

October 28th, 2026 Budget Summary



To All our Clients and Friends,

Chancellor John Healey has set out the government's tax and spending plans in his Budget – the first since Andy Burnham became prime minister.

Here is a summary of the main points:

Energy Bills & Cost of Living Help

- A £100 payment for 20 million households in council tax bands A-D in England to help deal with rising energy bills, with equivalent funding for Scotland, Wales and Northern Ireland
- Standing charges – fixed daily fees customers pay regardless of usage – to be removed from household gas bills, with costs added to the unit rate instead
- VAT cut on electricity bills extended beyond April to July
- Freeze on fuel duty to be extended again to July
- Import taxes to be removed on more than 100 food products, including gherkins and marmalade, as well as kerosene and fertilisers
- A 55p per mile tax-free mileage rate for those driving up to 10,000 miles for work made permanent, with the rate rising from 25p per mile to 35p above that distance

Wages, Benefits & Pensions

- A new tax-free allowance for low-income pensioners, to ensure those with income up to the value of the full new State Pension will not pay income tax
- Legal minimum wage for workers to rise by 3.9%
- Unpaid carers will no longer lose their entire Carer's Allowance if they earn more than £204 a week after tax, with a taper rate introduced instead
- Parental pay extended to self-employed fathers and parents in same-sex couples

Business Taxes

- Surcharge banks pay on their profits to rise from 3% to 6% for 15 months, starting in January
- Threshold at which High Street shops start paying business rates in England to be increased from £12,000 to £18,000, meaning businesses would pay no rates on properties with a rateable value below this level
- Adult games centres and vape shops will not qualify for business rates relief
- Taxes on gambling machines to rise from 20% to 25% for higher stakes machines
- Requirements for online marketplaces like Amazon, eBay and Temu to be strengthened to prevent sellers using their platforms avoiding paying VAT

Housing & Property

- An extra £1bn for social and affordable housing in England, taking total funding for the 10-year programme to more than £40bn
- An extra £432m for a programme aimed at giving every rough sleeper in England a route off the streets by Christmas

Devolution

- All business rates to be retained locally by the end of the decade, with mayors to keep 20% of revenue from next year
- A share of income tax receipts to go to mayors from 2028
- Regional bodies and mayors in England to get greater powers over spending, starting with £285m next year for things like housing, transport and High Streets
- Government to work with mayors to design a £1.5bn borrowing facility, enabling investment in larger projects

Other Measures

- More than £600m of investment in projects related to artificial intelligence (AI), including an extra £120m for the UK's AI Security Institute and £100m for a national AI Biosecurity Lab
- Fund to tackle misogyny in schools, at work and in communities to get £15m

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