YOUR GUIDE TO THE

Autumn Budget

26TH | NOVEMBER | 2025

Danbro Financial Planning
Jubilee House, East Beach, Lytham St Annes, FY8 5FT
01253 600 597 Email: dfp@danbro.co.uk

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The Main Highlights from the Chancellor's Autumn Budget.

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Introduction

The Chancellor delivered the 2025 Autumn Budget at a time when the UK continues to face significant economic pressures, including lower-than-expected productivity growth, persistent inflation, and a challenging fiscal environment.

Ms. Reeves' statement set out a wide-ranging package centred on stability, investment, and social reform, framed as part of a long-term plan to rebuild the economy and restore credibility to the public finances.

The Chancellor opened the proceedings by acknowledging the early accidental publication of elements of the fiscal forecast by the Office for Budget Responsibility (OBR), before moving on to outline the progress made since the government's first days in office, such as planning reform, new trade agreements, revisions to the immigration system, and strategic public investment.

Together these developments formed the backdrop for what was described as a Budget designed to both support families and create the conditions for sustainable growth.

Economic Outlook & Fiscal Framework

According to the updated OBR projections accompanying the Budget, economic growth for 2025 has been revised up from 1% to 1.5%, reflecting stronger-than-expected performance in the early part of the forecast period. However, 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.

On the government's own fiscal rules, the Budget meets both: the current budget is projected to move into surplus by 2028–29, and debt as a share of GDP is on track to fall within the forecast horizon.

The OBR also confirmed that fiscal headroom now stands at £21.7 billion, more than double the level recorded in the spring, though the Chancellor was clear that this represents a 'buffer' rather than spare spending capacity.

"We are reforming our welfare system, making it more sustainable, protecting the most vulnerable, and most importantly, supporting more people back into secure work, lifting them out of poverty."

Chancellor Rachel Reeves
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Investment, Infrastructure and 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.

"If you build here, Britain will back you."

Chancellor Rachel Reeves
26th November 2025

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 and Innovation

The Chancellor announced several reforms intended to increase private investment and support business expansion.

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.

In addition, Ms. Reeves confirmed a new 40% first-year capital allowance, complementing existing full expensing arrangements. These measures form a wider strategy to attract capital, boost productivity and stimulate long-term investment in business assets.

Taxation and Revenue Measures

The Budget introduces a comprehensive range of tax reforms. Personal income tax and National Insurance thresholds will remain frozen until 2031. This decision, combined with expected wage growth, is projected to raise substantial revenue over the forecast period.

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. The Chancellor confirmed this measure is designed to improve fairness and ensure long-term sustainability.

Further taxation changes include a 2p rise in tax on savings, dividends and property income across basic, higher and additional rates.

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.

Transport, Motoring and 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. This system is intended to strengthen competition among retailers and help consumers identify the lowest available prices.

Gambling, Duties and Levies

Ms. Reeves announced significant changes to gambling taxation. 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.

It will be charged on vaping products that are produced in, or imported into, the United Kingdom.

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.

NHS, Education and Public Services

The Chancellor reiterated the government's commitment to strengthening 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.

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.

It was also announced that all payments from the infected blood scandal scheme are exempt from inheritance tax (IHT).

Welfare, Families and 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.

With this reform, families will once again receive support for third and subsequent children, and the so-called "rape clause" exemption, a provide further support for families where a child was conceived non-consensually, will no longer apply.

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.

Additional welfare reforms include the restoration of face-to-face assessments for disability benefits, changes to the Motability scheme to exclude luxury cars, a tightening of the rules relating to voluntary National Insurance contributions for UK nationals living abroad, and the strengthening of fraud and error controls within the welfare system.

Cost-of-Living Measures

The Chancellor outlined several interventions intended to ease pressure on household finances. 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
26th November 2025

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dfp@danbro.co.uk

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