



# Divided start for Rishi's *new* *era of optimism*

 **WA Temperature Check:**  
Budget Debrief 2021



28th October 2021



## After nearly two years of unprecedented upheaval, the Chancellor has proclaimed his Budget as heralding a “new era of optimism”.

Having weathered the storm of the pandemic and with one eye on the next General Election, this was Sunak’s opportunity to re-establish his reputation as a fiscal conservative. Yet his statement took many by surprise.

Bolstered by the revised Office for Budget Responsibility’s economic forecasts and with tax now at its highest since the 1950s, Sunak seems to have bought in to the Prime Minister’s high-spend agenda to bolster the economy and support for the Conservative Party.

In the wake of the Budget, however, all eyes seem to be on where the money will come from and who the real winners and losers are. Whilst it is easy to make a case for a brighter future in light of the Chancellor’s spending spree, the reality of rising living costs, higher taxes and high inflation make the outcomes of Wednesday’s announcements less clear.

Here at WA, we’ve taken an early temperature check to see whether the public have bought into Sunak’s rhetoric and whether they are clear on how the Budget benefits them.

Below we present our key take-aways from the Budget and show what the British public think.

## The public have spoken

“Helps the more advantaged, all about the government getting more money and taking it from people or areas that need it”

“Should have been more on moving towards net carbon zero and investments in reducing CO2 and addressing climate change”

“I just feel the whole budget is going to rely on where inflation ends up. If this rises to above 4%, the budget really is not going to help anyone”

### Survey details

1,161 UK adults aged 18+, representative by age, gender and region. Fieldwork online from 5pm 27/10/21 to 9am 28/10/21.

# 1

## Hey big spender!

This was an unashamedly populist Budget bursting with new spending promises which has left many questioning where the money will come from.

High levels of taxation from the last two Budgets, and additional departmental spending of £150bn over the next three years, brings the size of the state to its highest level since the late 1970s with the highest tax burden since 1949.

Faced with the choice over whether to use the windfall of economic growth and increased tax revenue to reduce government borrowing or increase public spending, the Chancellor has taken the clear political decision to keep splashing the cash.

It's clear that the public is broadly supportive of this. Only 9% of the public felt that the Chancellor should be prudent and strongly reduce government spending. Not surprisingly, this was stronger amongst 2019 Conservative voters.

# 50%

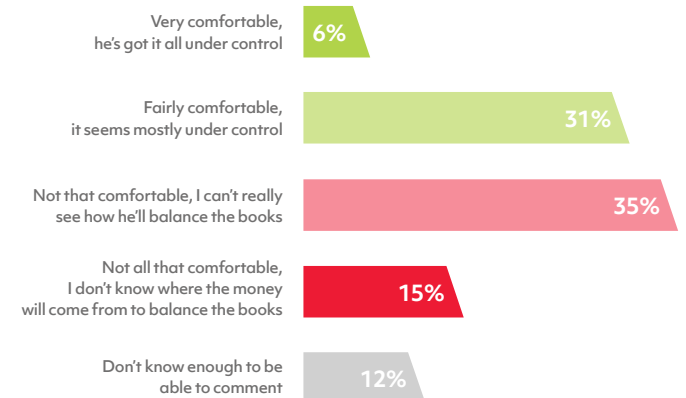
The polling shows that 50% of the public are not comfortable with how the wave of spending will be paid for and aren't sure how the Chancellor will balance the books.



Unsurprisingly there was significantly less detail provided by the Chancellor on where the money would be coming from to pay for this spending. There are early signs that the public might be worried about this. This demonstrates that there's support amongst the public for fiscal discipline and there may need to be reassurance from the Chancellor as to how this will be funded.

### Chancellor's payback plans

Which of the following best describes your point of view on how the Chancellor plans to pay for the promises made in the Budget?

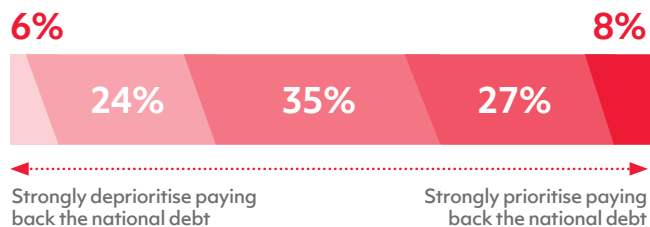
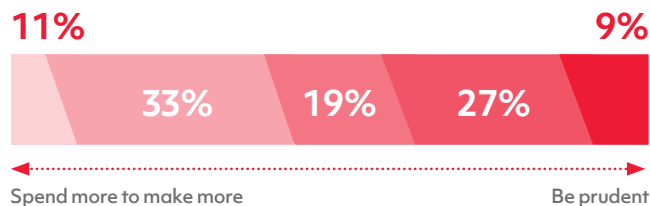
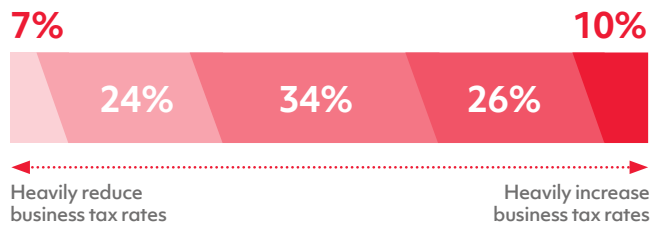
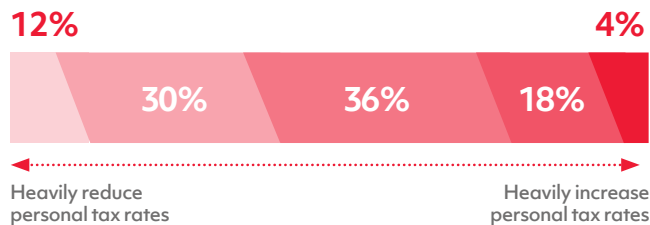


# 2

## In Rishi's shoes...



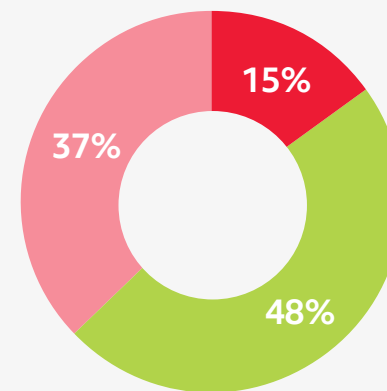
When asked to prioritise some of the key economic judgements Sunak has had to make (the level of borrowing and taxation for example), the public overwhelmingly sticks to the centre, opposing strong extremes on economic policy.



Nobody is underestimating just how tricky this is though. There's sympathy from the public for the difficult balancing act the Chancellor has. Nearly half of the public see the Prime Minister and Chancellor's jobs as being just as hard, but 37% see Sunak as having the harder job than Johnson.

### Who has the harder job?

The Chancellor or the Prime Minister



■ PM has harder job ■ Both equal ■ CX has the harder job

# 3

## Cost of living - a brewing storm



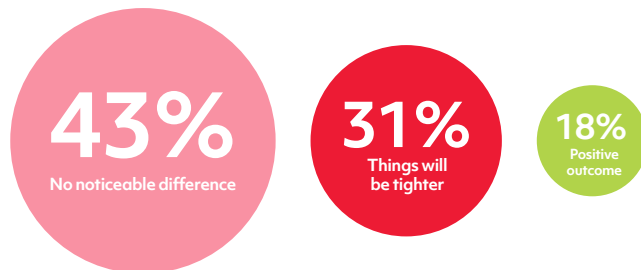
The Chancellor was keen to be seen to protect those on the lowest incomes. However, in the aftermath of the Budget many commentators have been critical of whether the measures introduced on Wednesday will have a real impact on household finances effect on ordinary people.

### HEADLINE MEASURES

- Universal Credit taper rate reduced to 55p
- National Minimum Wage up to £9.50
- Public sector pay freeze ended

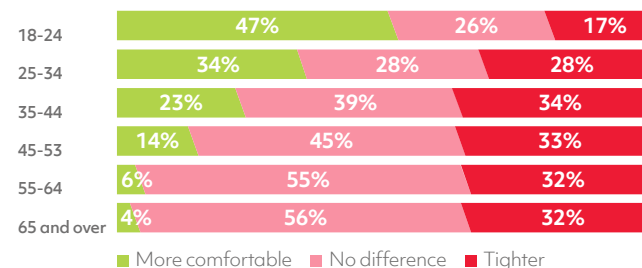
With the Bank of England now set to raise interest rates and mortgage lenders recutting their products, and increased Council Tax and National Insurance rises, many people will likely see only marginal improvements to their household finances.

### How much difference will the budget make to your finances?



With many speculating that it'll be traditional Conservative voters who pick up the bill, we've seen a clear trend in perception when we dig deeper into views by age group. Nearly half of 18-24-year-olds are expecting a brighter future, compared to just 4% of those aged 65 and over:

### Perceived impact of the Budget on household finances



**Paul Johnson**  
@PJTheEconomist



The trouble with Rishi Sunak's upbeat message is that inflation and tax rises will hold back income growth. Average earners will probably be worse off in a year's time than they are today. Me in [@thetimes](#)

# 4



## Mixed messages on climate policy a missed opportunity

Despite next week's landmark COP26 conference, and last week's major announcements of the Net Zero Strategy, Heat and Buildings Strategy and the HMT Net Zero Costs Review, the issue of climate change was conspicuously absent from the Budget speech.

More noticeably there were two commitments that sit awkwardly alongside the UK's aspiration to lead the world on climate change policy.

The chancellor sought to boost the UK's regional airports with a cut to Air Passenger Duty on domestic flights – directly competing with much lower emission but more costly rail services, and once again froze Fuel Duty – for the 12th consecutive year.

Overall, the public appeared to notice this too. Just one in 10 (9%) felt the Budget set a great example of getting to net zero while more than half (52%) felt it did a poor to average job.



**The Green Party**  
@TheGreenParty



**#Budget2021** confirms Government see addressing **#ClimateChange** as a cost not an opportunity.

Road building and airport expansion are policies that take us in the wrong direction.

We need investment in the green industries and green jobs of the future.

# 5

## Doubling down on levelling up?



The government's golden thread of Levelling Up featured heavily throughout the Chancellor's statement.

**"Levelling up" was mentioned 91 times in the Red Book, compared to 90 mentions of "economy"**

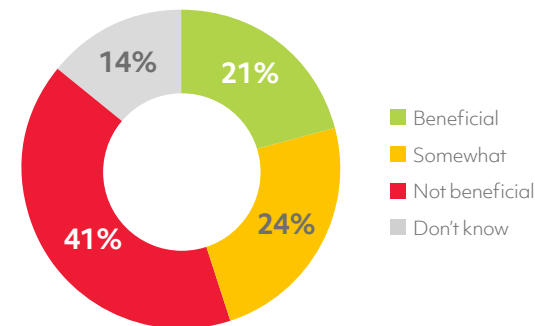
But the statement moved further away from the assumption that levelling up is about grand projects in the north of England, and instead towards a national effort to boost productivity, investing in creating a high skill, high wage economy.

Whilst MPs across the House cheered as money was announced for their constituencies – with Cardiff, Stoke-on-Trent and Aberdeen amongst the cities benefiting from new funding – people across the country are less sure of how yesterday's announcements will benefit them.

**21%**

of people feel the Budget benefits their area.

**How beneficial do you believe this Budget will be for your local area?**



Views varied greatly amongst age groups, with 60% of the Conservative's traditional support base in the 55-64 bracket saying they couldn't see the benefits. On the other hand, 42% of 18-24's thought their area would benefit.

The Levelling Up White Paper expected to be published shortly from the new Department for Levelling Up, Housing and Communities, will hopefully provide a clearer definition and objective measurements of progress. How well this works will be a defining issue at the next election.

## Sunak's spend-fest divides opinion

Though many seem unclear on whether this Budget will directly benefit them, in one sense, the Chancellor has achieved a broad consensus with the majority neither motivated nor downhearted by his announcements (41%).

But there is a clear divide in the remainder of the country and this Budget has polarised those at either end of the spectrum (33% hopeful, 26% not). Given the bold approach he's taken though, he will likely be happy that the reactions weren't even stronger.

That said, given the complexity of the Budget, we'll likely see the 41% in the middle ground shift to one side or the other as the reality of his promises becomes clearer.

Sunak will be particularly happy with positive sentiment amongst younger audiences, given the long-standing goal to grow Conservative reach with this group of voters. 18-24-year-olds are more than 3x as likely to be hopeful (56% vs. 15%) while it is nearly 2x among 25-34's (42% vs. 24%).

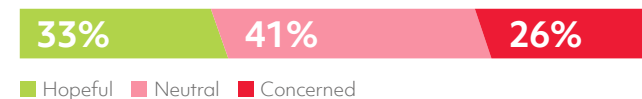
On the whole, the public think the Chancellor has done a reasonable job with key sectors. Only with health and social care do a majority say that he has **NOT** given the right amount of support.

Banks and financial services are a notable outlier, with a quarter of the public feeling they have been too enthusiastically supported by the Chancellor.

When taking the Budget as a whole, fewer than one in 10 of the public (8%) felt the Chancellor had shown "completely the right focus".

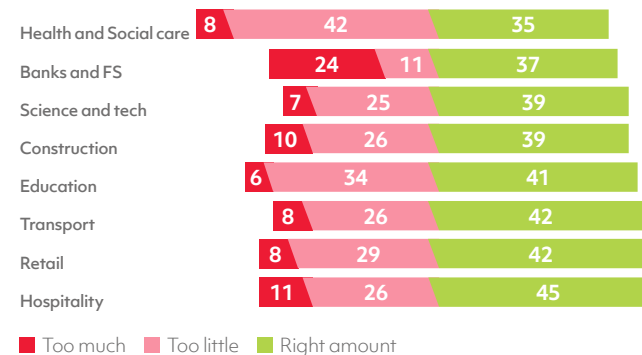


Overall, how does this budget make you feel about the future?



Rishi's balance sheet

Ratings of his support for each sector in the Budget (%)



Doesn't sum to 100% as DKs not included.



# 7

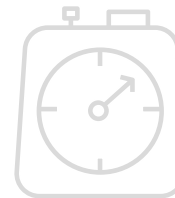
## The election countdown is on

This was a highly political budget, full of potential pitfalls and possibly the Chancellor's most difficult to date. On first reading it seems Sunak has deftly navigated the pressure from the Prime Minister and the expectations of the country to deliver a politically astute Budget.

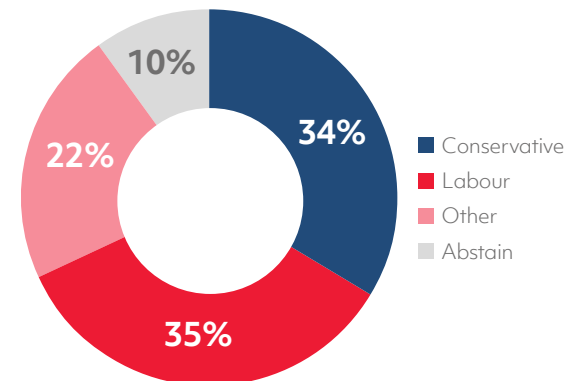
As the dust settles over the coming months, the choices on display will reveal a great deal about his thinking on the framing for the next election, expected as early as Summer 2023.

Whether people feel the real term benefits of the bright future Sunak has outlined will be fundamental to the Conservative Party's prospects when the country next goes to the polls.

Indeed, were a vote to be held tomorrow – the outcome would be very much in doubt for the government.



How would you vote if there was an Election tomorrow?





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