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Spring Statement 2025: Background Briefing

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Introduction

On Wednesday 26 March, Chancellor Rachel Reeves will deliver a statement to the House of Commons in response to the publication of the Office for Budget Responsibility's five-year economic and fiscal outlook.

Known as the Spring Forecast, the statement will be an opportunity for the Chancellor to respond to the OBR's assessment of whether the government is meeting their fiscal targets. First announced in October 2024, new rules bind decisions on taxation and spending: day-to-day spending should be met by revenues (so that borrowing is used to invest rather than service debt); and public sector debt should be falling relative to the size of the economy. An additional rule in place since 2014 caps welfare spending (but the current government has lifted the cap by 20% and increased the margin of permissible overspend). While the OBR will judge the government's progress towards these rules, the Spring Forecast is not a budget and so will avoid major taxation and spending commitments.

Growth is the government's defining mission, [underpinned by the Chancellor's speech in January](#) that announced support for major infrastructure projects, planning deregulation and plans for business investment. However, politics and economics have changed considerably since the previous Budget in October 2024. The Office for National Statistics calculates that growth flatlined between July and September 2024, [before rising to 0.1% in the final quarter](#). Meanwhile, the Bank of England halved its forecast for growth in the year ahead to 0.75% throughout 2025. The domestic picture is compounded by the ever-present threat of new tariffs imposed by Washington; already, the UK is subject to the [US' imposition of 25% tariffs on global steel and aluminium imports](#).

The government is steadfast in keeping to its fiscal rules; if there is indication that they are not being met, then they may act to correct course. Given broader economic uncertainty, the government could decide to introduce some policy announcements. These could reduce public spending or increase government revenues, for example by raising income tax or reversing former Chancellor Jeremy Hunt's cuts to national insurance.

At the time of last year's Budget, Reeves confirmed the means testing of winter fuel payments, which was followed this year by the Secretary of State for Work and Pensions' announcement of tougher rules for accessing Personal Independence Payments (PIP). Welfare reform is becoming a defining aspect of Labour's first year in power. The Chancellor will address this when assessments of the impact of the most recent changes are published, alongside her statement on the economy, but the government may think carefully about whether it is persuading the electorate that the right decisions are being made. Narratives matter: this statement will not only address the economic outlook but also set the political tone for the coming year.

What happens in Parliament

The Treasury requires the OBR to publish two economic forecasts throughout the fiscal year. One accompanies the Chancellor's Budget, which includes the government's plans for taxation and spending; in practice, the Treasury's policy that budgets are delivered in the autumn is flexible and not a statutory requirement. The Chancellor is required to ask the OBR to publish another forecast within the same fiscal year; there is no set date on which this must

be done, but since 2018 it is Treasury practice to deliver it in spring. Both statements are delivered on a Wednesday only by convention.

While not a budget, the spring statement will undergo some similar proceedings on the day. Following the conclusion of Prime Minister's Questions at approximately 12.30 pm, the Chancellor will stand at the dispatch box to deliver an oral statement that typically lasts much shorter than Budget statements (in 2022, Rishi Sunak spoke for less than 30 minutes). The Shadow Chancellor then gives the Opposition's response. The Commons Treasury Committee will then begin to take evidence on the government's proposals and OBR outlook.

The Chancellor has a wide space within which to deliver as much or as little as they choose. However, it is the government's policy to deliver only one fiscal statement per year in autumn, to which the spring statement is a secondary event.

What to expect from Randall's

The Chancellor will make her statement from around 12.30 pm. At around that time, documents will be published by the Office for Budget Responsibility, the Treasury and other government departments and bodies. Throughout the afternoon we receive stakeholder reactions. We deliver this as follows:

- Copy of the **Chancellor's speech** and a full list of the related government documents as soon after the speech as possible;
- The **Office for Budget Responsibility economic forecast** and other associated documents are published on the day and sent as soon as we get them to clients;
- A summary of **stakeholder reactions** sent in a single document at the end of the day, with a further roundup of reaction around lunchtime on Thursday.

Stakeholder comment and submissions

Political parties

[Lib Dems: OECD: Chancellor cannot ignore “steady drumbeat of economic misery”](#)

“The Chancellor cannot ignore this steady drumbeat of economic misery any longer. Trump's senseless tariffs and the Government's own economic policies are acting as an anchor on any meaningful growth. At the Spring Statement, Rachael Reeves cannot bury her head in the sand. She must admit that her Budget has failed to break from the years of Conservative economic vandalism.”

[SNP: "Labour lied" - Reeves to impose new era of austerity cuts](#)

"It's clear the Labour Party lied to voters during the election. They promised no return to austerity cuts but they are cutting billions of pounds from vital services. The Chancellor has already taken the axe to the winter fuel payment, announced £5billion of cuts to disabled people, blocked compensation for WASPI women, slashed international aid and pushed thousands of Scottish children into poverty by continuing Tory welfare cuts. The news that the Labour government will now slash billions of pounds from the budgets of public services in the coming months and years will hit families, and communities, across Scotland and the UK."

[SNP: Labour Party to impose billions of pounds of austerity cuts](#)

"Families in Scotland must not pay the price for the Labour Party's failure on the economy, which is a consequence of their own damaging choices. That includes the political choice to stay out of the EU single market, which is wiping billions from the UK economy and public finances every year."

Think tanks

[IEA: The Bank of England should target nominal GDP growth, not inflation, says new report](#)

“The Institute of Economic Affairs is arguing that nominal GDP targeting is superior to inflation targeting, and that the Government should reform the Bank of England's mandate accordingly.”

[IFG: Rachel Reeves should not turn her Spring Statement into another budget](#)

"There is no doubt that the chancellor is in a bind – though largely one brought on by the risk she took in the Autumn by maintaining such low headroom against her already loose fiscal rule. Given that a modest forecast downgrade is anticipated, her best option now is to prioritise stability and good policy making and weigh her options ahead of the Autumn Budget."

[IFS: Spring Forecast shaping up to be more consequential than first billed](#)

"Rachel Reeves has engineered a trap for herself, albeit in difficult circumstances. Aiming to meet inflexible, pass–fail fiscal targets by the slimmest of margins was a risky strategy from the outset. It was always possible that economic conditions would deteriorate, put her on track to miss those rules, and push her into making tax and spending changes at what isn't supposed to be a fiscal event later this month. This scenario is far from guaranteed and she

could still get lucky. But if not, she will have to choose between her fiscal rules and her commitment to holding only one fiscal event per year."

[IFS: Today's ONS figures reinforce challenges for next week's Spring Statement](#)

"Today's data on government spending, borrowing and revenues underscore the challenges facing the Chancellor as we head into the week of the Spring Statement. The forecast will include costings for cuts and a tightening of eligibility for health-related benefits announced this week, although as we have seen from previous reforms the eventual impact will depend on the way individuals respond to the changes. There are risks here. But having boxed herself in with promises to meet her fiscal targets, not to raise taxes further and not to return to austerity for public services, easy or risk-free options for the Chancellor are in short supply."

[IPPR: Spring statement: A changed world calls for a changed course](#)

"The changes that the chancellor made to the fiscal rules at the budget were a welcome recognition that low levels of public investment have long held the UK back. However, another fiscal rule change so soon after the last could hit government credibility. Moreover, the main challenge now is meeting the government's 'current spending' rule rather than its capital rule, which would mean increasing borrowing to meet day to day spending."

[Resolution Foundation: Chancellor needs take action to balance the books – but lower-income households shouldn't bear the brunt](#)

"The Chancellor must act decisively to meet her fiscal rules. But with the jobs market in recession territory, lower income households shouldn't bear the brunt of any consolidation. Crucially, she should avoid turning the Spring Statement into a 'sticking plaster' Budget, with long-term thinking on welfare reform undermined by the quest for short-term savings that could cause real harm."

Business and the economy

[CBI: Spending Review must hardwire growth ambition into the heart of government](#)

"With the right actions, the Spending Review can serve as a catalytic moment for hardwiring the Growth Mission into the heart of Whitehall. But for that Growth Mission to succeed government must inject business with a serious confidence boost. As an immediate priority the government should re-commit to not raising the business tax burden further over the course of this Parliament. Setting an ambitious goal for R&D spending, making it easier to invest in skills and taking measures to reduce the regulatory burden on business would be encouraging moves that would show the government understood what business needs to see from them."

Devolved, regional bodies and local government

[LGA: Potholes funding – LGA statement](#)

"However, it's in everyone's interests to ensure that public money is well spent. This includes the Government playing its full part by using the Spending Review to ensure that councils receive sufficient, long-term funding certainty, so they can focus their efforts on much more cost-effective, preventative measures rather than reactively fixing potholes, which is more expensive."

[LGA: Spending Review: Councils could face £8bn funding black hole by 2028/29](#)

“We know that there are huge financial challenges ahead for government. However sufficiently funding councils in the Spending Review would enable them to fully play their part in leading local growth priorities and unlock the full potential of their local people, businesses and places.

[LGA: Spending Review: Pressure on social housing finances could impact achieving housebuilding targets – LGA](#)

“Specifically, the impact of the proposed five-year CPI+1 rent settlement needs to be looked at. The survey shows not only that while many councils see a proposed five year settlement as a step in the right direction, there are concerns that this is not long-enough to give them the certainty they need to ramp up their new build housing programmes in the way they would like. A sizable minority are reporting real concerns around balancing their budgets over the next five years due to the pressures they face. The upcoming Spending Review is the opportunity to help give the sector the certainty it needs to build more homes and better look after its residents.”

[LGA: Spending Review: £76 million funding gap in councils' temporary accommodation budgets](#)

“As the Spending Review approaches, now is the opportunity for government to ensure councils are sufficiently resourced to provide essential services and help boost growth to communities.”

[London Councils: Spending Review must help boroughs ‘survive and thrive’ to unleash London’s growth potential](#)

“After years of permacrisis in council finances, the Spending Review is a vital opportunity to turn things around and deliver a more sustainable financial future. Securing long-term investment will enable boroughs not only to survive, but thrive as local champions for growth.”

Education, skills and young people

[AoC: Colleges could be forced to turn away tens of thousands of learners](#)

“We’ve seen skills vacancies grow over the last few years and employers struggle to find the people they need. And that’s before the demand grows to help deliver the 1.5million homes, retrofitting for net zero, clean energy and the workforce needed to get the NHS back on track. The spending review will be critical for all of these priorities, and college leaders will be hoping that the Treasury recognises the return on investment that comes from skills.”

[GuildHE: Our submission to the Comprehensive Spending Review](#)

“In this submission to HM Treasury, we demonstrate why a diverse higher education sector is vital to the government’s key missions and how spending reforms and further investment will enable it to thrive. To that end, we address key funding concerns and offer recommendations that will ensure vocational, technical and specialist providers can continue to contribute effectively to the social, economic, and financial needs of the UK.”

[NAHT: School leaders warn that 'pupils will suffer' if education funding is cut](#)

"Last week saw the government suggesting that schools will need to find 'efficiencies' and we are now seeing rumours of impending cuts to education spending. We must be very clear with ministers that after a decade of funding cuts there are no more savings to be found. Any reduction in funding will therefore have a direct impact on the education that schools can provide, and it is pupils that will suffer."

[NFER: Government Spending Review is last chance to meet 6,500 new teacher target as unfilled teacher vacancies hit record high](#)

"The upcoming Spending Review provides the Government with the ideal opportunity to show its long-term commitment to increase the attractiveness of teaching. Both schools and the Government are facing budgetary challenges, so making this happen is going to need careful planning."

[Russell Group: Submission to the Spending Review 2025](#)

"Our universities are committed to making efficiencies across their operations, and remain bold and ambitious in what they can offer – from filling vital skills gaps across the regions of the UK, to delivering breakthrough research that spawns successful new businesses. However, the financial pressures are increasingly severe. To enable us to unlock our full potential, we need stable policy and ambitious, targeted investment so we can help to make every part of the UK better off."

[School Cuts Coalition: School Cuts coalition to hold parliamentary briefing for MPs on school funding](#)

"The time for action is now. Our schools form the bedrock of the nation's future, providing children with the skills and opportunities they need to thrive. Without immediate and substantial investment, we risk failing an entire generation and eroding the economic and social fabric of our communities. The government must use its upcoming multi-year spending review to inject additional funding into the system."

Food, drink, hospitality and retail

[Bira: Retail body sets out priorities for Spring Statement](#)

"We need to see continued investment for town centres and high streets across the country to maintain momentum in regeneration efforts. The government must also ensure that policing is fully funded to properly address retail crime, which has become increasingly concerning for our members."

[BRC: Consumer confidence stabilises as Gen Z prepare to spend](#)

"The Spring statement is an opportunity for government to inject some confidence back into the economy. In a matter of weeks, retailers grapple with the reality of billions in extra costs from the increases to employer National Insurance and the National Living Wage. This £5bn in new costs will give many no option but to push prices up. Food inflation is likely to hit 5% by the end of the year, and with further costs from the new packaging tax and implementation of the Employment Rights Bill, prices risk being pushed up further. Without a much needed confidence boost from government, the scale of new costs will see retail investment fall further, holding back future growth in the economy."

[UKHospitality: UkJHospitality reacts to unexpected fall in GDP](#)

Hospitality growth had been storming ahead in November and December but, like the economy, contracted in January. This shows how vulnerable businesses are and emphasises the need for action at the Spring Statement to reduce costs and boost business confidence. With the right measures, namely delaying the lowering of the employer NICs threshold, hospitality has proven to be a sector that can react most strongly and deliver much-needed economic growth, alongside social value.”

Health and social care

[BACP: Chancellor must put counselling at the heart of economic growth](#)

“Our response provides evidence that employing our members appropriately in NHS, education, community and workplace settings will provide extensive health, social and economic benefits, as well as supporting the Government’s drive for economic growth, by tapping into this vast pool of underutilised talent, skill and experience”.

[BMA: Pension tax rules reducing NHS waiting list capacity by almost 10%, reveals BMA survey](#)

“We’re urging the Government, ahead of next week’s Spring Statement, to urgently address this head on, by removing the annual allowance taper. This would be one of the quickest and most cost-effective ways of increasing NHS capacity whilst still ensuring fairness for the taxpayer as higher earners would still have limits on tax relief via the standard annual allowance.”

[RCOG: Charities and health organisations call for Government action as only 5% of women think women’s health is being treated as a priority](#)

“The organisations, which include the Faculty of Sexual and Reproductive Healthcare, the Royal College of Midwives, Wellbeing of Women and the Eve Appeal have set out key actions needed to tackle the devastating impact of underinvestment in women's healthcare. The upcoming government Spending Review and 10-Year Health plan are crucial opportunities to put this right and help them to deliver on their promise of prioritising women's health.”

[Together for Short Lives: Together for Short Lives responds to Phase 2 of the Spending Review](#)

“With the right support, seriously ill children and their families can experience moments of happiness and joy, creating memories that will last forever. But for many, it's a lonely and isolating experience with many struggling in a system that doesn't meet their uniquely challenging needs.”

Housing, infrastructure and planning

[CIH: CIH submission to the 2025 Spending Review: Investing in housing to unlock growth and opportunity](#)

“Housing is at the heart of the government's Plan for Change, yet the UK's housing crisis continues to undermine life chances, hold back economic growth, and put significant pressure on public services. If we are to achieve the government's ambitious milestones—including building 1.5 million homes this parliament—urgent investment is required.”

Further reading

[Rachel Reeves and the 2025 spring statement: Four key questions for the chancellor](#) – Institute for Government, 21 March 2025

[Spring Statement 2025: Background briefing](#) – House of Commons Library, 20 March 2025

[The UK's fiscal targets](#) – House of Commons Library, 13 February 2025

[Monetary Policy Report - February 2025](#) – Bank of England, 6 February 2025

[World economic outlook update \(including UK growth projections\)](#) – International Monetary Fund, 17 January 2025

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