

AUTUMN 2025 BUDGET SPEECH

26 NOVEMBER 2025

Chancellor of the Exchequer

CHECK AGAINST DELIVERY

INTRO

Thank you Mme Deputy Speaker.

We are rebuilding our economy.

Over the last sixteen months, we have overhauled our planning system – to get Britain building;

Forged new trade deals, with the United States, India and the European Union;

Reformed our visa system to bring the brightest and best to Britain;

We changed the fiscal rules we inherited from the Conservatives and raised public investment to its highest level in four decades;

And in last year's Budget, I raised taxes on business and the wealthiest...

... to close the £22 billion black hole in the public finances left by the party opposite...

...and we used that money - to fund the biggest ever settlement for our National Health Service.

They were the fair and necessary choices.

And we faced opposition to them.

From opponents to planning reform, who will always demand that the future must be built somewhere else, not in their back yard;

Opponents to trade, who want to take us down the path of isolation and division;

Opponents to investment – who believe that the only good thing a government can do is get out of the way;

Opponents who insist the only way to balance the books is to cut public spending;

And opponents who say we don't need to balance the books at all.

But we made these choices for a reason.

Because after fourteen years of Conservative government, working people demanded – and they deserved – change:

Investment, not cuts, to our public services;

Stability for our public finances – the single most important factor in getting the cost of living down;

And economic growth – the best means to improve wages, create jobs, and support public services.

That is what our plan – what this government, led by our Prime Minister Keir Starmer - is all about.

Today's Budget builds on the choices we have made since last July.

To cut NHS waiting lists.

To cut the cost of living.

And to cut debt and borrowing.

No doubt, we will face opposition again.

But I have yet to see a credible, or a fairer alternative plan for working people.

These are my choices – the right choices for a fairer, a stronger, and a more secure Britain.

Mme Deputy Speaker,

I said there would be no return to austerity, and I meant it:

This Budget will maintain our investment in our economy and our National Health Service.

I said I would cut the cost of living, and I meant it:

This Budget will bring down inflation and provide immediate relief for families.

I said that I would cut debt and borrowing, and I meant it:

Because of this Budget, borrowing will fall as a share of GDP in every year of the forecast...

...our Net Financial Debt will be lower by the end of the forecast than it is today...

...and I will more than double the headroom against our stability rule to £21.7 billion – meeting our stability rule and meeting it a year early.

These are my choices.

Not austerity.

Not reckless borrowing.

Not turning a blind eye to unfairness.

My choice is a Budget for fair taxes, strong public services, and a stable economy.

That is the Labour choice.

GROWTH

Growth is the engine that carries every one of our ambitions forward.
Through Stability, Investment and Reform –
The platform from which British ambition can finally get moving again.
Because growth doesn't appear out of thin air.
It's built – patiently, stubbornly, by the people who take risks,
By the founders who bet their savings on an idea,
By firms breaking into new markets, testing new technologies, creating new jobs and new opportunities,
By the men and women who work hard every day in all parts of our country.
Our job is not to watch from the sidelines, but to partner with them— backing them every step of the way.
To match private enterprise with public ambition.

I would like to thank the Office for Budget Responsibility for their work in putting together their forecasts today...
...and my warmest thanks to my team of officials at the Treasury for their hard work in preparing this Budget.
In the Spring, the OBR forecast that the economy would grow by 1% this year.
I said then that Britain would defy the forecasts...
And defy them we have.
The OBR have upgraded Britain's growth this year from 1% to 1.5%.
Reaching the same conclusion as the IMF, the OECD and the Bank of England who have all already upgraded their forecasts...

Today, the OBR will publish the result of their review of the supply side of our economy
They are clear that this is not about the last fourteen months,
We all know it is about the previous fourteen years – the legacy of Brexit and the pandemic...
...and the damaging decisions of the party opposite –
cutting public spending;
leaving communities and entire regions behind;
...starving our economy of investment and weakening our public services.

As a result of their review, the OBR are reducing their expectations for productivity growth by 0.3ppts to 1% by the end of the forecast.
They say today, and I quote
"Real GDP is forecast to grow by 1.5% on average over the forecast period...due to lower underlying productivity growth."
There is an impact on our public finances too – the OBR say that their productivity forecast will mean £16bn less in tax receipts by 2030.

These forecasts are the Tories' legacy not Britain's destiny.

We beat the forecasts this year and we will beat them again:

Boosting trade, not blocking it.

Increasing investment, not cutting it.

Championing innovation, not stifling it.

Backing working people, not making them poorer.

Brick by brick we've been building growth in our economy.

Building roads, building homes,

Getting spades in the ground and cranes in the sky.

Growth begins with the spark of an entrepreneur:

Half of new jobs are created by scale-ups.

We want those jobs created here not somewhere else.

Our job is to make Britain the best place in the world to start up, to scale up, and to stay.

So we're widening eligibility for our enterprise incentives—so scaleups can attract the talent and capital they need:

Expanding the Enterprise Management Incentive so more companies can offer tax-relieved share options,

Re-engineering our Enterprise Investment and Venture Capital Trust Schemes so they don't just back early-stage ideas—but stay with companies as they grow.

Introducing UK listings relief:

A three-year exemption from Stamp Duty Reserve Tax for companies who choose to list here in Britain.

And to continue this work I am launching a Call for Evidence on how our tax system can better back entrepreneurs...

...and a targeted review with founders and investors at the heart to make the UK an even more attractive place to grow.

We are sending a simple message to the world:

If you build here, Britain will back you.

And our retail investment system should do the same.

The UK has some of the lowest levels of retail investment in the G7.

And that is not only bad for businesses, who need that investment to grow...

...it's bad for savers too.

Someone who's invested £1,000 in an average stocks and shares ISA every year since 1999 would be £50,000 better off today than if they'd put the same money into a cash ISA.

And so from April 2027, I will reform our ISA system...

...keeping the full £20,000 allowance while designating £8,000 of it exclusively for investment...

...with over 65s retaining the full cash allowance.

And thanks to our changes to financial advice and guidance, banks will be able to guide savers to better choices for their hard-earned money.

Over 50% of the ISA market - including Hargreaves Lansdown, HSBC, Lloyds, Vanguard and Barclays - have signed up to launch new online hubs to help people invest in Britain.

At this Budget, consistent with the commitments in our corporate tax roadmap, I will retain our competitive corporation tax rate, the lowest in the G7...

...and retain our generous full expensing offer for business investment.

I will also introduce a new 40% first-year allowance so that businesses can write off more of the cost of investment upfront...

...while reducing main rate writing down allowances in line with fiscal constraints.

Private investment is the lifeblood of economic growth...

...but growth needs public investment too.

When faced with challenges, previous Chancellors have chosen to decrease, delay or cancel capital spending...

...but low investment is the cause of our productivity problems, not the solution.

So my choice is not cuts,

Not stagnation.

But to maintain the additional £120 billion of investment I provided at the spending review...

... in transport to link our towns and cities;

Energy infrastructure to power businesses;

And housing so people can live near good jobs and growing businesses.

That is the Labour choice.

I'm grateful to the Financial Secretary to the Treasury for his work in driving our growth agenda forward...

...as we allocate investment for the infrastructure that is the backbone of economic growth across our country...

Today, I will commit further investment for the Lower Thames Crossing...

...and we're continuing to drive investment in city region transport, in the Midlands Rail Hub and the Transpennine Route Upgrade, along with our commitment to the Northern Growth Corridor.

It is this Labour government that has overhauled our planning system...

...and I will today provide funding to increase planning capacity through a new skills offer...

...as called for by the British Chamber of Commerce and Confederation of British Industry.

It is this Labour government that has invested in nuclear power and renewables – in Sizewell C, and in Culham...

...and in Cromarty and Whitelee in Scotland.

We are taking forward our commitment to slash electricity prices for thousands of manufacturing businesses, as MakeUK and many others have called for...

...and today I'm pleased to welcome John Fingleton's report:

An ambitious plan to cut the red tape that has tied our nuclear industry in knots for decades...

...and within three months we will set out our plan for delivering his recommendations.

We are proud of our industrial heritage...

...and determined to build our industry for the future...

...so we buy, make and sell more here in Britain.

That's why as we increase defence spending, we are investing in Portsmouth, in Barrow and in Plymouth.

It's why we stepped in to save British Steel and invested in Sheffield Forgemasters.

And it's why we've changed government procurement – so we can buy British when it is critical to our national security

For Steel, For Shipbuilding...

...and today for AI, driving innovation and building that great industry of the future here in Britain.

But it's not just what we invest in that matters, it's how we invest...

...putting money and power back in the hands of local and regional leaders.

Today we are devolving £13bn of flexible funding for seven Mayors to invest in skills, business support and infrastructure.

I am extending the business rates retention pilots in the West of England, Liverpool City Region and Cornwall until 2029...

...and providing £30m for the Kernow Industrial Growth Fund for sectors like critical minerals and marine innovation.

I am establishing the Leeds City Fund:

A long-term agreement to retain business rates to fund local regeneration projects like the development of Leeds South Bank...

...and I am allocating £20m for the new Peterborough sports quarter and £16m for a science centre in Darlington from the Growth Mission Fund.

The benefits of investment and growth must be built, and felt, in every part of our United Kingdom.

We are providing an additional £370m for the Northern Ireland Executive, £505m for the Welsh Government and £820m for the Scottish Government over the Spending Review period through the Barnett formula...

...and I am making targeted investments in our Industrial Strategy sectors across the UK.

In Northern Ireland, I am providing £17m to support businesses and strengthen the UK internal market...

...and backing advanced manufacturing through the Northern Ireland Enhanced Investment Zone.

Wales will be the host for two AI Growth Zones – creating more than 8,000 jobs...

...supported by a £10m investment in the semiconductors critical to that industry.

And we are building the UK's first Small Modular Nuclear Reactors at Wylfa in Anglesey

—

Two Labour Governments working together to invest in Wales and deliver for the people of Wales.

And in Scotland, I'm committing over £14m for low carbon technologies in Grangemouth, £20m to renew infrastructure at Inchgreen in Inverclyde, and £20m to redevelop Kirkcaldy town centre and seafront, with construction starting next year.

That's on top of the UK's biggest ever warship export deal with the Norwegian government to build frigates in Glasgow...

...supporting 4000 jobs.

Investment opposed by the SNP.

Jobs opposed by the SNP.

Defence opposed by the SNP.

But secured by this Labour Government.

FISCAL STABILITY

A growing economy needs strong foundations of economic stability...

...with borrowing and inflation down and investment up.

That is good for business...

...and it is good for working people – so they have more money in their pockets.

Economic stability, safeguarded by iron-clad fiscal rules, is our best defence against rising prices and the best way to improve living standards.

We've all seen the alternative.

Three years ago, in their clamour to cut taxes for those at the top, the Tories under Liz Truss crashed the economy, sent mortgage rates spiralling and brought pensions to the brink.

Now I know the leader of the Green Party is a keen hypnotherapist and believes he can achieve remarkable things using only the power of his mind.

Unfortunately, the only things getting bigger under his approach would be the deficit and the rate of inflation.

And for all the damage that Conservative cuts did to our hospitals, schools and communities, they also doubled the national debt.

Our Net Financial Debt this year will be £2.6trillion: 83% of GDP.

Meaning that today, 1 in every £10 the government spends is on debt interest...

...not on paying that debt down, but just on paying the interest.

My fiscal rules will get borrowing down while supporting investment :

The stability rule – that day-to-day expenditure must be met through tax receipts...

...and the investment rule – which allowed me to increase investment while getting debt on a downward path.

Those fiscal rules are non-negotiable.

I met them at the Budget last year, I met them in the Spring and I have met them today.

While the current budget balance is in deficit by £28.8bn in 26/27 and £4.6bn in 27/28...

...it moves into a surplus of £3.9bn in 28/29, £21.7bn in 29/30 and £24.6bn in 30/31...

...more than doubling our headroom against the stability rule and meeting that rule a year early.

And our net financial debt is 83.3% in 26/27, 83.6% in 27/28, 83.7% in 28/29...

...falling to 83.0% in 29/30 and 82.2% in 30/31.

Mme Deputy Speaker, I said we would cut the debt and we are – with debt down by the end of the forecast.

And going forward, to support our commitment to a single fiscal event and further strengthen our economic stability...

...I will follow the recommendations of the International Monetary Fund by assessing the fiscal rules just once a year at the Budget.

Despite the challenges we face on productivity, the path of our deficit reduction remains broadly the same as in the Spring...

... public sector net borrowing is due to be £112.1bn or 3.5% of GDP in 26/27, 3.0% in 27/28, 2.6% in 28/29, 1.9% in 29/30 and 1.9% in 30/31 – ending at £67.2bn

Translating into an increase in the net cash requirement next year of £4.2bn, taking the total to £133.3bn.

And according to the IMF, we are due to reduce borrowing more over the rest of this Parliament than any other G7 economy.

The Conservatives crashed the economy, we are protecting it.

The Conservatives lost control of debt, we are getting debt down.

The Conservatives let inflation and interest rates go through the roof

But Mme Deputy Speaker, since Labour took office the Bank of England has cut interest rates five times.

I've made my choices

Not reckless borrowing.

Not dangerous cuts.

But stability for our economy...

...security for the public finances...

... and security for family finances too.

Those are the Labour choices.

SPENDING/WELFARE/ASYLUM

Mme Deputy Speaker,

Tory austerity left classrooms crumbling and waiting lists sky-high...

...weakened our productivity and choked our economic growth.

And now they propose a further £47bn of cuts to our public services:

The equivalent of firing every police officer in the country twice over.

And then there is Reform, who promise more than £100 bn of cuts with no detail on where those cuts will come from – a recipe for devastating damage to public services.

People voted for a Labour government because they wanted roads that aren't full of potholes, police on our streets, and an NHS they can rely on.

And we're delivering that:

Waiting lists - down by 230,000,

And not just the two million appointments we promised but an extra five million appointments already delivered since the election.

I joined the Labour Party almost 30 years ago because I could see that the Conservative government I grew up under didn't care much about schools like mine:

Textbooks rationed, libraries closed, kids herded into portacabins in the playground –

I came into politics to change that.

The money that I allocated at the Spending Review will fix the crumbling classrooms the Conservatives left behind...

...and build the schools they promised but never delivered.

And today, thanks to representations from my HFs the members for Wolverhampton North East, and Leeds South West and Morley...

...I will provide £5m for libraries in secondary schools...

...building on the £10m committed for primary school libraries earlier this year.

And, thanks to representations from my HFs the members for Luton North and Bournemouth East, I am providing £18m to improve and upgrade playgrounds across England.

Mme Deputy Speaker, let there be no doubt that this is a government on the side of our kids, who will back their potential.

I will not allow the legacies of Conservative neglect to stain our society.

Last year, I made changes to the Mineworkers Pension Scheme to ensure its members receive the fair pensions they are owed.

This year, and with thanks to the Minister for Pensions for all his work on this subject, I can go further.

I have heard representations from Labour coalfield MPs including my HFs the members for Bassetlaw, Easington, Barnsley South, Mansfield and Llanelli...

...and today, I can announce that I will transfer the Investment Reserve Fund of the British Coal Staff Superannuation Scheme to its members...

...so that the women and men who worked in the coal industry's offices and canteens get a fair deal in their retirement too.

And more, having heard representations from my HFs the members for Banbury and Edinburgh South West...

...I will index for inflation on pensions accrued before 1997 in the Pension Protection Fund and the Financial Assurance Scheme...

...so that people whose pension schemes became insolvent no longer lose out as a result of inflation.

Last year, I also provided funding to compensate the victims of the infected blood scandal, after the previous government failed to budget for the costs of compensation. This year I have listened to representations from my HFs the members for Eltham and Chislehurst and Edinburgh South West...

...and thank the Minister for Employment for her representations over many years on this subject.

As a result, I will exempt all payments from the Infected Blood Scheme from Inheritance Tax...

...regardless of the circumstances in which those payments are passed down to children.

Mme Deputy Speaker, that is how we should be spending taxpayers' money...

...on dealing with injustices and on strong public services...

...not on waste and inefficiency:

At the Spending Review I set out an ambitious target for £14bn of efficiencies per year by 2029...

...and I am grateful to the Chief Secretary to the Treasury for driving that work forward...

...realising savings through AI and automation...

...and by scrapping NHS England and reducing back-office staff by 18,000.

At this Budget, I will find a further £4.9bn of efficiencies by 2031:

Getting rid of Police and Crime Commissioners,

Cutting the cost of politics and local government...

...and selling government assets that we no longer have any use for.

These savings will be required across government.

But for our National Health Service, I will invest these savings back into the care that people rely on...

...more nurses, more GPs and more appointments...

...restoring the services that faltered under years of conservative decline...

...and investing in its future.

And today I'm announcing a £300m investment in technology to improve patient service...

...and 250 new Neighbourhood Health Centres...

...expanding more services into communities so that people can receive treatment outside of hospitals and get better, faster care where they live...

...with over 100 to be delivered by 2030 including in Birmingham, Truro and Southall.

The Labour Party founded our NHS and we are renewing our NHS.

And I will take the same approach for defence spending...

...reinvesting savings back into our national security.

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 with the UK set to spend 2.6% of GDP on defence by 2027.

Mme Deputy Speaker, the public rightly expects that we stamp out fraud, error and waste...

...and put that money to good use in our schools and our hospitals.

My RHF the Home Secretary has already announced that she will claw back excess profits from the use of hotels to house asylum seekers...

...as we phase out the use of hotels entirely...

...and we will consult on reforms to Indefinite Leave to Remain and access to taxpayer-funded benefits.

The introduction of Digital ID will break the link between illegal migration and illegal working...

...and HMRC and the Fair Work Agency will crack down on the illicit businesses that blight our highstreets and undercut legitimate firms:

Enforcing the minimum wage,

Investigating dodgy businesses,

And increasing scrutiny of the gig economy...

...as well as tracking down fraudulent business owners who vanish without paying their taxes...

...and I'd like to thank my HFs the members for Great Grimsby and Cleethorpes, Leigh and Atherton, and Kensington and Bayswater for their representations on this subject.

And I'll take further steps to prevent and track down unpaid tax...

...which together with the reforms I made last year will raise nearly £10bn a year by 2030...

...including through new powers for HMRC to pursue the promoters of tax avoidance schemes.

I am building on our successful use of targeted checks on welfare claims to root out fraud and error and prevent public money being paid to people who are not entitled to it...

...and I would like to thank Tom Hayhoe, the Covid Corruption Commissioner for his work helping to chase down almost £400m from dodgy pandemic spending and contracts: Tory contracts, handed out to Tory peers and agreed by Tory ministers.

That money belongs in our schools, our hospitals and our communities, and we are getting that money back.

And finally, Mme Deputy Speaker, we are ramping up sanctions on Russia...

...and we are freezing known Russian assets....
and let me be clear,
I don't mean the HM for Clacton.

Under the Conservatives, the cost of our welfare system increased by nearly 1ppt of GDP – equivalent to £88bn over five years.

The broken welfare system we inherited wrote off millions of people as too sick to work...

...and we will reform that system...

...so it is a system that does not count the cost of failure but one that protects people who cannot work and empowers those who can.

We have brought back face to face assessments for disability benefits...

...that the Shadow Chancellor got rid of when he was Work and Pensions Secretary...

...and the changes we have made to Universal Credit will get 15,000 people back into work.

The former Heath Secretary Alan Milburn will review the causes of rising youth inactivity...

...and we are already taking action.

I'm grateful to the Federation of Small Businesses and Small Business Britain for their representations on apprenticeships...

...and today, I am announcing funding to make the training for under-25 apprenticeships completely free for Small and Medium Sized Enterprises.

I'm funding our new Youth Guarantee – providing £820m over the next three years to give the young people who were let down by the Conservatives the support and opportunity they deserve...

...guaranteeing every young person a place in college, an apprenticeship or personalised job support...

...and, after eighteen months, 18-21 year olds will be offered paid work instead of benefits.

The Motability scheme was set up to protect the most vulnerable, not to subsidise the lease on a Mercedes Benz...

...and so I am making reforms that will reduce generous taxpayer subsidies and

Motability have confirmed that they will remove luxury vehicles from the scheme...

...getting the scheme back to its original purpose of offering cost effective leases to disabled people.

And taxpayers' money should not be spent on pensions for people abroad...

...who only lived here for a couple of years and may never have paid a penny of tax.

The Conservatives let thousands of people living abroad buy their way into the State Pension for £3.50 a week...

...debasing the purpose of our pension system...

...and so I will abolish access to Class 2 Voluntary National Insurance Contributions for people living abroad...

...increasing the time that someone has to live or work in Britain to ten years and increasing the contributions they must pay.

These reforms improve our welfare system:

They support our young people,

Protect those who need it most,

And put an end to Conservative waste and unfairness.

TAX

Mme Deputy Speaker,

To break the cycle of austerity we need a fair and sustainable tax system.

One that generates reliable revenues to fund the public services we all use...

...and supports investment to grow our economy.

That does mean that today I am asking everyone to make a contribution.

The previous Conservative government froze personal tax thresholds from 2021 until 2028.

And today I will maintain all Income Tax and equivalent National Insurance thresholds at their current level for three further years from 2028...

...while ensuring that people only in receipt of the basic or new State Pension do not have to pay small amounts of tax through Simple Assessment from April 2027.

I will also keep the Plan 2 student loan repayments threshold at its 2026/27 level for three years.

Mme Deputy Speaker, I know that maintaining these thresholds is a decision that will affect working people

I said that last year and I won't pretend otherwise now.

The HL supported these freezes when her party made them. She might want to forget what she did, but the British people never will.

Mme Deputy Speaker, I am asking everyone to make a contribution,

But I can keep that contribution as low as possible because I will make further reforms to our tax system today to make it fairer...

...and to ensure the wealthiest contribute the most.

The Conservatives knew that our tax system didn't work,

Time and time again, they ducked the necessary reforms...

...leaving a system unfit for a changing economy...

...with unfairness that they refused to address.

Currently, a landlord with an income of £25,000 will pay nearly £1,200 less in tax than their tenant with the same salary...

...because no National Insurance is charged on property, dividend or savings income.

It's not fair that the tax system treats different types of income so differently...

...and so I will increase the basic and higher rate of tax on property, savings and dividend income by 2ppts...

...and the additional rate of tax on property and savings income by 2ppts.

Even after these reforms 90% of taxpayers will still pay no tax at all on their savings.

As well as narrowing the gap between the tax on income from assets and income from work...

... I also believe that a fair society is one where the wealthiest pay their share.

The reforms I made last year will raise an additional £8bn a year by 2030 from wealth:

I increased taxes on private equity, private schools and private jets,

I abolished the non-dom tax regime – and this year I will make two changes to cap trust charges and prevent avoidance.

I reformed Inheritance Tax on agricultural and business assets...

... and this year I am aligning those reforms with wider inheritance tax rules by allowing the transfer of the 100% relief allowance between spouses...

...balancing the taxation of these valuable assets with the realities of family life.

In this Budget, I will take further steps to deal with a longstanding source of wealth inequality in our country.

Currently, a Band D home in Darlington or Blackpool pays just under £2,400 in Council Tax...

...nearly £300 more than a £10m mansion in Mayfair.

And so from 2028, I am introducing the High Value Council Tax Surcharge in England,

An annual £2,500 charge for properties worth more than £2m, rising to £7,500 for properties worth more than £5m.

This will be collected alongside Council Tax, levied on owners and we will consult on options for support or deferral.

This new surcharge will raise over £400m by 2031 and will be charged on fewer than the top 1% of properties.

Mme Deputy Speaker, reliefs in our tax system cost the taxpayer billions of pounds every year...

...but many of them no longer serve their original purpose.

The government rightly provides generous tax relief for people paying into a pension...

...relieving Income Tax on all contributions and on the investment itself...

...as well as National Insurance relief on employer contributions...

...at a cost of over £70bn a year to the exchequer.

This Budget makes no changes to those reliefs or to the tax-free lump sum.

But salary sacrifice for pensions, which was intended to be a small part of our pensions system, is forecast to almost treble in cost from £2.8bn in 2017 to £8bn by 2030...

...with the greatest benefit going to higher earners...

...or to those in the financial services sector putting their bonuses into pensions tax-free...

...while those on the minimum wage or whose employers don't offer salary sacrifice don't benefit at all.

This is not sustainable for the public finances...

...putting pressure on the tax everyone else pays...

...and so I am introducing a £2,000 cap on salary sacrifice into a pension...

...with contributions above that taxed in the same way as other employee pension contributions.

That is a pragmatic step so that people, especially on low and middle incomes, can continue to use salary sacrifice for their pension without paying any more tax than they do now.

And to give individuals and employers time to adjust to these new arrangements, these changes will come into effect in 2029.

The Coalition Government introduced 100% relief from Capital Gains Tax on business sales made to Employee Ownership Trusts...

...creating a route for gains to go completely untaxed when businesses are sold.

I will reduce this relief to 50%...

...retaining a strong incentive for employee-owned companies...

...and as we work towards doubling the size of the cooperative economy, the Department for Business and Trade will launch a call for evidence on how we can better support co-ops to grow.

Because of the changes I have made to Capital Gains Tax this year and last ...

...receipts are forecast to increase from £14bn this year to £30bn by 2030.

To support our high streets, I am announcing a package of regulatory changes as called for by UK Hospitality and the British Retail Consortium...

...and I will support the great British pub through our new national licensing framework – encouraging councils to back our pubs and to back late-night venues with greater freedoms.

For Business Rates, I will introduce permanently lower tax rates for over 750,000 retail, hospitality and leisure properties – the lowest tax rates since 1991...

...paid for through higher rates on properties worth £500,000 or more, like the warehouses used by online giants.

Alongside this, I will introduce a package of support worth over £4.3bn over the next 3 years for a property of any size seeing a large increase in their bill.

And, to support a level playing field in retail, I will stop overseas online firms from undercutting our high street businesses by ensuring customs duty applies on parcels of any value.

I will reform our motoring taxes...

...exempting search and rescue vehicles from Vehicle Excise Duty as called for by my HFs the members for the Western Isles and for Whitehaven and Workington.

And because all cars contribute to wear and tear on our roads...

...I will ensure that drivers are taxed according to how much they drive and not just the type of car they own by introducing Electric Vehicle Excise Duty on electric cars.

This will be payable each year alongside Vehicle Excise Duty at 3p per mile for electric cars and 1.5p for plug-in hybrids...

...helping us to double road maintenance funding in England over the course of this Parliament.

And alongside this, I am providing support to boost our British car industry:
Increasing the threshold for the Expensive Car Supplement on EVs to £50,000, saving over a million motorists £440 a year,
Providing £1.3bn in additional funding for the electric car grant - extending it to 2030 and taking total funding to £2bn,
...as well as delaying changes to the Employee Car Ownership Scheme.
In addition, we're investing a further £200m to accelerate the rollout EV charging...
...as well as 100% business rates relief for EV chargepoints for the next decade, with thanks to my HF the member for Camborne and Redruth for his representations on this policy.
And I will improve competition in our taxi industry by ending ride-hailing companies' use of a VAT discount scheme intended for coach tours...
...as called for by Steve McNamara the General Secretary of the Licensed Taxi Drivers Association...
...legislating to restrict access so that everyone pays fairly and protecting around £700m of tax revenue each year.

I am responding to our consultation on Landfill Tax...
...and listening to representations particularly from our housebuilding industry, I will not converge towards a single rate...
...but will prevent the gap between the two rates from widening to balance the need to address tax avoidance in the current structure.
I will today publish Ray McCann's report into the Loan Charge along with the government's response...
...setting out a new settlement opportunity that will allow people to finalise their position and draw a line under this longstanding issue...
...and I'd like to thank my HF the member for Milton Keynes Central for her representations on this subject.
I will continue with the planned uprating for tobacco duties that I set out last year and uprate alcohol duties by inflation...
...along with our plans to introduce a Vaping Products Duty in 2026 and the changes to the Soft Drinks Industry Levy announced by my RHF the Health Secretary yesterday.
And I'd like to thank the Exchequer Secretary to the Treasury for his hard work on all the tax measures in this Budget.

I will also reform gambling taxes in response to the rise in online gambling.
Remote Gaming is associated with the highest levels of harm...
...and so I am increasing Remote Gaming Duty from 21% to 40%...
...with duty on online betting increasing from 15% to 25%.
I am making no change to the taxes on in-person gambling or horse-racing...
...and I am abolishing Bingo Duty entirely from April 2026.
Taken together, my reforms to gambling tax will raise over £1bn per year by 2031.

As a result of the tax reforms I have made today, I can confirm that I will not be increasing National Insurance, the basic, higher or additional rates of Income Tax or VAT.

And I have kept the everyone's contribution as low as possible through reforms to make our tax system stronger

...closing loopholes,

...ensuring that the wealthiest pay their share,

...and building a tax system that is fairer for the future as our economy changes.

CHILD POVERTY

On the day I became Chancellor, I said that I would judge my time in office a success if I know that there are working class kids from ordinary backgrounds who are living more fulfilling lives;

Their horizons expanded, and their potential realised.

I joined the Labour Party, I came into politics, because I believe every child has equal worth and deserves an equal chance to achieve their promise.

The biggest barrier to equal opportunity is child poverty.

Because for every child that grows up in poverty, our society pays a triple cost.

The first and heaviest is to the child:

Going to school hungry...

Waking up in a cold home, or in another B&B...

While other children enjoy the advantages of parents with time to help with homework, the quiet space at home to work in – too many go without.

And there is also the cost of supporting a family in poverty which ends up in the lap of overstretched councils...

... who can do no more than shunt them into temporary accommodation, at huge cost to local taxpayers.

Then there is the future cost:

To our economy and our society, of wasted talent and a welfare system that bears the cost of failure for decades to come:

Young people with so much to contribute, but whose potential is suffocated early by limited life chances and missed opportunities...

... struggling to make their way in a society that did not look out for them.

I don't intend to preside over a status quo that punishes children for the circumstances of their birth and demands that we all pay three times over for it.

Since last July, we've rolled out free breakfast clubs in schools;

We're expanding free school meals to half a million more kids, lifting 100,000 children out of poverty as we do it;

We've passed the Renters' Rights Act to protect families from eviction.

I'm proud of all that.

But it's not enough.

Because there is one policy that pushes kids into poverty more than any other:

It was introduced by the party opposite.

They said it would save money, and that it would bring about "behavioural change" – disincentivising poorer families from having more children.

Even on their own terms, it has failed.

It has made almost no difference to the size of families.

The welfare bill has continued to rise.

But what it has done is push hundreds of thousands of children into poverty since it was introduced.

They said they were punishing parents' choices – but it's kids who have paid the price...

...for the policies of a party which opted for cynical gimmicks over real savings in the welfare system.

I understand that many families are finding times hard, and that many have had to make difficult choices when it comes to having kids.

And there are many reasons why people choose to have children and then find themselves in difficult times:

The death of a partner, ill health, a lost job.

I don't believe children should bear the brunt of that.

And neither can I in good conscience leave in place the vile policy known as the rape clause:

Requiring women to prove if their children have been conceived non-consensually to receive support.

I'm proud to be Britain's first female Chancellor;

I take the responsibilities that come with that seriously;

I will not tolerate the grotesque indignity to women of the rape clause any longer.

It is dehumanising.

It is cruel.

And I will remove it from the statute book.

And so, because I am tackling fraud and error in our welfare system...

... because I am cracking down on tax avoidance...

...because I am reforming gambling taxation...

... I can announce today – fully costed and fully funded...

... the removal of the two-child limit in full from April.

We on this side of the House do not believe that the solution to a broken welfare system is to punish the most vulnerable children.

We are lifting 450,000 children out of poverty with the end of the two-child limit.

And Mm Deputy Speaker, combined with other actions we are taking...

... this Labour government is achieving the biggest reduction in child poverty over a Parliament since records began.

That is the difference that this government is making.

COST OF LIVING

Mme Deputy Speaker, I know how worried families are about the cost of everything...
...worried that their money won't stretch to the end of the month...
...worried that price rises and unexpected costs will leave them struggling to manage.

Under this government, wages have risen more since we were elected than in ten years under the last government...

... with lower interest rates already saving families £1,200 pounds a year off a typical new mortgage.

But I know that people still face pressure on their budgets day to day and week to week...

...and where there is more we can do to provide relief, we are doing it:

Extending the bus fare cap,

Cracking down on rip-off price hikes,

Freezing prescription charges...

...and freezing rail fares for the first time in 30 years.

At the Budget last year, I increased the national minimum wage and the national living wage...

...and this year I am doing the same...

...accepting the recommendations of the Low Pay Commission in full and increasing the minimum wage for 18–20 year-olds from £10 to £10.85 per hour

And the increasing the living wage from £12.21 to £12.71 per hour.

And I will increase the basic and new state pension by 4.8%, an increase of £575 per year for the new state pension...

...and £440 per year for the basic state pension in line with our commitment to the triple lock.

Under current plans, the temporary 5p cut to fuel duty that was introduced during the pandemic will come to an end in April and fuel duty will be uprated in line with inflation.

But I know that the cost of travelling to and from work is still too high...

...so I am extending the 5p cut until September 2026.

And because I know that changes in wholesale prices are not always passed onto motorists...

...I am bringing in new rules to mandate forecourts to share real-time prices through a new Fuel Finder...

...empowering drivers to find the cheapest fuel, calling out rip-offs and strengthening competition...

...saving the average household £40 a year.

Mme Deputy Speaker, one of the greatest drivers of the rising cost of living is the cost of energy.

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.

But that's not enough, when people are struggling with energy bills today.

The Conservatives' ECO scheme was presented as a plan to tackle fuel poverty.

It costs households £1.7 billion a year on their bills...

...and for 97 percent of families in fuel poverty, the scheme has cost them more than it has saved.

It is a failed scheme.

So I am scrapping that scheme...

...along with taking other legacy costs off bills.

And a result...

... I can tell you today...

...that, for every family...

... we are keeping our promise...

... to get energy bills down and cut the cost of living...

... with £150 cut from the average household energy bill from April.

Money off bills, and in the pockets of working people.

That is my choice.

Not to neglect Britain's energy security, like the Tories did;

Not to leave working families to bear the brunt of high prices, like the Tories did;

But to get energy costs down now and in the years to come.

That is the Labour choice.

And Mme Deputy Speaker, one more thing.

Because of our action on bills and on prices...

...as a direct result of this Budget...

...the Office for Budget Responsibility confirm today that inflation is coming down faster...

... and will be a full 0.4ppts lower next year.

That's the benefit of a Labour government, cutting the cost of living.

Mme Deputy Speaker,

This Labour government is changing our country.

In the face of challenges on our productivity, I will grow our economy through stability, investment and reform.

I've met my fiscal rules and built our economic resilience for the future.

I have asked everyone to contribute – yes,

For the security of our country and the brightness of its future.

But I have kept that contribution as low as possible by reforming our tax system...

...making it fairer and stronger for the future.

I have protected our NHS – maintaining public investment and driving efficiency in government spending.

I have taken action on our broken welfare system – rooting out waste and lifting children out of poverty.

And I have cut the cost of living – with money off bills and prices frozen.

All while keeping every single one of our manifesto commitments.

Those are my choices:

Not austerity;

Not reckless borrowing;

But cutting the debt, cutting waiting lists, cutting the cost of living.

Those are the Labour choices.

Promised and delivered by this government.

Promised and delivered by this Budget.

And Mme Deputy Speaker I commend this statement to the house.