

Crystal Clear Financial Planning Ltd

4 St Georges House
Vernon Gate
Derby
DE1 1UQ

T: 01332 382917
E: info@ccfpl.co.uk

www.crystalclearfinancialplanning.co.uk



Chrysalis Wealth Management Ltd

4 St Georges House
Vernon Gate
Derby
DE1 1UQ

T: 03333 449 321
E: info@chrysaliswealth.com

www.chrysaliswealth.com



Spring Statement

26 March 2025

"A serious plan for growth"

On 26 March, Chancellor of the Exchequer Rachel Reeves delivered her Spring Statement unveiling updated economic forecasts from the Office for Budget Responsibility (OBR), announced further reductions to welfare spending and confirmation of a rise in defence spending. The Chancellor reiterated her commitment to *"just one major fiscal event a year,"* with no further tax rises announced. Ms Reeves stated that her task was to *"secure Britain's future in a world that is changing before our eyes"* adding that the government has *"a serious plan for growth."*

Fiscal rules *"non-negotiable"*

The Chancellor began her Statement by saying Labour had been elected to *"deliver a decade of national renewal"* before listing the government's achievements during its first nine months in office.

Ms Reeves went on to say that the updated OBR forecast showed that, without the actions she was delivering in her Statement, the 2029/30 budget would have been in deficit by £4.1bn. However, the OBR estimates that her policy changes, including welfare reforms and day-to-day departmental spending cuts, have restored in full the government's planned headroom, with a surplus of £9.9bn still expected in 2029/30.

Economic forecasts

The Chancellor outlined the OBR's latest assessment of the UK economy, with the independent forecaster predicting a much slower pace of growth this year than previously expected. Ms Reeves acknowledged she was *"not satisfied with these numbers"* when detailing a growth forecast of just 1% for 2025, a significant downgrade from October's 2% prediction. The OBR has, however, increased its growth forecasts for each of the following four years.

Ms Reeves also mentioned that the OBR had raised this year's forecast for Consumer Price Index inflation to 3.2% although the rate was expected to fall back to the Bank of England's 2% target by 2027. In addition, the Chancellor noted that the OBR's projections show real household disposable income will grow *"at almost twice the rate"* previously anticipated.

Other key measures announced include:

Defence

- An additional £2.2bn funding for the Ministry of Defence (MOD) in 2025/26.

Transformation Fund

- Confirmation of the creation of a £3.25bn fund to support the reform of public services and seize opportunities from digital technology and Artificial Intelligence (AI).



Tax

- Plans to increase the number of tax fraudsters charged every year by 20%
- HMRC to use cutting-edge tech to combat tax avoidance.

Housing

- Confirmation of an additional £2bn in social and affordable housing in 2026/27
- £625m over four years to boost training for skilled construction workers in England
- The OBR confirms that housebuilding is now projected to reach a 40-year high – 1.3 million homes over the next five years.

Investments

- The government is looking at options for reforms to Individual Savings Accounts (ISAs) to get the right balance between cash and equities to earn better returns (though not guaranteed) for savers
- Working with the government, the Financial Conduct Authority will deliver targeted support to give people the confidence to invest and mitigate the risks.

A reminder of some key tax measures previously announced in the Autumn Budget 2024:

- The rate for Business Asset Disposal Relief and Investors' Relief will increase to 14% from 6 April 2025 and then to 18% from 6 April 2026
- Inheritance Tax (IHT) nil-rate bands will stay at current levels until 5 April 2030. From 6 April 2027 most unused pension funds and death benefits will be included within the value of a person's estate for IHT purposes, following initial and technical consultations on draft legislation
- Annual subscription limits remain at £20,000 for ISAs, £4,000 for Lifetime ISAs and £9,000 for Junior ISAs and Child Trust Funds until 5 April 2030
- The Enterprise Investment Scheme and Venture Capital Trusts are extended to 2035
- The Income Tax Personal Allowance and higher rate threshold remain at £12,570 and £50,270 respectively until April 2028. From April 2028, these personal tax thresholds will be updated in line with inflation.

The Chancellor closed her Statement saying, *"Delivering security for our country and security for working people - that is what drives this government. That is what drives me as Chancellor... and that is what drives the choices that I have set out today."*

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding of the Spring Statement, taxation and HMRC rules and can be subject to change in future. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK; please ask for details. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. All details are believed to be correct at the time of writing (26 March 2025).

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.