



YOUR GUIDE TO THE

# Spring Statement

3<sup>RD</sup> | MARCH | 2026

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# The main highlights from the Chancellor's Spring statement.

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Upon leaving 11 Downing Street, the Chancellor was notably without the traditional red budget box. This reflects the nature of the Spring Statement, which the Chancellor has made clear is an economic forecast rather than a fiscal budget.

In the days leading up to the Spring Statement, commentary has largely focused not on the 'low key' announcement itself, but on the escalating conflict in the Middle East and its potential economic implications.

The Chancellor began the Spring statement by acknowledging the events in the Middle East and expressed gratitude to the British armed forces who are serving across the globe to protect our country.

Mrs. Reeves confirmed that she is in regular contact with the Bank of England, international counterparts and key affected industries, including our maritime sector. She added that on 4<sup>th</sup> March, she will meet with our North Sea industry leaders to discuss the implications that they face and work with them to manage this uncertain period.

*"This government has the right economic plan for our country."*

Rachel Reeves | 3rd March 2026

## Defence spending

Mrs. Reeves continued by saying that this government will *"secure our economy against shocks and protect families from the turbulence that we see beyond our borders"* and announced that on top of the £650m committed in January to upgrade Britain's Typhoon fighter jets, that a further £1bn helicopter deal was agreed on 2<sup>nd</sup> March.

## Inflation and Interest rates

Moving onto the economic forecast, Mrs. Reeves pointed out that *"stability is the single most important precondition for economic growth"* which is why she has committed to one major fiscal announcement per year, rather than two explaining that *"limiting major policy changes to the budgets and giving businesses and households the certainty that they need."*

Mrs. Reeves said that *"today, the new forecasts from the Office for Budget Responsibility confirm that our plan is the right one: inflation is down, borrowing is down, living standards are up, and the economy is growing."*

The Chancellor went on to make reference to inflation reaching over 11% and interest rates reaching 15-year highs under the previous government whilst stating that interest rates under the current government have been cut six times since the most recent general election.

These interest rate cuts are expected to save households over £1,300 per year on a typical new fixed-rate mortgage.



Summarising the changes announced at the autumn budget including the extension of the 5p fuel duty cut, the freeze on prescription charges and freeze on rail fares, the Chancellor further announced that from April 2026, she is taking £150 off energy bills.

## Economic growth

Following a detailed summary of the action that the Labour Government had taken at the autumn budget to pull over 500,000 children out of poverty, the Chancellor announced that the UK had the fastest growth of any G7 country in Europe.

Mrs. Reeves continued by announcing that today, the Office for Budget Responsibility's (OBR) prediction for UK growth has been updated to show that Gross Domestic Product (GDP) is forecast to grow. By 1.1% in 2026, 1.6% in both 2027 and 2028, and 1.5% in both 2029 and 2030.

GDP per capita, which is the average economic output per person, is also expected to grow faster than previously forecast, with growth of 5.6% over the parliament. In real terms, after inflation Mrs. Reeves said that this equates to individuals being £1,000 better off per year by the end of the forecast.

## Employment, Education and Training

Whilst acknowledging the positives of the forecast, the Chancellor said that she was not satisfied yet as *"the economy is not yet working for everyone."* Mrs. Reeves said that in today's forecasts, unemployment is set to peak later this year and then fall in every year of the forecast period, ending at 4.1%.

*"We promised change at the election and I understand the responsibility on me to deliver that change."*

Rachel Reeves | 3rd March 2026

Mrs. Reeves said that young people are particularly suffering from a job's crisis, highlighting that the number of young people not in employment, education or training rose by 113,000 in the last 5-years of the previous government and over the last decade, apprenticeship starts by young people fell by 40%.

Stating that Labour *"will not leave an entire generation behind,"* Mrs. Reeves outlined additional investment to reform apprenticeships to prioritise young people through the £820m youth guarantee and providing young people with employment support and a guaranteed job.

## Government borrowing & investment

In their forecasts today, the OBR shows that borrowing is set to reduce by nearly £18bn compared to the autumn forecast.

Mrs. Reeves continued by stating that in 2026, the UK is set to borrow less than the G7 average with the forecast showing that public sector net borrowing is set to fall from 4.3% this year, to 3.6% next year, then to 2.9% in 2027/28, 2.5% in 2028/29 and finally to 1.8% in 2029/30.



Headroom against the stability rule in 2029/30 has also increased, from £21.7bn predicted in the autumn to £23.6bn, with headroom against the investment rule also higher, at £27.1bn.

The Chancellor continued to set out a clear focus on investing in public services and supporting economic stability. Key priorities include investment in local communities, schools to address infrastructure issues and the NHS to reduce waiting lists.

Mrs. Reeves stated that she has *"never accepted that we have to choose between social justice and fiscal responsibility."* Instead, Mrs. Reeves argued that because of the actions taken so far, *"we are expected to spend nearly £4bn less on debt interest next year than was forecast in the autumn."* This creates greater capacity to fund public priorities.

Furthermore, Mrs. Reeves added that if they stick to their plan, the government will have £15bn more for the priorities of working people and to make working people better off.

*"It is because of the choices I have made to keep our public finances stable and restore our credibility that we can invest in the priorities of working people."*

Rachel Reeves | 3rd March 2026

Every pound that we have invested, every pound in the pockets of working people, every pound that we have secured in this forecast today can be wiped out by a change of course. So, we must reject to return to austerity.

To protect our public services and invest in Britain's future we must reject the temptation of easy answers and reckless borrowing. To protect family finances and get the cost of living down, we must reject the political instability which would put at risk all the progress that we have made. My plan is the right one. I am in no doubt about how great the rewards we can be if we stay on course.

The forecast today confirmed that the choices this government has made are the right ones. Stability in our public finances, interest rates and inflation falling, living standards rising, more children lifted out of poverty, more appointments in our NHS and more investment in our infrastructure. A growing economy and more money in the pockets of working people.

Mr. Speaker, these are the right choices, this is the right plan and I commend this statement to the House.

## **Rachel Reeves**

Chancellor of the Exchequer

3<sup>rd</sup> March 2026



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