

## TheCityUK Budget response: our assessment of the relevant announcements for our industry and how they align with our positions and engagement strategy

This Budget was one of two halves for financial and related professional services.

When we [submitted our recommendations to the Chancellor](#), we made clear a range of priorities for government and our industry to deliver inclusive growth across the UK.

This is a summary of the key announcements relevant for our industry.

### Capital markets

Our work with the government on Stamp Duty was recognised through the new **UK Listing Relief, a three-year exemption from Stamp Duty Reserve Tax** for companies listing in the UK. This measure will support both growth companies and UK exchanges, ensuring that the UK economy feels the value of companies that have started-up, scaled-up and are ready to list in the UK.

We called for the government to carry out a wholesale review of Stamp Duty on UK shares and recommended the above measure for the short-term. We will continue to work closely with the government as it evaluates Stamp Duty taxes on UK shares to ensure the UK is positioned well for the future.

The government's decision to retain the **overall ISA allowance at £20,000** was welcome. While we recognise the intention behind introducing a **£12,000 limit on cash**, there is no strong industry consensus for this move.

We have been pressing the government to deliver ISA reforms and adopt policy that will encourage individuals to proactively channel any excess savings into productive investments. We urge the government to give firms as much time as possible to operationalise the allowance changes and communicate with their customers.

We welcome the **entrepreneurship package** and commitment to double the investment thresholds and gross assets test of Venture Capital Schemes (EIS and VCT).

In our report, '[Catalysts for Growth: Boosting UK growth markets](#)', we called for the government to **extend support programmes for scaling businesses and to create a more welcoming environment for growth companies**. We look forward to working with the government on its commitment to deliver the long-term changes that will make the UK a permanent home for the next generation of global companies.

We were **disappointed to see a £2,000 cap** on the amount of salary that can be sacrificed into pension schemes without paying National Insurance Contributions (NICs). We have been calling on the government to increase individuals' confidence to save and invest. This complicated measure will reduce confidence in pension investing and should be reconsidered in light of the government's wider agenda.

## Taxation

To ensure the UK's international competitiveness, we argued in our Budget submission that there should be **no new sector-specific tax increases targeted at our industry**. We therefore **welcome the government's decision not to increase the bank levy or surcharge or introduce new NICs on partnerships**.

However, we are concerned that **increasing taxes on savings income and dividends, and the reduction in salary sacrifice limits, are inconsistent and incoherent** with wider policy objectives. They risk disincentivising saving and investment at a time when people should be encouraged to save and invest more.

We also called for a principled approach to ensure **stability and predictability in the tax system and clarity and coherence in tax policy to support long-term business and investment planning**. The extensive Budget speculation over a period of months has deterred business decision making and damaged confidence. We therefore **welcome the government's decision to move to one fiscal event per year**, supported by one OBR statement.

Overall, this Budget contains a wide range of measures, further contributing to complexity and cost. We continue to call for action to simplify and streamline the UK's overly complex tax regime.

## Devolution

We have a strong record of working alongside metro mayors and combined authorities to develop local growth plans and attract investment, reflecting the fact that two thirds of the jobs in our industry are based outside London. We therefore welcome the **launch of a £500 million Mayoral Revolving Growth Fund**. This should support the further delivery of a pipeline of investable propositions around the country, something which our members are keen to access and that we are helping to deliver through the Strategic Investment Opportunities Unit in the Office for Investment, a concept which we initiated.

The Chancellor's announcement that skills will be delivered through the integrated settlement **reinforces our long-standing advocacy to end the unhelpful process of pitting areas against one another through competing funding pots**.

We welcome the Chancellor's announcement of **additional investment in infrastructure, building on last year's £15.6bn capital investment in city regions**. This supports the recommendation in our '[Enabling growth across the UK 2025](#)' report, where we identified this as a key driver of increased growth. **This is a welcome extra investment in thriving hub cities where we have a strong industry presence**.

**The confirmation of at least £13bn of Spending Review 2025 funding through integrated settlements to seven metro mayors** for skills and business programmes is a welcome alignment with our asks. Our Budget submission called for further funding to combined authorities in future English devolution deals, and our **‘Enabling growth across the UK’ report called for a much greater role for mayors in identifying and addressing local skills needs.**

## **Green and sustainable finance**

We welcome the government’s continued commitment to **accelerating improvements in the grid**. Access to the grid remains a major hurdle to delivering investment in clean energy and key infrastructure projects across the UK. Addressing grid capacity and connection delays is essential to providing long-term certainty for investors and ensuring that clean energy and infrastructure projects can be delivered at pace and scale. We encourage the government to maintain momentum on grid modernisation and ensure commercially viable timelines for connecting to the grid.

**The government has reaffirmed its strong support for nuclear energy** by revising the Green Finance Framework to include nuclear power generation. This update enables nuclear projects to access funding through green gilts and Green Savings Bonds. It underscores the government’s commitment to nuclear as a key element of the UK’s future energy mix and critical driver of the UK’s net zero objectives.

## **Regulation**

**Tackling the regulatory burden** was a key component of our Budget submission. We are pleased that **our continued push to simplify the UK’s regulatory landscape and reduce the cost and complexity of doing business in the UK was recognised.**

The government’s commitment to further work on arm’s length bodies – including making regulation less costly and more supportive of growth – before the next spending review is welcome.

We will build on our previous work on the Growth Duty **by engaging closely with the government’s proposal to reform it** to make the legal framework clearer. We will underscore the need for robust oversight and scrutiny to ensure regulators are focused on supporting growth.

In response to the Budget, Miles Celic OBE, Chief Executive Officer, TheCityUK said:

*“This is a Budget of two halves for financial and related professional services. The Chancellor’s focus on driving investment across the UK is absolutely right. It’s central to the delivery of growth and productivity. The implementation of a three-year holiday for stamp duty for new listings is something we have long called for and should help to boost investment in the UK.*

*“However, increasing taxes on savings income and dividends, and the reduction in salary sacrifice limits, risks disincentivising saving and investment at a time when people should be encouraged to save and invest more. We will also continue to call for action to simplify and streamline the UK’s overly complex tax regime.*

*“Given our industry’s role as an enabler across the economy, we look forward to continuing to work with government to unlock faster growth, deliver jobs and prosperity across the whole country, and keep the UK as the most attractive place for foreign business and talented individuals to come and base themselves. These are critical foundations to ensure our country’s competitiveness and its continued success as an international financial centre.”*