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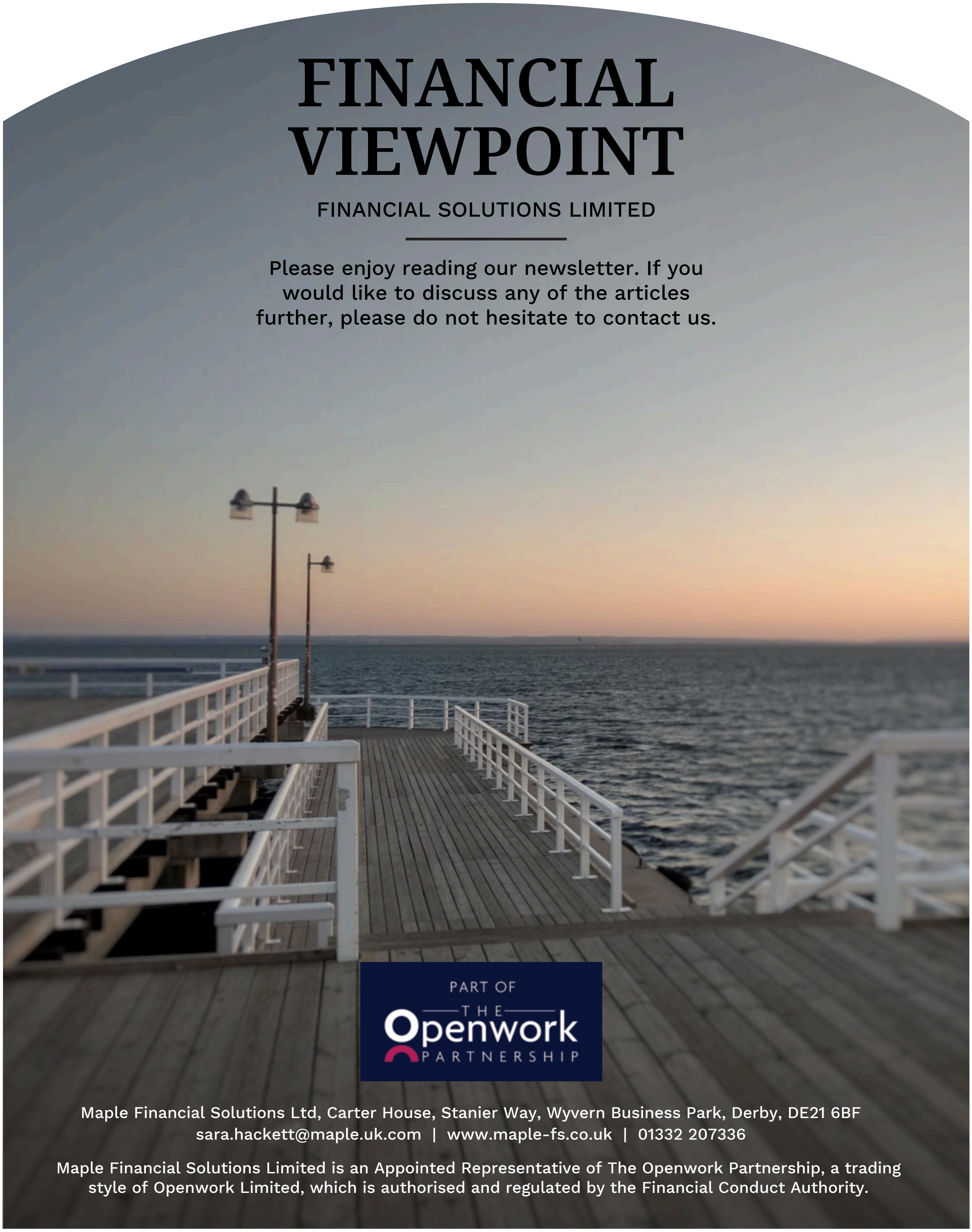

FINANCIAL VIEWPOINT

FINANCIAL SOLUTIONS LIMITED

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.

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Autumn Budget 2025: Winners and Losers

It's fair to say that the Autumn Budget 2025 has been anxiously anticipated by British taxpayers and businesses alike, with a large amount of media coverage prior concerned with the Labour government's reported "fiscal black hole." This debt is estimated to stand between the range of £20bn to £40bn, and Reeves was predicted by experts to implement a combination of tax increases and spending reductions to meet targets.

Reeves' last announcement, the 2025 Spring Statement, included several key initiatives to level up Britain's defence, address the housing crisis, and reform the UK's welfare and benefits system. But with national inflation still running above the Bank of England's 2% target, and the wider UK economy showing subdued growth, the Chancellor took tough measures to raise the necessary revenue without breaking her prior pledge to increase key taxes.

So, ultimately, who wins and loses? This article will outline which groups could be most affected by the announced changes to economic legislation. Read on to learn more.

The Winners

The National Health Service

Reeves stated that she intends on reinvesting money saved from cutting back on public sector inefficiencies into the NHS, pouring 300 million pounds of investment in technology to improve patient service.

The Chancellor also stated that she intends on building 250 new neighbourhood health centres, and expanding more services into communities such as Birmingham, Truro and Southall. All this is intended to reduce high NHS waiting times and improve access to care.

Low Income Workers

Reeves also announced that the national living wage will increase by 4.1% to £12.71 for workers aged 21+. The Chancellor claims this will increase gross annual earnings of a full-time worker on the rate by £900. Further, Reeves announced that the national minimum wage rate for 18-20-year-olds will increase by 8.5% to £10.85 an hour.

Parents

The Chancellor announced that she would scrap George Osbourne's controversial two-child benefits cap. Previously, this 2017 Conservative legislation prevented the parents of more than two children from claiming universal credit for subsequent children. However, Reeves is committed to expanding this welfare to other families in need. According to the aforementioned OBR report, this measure is set to increase the benefits for approximately 560,000 families by an average of £5,310.

The Defence Industry

In response to increased aggression from Russia, as well as a perceived lack of commitment from the Trump administration to European defence, Reeves also promised to increase investment in Britain's military. The Chancellor confirmed that the UK is set to spend 2.6% of GDP on its defence by April 2027. Reeves stated: "In our age of insecurity, Britain will continue to stand with our allies, working in collaboration to secure a sustainable ceasefire for Ukraine and maintaining our commitment to NATO."

The Education Sector

In a bid to improve the services of public education, the Chancellor announced her commitment to providing £5 million for libraries in secondary schools, and a further £18m for improving and upgrading school playgrounds across the UK. Reeves stated: "Let there be no doubt that this is a government that is on the side of our kids and who will back their potential. I will not allow the legacies of Conservative neglect to stain our society."

Homeowners

Taking further action to address the ongoing cost-of-living crisis, as well as costly energy bills for British households, Reeves also pledged to scrap the Eco energy scheme from April 2026, which will allegedly save £150 from the average household energy bill.

The Chancellor then claimed that the Labour government will also continue to provide support packages for household energy costs. These will include alterations to green levies on electricity. Reeves stated: "The cause of high energy bills must be tackled at source, and so we are investing in energy security – in nuclear and renewable energy – and in insulation through the Warm Homes Plan."

Non-EV Drivers

The Chancellor has confirmed that her tax rises are to be partially offset by a freeze to fuel duty for a further five months until September 2026 meaning that drivers will not be forced to pay more for petrol in the short-term. However, she confirmed that there would be a staged increase to fuel-duty in line with inflation from mid-2026.

The Losers

The Hospitality Industry

The Chancellor also announced that the government is set to introduce "permanently lower tax rates" for more than 750,000 retail, hospitality and leisure properties, significantly aiding store owners, as well as landlords and owners of holiday rental properties, hotels, B&Bs, and hostels. However, Reeves also stated that local mayors will still be granted powers to impose a so-called 'tourist tax' on overnight stays, which may have an impact on the tourism sector.

Entrepreneurs and Business Owners

Reeves announced that she would also raise the basic and higher rate of tax on dividends by 2%, which could have the knock-on effect of discouraging entrepreneurs and investors from launching and funding business in the UK.

Basic taxpayers currently pay 8.75 per cent on dividends, while higher rate taxpayers pay 33.75%. This move may affect investors, who might want their shares to pay out in dividends, or CEOs and business owners, who often pay themselves via dividends rather than a fixed salary.

Electric Vehicle Owners

Unfortunately, not all drivers will benefit from the budget announcement. The Chancellor made clear that there will be new tax for electric and hybrid vehicles. Drivers of E-vehicles will pay a road charge of 3p per mile, while plug-in hybrid drivers will pay 1.5p per mile from April 2028.

In addition, these rates are set to rise each year with inflation, which may discourage automobile manufacturers currently operating in the UK. Again, per the OBR report, this new charge is predicted to bring in £1.1 billion in the 2028-29 financial year, rising to £1.9 billion by 2030-31.

High Value Property Owners

Reeves has also confirmed that the Labour government will be pushing on with their so-called 'mansion tax' in England; set to target high value property owners. The Chancellor stated that this tax would cost £2,500 for properties worth more than £2 million, and £7,500 for properties worth more than £5 million, alongside their council tax. Reeves claimed that this new surcharge would raise over £400 million by 2031; charged on the top 1% of properties.

Gambling and Gaming Industry

Reeves has announced that the gambling industry is due to be taxed more heavily in the near future, with the aim of raising more than £1 billion in revenue by 2031. In particular, the Chancellor took aim at online gambling and betting apps; increasing the remote gaming duty from 21% to 40%, and the duty on online betting from 15% to 25%. However, Reeves made no changes to in-person gambling or horse-racing, while the bingo Duty is set to be abolished from April 2026.

What's next?

In addition to the above, Reeves also announced that pension contributions made under salary sacrifice schemes of more than £2,000 per year will have to make national insurance contributions from 2029, for both employers and employees.

Of course, only time will tell whether the Chancellor's actions will back up her words. Nevertheless, it's clear that this budget will have a profound effect upon the people and enterprises living and working in Britain. So, if you'd like more information on how the measures mentioned in the statement could affect your finances, don't hesitate to get in touch now.

Investing or saving?

Investing can beat inflation

Investing is a better option if you've got longer-term goals because inflation can erode the value of cash savings over the medium to short term, and your money may not have the same spending power as when you first put it away.

For example
If you have £2,000 in savings and the bank offers a 1% interest rate, each year you will get back £20. However, if the inflation rate is 6% the cash in your savings account will fall in value. After one year your cash would be worth £1,887. After five years it would be worth only £1,495.

Saving money is a great way to prepare for unexpected expenses and investing your money can have the potential for higher growth than saving.

A lot of people put their money in a savings account and leave it there to accumulate interest. While this is a good strategy in the short term, you potentially risk losing out on higher returns in the long run, while also struggling to keep up with inflation. However, investing is a good approach if you have long-term financial goals and want to earn more money than you could by saving it.

What's the difference between saving and investing?

With saving you are setting aside cash for future use, while investing means using cash to buy assets that you expect to produce a profit or income. The biggest difference between saving and investing is the level of risk. With saving you will always get back at the very least what you have put in, as well as any interest on your deposits. You won't lose any money, making it a less risky option.

Investing your money means it will rise and fall over time and there is a chance you could lose some of your initial investment. Your financial adviser will be able to help you make sure you're aware of the risks and the minimum time you should consider investing for. A longer timeframe (at least five years) will give your investment more time to recover if there are any sudden market swings.

Speak to your financial adviser to find out about a range of investment opportunities to help you meet your financial goals.

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.

Types of investments

The main types of asset classes that investors could choose from – which your adviser can go into detail with you – are equities, bonds, and property. Different asset classes have different levels of risk and return. Usually, the safer an asset is the lower the returns will be, while the riskier an asset is, the higher the returns.

Property this could be investing in commercial property through investment funds, including retail, office, and industrial property. It makes a good long-term investment and is effective at beating inflation. Property can add diversification to your portfolio as it tends to perform differently to other assets in response to different market conditions. However, property does come with its risks, including a risk of a fall in value as well as the maintenance costs.

Bonds sometimes called fixed-term investments, bonds are issued by governments and companies looking to raise money. A bond is essentially a loan made to a company or a government by an investor for a set period – usually several years. In return they pay you a regular income in the form of interest over the life of the bond, after which they must repay your loan. Bonds typically offer stable returns and are a lower risk than equities, although they tend to offer lower returns in the long term.

Equities also known as stocks and shares, equities are issued by a public limited company and can be bought and sold on stock exchanges. When you buy an equity, you are basically buying a piece of that company and become a shareholder. Equities can make you money through increases in share price or you can receive income in the form of dividend payments. The disadvantage is that returns are not guaranteed, and the share price could fall below the level that you invested.

5 steps to create a budget

The average British family used to be 2.4 children, these days it's 1.7 children (and half a dog). Whether your idea of a family is two adults and two children, or just you and a dog, creating a family budget is an essential step towards managing your finances effectively.

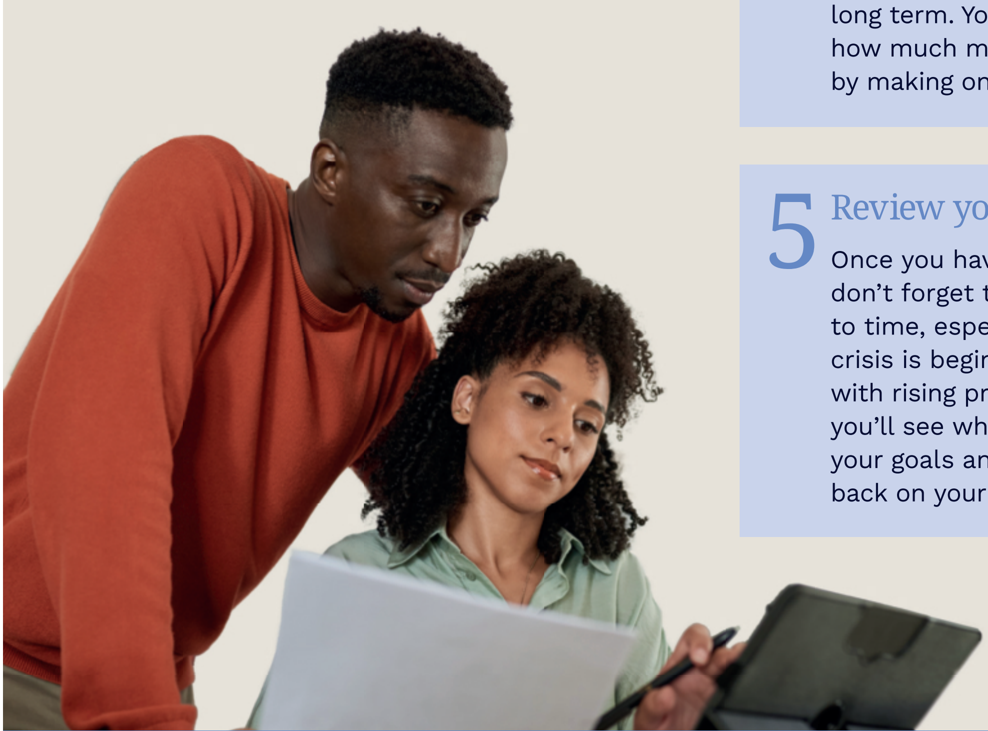
By gathering information about your income and expenses, categorising your expenses, setting financial goals, determining your disposable income, and creating a budget plan, you can take control of your finances and achieve your financial goal.

1 Top tips to avoid being scammed

Make a list of all your average monthly outgoings, then compare it to your current income and see if you spend more than you earn. If there is money left over every month, then it's easier for you to add this to savings. If you earn less than you spend, try to cut back on your expenses slightly.

2 Set realistic goals

Set yourself short and long-term financial goals. Short-term goals should take around one to three years to achieve and might include things like setting up an emergency savings fund or paying credit card debt. Long-term goals, such as saving for retirement or your child's education, may take decades to reach.



3 Follow the 50/30/20 rule

Once you've identified your monthly income and expenditures, it's worth using the 50/30/20 rule. This is a technique where you divide your income into three categories. 50% of your budget covers any essentials like rent and bills, 30% covers variable costs like eating out and shopping and 20% covers savings and paying off debts.

4 Cut back on nice to haves

We are all guilty of enjoying the finer things in life, but identifying what nice to have items you can cut back on can help you achieve your financial goals quicker. For example, cutting back on eating out may only save you a small amount each month, but can be a huge saving in the long term. You may be surprised by how much money you could accumulate by making one minor adjustment at a time.

5 Review your budget regularly

Once you have created your budget, don't forget to review it from time to time, especially as the cost-of-living crisis is beginning to catch people out with rising prices. By checking it frequently, you'll see whether you need to adjust your goals and where you could still cut back on your expenses.