

Rachel Reeves set to announce £3bn armed forces boost today

The armed forces are set to receive a £3 billion boost, as reported, when Rachel Reeves unveils the Labour Government's first Budget. The Chancellor is expected to announce an increase in the [defence budget](#) for next year in her fiscal statement in the Commons on Wednesday.

Part of the funding will be used to give soldiers a pay rise backdated to April, while the remainder will be allocated to replenish depleted stockpiles of weapons, partly due to donations to Ukraine.

However, [the Budget](#) will not include a plan to increase defence spending to 2.5% of national economic output, as demanded by the Tories.

As the UK's first female Chancellor, Ms Reeves will make history when she delivers the Budget on Wednesday. In her speech, she is expected to highlight the "immense" opportunities available and outline new funding to reduce hospital waiting lists, increase affordable housing, and rebuild deteriorating schools.



A file image of a Merlin helicopter
(Image: Getty)

Ms Reeves will emphasize the importance of improving living standards, stating: “More pounds in people’s pockets. An NHS that is there when you need it. An economy that is growing, creating wealth and opportunity for all. Because that is the only way to improve living standards.”

Drawing on the legacy of previous [Labour governments](#) under Attlee, Wilson, and Blair, Ms Reeves will note that it is “not the first time that it has fallen to the Labour Party to rebuild Britain”. In light of recent fiscal developments, the Chancellor has signalled that despite envisaging tax hikes and borrowing boosts, these measures might not sufficiently tackle “14 years of damage” to the NHS, despite plans underway to inject billions of pounds into the health system.

In parallel with its Budget scrutiny, the fiscal oversight body, the Office for Budget Responsibility (OBR), is slated to issue a report on the Tories’ tenure in power, expected to

explain the £22 billion discrepancy in public accounts widely referred to as the “black hole”.

Challenging the findings, [Shadow Chancellor Jeremy Hunt](#) has taken exception in a communique to senior civil servant Simon Case, condemning the OBR’s potential incursion into partisan debate and alleged departure from proper procedure.

Further Budget updates include:

- Confirmation by Ms Reeves of a 6.7% surge in the minimum wage amounting to a new rate of £12.21 an hour from next year.
- Amplified financial support for the NHS consisting of £1.5 billion allocated for new surgical hubs and scanners, along with £70 million earmarked for radiotherapy apparatus.
- Deliberations are ongoing regarding enhancement of taxes spanning fuel duties, inheritance taxes, and capital gains taxes.
- Labour has pledged to maintain static headline taxation on the earnings of “working people”, specifically avoiding hikes in national insurance, VAT and income tax.
- Indicating potential shifts in legislation, Ms Reeves alluded in Parliament to reformations in business rates and suggested a possible outline for a business tax trajectory.
- A sum of £240 million dedicated to local services has been disclosed by Sir Keir Starmer earlier this week aimed at aiding individuals in resuming employment.
- The £2 cap on bus fares across England is set to increase to £3.