

Funding the Future

Article URL

Published: January 12, 2026, 6:28 pm

As predicted some time ago, Jeremy Hunt undermined the whole Labour election strategy by closing the non-dom rule yesterday.

According to Labour, doing this was going to fund almost every policy that it ever talked about. The sum likely to be collected as a result of this change might have been £3 billion or so at best, but as I indicated in the Taxing Wealth Report 2024, there are very good reasons for thinking it might be somewhat less. The Budget document thinks it more like £3.1 billion.

Since I had campaigned on this issue since about 2005 and sat on working parties about replacing this rule in the Treasury in 2009 and afterwards, when I was still invited to go there, and the proposal now tabled looks remarkably like what was discussed at that time, I have no complaints about this happening.

But where does this leave Labour? It was going to apparently fund all its new NHS staff and all the appointments that they would offer and other things besides using this money. Hunt has now claimed to have used it to fund national insurance reductions. Does that mean Rachel Reeves now has nothing left that she can talk about?

So far, I have not heard enough of Labour spokespeople to work out what they are going to say, but Hunt has definitely double-bluffed them. This line of attack is now no longer available to Labour. What are they going to use to pay for things now, given that they insist that taxes fund spending and that the national credit card is maxed out (both of which claims are completely wrong)? It will be fascinating to see.