

Jeremy Hunt's Budget already looks to be failing

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I will be headed to the BBC's Broadcasting House in London during the course of this morning. As has been the case for well over a decade now, I will be listening to the budget whilst there (and tweeting about it almost continually, for those who use that platform) before going on air at about 1:30 pm to discuss what Jeremy Hunt has had to say with Jeremy Vine.

There will be one change to the regular format of this Radio 2 programme on this occasion. Mark Littlewood, formally the director of the Institute of Economic Affairs, and the architect of much of Liz Truss's economics, is no longer my sparring partner. The unfortunate news is that the BBC are replacing him with Julian Jessup, formally of the Institute of Economic Affairs. I suspect that I will treat any nonsense that he has to say with the same disdain that I showed to Mark over the years that we commented together.

If reports are to be believed, and the Treasury appears to have become ever more leaky in this respect over the years, two of the biggest announcements that might be made in this budget are already known.

The first is that fuel duties are to be frozen, yet again, at a cost of more than £5 billion a year. Given that this has been frozen for so long, no one should be particularly surprised about this, but the implications are large. The only way in which the Office for Budget Responsibility could make last November's forecasts for the next five years meet the requirements of Jeremy Hunt's so-called fiscal rule was by assuming that this charge would be reinstated. If that is not to be the case, then how he will supposedly balance his books, using that false criteria of appraisal with which he is much enamoured, is not known. Unfortunately, I see none of the detailed figures before going on air, so I doubt that I will be able to provide elucidation during that commentary.

The second decision that he is being reported as having made is that national insurance is to be cut again. 2% was cut off the employee's rate last November. It is claimed the another 2% will be cut off this rate in the Budget to be announced today. Clearly we do not know if this is true as yet, but if it is then the cost will be between £9 billion and £10

billion per year, with a supposed average saving of a little over £400 a year for the mythical average earner.

Presuming that this leak is based on well informed Treasury sources, then this move makes almost no sense.

Politically the Conservatives got no discernible political gain from the last cut that they announced, even though they rushed through legislation so that the impact was seen in pay from January 2024 onwards. As a result, it is very obvious that this cut answered no question that any reasonable person might have asked about the government's intentions with regard to the supply of sound economic policy, and nor will another one.

This is unsurprising. At least three quarters of people in the UK would rather have any government action in this Budget focused upon improvements in the supply of government services, from the NHS onwards. No one is going to thank Jeremy Hunt, Rishi Sunak, or any other Tory MP, for getting this judgement wrong, again.

Then there is one other issue to consider, which is that this policy change fails to have any impact at all on the one group in society where the Tories are hoping to retain support, which is amongst pensioners. Many pensioners are now being forced to work because of increasing pensioner poverty, but since no one over the age of 66 pays national insurance, this will have precisely no impact on their well-being. As targeted measures go, this one completely fails.

There will, of course, be some other announcement that Jeremy Hunt will make to provide a headline if these two have been so heavily trailed, but however looked at these measures, that promote pollution in one case and deny the public the services that they need in the other case whilst collectively failing to deliver for the Tory voter base, really are disastrous. If these are the best that Jeremy Hunt can come up with, I think we can already fairly suggest that this Budget will not deliver for him or his party any of the gains that they so desperately seek. Jeremy Hunt might have been better advised to spend the £100,000 of his own money that he has invested in his own re-election campaign elsewhere in that case.