

Spring Statement Summary

26TH | MARCH | 2025

Lync Wealth Management

01565 658840 enquiries@lyncwealth.co.uk



Summary of the Chancellor's Spring statement.

26TH | MARCH | 2025

Economy

- The Office for Budget Responsibility (OBR) has halved the UK growth forecast for 2025 from 2% to 1%.
- Mrs Reeves says that today's announcements mean that the government's budget will move from a deficit of £36.1bn in 2025/26 and £13.4bn in 2026/27, to a surplus of £6bn in 2027/28, £7.1bn in 2028/29 and £9.9bn in 2029/30.
- The OBR forecast shows that the investment rule is also met two years early, with net financial debt of 82.9% of GDP in 2025-26 and 83.5% in 2026-27, before falling from 83.4% in 2027-28, to 83.2% in 2028-29 and 82.7% in 2029-30.
- Real household disposable income per person is expected to grow by an average of around 0.5 percentage points a year from 2025-26 to 2029-30. This means that households will be on average over £500 a year better off.

Welfare

- The universal credit health element will be cut by 50% and frozen for new claimants.
- The universal credit standard allowance will increase from £92 per week in 2025-26 to £106 per week by 2029-30.

- An investment of £1bn to provide guaranteed, personalised employment support to help people back into work.
- £400m to support the Department for Work and Pensions and Job Centres to deliver these changes effectively and fairly.

Government spending

- Defence spending will be increased to 2.5% of GDP.
- Overseas aid will be reduced to 0.3% of gross national income.
- £3.25bn of investment to deliver the reforms that public services need through a new Transformation Fund.
- The first allocations from this Transformation Fund will include:
 - Funding for voluntary exit schemes to reduce the size of the civil service.
 - Pioneering AI tools to modernise the state.
 - Investment in top technology for the Ministry of Justice to deliver probation services more effectively.
 - An upfront investment to support more children in foster care.
- The Chancellor said these steps will help to deliver a further £3.5bn of day-to-day savings by 2029/30. Overall, day-to-day spending will be reduced by £6.1bn in 2029/30.

- Capital spending to be increased by an average of £2bn per year.
- The OBR forecast that CPI inflation will average 3.2% this year before falling rapidly to 2.1% in 2026 and meeting the 2% target from 2027 onwards.
- A voluntary redundancy scheme is set to launch for civil servants, saying this will deliver £3.5bn in day-to-day savings by 2029-30.
- Government spending will now grow by an average of 1.2% a year above inflation, compared with 1.3% in the autumn.

Ministry of Defence

- An additional £2.2bn for the Ministry of Defence next year.
- UK will spend a minimum of 10% of the Ministry of Defence equipment budget on new novel technologies, including drones and AI-enabled technology.
- The Chancellor said that they will establish a protected budget of £400m within the Ministry of Defence, a budget that will rise over time for UK defence innovation, with a clear mandate to bring innovative technology to the frontline at speed.
- £200m supporting the creation of thousands of jobs in Barrow.
- Regeneration of Portsmouth Naval Base, securing its future as well as securing better homes for thousands of military families.
- £2bn of increased capacity for UK export finance to provide loans for overseas buyers of UK defence goods and services.

- Establish a new "Defence Growth Board" to maximise the benefits from every pound of taxpayers' money spent.

Housing

- The housing reforms will permanently increase the level of real GDP by 0.2% by 2029–30, an additional £6.8bn for our economy and by 0.4% of GDP within 10 years, an additional £15.1bn in the British economy.
- The OBR have concluded that the reforms will lead to house building reaching a 40-year high. This equates to around 305,000 new homes a year by the end of the forecast.
- Changes to the national planning policy framework will help to build over 1.3 million homes in the UK over the next 5 years.



Lync Wealth Management

01565 658840

enquiries@lyncwealth.co.uk

www.lyncwealth.co.uk



Spring statement summary

Lync Wealth Management

01565 658840

enquiries@lyncwealth.co.uk

www.lyncwealth.co.uk

Important information

The content of this summary is intended for general information purposes only which is not intended to address your particular circumstances. The content should not be relied upon in its entirety and shall not be deemed to be or constitute advice.

While we believe this interpretation to be correct, it cannot be guaranteed that such information is accurate as of the date it is received or that it will continue to be accurate in the future. We cannot accept any responsibility for any action taken or refrained from being taken as a result of the information contained in this budget summary. Thresholds, percentage rates and tax legislation may change in Finance Acts and bases of, and reliefs from, taxation are subject to change and their value depends on an individual's personal circumstances.

Lync Wealth Management Limited is an appointed representative of Lyncombe Consultants Limited, which is authorised and regulated by the Financial Conduct Authority. Financial Conduct Authority Reference number: 1021927. Registered Office Brookdale Centre, Manchester Road, Knutsford, United Kingdom, WA16 0SR. Company Number: 15980456