

What am I looking for in the Budget?

Published: January 13, 2026, 8:59 am

As I mentioned [earlier this week](#), this is an unusual Budget day for me. I will be at a funeral and will not be able to comment until much later in the day on what is actually said by Rachel Reeves at 12.30pm today. I could apologise for that, but being with a close friend as we say farewell to his wife means more to me.

That said, I will be discussing what is announced later today and thought I would set out now what I might be looking for. Given the leaks, the expectation is that Reeves has not much more than detail to come, but I presume that at least one headline item has been left for the day. I am not expecting that to be a tax cut.

So what criteria will I use to assess what she has to say? Using the methodology I outlined in [this morning's video](#), it will be what she does not say that will matter to me as much as what she does say. So, in no particular order, these are the issues I will be looking for comment on:

The environment

So far we only know about carbon capture and storage, which is about environmental destruction by allowing carbon emissions from big fossil fuel to continue. Will there be anything meaningful?

The nations of the UK

Will Scotland, Wales and Northern Ireland even get mentioned, let alone get the additional devolved tax and borrowing powers that they need?

Austerity

Which departments will be hit by cuts? I suspect the list will include:

- * Housing
- * Local authorities (and so social care)

- * Environment
- * Transport
- * Justice

Good luck with persuading us that public services are going to improve in that case.

In contrast the following might do well:

- * The NHS
- * Defence

And education will probably break even.

But all this depends on how the national insurance increase payable by these departments is managed. Rumour has it that she will rebate these charges, built off she does await the massive media backlash that this will only hit the private sector and private sector pensions: that is going to happen.

Investment

What in? Will this just be about addressing the backlog of repairs (which might well be the best use of the money in many cases) or will there be:

- * Real environmental investment for a green transition
- * New schools to replace those falling down with RAACs
- * Similarly, new hospitals for those now held up with scaffold piles
- * Tidal defences and other flooding measures
- * Core skills for the green transition, in energy, retrofitting, new transport systems and more
- * Transport Transformation, which most definitely does not mean new roads.

I worry that this money will be frittered on what big business wants. GB Energy, for example, is just a private equity fund to partner big business. Will any new money be recycled back in top the City in the same way? I sincerely hope not.

Poverty

I am giving high marks for the announcement on the minimum wage, but that was easy because most of the cost will be paid for by the private sector. What is Reeves really going to do about:

- * Child poverty
- * Pensioner poverty
- * The precariat - or those who just about survive from month to month? How will she helped them?
- * Staggeringly high rents that are absorbing far too much of the cost of too many vulnerable households, many of whom do not get support with them.

Interest rates

Reeves will most certainly say nothing on this, but the Officer for Budget Responsibility probably will. Where do they think these are going? Will, in other words, the Bank of England continue with its policy of crushing the economy?

Deposit taking

The government does not borrow. It takes deposits from savers. If she insists she cannot borrow from the Bank of England - and I am not expecting change on that - what is she going to do about securing new deposits? The sectoral balance chart published by the OBR might gives us clues. Will it show increased household saving? If not, where are the funds coming from?

Employment

Reeves says she is on the side of the working person. What, then, will forecast employment rates be? They have not looked good in Bank of England forecasts of late. So what is she expecting? The OBR will report.

Growth

We do not need growth in GDP: it is destructive of our well-being as currently defined. But Reeves does not agree. What is she going to forecast? A string of numbers will be produced, but be warned that these numbers are usually the most unreliable amongst the myriad of misinformation that most budgets announce, where the aspic rate of income tax is one of the few things you can assume to be right.

Tax and inequality

Will Reeves show real courage and equalise income tax and CGT rates as most people think would be fair?

Will inheritance tax loopholes be closed?

Will there be additional taxes on investment income to compensate for the growing tax charges on wages, which investment income does not bear?

What will the deal for the self employed be? I am expecting increases in NIC.

Will business really get the offer of a five year tax deal with no increases in corporation tax? Why?

And will fiscal creep continue?

The big picture

I am expecting this to be 'a budget for growth'. If so, I have heard that many times before. Will she manage anything better than that given Labour's inability to weave together any narrative?

I am critical, but let's see.

To be avoided

And these are the bombshells she might best avoid:

- * Increasing tax on takeaway food (it did not work for George Osborne)
- * Changing tax relief on gifts to charity (I think it important, but she would have to do better than. George Osborne, again)
- * Changing national insurance for the self-employed, which laid Philip Hammond low.

I will be back later this afternoon or this evening to discuss what she actually did. No doubt some of these issues will come up.