



# THE BUDGET

### THE LONG AND THE SHORT OF IT

The longest Budget speech was by William Ewart Gladstone on 18 April 1853. It lasted four hours and forty five minutes. Benjamin Disraeli made the shortest speech at forty five minutes on 4 April 1867.

### ORIGINS OF THE TERM

The word 'budget' comes from an old French word 'bougette' which means 'little bag'.

## What is the Budget?

The Budget is an annual event when the Chancellor of the Exchequer makes a statement to the House of Commons on the nation's finances and the Government's proposals for changes to taxation. The reasons for changes are explained in the Chancellor's speech. The statement is followed by a debate on the proposals and Members of Parliament (MPs) vote on whether they should become law.

## Why have a Budget and Finance Bill every year?

The House of Commons is the only tax raising body for the UK as a whole. The Chancellor requires the House of Commons to approve his changes by passing a Finance Bill each year.

The Budget and the Finance Bill are annual events because income tax, corporation tax and advanced corporation tax are annual taxes. They have to be renewed by legislation each year.

Most UK taxes including all indirect taxes, petroleum revenue tax and taxes on capital are, by contrast, 'permanent'.

## Is the Budget always delivered on the same day of the week?

Often, the Budget is delivered on a Tuesday or a Wednesday, though it can take place on any day. There may simply be a preference for the early part of the week and to accommodate MPs with seats outside London, who cannot always be in the House on Mondays.

Between 1964 and 1997 only one Budget did not take place on a Tuesday. Gordon Brown's first budget in 1997 was held on a Wednesday but while he reverted to Tuesday for the following three budgets, his last six were on a Wednesday. George Osborne's first budget took place on a Tuesday and his second on a Wednesday.

### **What happens after the Chancellor's Budget speech?**

Traditionally, the Leader of the Opposition, rather than the Shadow Chancellor replies to the Budget speech. This is usually followed by four days of debate on the Budget Resolutions (the basic parts of the Budget that renew annual taxes, such as income tax), covering different policy areas such as health, education and defence. These debates are chaired by the Chairman of Ways and Means (the Deputy Speaker), rather than the Speaker.

### **Follow the Budget debates online**

It is possible to follow the debates for the Budget online on Parliament Live or by reading the debates in Hansard. Both are available on Parliament's website. The Finance Bill's papers are also available online.

### **Despatch box drink**

By tradition, the Chancellor, unlike Ministers at the despatch box at any other time of the year, may drink alcohol during their Budget speech if they wish.

The current Chancellor George Osborne, chose to drink water, as did the previous Chancellor Alistair Darling. Other Chancellors have chosen mineral water (Gordon Brown), whisky (Kenneth Clarke), spritzer (Nigel Lawson), gin and tonic (Geoffrey Howe), brandy and water (Benjamin Disraeli) and sherry and beaten egg (William Ewart Gladstone).

### **The Budget box**

The distinctive 'Budget box' which Chancellors used to carry their speech from 11 Downing Street to the House of Commons was in use for over one hundred consecutive years. The wooden box was hand-crafted for William Ewart Gladstone in about 1860. It was lined in black satin and covered in scarlet leather.

Lord Callaghan was the first Chancellor to break with tradition in 1965 when he used a new box. In July 1997, Gordon Brown became the second Chancellor to use a new box for the Budget. George Osborne used the Gladstone box for his first budget in 2010 but used a new box in 2011.

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