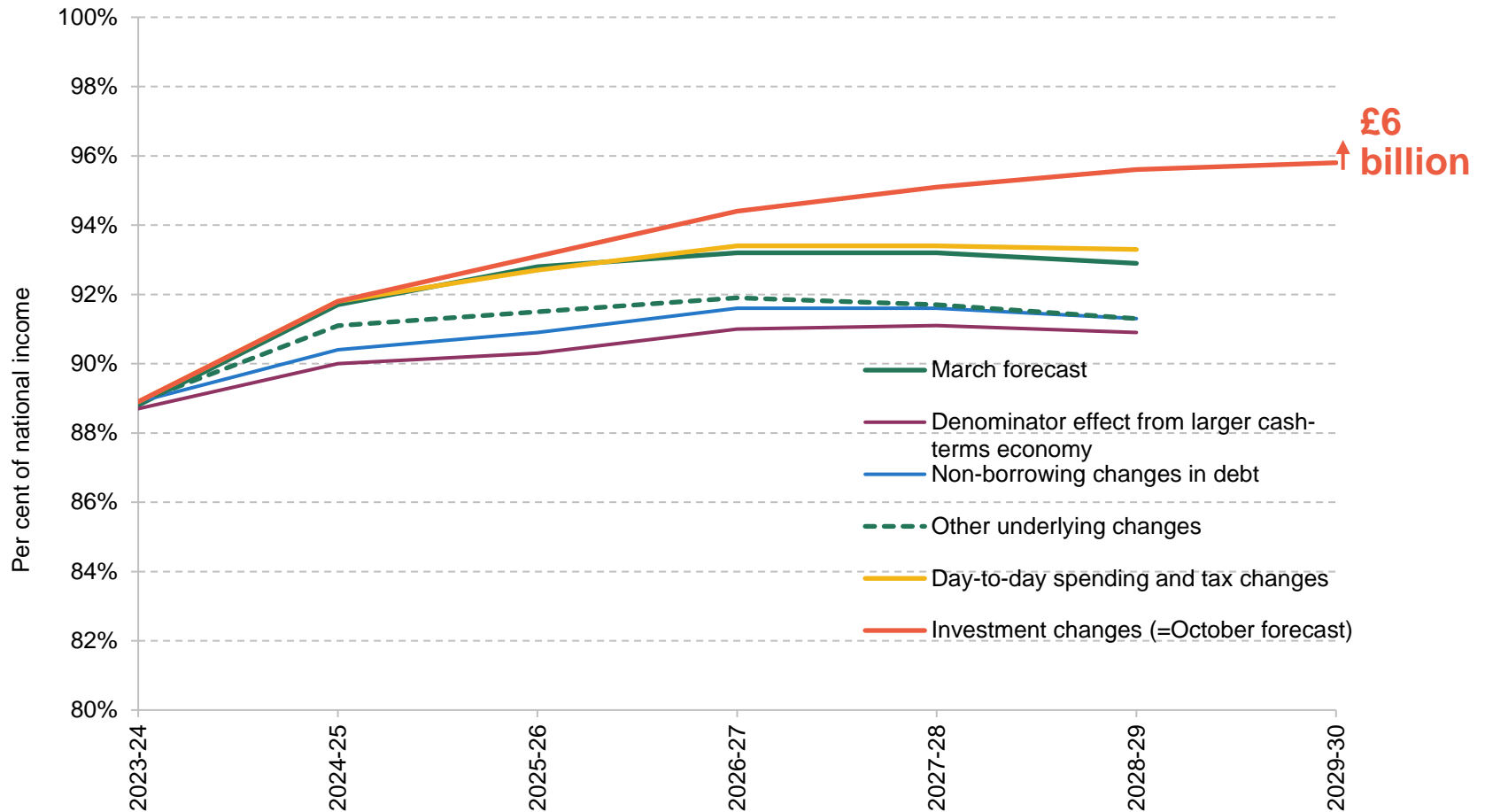


# Debt interest spending



Notes: Central government debt interest net of the Asset Purchase Facility shown.  
Source: OBR Economic and Fiscal Outlook (October 2024)

# Old-school debt still forecast to stabilise by 2030



Notes: Spending and tax changes are impacts on borrowing. 'Underlying' changes include forecast changes, non-borrowing changes to debt, and the denominator effect from a much larger cash economy.

Source: OBR Economic and Fiscal Outlook (October 2024)

**Tax and Treat?**