

Spring Statement 2026: Key Updates and Economic Outlook

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By **Paul Webb**, 4th March 2026

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The forecasts underpinning the Statement do not account for potential risks arising from conflict in the Middle East, including potential impacts on global energy prices and supply chains, and was delivered against a backdrop of shifting energy markets and tightened fiscal conditions. However, the Chancellor reaffirmed the government's commitment to holding a single fiscal event each year and maintaining tight control of the public finances.

Economic growth has been revised down for 2026, with GDP now expected to increase by 1.1%, compared with a previous forecast of 1.4%. Growth is further expected to strengthen to 1.6% in both 2027 and 2028, before stabilising at around 1.5% in 2029 and 2030.

Inflation is forecast to fall to 2.3% in 2026 and return to the Bank of England's 2% target from 2027 onwards. As a result, households are expected to be more than £1,000 a year better off after accounting for inflation. The government reiterated its focus on supporting minimum wage, expanded childcare provisions, and the removal of the two-child benefit cap.

Public sector borrowing is now forecast to be £18 billion lower than estimated at the Autumn Budget, with borrowing expected to fall from 4.3% of GDP this year to 1.8% by 2029-30. Fiscal headroom has increased to nearly £24 billion, the highest level since the Autumn Budget. Unemployment is expected to peak at 5.3% in 2026, before falling steadily to 4.1% by 2030.

Overall, the Spring Statement paints a picture of cautious optimism, highlighting gradual improvements in the public finances and living standards, but it also underlines that the outlook for growth remains modest and that difficult decisions on tax and spending are likely to persist in the years ahead. The accompanying OBR report reinforces the message that, while some indicators are moving in a more positive direction, there is little room for complacency.

This summary provides a detailed commentary, which sets out the key announcements and their implications. The summary also includes details of previously announced tax measures that take effect in the coming years, together with their impact across personal taxation, business taxes, employment, pensions and capital taxes.

If you would like to discuss any aspect of the Spring Statement or how it may affect your circumstances, please do not hesitate to [contact us](#).