Intelligence Hub

Autumn 2026 Budget Briefing

November 2026

Executive Summary

This briefing summarises the main economic and policy implications of the Autumn Budget 2026 for Glasgow City Region (GCR). The Chancellor has unveiled a Budget aimed at giving families and businesses breathing space and delivering structural changes to meet future need[1]. The Budget provides some short-term support for households and businesses and makes selective commitments on investment, defence, artificial intelligence and local growth. However, it is not accompanied by a fully developed strategy for raising productivity, business investment, and living standards. As such, the Government's forthcoming 10-Year Growth Plan and Spending Review will now become key for outlining how their ambitions can be converted into a coherent programme of economic reform and delivery.

This briefing note summarises the key policy announcements from the Autumn Budget 2026 and their impact on the economy. Commentators have argued that whilst the Budget boasts about economic growth, taken alongside falling disposable incomes and rising energy costs this doesn't translate to a better standard of living. The IFS described the Budget as "a raft of fiddly measures, but very little that will move the dial on growth."

The Office for Budget Responsibility (OBR) has outlined that the economic backdrop remains challenging. Growth is expected to remain weak by historic standards, higher energy costs are likely to weigh on activity and inflation, and real household disposable income is forecast to fall in the short term. Unemployment is also expected to rise before easing. It is expected that modest Gross Domestic Product growth will not necessarily translate into improved living standards, particularly while productivity and firm level investment remain subdued.

For households, the increase in the National Living Wage and measures to reduce energy and fuel costs will provide support, with the largest gains expected among lower-income households as a share of net income. These measures should nevertheless be viewed alongside the wider outlook for weak income growth and continuing cost pressures. Some measures are also less well targeted than alternatives based directly on household income or benefit eligibility.

For business, the Budget combines potential opportunities with additional pressures. Expanded public finance, defence investment, support for artificial intelligence and changes to appraisal rules could benefit GCR's innovative and tradeable clusters. At the same time, the National Living Wage increase adds to employer costs,

1 Budget 2026: Breathing space for today, hope for the future - GOV.UK

particularly in labour-intensive sectors. Support for retail, hospitality, leisure and the wider consumer-facing economy is less clear. The local impact of the business rates measures will depend on decisions by the Scottish Government. Although widely expected, the Budget's place-based agenda is potentially the most significant for policy within GCR. English mayoral regions are being offered greater fiscal flexibility, more significant funding and new mechanisms to retain and reinvest elements of local tax growth. Place-based business cases could also support more integrated investment covering transport, housing, skills, regeneration and business investment. Without comparable regional capability in Scotland, GCR risks operating at a disadvantage relative to English city regions with stronger powers and delivery capacity.

Overall, the Budget is stronger in identifying the UK's economic constraints than in setting out how they will be overcome. It offers useful measures, but few are likely on their own to materially change the growth trajectory. For GCR, there appear to be two immediate priorities:

- to position credible, investable propositions around regional strengths; and
- to ensure that major investments create wider benefits through supply chains, skills, innovation diffusion, employment and stronger local places.

Whilst there are many measures in the Budget, they are either short term or likely to have limited impacts. We will need to wait for the Spending Review and 10-Year Growth Plan to understand how the UK Government intends to align investment, institutions and delivery around sustained productivity growth and improved living standards.

Introduction

This briefing lays out the economic position which accompanies the budget, as outlined largely by the Office for Budget Responsibility (OBR)[2]. It then notes the key measures in the budget and the impacts these are likely to have on households and business. Some of the key elements of the devolution measures outlined for England are then highlighted before considering what these can achieve and what it could mean for Glasgow City Region (GCR).

Economic Forecast

Economic Outlook

Whilst there have been some more positive signals around the state of the economy as measured by Gross Domestic Product (GDP), the economic landscape continues to be weak especially when compared to historic standards.

Real GDP: adjusted to remove the impact of inflation, real GDP remained reasonably robust in the face of geopolitical issues in early 2026 and is expected to grow by approximately 1.25% over the year. However, the OBR anticipates that the higher energy prices facing businesses and consumers may dampen economic activity, and have subsequently downgraded their March forecasts for 2027 by 0.5% pts.

The spike in energy prices also impacts productivity estimates for 2027 – slowing growth to 0.7%. Productivity growth is then anticipated to increase to 1.1% in 2031 as energy price shocks subside. The OBR projects that an increase in energy prices to 2031 will not have a significant impact on productivity estimates as firms adjust to more cost-efficient methods of energy use and production.

Economists, such as those at the Productivity Institute, have argued that a key driver of weak GDP growth has been a lack of firm-level investment in the economy. They have also argued that the measures introduced in the Budget do not go far enough to start changing that. This is a real challenge.

Pre pandemic, the government's Debt to GDP level was approximately 40%. It is now almost 100%. "If servicing debt were its own government department, then it would be the third biggest, after only health and welfare"[3]. This clearly impacts government spending.

2 OBR Economic and fiscal outlook – October 2026

3 Lewis Goodall - The Budget was boring. What comes next won't be.

Inflation: measured through the Consumer Price Index (CPI), inflation is forecast to increase to a peak of 3.75% in early 2027, before falling to the Budget's target of 2% by 2028.

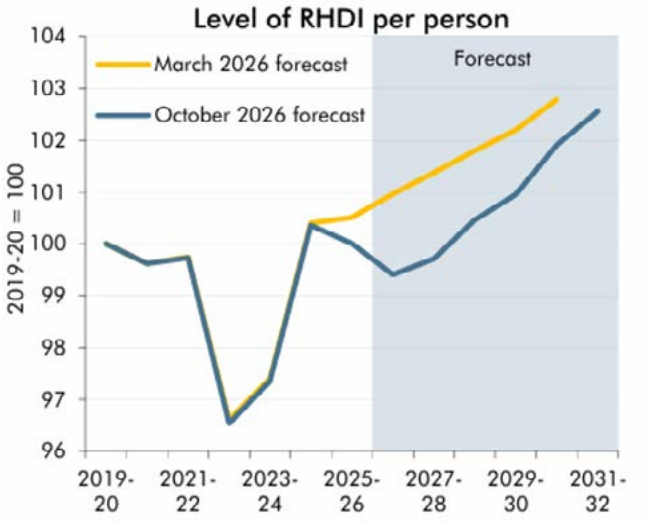
Within the OBR's central forecast, inflation is between 0.75 percentage points and 1.5 percentage points higher than forecast in March. These increased projections reflect the direct impact of higher energy prices, caused by geopolitical conflict, on fuel and utilities. The OBR's outlook for future inflation is uncertain, presenting an equal chance that inflation could reach as high as 4.5% in 2027 or as low as 2.5%.

As the OBR and the Fraser of Allander Institute have noted, these revisions and projections are subject to macroeconomic shocks to the UK economy.

Living Standards

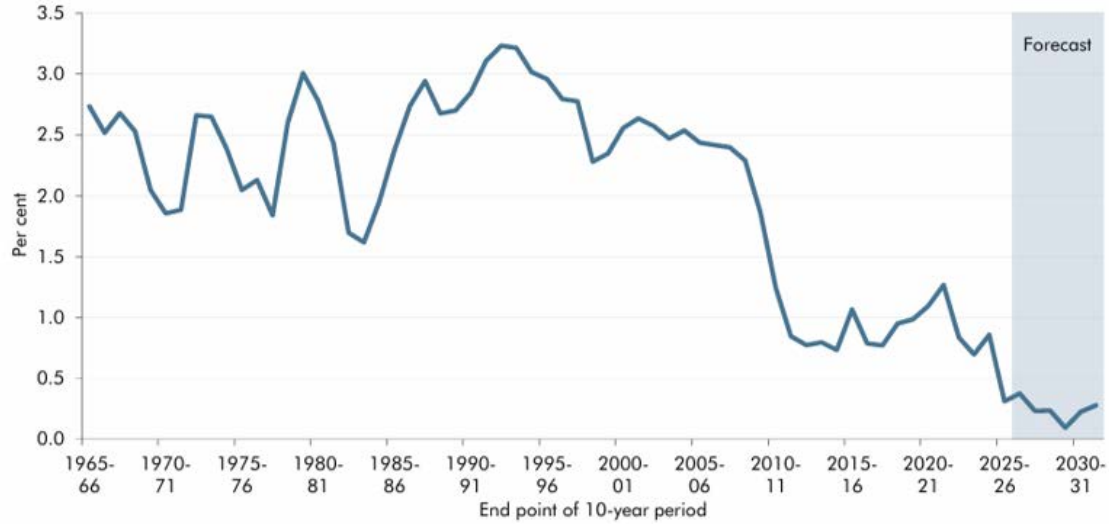
Living standards, represented as real household disposable income (RHDI), are projected to fall in the short-term through energy price effects and a looser labour market decreasing the bargaining power of workers to negotiate for higher wages. The OBR's projections have been revised as RHDI per person is now approximately 0.75% pts below March's forecast.

Chart 1 - RHDI per person 2019-20 to 2031-32



Source: Office for Budget Responsibility

Chart 2 - RHDI per person growth 1965 to 2030-31



Source: Office for Budget Responsibility

Charts 1 and 2 illustrate that RHDI per person is anticipated to increase in the period beyond 2027/28 as energy prices decline. Chart 2 presents historically low levels of growth in the 10 years to 2029/30, averaging less than 0.1% per year. Martin Wolf at the Financial Times has noted that, a decade on from the onset of the Covid pandemic, RHDI will be just 1% higher than before it began and that this stagnation is largely driven by the UK's poor productivity performance.

The Joseph Rowntree Foundation has calculated that average annual household disposable incomes are projected to decrease by £450, adjusted for inflation, over the current parliamentary term from April 2024 to April 2029.

Labour Market

The OBR's analysis of the labour market points to a 'loose' labour market. This is one where there are fewer vacancies in addition to an increased number of individuals looking for work.

Evidence from the Bank of England and HMRC administrative data suggests that the UK's subdued labour market has been driven by low transitions into employment, rather than individuals leaving the labour market. Simultaneously, evidence from KPMG and REC UK has found a reduced number of vacancies posted as labour demand has weakened.

The OBR projects that unemployment could peak at 5% in Q2 2027, which, whilst slightly lower than the March forecast, would occur a year later. If Glasgow City Region's (GCR) labour market followed these trends this would see an equivalent 1,800 working-age individuals experiencing unemployment.

A summary of the Budget measures and their household, business and investment impacts is provided below. An additional summary table showing how these and other measures apply in Scotland is included in Appendix 1.

The Budget Measures: Household Impacts

Wages

The National Living Wage will increase to £13.21 per hour for those aged 21+, a near 4% rise. This increase is the equivalent of an additional £910 to the annual earnings of a full-time worker.

The Living Wage Foundation has remarked that whilst this will be a welcome increase as households continue to face financial pressures, there is still a £1,700 annual difference between workers paid the National Living Wage compared to the Real Living Wage[4].

There are currently over 100,000 employees in Glasgow City Region that earn below the Real Living Wage that may benefit from the National Living Wage increase but fall below the Living Wage Foundation's estimate of what is needed to cover the basic cost of living[5].

Energy Measures

Three energy and fuel related policies were introduced to mitigate energy costs for households across the UK:

- the removal of standing charges on gas bills,
- the extension of the cut to fuel duty, and
- the introduction of the Household Energy Payment.

Fuel Duty: The 5p cut to fuel duty has been extended for a further six months and the planned Retail Price Index (RPI) increase has been deferred to July 2027. Petrol and diesel will be 15p cheaper per litre from April 2027, and these measures could save the average car owner £230 across the parliamentary term.

The UK government will also ask Ofgem to abolish gas standing charges and move them to unit rates. The Institute for Fiscal Studies has welcomed the proposition, stating that it moves the market in a positive direction as gas is under-taxed relative to electricity[6], while NESTA noted that this was a progressive policy and estimated

4 Living Wage Foundation responds to the Government's increase to the National Living Wage to £13.21

5 Annual Survey of Hours and Earnings 2025 - gov.scot

6 Autumn Budget 2026 | Institute for Fiscal Studies

that 84% of the poorest households would be better off[7].

However, the Fraser of Allander Institute challenged the proposition, arguing that it will have a disproportionate impact on urban households – 98% of which are covered by the mains gas grid, compared to the 43% of rural households[8].

Household Energy Payment: The payment will provide £100 directly to households in Council Tax Bands A to D. The Scottish Government has confirmed that it will work with local councils to roll it out[9]. If extended to Scotland on the same basis, the payment could provide approximately £70 million of support to households in Council Tax Bands A to D across Glasgow City Region.

The Household Energy Payment has drawn criticism from multiple commentators, who note that using out-of-date Council Tax valuations does not efficiently target the poorest households. Basing the payment on Council Tax bands means that low-income households living in higher-value properties will miss out, whereas an alternative allocation method, such as eligibility for Universal Credit, could provide more targeted support.

The Resolution Foundation has commented that one in eight households in the bottom half of the income distribution live in higher-band properties and are expected to miss out. It also notes that this payment will not alleviate the burden of energy bills, which are set to average £2,210 across 2027, an increase of £600 on the 2026 average[10].

Distributional Impacts

According to HM Treasury analysis, as shown in the chart 3 below, households in the lowest income deciles in 2027-28 will benefit the most from policy decisions as a percentage of net income, while increases in tax will be concentrated on the highest-income households[11]. In 2027-28, on average, all but the top 20% of households will benefit from policy decisions. However, the projections for household income noted above should also be factored into this analysis.

7 Energy affordability options: abolish the gas standing charge | Nesta

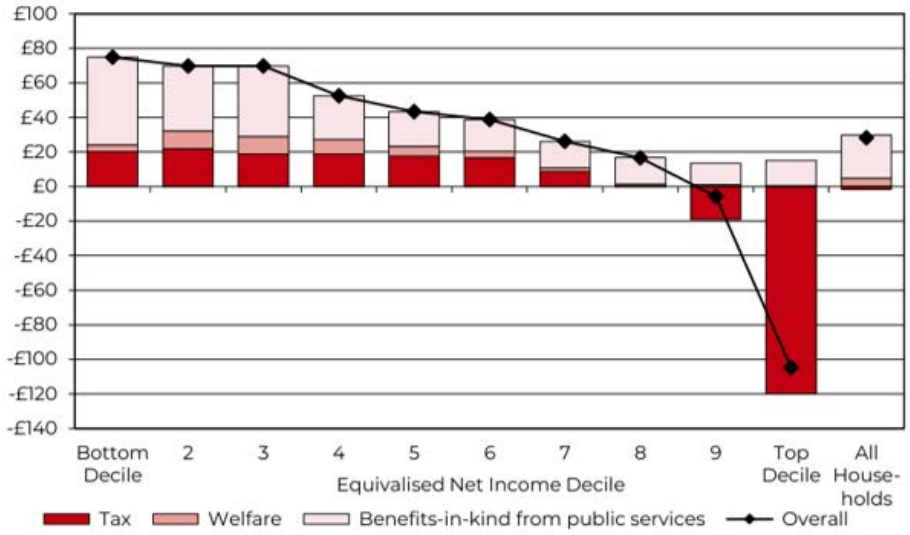
8 Reaction to the UK budget Fraser of Allander | FAI

9 Scottish ministers to work with councils on £100 energy payment rollout - BBC News

10 Budget leaves families braced for tough winter and living standards downturn • Resolution Foundation

11 Budget 2026 – Breathing Space for today, Fresh hope for the future

Chart 3 - Budget impact on households by income decile 2027-2028



Source: HM Treasury

Business & Investment Impacts

Business Rates Relief

In an effort to rejuvenate local high streets the Chancellor announced that from April 2027 the eligibility threshold for small business rates relief for retail, hospitality, and leisure properties in England will increase from £12,000 to £18,000. The Chancellor announced that this would take an additional 70,000 businesses below the threshold, resulting in half of all businesses within these sectors no longer paying business rates.

The Chair of the Federation of Small Businesses Scotland has called for the Scottish Government to utilise the additional £600m in Barnett consequentials to invest in small firms and put Scotland's local economies on a firmer footing. 83% of small Scottish businesses have reported increased overheads over the last quarter[12].

If the Scottish Government were to implement an equivalent rates relief scheme that impacted 50% of retail, hospitality, and leisure businesses in GCR this could benefit over 10,000 properties.

Living Wage Implications

Commentators have noted that the announced increase in the National Living Wage will affect employers still absorbing last year's increase in National Insurance Contributions. It has been argued that alternative measures, such as raising the employer NICs threshold, would have alleviated financial pressure on firms and facilitated the creation of entry-level jobs[13].

Investment

National Wealth Fund and British Business Bank: Significant additional capital is being made available through public financial institutions, which should offer opportunities for some of the Region's most innovative and high growth firms. The National Wealth Fund has been provided with an additional £15.4bn of capital and has been told to increase its focus on Britain's security and strategic capabilities, growth across the country and support for a new industrial age.

The Budget also expands the capacity of the British Business Bank and places greater emphasis on mobilising institutional capital into growth businesses.

12 FSB Press Release | Budget misses the mark on help with small business costs and jobs

13 the Scotsman - The Budget does not meet scale of UK government's ambitions

Defence: A series of investment commitments were announced by the Chancellor, including the £15bn Defence Investment Plan, which will take the UK's defence spending to 2.7% of GDP by 2027/28. The Budget notes that, in the next Spending Review, the government will outline plans to meet the NATO commitment of spending 3.5% of GDP on defence by 2035, but scepticism remains on how this will be achieved.

The Budget announcement builds on the recent confirmation of joint Scottish and UK Government funding to develop two Defence Technical Excellence Colleges (DTECs)[14]. Consultation will be held to determine which colleges could be awarded DTEC status, but the UK Defence Journal understands that initial plans are for locations in the east and west of Scotland. These DTECs will be important for developing a high-quality local skills pipeline for the 60 defence companies that currently operate in GCR.

AI Industry: The Budget also introduced an investment package worth £700m for the UK's artificial intelligence industry. Investments include £160m for AI security, aimed at strengthening the UK's resilience to AI challenges and cyber threats, and £140m for the Sovereign AI unit, helping **AI companies scale and remain in the UK**.

Data Centre Covenant: In addition to these AI investments, the Budget announced the creation of the Data Centre Covenant, which sets out standards that data centres are encouraged to meet. These standards cover the need for data centres to invest in local communities, create local jobs, protect water supplies and meet environmental regulations. Potential new AI investments adhering to these standards could have a significant impact on GCR, specifically within the North Lanarkshire AI Growth Zone[15].

GCR Investment: Focusing on local investment, a £6m commitment towards the expansion of the Scottish Event Campus (SEC) was announced. Contributing towards phase one of the campus's Destination SEC plans, the funding will support the redevelopment of a car park adjacent to the OVO Hydro to create a new outdoor event space and civic area[16]. The Glasgow Chamber of Commerce welcomed the investment, commenting that the SEC generates significant economic activity in the city, as well as showcasing Scotland on the international stage[17].

14 Defence Technical Excellence Colleges - gov.scot

15 Lanarkshire AI Growth Zone secures £300 million investment - GOV.UK

16 Scottish Event Campus welcomes confirmation of UK Gov's investment in Destination SEC

17 Glasgow Chamber Chief Executive comments on the UK Budget | Glasgow Chamber of Commerce

Brownfield Land Regeneration: Although previously announced, the HM Treasury Green Book Discount Rate has been reduced. The shift from 3.5% to 3.0% for the first 30 years gives greater weight to benefits that materialise over the longer term. Whilst a relatively small announcement, this is particularly important for complex brownfield schemes, where significant enabling costs are often incurred upfront, whilst the economic and social benefits build over decades.

Devolution

The Budget promotes good economic growth in every postcode as a route to higher wages, stronger public services, and greater opportunities. A critical component of this ambition is giving places greater control over their economic future.

A roadmap to fiscal devolution in England was outlined within the Budget, giving local leaders more power to shape their future economies through utilising local knowledge and ultimately benefiting their communities. A raft of proposals has been published including:

- **Business rate retention** – from April 2027, mayors will receive a share of business rates income in exchange for Investment Funds, Mayoral Capacity Funding and Local Growth Funds, alongside a permanent 20% share of growth in their areas.
- **Business rates retention zones** – within these zones, the relevant billing authorities can retain 100% of business rates growth above an agreed baseline for 25 years, allowing them to invest in local priorities.
- **Development of Good Growth Funds** – supporting mayors and local leaders to establish Good Growth Funds, giving local leaders greater flexibility to invest in local growth priorities.
- **Income tax assignment** – all mayors will receive income tax assignment from 2028. This aims to give subnational governments more control over their respective finances and resources.

In developing the plans for places, the UK Government has produced guidance for developing Place-Base Business Cases[18]. These are intended to sit between strategic or spatial plans and programme or project business cases. They identify the package of interventions most likely to maximise impact. This includes estimating the economic potential of a place and the synergies between interventions.

Without equivalent regional empowerment, Glasgow City Region risks not fulfilling its socioeconomic potential. Long-term settlements that provide fiscal autonomy can help maintain the regional economy's competitiveness with comparable city regions such as Greater Manchester and the West Midlands.

18 Guidance on developing place-based business cases - GOV.UK

Implications for Glasgow City Region

Households and labour market: weak disposable-income growth, higher energy costs and a softer labour market are likely to sustain pressure on household finances across the Region. This reinforces the importance of employability, health, income maximisation and inclusive labour-market interventions.

Business base: the increase in the National Living Wage will support earnings but add to costs for employers already facing high overheads. The effects are likely to be greatest in retail, hospitality, leisure, care and other labour-intensive services. GCR should track these pressures separately from the opportunities available to high-growth firms.

Growth and investment: additional funding for the National Wealth Fund and British Business Bank, together with investment in defence and artificial intelligence, creates opportunities for GCR's tradeable and innovative clusters. The Region will need to continue to develop evidence-based, investor-ready propositions that connect assets, firms, skills, infrastructure and routes to commercialisation.

Regional delivery: securing investment will not be enough by itself. GCR should develop stronger pathways through which major projects generate local supply-chain opportunities, innovation diffusion, workforce development and benefits for communities across the Region. Creating place-based business cases offers a practical way to package mutually reinforcing interventions rather than treating projects in isolation.

Devolution and competitiveness: English mayoral regions are gaining enhanced fiscal tools, longer-term settlements and greater capacity to align investment across policy areas. GCR should continue to make the case for comparable regional empowerment, while recognising that tax-retention models require appropriate equalisation so that places with weaker starting tax bases are not disadvantaged.

As outlined by the Productivity Institute, the "Budget is more convincing in its diagnosis than in its remedies"[19]. As such, GCR should therefore continue to develop evidence-based propositions around its highly tradeable and innovative clusters, positioning these to secure investment from institutions such as the National Wealth Fund and British Business Bank. At the same time, the Region should strengthen the pathways through which major investment—particularly in areas such as defence, artificial intelligence and infrastructure—supports local supply chains, skills, innovation diffusion and inclusive growth.

19 Budget 2026 through a productivity lens - The Productivity Institute

Appendix 1: The Fraser of Allander Announcement Summary[20]

Announcement	Competency	Will it apply in Scotland?	Implications for Scottish Budget
Taxes			
Increase and extend business rate relief	Devolved	No	Positive Barnett Consequential
Increase tax rates on property income	Devolved	No	Increase in negative BGA
Increase tax rates on savings income	Reserved	Yes	None
Temporary increase to bank surcharge	Reserved	Yes	None
Tax rises for machine games, vape shops, gambling	Reserved	Yes	None
Increase tax-free mileage rates	Reserved	Yes	None
Suspend tariffs on various products; extend fuel duty cut	Reserved	Yes	None
Tax reliefs to support entrepreneurs and R&D	Reserved	Yes	None
Extension of VAT cut on electricity bills	Reserved	Yes	None
Remove income tax liability for pensioners up to State Pension	Reserved	Yes	Roughly neutral (decrease in negative BGA, offset by reduction in tax revenues)
Reduce writing-down allowance	Reserved	Yes	Increase in income-tax revenues from self-employment
Social security			
Introduce taper to Carers Allowance from 2030-31	Devolved	No	Increase in positive BGA
£100 energy support payment for Council Tax Bands A-D	Devolved	No	Positive Barnett consequential
Extend surplus earnings threshold in Universal Credit	Reserved	Yes	None
Other			
Standing charges on gas to be scrapped; electricity to follow	Reserved	Yes	None
Increases in National Living Wage	Reserved	Yes	None

20 Reaction to the UK budget Fraser of Allander | FAI

Announcement	Competency	Will it apply in Scotland?	Implications for Scottish Budget
Extension of parental leave to self-employed fathers and partners	Reserved	Yes	None
Maintain cash ISA limit at £20,000, reversing planned cut	Reserved	Yes	None
New ISA for first-time buyers	Reserved	Yes	None
New equity loan scheme for first-time buyers	Devolved	No	No
Housing investment	Devolved	No	Positive Barnett consequential
Measures to support fiscal devolution	Devolved	No	Positive Barnett consequential

Enquiries

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The Intelligence Hub

The Glasgow City Region Intelligence Hub provides a range of economic intelligence related services, including evidence-based research, economic and data analysis, economic modelling and strategy development. Work delivered by the Hub provides the evidence base for policy and investment decisions across the Region.

Find out more about the Hub.