

# TOM&C

## AUTUMN BUDGET SUMMARY



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# SUMMARY OF THE CHANCELLOR'S AUTUMN BUDGET

## ECONOMIC OUTLOOK & FISCAL FRAMEWORK

- Updated OBR projections accompanying the Budget, economic growth for 2025 has been revised up from 1% to 1.5%
- Longer-term productivity growth has been revised down to 1%, resulting in an estimated £16 billion reduction in future tax receipts by the end of the decade.
- Borrowing is expected to fall in every year of the forecast period, reaching £67.2 billion by 2030–31.
- Debt is forecast to peak at 83.7% of GDP in 2028–29, falling to 82.2% by 2030–31.
- OBR confirms that fiscal headroom now stands at £21.7 billion.

## INVESTMENT, INFRASTRUCTURE & REGIONAL DEVELOPMENT

- A central part of the Chancellor's Budget is a commitment to maintain public investment.
- Long-term infrastructure projects will continue, including the Lower Thames Crossing, the Midlands Rail Hub, upgrades to the TransPennine Route, and progress on Northern Powerhouse Rail.
- Investment in nuclear energy remains a priority, with ongoing support for major facilities, including Sizewell C and the Culham fusion research centre.
- In Wales, the Chancellor confirmed the establishment of two AI growth zones expected to generate up to 10,000 jobs, support for a small modular nuclear reactor at Wylfa, and additional investment in semiconductor manufacturing.
- Scotland will receive low-carbon technology funding for Grangemouth, infrastructure support for Inverclyde, and redevelopment investment for the Kirkcaldy waterfront.
- In Northern Ireland, the Budget supports manufacturing growth, skills development and a new enhanced growth zone.
- Regions across England also benefit from major funding commitments. Seven metro mayors will control a devolved pot of £13 billion to support skills, transport and business growth.
- A variety of local infrastructure projects were confirmed, including the Kernow Industrial Growth Fund in Cornwall, additional investment zones, regeneration schemes, and capital commitments to towns such as Darlington and Peterborough.

## ENTERPRISE, BUSINESS & INNOVATION

- The Enterprise Management Incentive scheme will be expanded, and reforms to the Enterprise Investment Scheme and Venture Capital Trust rules aim to help firms scale more effectively.
- A new "UK Listings Relief" will exempt newly listed companies from stamp duty on share transactions for their first three years.
- A new 40% first-year capital allowance, complementing existing full expensing arrangements.

## TAXATION & REVENUE MEASURES

- Personal income tax and National Insurance thresholds will remain frozen until 2031.
- A major pension reform will take effect in 2029, when a £2,000 cap will apply to salary-sacrifice pension contributions eligible for employer National Insurance relief. Contributions above this level will no longer benefit from NI savings.
- Capital gains tax relief on sales to Employee Ownership Trusts will reduce to 50%.
- Inheritance tax relief on agricultural and business assets will become transferable between spouses.
- From April 2028, high-value residential properties in England will face a new annual surcharge of £2,500 for homes valued over £2 million and £7,500 for homes valued over £5 million.
- ISA rules will change from April 2027: the allowance remains £20,000 but requires a minimum of £8,000 to be invested in stocks and investments, with flexibility retained for savers aged over 65.
- VCT income tax relief will decrease to 20% from 2026/27.
- From April 2027, the tax rate on savings income will rise by two percentage points across all tax bands to 22%, 42% and 47%.
- The ordinary and upper rates of tax on dividend income will rise by two percentage points to 10.75% and 35.75% from April 2026. There will be no change to the dividend additional rate of 39.35%. The dividend allowance will remain at £500 for 2026/27.
- A new set of tax rates will apply to property income in England, Wales and Northern Ireland from April 2027. The property basic rate will be 22%, the property higher rate will be 42% and the property additional rate will be 47%.

## TRANSPORT, MOTORING & ENVIRONMENTAL MEASURES

- The Budget introduces new motoring and environmental taxation measures. From 2028, electric vehicles will be subject to a mileage duty of 3p per mile, and plug-in hybrids will be charged 1.5p per mile.
- The Chancellor extended the electric-vehicle grant programme to 2030, with cumulative funding of £2 billion, and allocated £200 million to expand public EV charging infrastructure.
- The Chancellor also confirmed that the 5p cut in fuel duty will be extended until September 2026, and a new fuel price transparency system will be introduced to ensure motorists have access to real-time pricing information.

## GAMBLING, DUTIES & LEVIES

- Remote gaming duty will increase from 21% to 40%, and the duty on online betting will rise from 15% to 25%. Bingo duty will be abolished entirely, while alcohol and tobacco duties will be uprated in line with previous commitments.
- The planned introduction of a vaping duty in 2026 was confirmed.
- The duty will apply to vaping liquid which contains nicotine and either or both glycerine and glycol or any liquid that is intended to be vapourised by a vape and is not a medical or tobacco product.
- VPD will be charged a flat rate of £2.20 per 10 millilitres of vaping liquid, regardless of how much nicotine is contained in the product.
- In education, new funding includes £5 million for secondary school libraries and £18 million for upgrading primary school playgrounds. The school rebuilding programme will continue as previously outlined.

## NHS, EDUCATION & PUBLIC SERVICES

- In the NHS, all efficiency savings will be reinvested into frontline care. £300 million will be allocated towards modern digital technology, designed to improve patient experience and streamline services.
- The government will establish 250 neighbourhood health centres, with more than 100 to be operational by 2030.
- It was also announced that all payments from the infected blood scandal scheme are exempt from inheritance tax (IHT).

## WELFARE, FAMILIES & THE YOUTH GUARANTEE

- One of the most far-reaching social policy measures in the Budget is the complete abolition of the two-child limit on child benefit and associated tax credits.
- The government expects this measure to lift 450,000 children out of poverty.
- To support young people, the Chancellor launched a new Youth Guarantee. All 18 to 21-year-olds will be offered either a college place, an apprenticeship, or personalised employment support. After 18 months of unemployment, young adults will be offered paid work rather than remaining on out-of-work benefits. The guarantee is backed by £820 million over three years.
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## COST-OF-LIVING MEASURES

- Annual energy bills will fall by £150 from April 2026 through the removal of legacy policy costs, including the ECO scheme in its current form.
- The national bus fare cap will be extended, and regulated rail fares will be frozen, the first such freeze in three decades.
- Prescription charges will remain frozen for the coming year.

**“THERE ARE NO QUICK FIXES, BUT WE HAVE TAKEN THE RIGHT CHOICES, RETURNING STABILITY TO OUR ECONOMY AFTER YEARS OF MISMANAGEMENT, DELIVERING SECURITY FOR OUR COUNTRY AND SECURITY FOR WORKING PEOPLE.**

**THAT IS WHAT DRIVES THIS GOVERNMENT. THAT IS WHAT DRIVES ME AS CHANCELLOR. THAT IS WHAT DRIVES THE CHOICES THAT I HAVE SET OUT TODAY, AND I COMMEND THIS STATEMENT TO THE HOUSE.”**

**RACHEL REEVES**

Chancellor of the Exchequer  
26<sup>th</sup> November 2025

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## IMPORTANT INFORMATION

The content of this summary is intended for general information purposes only which is not intended to address your particular circumstances. The content should not be relied upon in its entirety and shall not be deemed to be or constitute advice.

While we believe this interpretation to be correct, it cannot be guaranteed that such information is accurate as of the date it is received or that it will continue to be accurate in the future. We cannot accept any responsibility for any action taken or refrained from being taken as a result of the information contained in this budget summary. Thresholds, percentage rates and tax legislation may change in Finance Acts and bases of, and reliefs from, taxation are subject to change and their value depends on an individual's personal circumstances.

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