



# FINANCIAL VIEWPOINT

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Carter House, Stanier Way, Wyvern Business Park, Derby, Derbyshire, DE21 6BF  
[sara.hackett@maple.uk.com](mailto:sara.hackett@maple.uk.com) | [www.maple-fs.co.uk](http://www.maple-fs.co.uk) | 01332 207336

# Autumn Budget 2024: Winners and Losers

Chancellor of the Exchequer Rachel Reeves outlined the Government's financial plans for the next five years. The measures, which will raise up to £40 billion for public finances, aim to "restore economic stability" and put "more pounds in people's pockets".

On 30 October 2024, Chancellor of the Exchequer Rachel Reeves announced the UK Government's Autumn Budget alongside the Office of Budget Responsibility's economic and fiscal forecast. The measures aim to raise more than £40 billion in taxes, plugging an alleged £22 billion black hole in public finances left by the previous government. Reeves committed to drive economic growth, but also said that the Government wouldn't borrow to fund current spending whilst maintaining the Bank of England's inflation target of 2%.

Commenting on the Budget, Reeves said: "This Government was given a mandate to restore stability to our economy and begin a decade of national renewal. To fix the foundations and deliver change through responsible leadership in the national interest. That is our task, and I know we can achieve it."

So, what are the potential impacts of these new measures? Below we outline who stands to benefit from these changes and who might be negatively affected. Let's start with the positives.

## The Winners

### The NHS

The Chancellor pledged to significantly increase public spending on the NHS. Reeves promised a £22.6 billion increase to the "day-to-day" budget of the NHS alongside a £3.1 billion boost to its capital budget over the next two years. The Chancellor commented that this would be the "largest real term increase in NHS spending outside of COVID since 2010."

### Sustainable transport and energy

Reeves also announced that the National Wealth Fund would be used to invest in key areas like gigafactories and green hydrogen plants across the country. Meanwhile, over £2 billion will be invested in supporting the automotive sector's transition to electric vehicles.

### Property developers

Funds for the Affordable Homes Programme will increase to £3.1 billion to help Labour deliver on its promise to build over 1.5 million homes. Reeves said the Government would hire hundreds of new planning officers and make reductions to Right to Buy discounts, putting more money into the pockets of local councils. This news could incentivise investment in the UK's property market and make it easier for property developers to build new homes in the UK.

### Driver

Reeves confirmed that the freeze on fuel duty will continue for another year, meaning drivers could save approximately £60 a year at the pumps. The freeze will cost £3 billion a year, but the Chancellor was clear that she wanted to ease "the burden on motorists". This move could help relieve the fiscal pressure on delivery drivers, couriers and supply chains throughout the country.

### Young and low-income workers

The Chancellor announced that the Government is increasing the National Living Wage for workers aged 21 or over by 6.7% to £12.21 an hour (which could be worth up to £1,400 a year for a full-time worker) and increasing the National Minimum Wage for 18–20-year-olds by 16.3% to £10 an hour. Reeves also confirmed that National Insurance won't be increasing for workers. Increases to the National Living and Minimum Wages are intended to provide much-needed support to those on the lowest incomes.

### Small businesses

The employment allowance for business will increase from £5,000 to £10,500, reducing the National Insurance liability of small businesses. The Chancellor said that this would mean around 865,000 would pay no National Insurance in 2025, providing welcome relief for SMEs who are struggling to retain an effective workforce and attract applicants without a hit to their profits.

## What's next?

The Autumn Budget contained several key changes that are likely to have significant impacts on individuals and businesses across the UK. There's a lot of information to process and it may not be immediately clear how the changes set out in the Budget will affect you. If you have any questions about whether you are a winner or a loser from the Autumn Budget, and how it will affect you and your finances, please get in touch.

## The Losers

### Employers

Reeves confirmed that employers' National Insurance contributions will increase to 15% from April 2025. The Government is also reducing the threshold at which employers start paying National Insurance from £9,100 to £5,000 per year. Furthermore, the Chancellor announced that the current freeze on income tax thresholds would end in four years. From 2028, personal tax bands will be updated in line with inflation.

These changes will have a direct impact on British employers, but they could also have a knock-on effect for employees. Many businesses use savings on National Insurance to fund pension contributions or employee benefits. If the increased burden of National Insurance contributions proves too harsh, employees could lose these benefits as a result.

### New businesses and investors

The Chancellor announced an increase in the lower rate of Capital Gains Tax (CGT) from 10% to 18% and the higher rate from 20 to 24%. She noted that, even with these increases, the UK will still have the lowest capital gains tax rate of any European G7 economy. But some analysts argue that the move could alienate investors and even decrease tax revenue overall if investment is pulled from UK startups.

### Foreign investors

Reeves also announced sweeping changes to the tax status for non-domiciled high-net-worth individuals operating in the UK. The Chancellor said that Labour would "abolish the non-dom tax regime, and we will remove the outdated concept of domicile from the tax system from April 2025."

The government is also set to extend the Temporary Repatriation Relief to three years with the aim of bringing billions of new funds into the UK. The independent Office for Budget Responsibility estimates that this could raise £12.7 billion over the next five years.

### Second homeowners

The Stamp Duty land tax for owners of second homes (known as the Higher Rate for Additional Dwellings) increased to 5% from 31 October 2024. The Chancellor said that the move is designed to "support over 130,000 additional transactions from people buying their first home or moving home over the next five years." However, this increase could have an impact on landlords, property developers, and the owners of holiday homes and other rental properties.

### Private schools

All education, training and boarding services provided by private schools will now be subject to VAT at the standard rate of 20% from 1 January 2025. Private schools also won't be able to claim back VAT on the supplies and services they pay for.

**The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.**

**HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.**



# Reasons to consolidate your pensions

**If you've worked for more than one employer, you will doubtless have more than one pension plan. How long is it since you last looked at them? Are they languishing in poor performing funds?**

Combining some or all of your pensions into a single plan could save you money, achieve better growth and make your life easier. Here are some things to consider:

## 5 benefits of pension consolidation

1. Consolidating could save you money. Each pension plan has its own annual charges so combining multiple pensions into one means you'll only pay one annual fee. Shopping around could also help you find a plan with lower charges than your current ones.
2. It gives you greater flexibility. Modern pensions may offer benefits that older ones don't, like flexible drawdown of your pot or income for your loved ones after you pass away.
3. It keeps things simple. You only have to remember one set of login credentials and, if your address changes or you want to change the recipient of any death benefits, you only have to tell one provider.
4. You could get better opportunities. Bringing your pensions together could increase the overall value of your savings and a different plan or provider might give you access to a wider range of investment funds.
5. It makes it easier to plan for the future. An important part of retirement planning is understanding what you've got and what you'll need. Having everything in one place makes it easier to track your plan's value against your goals.

## Things to be aware of

You could be charged exit fees. Some plans still have exit penalties so make sure you're aware of these and the impact they might have on your pot.

It may be better to stay in a final salary (also known as defined benefit) scheme. These offer a guaranteed income in retirement alongside other benefits (like a pension for your spouse when you die) which you'll lose if you transfer out.

There's no guarantee you'll be better off consolidating. Your current pensions may have benefits like early access or guaranteed annuity rates that might be worth keeping, and annual fees on other pensions may not be competitive.

## Get advice before you consolidate

We're here to help. We can assess your situation, explore your options, and help you understand if pension consolidation is right for you.

***The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.***



# Don't fit the mortgage mould? We can help you

If you've ever felt like you don't quite fit the conventional mould when it comes to securing a mortgage, you're not alone. In fact, more and more people are in the same boat, challenging the standard lending rules.

If you're self-employed, had a credit blip or over 50 you may have encountered challenges when applying for a mortgage because traditional mortgages don't always cater to everyone's needs. Luckily, there are specialist mortgage products designed just for people like you and we can help.

## Self-employed?

Do you feel like you have to jump through more hoops when applying for a mortgage just because you're self-employed?

We understand the complexities of self-employed finances and can help you find the right mortgage product tailored to your needs.

Whether you're a sole trader, in a partnership, a company director, or a contractor, we'll guide you through the process and help you gather the necessary documents to prove your income.

## Dealing with a credit blip

Don't let past credit issues hold you back from getting a mortgage.

We have access to specialist lenders who work with people with varying credit histories.

Whether you've had late payments, past debts, or no credit history at all, we'll help you explore your options and find a mortgage solution that works for you. We understand that life circumstances can impact credit, and we're here to help you.

## Over 50 and need a mortgage?

Getting a mortgage in your 50s and beyond used to be a challenge, but things have changed!

With access to a wide range of mortgage products, including those with age-friendly terms, we'll guide you through the process and ensure you find a mortgage that fits your needs.

Whether you're looking to downsize, renovate your home, or explore new living arrangements, we'll help you find the right mortgage solution for this exciting chapter of your life.

## How we can help you

We offer personalised guidance tailored to your unique circumstances and can help you if your financial situation, age, or employment status don't fit the traditional mortgage mould. Together, we can explore the options available to you.



**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE**