Spring Forecast 2026 speech

3.3.2026 - Rachel Reeves | Her Majesty's Revenue and Customs

Spring Forecast 2026 speech as delivered by Chancellor Rachel Reeves.

Mr Speaker this government has the right economic plan for our country…

…a plan that is even more important in a world that in the last few days has become yet more uncertain.

With unfolding conflict in Iran and the Middle East. It is incumbent on me and on this government to chart a course through that uncertainty…

…to secure our economy against shocks…

…and protect families from the turbulence that we see beyond our borders.

I want to express my gratitude to members of our Armed Forces as they serve across the globe to protect our country…

…and I want to reassure this House that I am in regular contact with the Governor of the Bank of England, with my international counterparts, and with key affected industries…

…including our maritime sector.

And tomorrow, I will meet with our North Sea industry leaders to discuss the implications that they face…

…and work with them to manage this uncertain period.

Mr Speaker, in an increasingly dangerous world, I am proud to be the Chancellor that is delivering the biggest uplift in defence spending since the Cold War:

With £650 million committed in January to upgrade our Typhoon fighter jets,

A new Royal Navy frigate launched from Rosyth last week…

…and just yesterday, our £1 billion helicopter deal with Leonardo.

I am in no doubt about Britain’s ability to navigate the challenges we face.

The plan that I have been driving forward since the election is the right one:

Stability in our public finances,

Investment in our infrastructure, including our Armed Forces…

…and reform to Britain’s economy.

It is a plan to reshape our economy…

[redacted political content]

…building growth on not just on the contribution of a few people in a few places, but in every part of Britain…

…with a state that doesn't stand back, but that steps up…

…strengthening our trading relationships and our alliances…

…creating capacity in our economy through affordable housing, better transport and free childcare…

…an active and a strategic state, building growth and economic security in an uncertain world.

Stability is the single most important precondition for economic growth…

…that is why we have committed to a single major fiscal event a year…

…limiting major policy changes to the Budget and giving businesses and households the certainty that they need.

Today, the new forecasts from the Office for Budget Responsibility show that our plan is the right one:

Inflation is down,

Borrowing is down,

Living standards are up…

…and the economy is growing.

Mr Speaker, this government has restored economic stability.

[redacted political content]

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

I know that the question people will ask themselves at the next election is this: Are me and my family better off?

I am determined that the answer will be yes.

The change that we promised has already started:

There have been six cuts in interest rates since the General Election…

…the fastest pace and reduction in 17 years…

…and inflation has fallen.

For businesses, that means lower capital costs and greater certainty…

…and for families, it means more money in their pockets to spend in local shops and on the high streets.

Those interest rate cuts will save households over £1,300 per year on a typical new fixed-rate mortgage…

[redacted political content]

At the Budget, I went further to deliver the change that people rightly demand:

I extended a 5p cut in fuel duty for a further five months,

I froze prescription charges for the second year in a row,

I froze rail fares for the first time in 30 years…

…and I am taking £150 off energy bills from next month.

In February, the Bank of England confirmed that inflation will fall faster because of the action that I took in the Budget.

And today, the Office for Budget Responsibility expect inflation to come down even faster than it forecast in the Autumn.

Mr Speaker, in the current global context, with the risk that rising energy prices will put upward pressure on inflation the action that I have taken is all the more crucial.

Keeping inflation low and stable as possible is the best way to support family incomes and reduce pressures on the cost of living.

But that’s not all that we’ve done:

This government has funded 30 hours of free childcare for working families,

We are rolling out free breakfast clubs at primary schools…

…and we are set to achieve the biggest reduction in child poverty over a Parliament since records began.

[redacted political content]

That is the moral choice…

…for the children who will no longer go to school hungry…

[redacted political content]

And scrapping the two-child limit is an enduring investment in our children and in our future…

…to realise the potential of young people whose potential would otherwise be wasted.

[redacted political content]

Last year, we demonstrated the resilience of Britain’s economy in the face of global headwinds…

…with the fastest growth of any G7 country in Europe.

Today, the Office for Budget Responsibility has updated its growth forecasts, including reflecting lower net migration:

Average growth across the forecast period is largely unchanged…

…while the OBR has adjusted the profile of GDP so that it grows slightly slower in 2026, and then faster in both 2027 and 2028.

So, 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.

I've always said that growth is for a purpose – to make working people better off.

And I can confirm that GDP per person is set to grow more than was expected in the Autumn…

…with growth of 5.6% over the course of this Parliament…

[redacted political content]

…and by the next election, after accounting for inflation, people are forecast to be £1,000 a year better off per year.

We promised change and Mr Speaker, and we are delivering that change.

The economy is growing…

…Living standards are rising…

…and inflation has fallen…

…But I am not satisfied yet with these forecasts.

I know that the economy is not yet working for everyone…

[redacted political content]

In today's forecasts, unemployment is set to peak later this year and then fall in every year of the forecast period…

…ending the forecast period at 4.1% - lower than it was at the start of the parliament.

[redacted political content]

This government will not leave an entire generation of young people behind.

We are already taking action with additional investment to reform apprenticeships to prioritise young people…

…and through the £820 million Youth Guarantee, providing young people with employment support and a guaranteed job,

[redacted political content]

…and I will give young people the support and the opportunity they deserve.

Mr Speaker, in the face of global uncertainty, we beat the forecasts last year…

In the year ahead the choices that we are making give me confidence that we will beat them again.

And in the year ahead, more of the choices we have already made will come into effect:

Discounts on business energy costs,

Trade deals with India, the US and the EU,

Reforms to back entrepreneurs,

Investment in our infrastructure,

Skills funding for further education…

…and more planning reforms.

[redacted political content]

Our plan for growth is grounded in a profound rejection of the failed economic dogmas of the past…

…the trickle-down, trickle-out thinking that produced ever-diminishing returns for working people –

I know that an economy cannot be working, if it is delivering for only a few people, in a few places,

I know that it matters where things are made and who makes them…

…and I believe that the working people who keep our country moving deserve a fair day’s pay for an honest day’s work.

Since the election, I have been making the big choices that will bring about the deep, structural changes that our economy needs so that it works again for working people:

The choices to take on vested interests by and back the builders, not the blockers,

The choice to increase public investment and protect our public finances with new fiscal rules…

and the choice to give people in all parts of our country the opportunities that they deserve…

…by reforming the Treasury Spending Rules in the Green Book to unlock investment in all of our urban, rural and coastal communities.

Mr Speaker those are the right choices for our country…

…for security, for stability, and growth.

Today’s forecasts from the Office for Budget Responsibility show that they are starting to pay off…

…and I am clear-eyed about where the opportunities for the British economy lie in this Parliament and beyond.

In my second Mais lecture in two weeks’ time, I will set out three major choices that will determine the course of our economy into the future:

To go further in strengthening our global relationships…

… breaking down trade barriers and deepening alliances with our European partners for a more secured, and connected economy.

To go further in backing innovation and harnessing the power of AI…

…so that entrepreneurs and innovators thrive here in Britain and so that working people reap the rewards…

…And to go further in transforming our economic geography…

…so that we can build growth on a broad and stable basis…

…spreading opportunity and unlocking opportunity in every part of Britain.

Mr Speaker, I came into politics because I believe in a government that stands up for working people…

…that everyone – no matter where they grow up – deserves security and a fair chance to achieve their potential…

…and that being able to manage the bills, afford a home and pay for a holiday is never too much to ask.

When governments lose control of the economy it is working people who pay the price…

…in their pay packets, in their bills and in their mortgages.

In their forecasts today, the Office for Budget Responsibility show that we are set to reduce borrowing by nearly £18bn compared to the Autumn.

[redacted political content]

The forecast today shows that Public Sector Net Borrowing is set to fall from 4.3% this year, to 3.6% next year, then to 2.9%, 2.5%, and to 1.8% in 2029-30.

And even after funding other measures announced since the Budget…

…including the new Special Educational Needs system set out by my RHF the Education Secretary last week…

…headroom against the stability rule in 2029-30 has increased from £21.7 billion to £23.6 billion…

…With headroom against the investment rule also higher at £27.1 billion…

…And debt is now set to be lower in every year of the forecast compared with the Autumn.

Mr Speaker, 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:

Investment in our communities – with Pride in Place,

Investment in our schools – to fix crumbling classrooms and give every child the education that they deserve…

…and investment in our NHS – to bring waiting lists down and with a record cash settlement.

I have never accepted that we have to choose between social justice and fiscal responsibility…

…because there is nothing progressive about spending £100 billion a year – that's one in £10 of what government spends just paying on the interest.

[redacted political content]

And from my Budget to this forecast, while average yields rose for the rest of the G7…

… yields on UK government debt fell.

[redacted political content]

Already, because of the action I have taken we are expected to spend nearly £4 billion a year less on debt interest next year than was forecast in the Autumn…

…and if we stay the course and stick to our plan…

…and our debt interest rates return to the G7 average…

[redacted political content]

…we will have £15 billion a year more for the priorities of working people and to make working people better off:

That is the prize on offer,

That is the prize within our grasp.

This is the right plan:

A plan that is more necessary than ever before in a world of uncertainty

A stronger and more secure economy,

Inflation and interest rates falling,

Resilient public finances…

…and in every part of Britain – working people better off.

Mr Speaker, every additional patient treated in an NHS hospital,

Every child lifted out of poverty,

Every breakfast club in every school is because of the choices that we have taken…

…and because I have the right plan for our country.

But let this House be in no doubt:

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 a 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…

[redacted political content]

My plan is the right one.

I am in no doubt about how great the rewards can be if we stay the course.

The forecasts today confirm 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,

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.

https://www.gov.uk/government/speeches/spring-forecast-2026-speech