

Autumn Budget 2025

H/Advisors Cicero Analysis

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A Fiscal Smorgasbord: Digesting the Chancellor's Menu



John Rowland

CEO

The run-up to this Budget has been the most chaotic and elongated in recent history. But at least it's over. The Chancellor has promised we will move to a single annual OBR forecast going forward. This is a welcome relief.

An unappetising Smorgasbord

As usual, our team maintained a running tracker of Budget speculation. Sophie Bowman, who oversees this analysis, quantified the pre-Budget swithering: our initial tracker began at 13 pages containing 25 speculated measures. By yesterday, it had swelled to 38 pages and 44 measures. The Deputy Speaker rightly admonished the Government for the unprecedented airing of policy in advance.

The result, as delivered in the Chancellor's statement, was a smorgasbord of measures designed to raise revenue piecemeal. Meanwhile, fiscal drag continues to pull more working people into the higher and additional rate bands. While Rachel Reeves can claim she adhered to the letter of the Labour manifesto, it certainly won't feel that way to the working aged electorate. The tax burden is forecast to rise to over 38 per cent of GDP by the end of this Parliament, a new high.

What's on the menu next?

Fiscally, the UK is in a tight position, though not a catastrophic one. Debt and deficit levels are not unusual by G7 standards, and the Chancellor deserves credit for maintaining headline budgetary control. However, growth remains anaemic, and bond markets are wary. With a substantial majority and most of a parliamentary term still ahead, the Government nevertheless has a workable platform.

The critical weakness remains a lack of coherent political strategy. In recent months, the Government has thrown more people at economic policymaking, yet the result has been increased confusion rather than clarity; the "guiding mind" behind the policy is difficult to discern.

It is notable, then, that Reeves repeatedly insisted this Budget represented *her* choices. If true, the focus of her attention has clearly shifted. The Government spoke relentlessly of its growth mission. And indeed, there has been progress on the supply side, with welcome news on airport expansion, nuclear power, and planning reform.

However, the centrepiece of today's announcement seemed aimed squarely at the Labour base: increases in welfare payments funded by higher taxation of middle income and wealthier individuals.

Ultimately, then, one can ask: what was today's Budget actually for? If the goal was a tactical exercise to buy some time for another relaunch, it might succeed. But as an articulation of how Starmer and Reeves intend to transform the country, then it doesn't convince.

Financial Services

Following briefing from the Treasury of a "smorgasbord" approach to revenue raising in lieu of income tax and NICs reform, some in the City feared the worst. Increases in the banking surcharge and levy and new taxes on LLPs were mooted as possible revenue raisers.

In the end, industry was instead met with incremental reforms to boost capital markets. New (albeit long trailed) announcements to stimulate UK equity markets are, however, still highly dependent on the success of the FCA's Targeted Support and Simplified Advice initiatives. A three-year share stamp duty holiday for new London listings may increase the appeal of UK IPOs and increase demand (however incrementally, given UK investors can still purchase US equities without paying this tax). However, this in isolation will not encourage UK consumers who have otherwise saved in cash to start investing in equities.

It's also questionable whether reducing the cash ISA allowance to £12,000 will see savers move money into equities. Instead, the Government is relying on a combination of these incremental measures as well as next April's retail investment campaign to foster a UK retail investment culture.

A number of retail investment firms have committed to showcase UK-focused funds to prospective investors, although their ability to avail themselves of Targeted Support measures to promote these over global equities will be crucial in encouraging a UK home bias. The Government will also need to leverage its new-found relationships with finfluencers to counter the behavioural impact of a 2% increase in dividend and savings tax rates.

Beyond retail investment, occupational pension schemes will be poised to monitor trends in contributions following the £2,000 cap on salary sacrifice, a move Pensions UK and the Federation of Small Businesses warned could "crush savers, companies and confidence".



Dave Eaton

Associate Partner

H/ADVISORS

"We recognise the Chancellor faced tough choices in this Budget and welcome the ongoing support she has shown for the financial services sector. This sends an important signal to international markets that the UK is focused on growth and attracting investment...A strong economy needs a strong financial sector, which in turn backs jobs, businesses and the whole economy."

David Postings, Chief Executive of UK Finance

Tech

The real story is what didn't happen: no wealth tax, no restrictions on employee share schemes, no further capital gains increases. For a sector that spent months bracing for disruption, 'not worse' will likely register as a relief - but stability isn't the same as ambition.

The Budget's scaleup measures - expanded Seed Enterprise Investment Scheme (SEIS) and Venture Capital Trust (VCT) eligibility, plus three-year stamp duty reserve tax relief for UK listings - are sensible but incremental. The Chancellor's "If you build here, Britain will back you," sounds supportive at face value, yet companies aren't avoiding London listings because of stamp duty. They are chasing deeper liquidity and higher valuations elsewhere.

Pre-Budget, TechUK has made the case for systemic reforms: smarter procurement, critical infrastructure designation for data centres, and 1% GDP spending on digital resilience. The government responded with targeted measures: expanding the BRIDGE AI programme, updating TechFirst timelines, announcing AI champions for information sectors, support gigabit broadband and e-invoicing, plus regional investments of £10m for South Wales semiconductors, £16m Darlington STEM, and £30m for Cornwall's Industrial Growth Fund.

While the UK's Industrial Strategy sets a longer-term growth framework, the Budget itself lacks boldness. The clearest sign of ambition came earlier in November: billions pledged for AI, including a £500m Sovereign AI Unit, AI Growth Zones unlocking £10bn in private investment, and £137m to supercharge AI research. These signal AI as central to industrial renewal, but they sit alongside an otherwise limited tech package.

This mix of prudence and selective ambition asks: is the UK playing not to lose rather than playing to win in the global tech race?



Sian Bradshaw

Director

"In a tricky Budget the Chancellor made one thing clear - entrepreneurs and founders building high-growth businesses are the engine of growth in the UK. Is this everything that founders could ever need? No. But does this Budget show that the Government has seriously listened to founders and tried to make things better to build and scale a startup in the UK? Emphatically yes."

Dom Hallas, Executive Director, Startup Coalition

Energy and Infrastructure

The Chancellor framed today's Budget as "the biggest drive for growth in a generation," promising investment "brick by brick" and "getting cranes in the sky." Infrastructure was billed as a priority, yet there was little to suggest a clear strategy for addressing the systemic issues that have long plagued UK infrastructure.

A £48m allocation over three years to boost planning capacity across MHCLG, DSIT and DEFRA is welcome but modest given the scale of the challenge and does little to tackle skills shortages. Planning reforms were reiterated, but without a stable and credible pipeline, investor confidence will continue to falter.

Further commitments include £891m to complete works on the Lower Thames Crossing and the creation of the Leeds City Fund as a 25-year Business Rates Retention Zone, signalling regional ambitions. A freeze on regulated rail fares for 2026 offers short-term relief, but there was no mention of rumoured support for the DLR extension to Thamesmead.

The Budget document touts reforms as "unblocking major projects from reservoirs to wind farms to a third runway at Heathrow," but progress will depend on planning and environmental hurdles.

Clean energy policy received limited attention beyond an additional £1.5bn for the Warm Homes Plan. Yet mixed signals persist. Proposals to cut legacy Renewables Obligation subsidies and a new mileage-based EV charge risk undermining investor confidence and slowing adoption, despite £100m for charging infrastructure. There is also a notable shift back toward oil and gas., with the North Sea Future Plan published alongside the Budget.

Overall, while Labour continues to frame infrastructure as its growth lever, it remains to be seen if today's announcements can overcome entrenched delivery barriers.



Jay Turner

Associate Partner

"Contractors will welcome the message in this Budget that infrastructure investment is central to the UK's growth strategy... In the context of the UK's fiscal position, infrastructure investment is not a luxury – it is the foundation for long-term growth. The Office for Budget Responsibility's warning that UK productivity continues to lag behind international peers must be a wake-up call. The test of this Budget will be whether these high-level commitments translate rapidly into a visible, funded pipeline of deliverable projects."

Ben Goodwin, Director of Policy & Public Affairs at CECA

Health

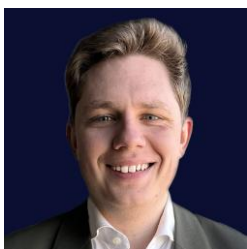
Rachel Reeves has said this Budget aims to cut waiting lists and followed up her Budget speech with a hospital visit, but it delivers nothing new to help with that challenge. It is symptomatic of this Government to say it will tackle waiting lists while not providing Wes Streeting with the fiscal firepower he needs. It's almost as if Wes Streeting and No 11 haven't been getting along recently...

In the run up to this Budget it was clear No 10 were involved a battle between HMT DHSC on who pays to help save the UK life sciences sector and increase how much the NHS spends on medicines. Clearly this issue has not been resolved, with no extra money for the DHSC, or announcements from the Chancellor on changes to how much we pay for medicines or investment into the UK's life sciences sector.

In terms of new announcements there is, at most, some tweaking around existing policy. Firstly, the Chancellor is bringing forward £860m of the DHSC's Spending Review settlement to cover the upfront costs of abolishing NHS England, in other words - a lot of staff redundancies. The Chancellor is also providing an extra £300m capital investment for NHS technology.

The Budget's focus on the cost of living extended to health policy, with the freezing of NHS prescription charges in England. On the other hand, there is a small increase to the Soft Drinks Industry Levy. Finally, and most controversially, there is confirmation that the 250 new Neighbourhood Health Centres will be funded partly by a new model of Public-Private Partnership. The Parliamentary Labour Party will not receive that decision well and are already planning to challenge this.

DHSC continues to receive more additional funding than any other department, but as Wes Streeting has been reminding those in No 11, it still isn't enough - he still can't end the endless Resident Doctor strikes or invest in our crumbling life sciences sector.



Adam Beazley

Consultant

“Much of the UK government rhetoric today is focused on how the Budget is prioritising the NHS over other areas. NHS leaders don't take this for granted, but the reality is that the NHS budget in England is under significant pressure from rising demand for care, ongoing strike action and the threat of higher drug prices as highlighted by the Office for Budget Responsibility. In particular, local services cannot continue to absorb the costs of ongoing strike action by the BMA without consequences to patient care.”

Matthew Taylor, Chief Executive of the NHS Confederation



“Today’s Budget builds on the choices that we have made since last July... No doubt we will face opposition again, but I have yet to see a credible or fairer alternative plan for working people.”

— Rachel Reeves

Views from the parties

Labour

This was a Budget delivered from the last chance saloon. Rachel Reeves and Keir Starmer know that one more major political misstep could spell the end of their tenures in Downing Street, so the stakes really could not be higher.

This is a package that seeks to shore up the core Labour vote and deliver the type of 'red meat' that Labour MPs and supporters aspire to be in government for. Ending the two-child benefit cap, boosting the minimum wage, freezing rail fares and boosting miners' pensions are all measures that will cheer Labour backbenchers. Pitching these as the result of increased taxes on the wealthiest, for instance through the 'mansion tax' on homes worth £2m+, add to the sense that this is a Government trying to create clearer dividing lines with its political opponents while shoring up the left flank that may be tempted by the Greens or others.

However, it is also the case that the effects of freezing income tax bands will drag many more into a higher tax band and may offset some of the goodwill. The so-called 'smorgasbord' of tax rises across a range of areas, from fuel duty to gambling taxes, also runs the risk that Labour is picking fights with a whole host of disgruntled groups of voters and businesses. Are the good news stories in this Budget strong enough to overcome the chorus of disapproval that will echo from certain quarters?

Unless there is a rapid unravelling of the Budget package in the coming days that could hasten things along, the likelihood is that Reeves and Starmer now have a 6- month window until the May elections to sell the vision they have outlined today and persuade their party and the public that they have a plan worth sticking with.



Simon Fitzpatrick

Partner



Views from the parties

Conservative

Kemi Badenoch's increasingly pugnacious approach to Opposition was on display today. Deliberately provocative lines such as "she whines about misogyny and mansplaining...so let me explain it to her woman to woman" could not have been delivered by Shadow Chancellor, Mel Stride, but has been clipped heavily on right-leaning social media.

She referred to the Budget as a "smorgasbord of misery" and said that it can be summed up as a "budget for Benefits Street paid for by working people". Badenoch took the opportunity to position her Party as on the side of "people who go to work" and repeated the criticism that Labour did not have a plan and that they have since learnt nothing in their 14 years in opposition. Harking back to the policy U-turn on its welfare changes in July, the Conservative leader characterised the Budget as a result of political weakness rather than economic necessity, and the government as a "classic tax and spend Labour government", making choices to "break promises, put up taxes and take more of people's money".



Harriet Hill

Senior Consultant

Liberal Democrats

Ed Davey's response was typically measured. Whilst he welcomed the introduction of a gambling levy and the scrapping of the two-child benefit cap — Lib Dem policies, he noted, in an attempt to claim a political win — the praise ended there.

The core message was that the Government had failed on two of its fundamental commitments - promoting growth and easing the cost-of-living crisis - by pursuing an overly zealous line on taxation and an overly cautious line on spending. He was vociferous in his criticism of the extension of the freeze on income tax thresholds in particular – a legacy Conservative policy he was keen to remind Kemi Badenoch – and the introduction of the pay-per-mile levy on electric vehicles, while lamenting missed opportunities to tax banks profiting from quantitative easing. On spending, he said the Government had not gone far enough on the NHS, social care and support for hospitality.

Underlying his critique was the long shadow of Brexit, as Davey advocated for a return to the single customs union as the silver bullet for the Chancellor's woes. Regardless of its fiscal credibility, this stance will undoubtedly energise the Liberal Democrat membership and will likely resonate with those outside of the party frustrated by a Budget widely seen as lacking real vision.



Claudia Mulholland

Senior Consultant

Views from the parties

Reform

This Budget changes very little for Reform, nor is it likely to make them worry about a Labour resurgence in the polls. Instead, we should expect to see a continuation of the messaging which has been successful for Reform to date: Labour is out of its depth; there is no plan for migration; they do not know how to manage a business, let alone a national economy; they continue repeating the mistakes of the Conservatives.

Certainly, nothing Rachel Reeves has announced today and the flip-flopping of the last few weeks will counter this narrative. The more the Government is forced to solidify its left flank from the Greens and the hostile PLP, the more Nigel Farage and Zia Yusuf will continue to take advantage.

On their own economic messaging, Reform can claim a 'win' in the removal of the two-child benefit cap, although without some of the restrictions they have pushed for. The party will be keen to push such wins, even partial, as evidence of their power in Westminster. However, their attacks on Labour's reckless spending will still face some pushback from other parties, given Reform's own spending commitments and questionable methods of creating cuts.



Josh Mackenzie-Lawrie

Consultant

Green

Green Party Treasury spokesperson, Adrian Ramsay, has criticised Labour's second Budget for not going far enough on taxing wealth and for failing to take meaningful action on the cost-of-living crisis and rising inequality, accusing the Government of "papering over the cracks". Whilst the Green Party celebrates the decision to scrap the two-child benefit cap, a longstanding priority which they view as an important step towards eradicating child poverty, Ramsay argued that the Government still places the burden of responsibility on struggling households, whilst letting "multibillionaires and billionaires" off the hook.

In the leadup to this year's Budget, the Greens had urged the Chancellor to adopt immediate and long-term action to ease pressure on families, via a package of wealth taxation measures designed to raise over £30bn annually. Proposals included a 1% tax on wealth over £10m and 2% over £1bn, aligning Capital Gains Tax with income tax, and introducing National Insurance on investment income.

Ramsay expressed particular frustration at cuts to home insulation funding, calling it "one of the best ways to lower bills" and a missed opportunity to help families and meet climate goals.

The Green Party warns that under this Budget, millions will remain trapped in poverty while the richest continue to grow wealthier.



Elisabeth Reuss

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