BEYOND THE BUBBLE: THE IPSOS AUTUMN BUDGET BRIEFING

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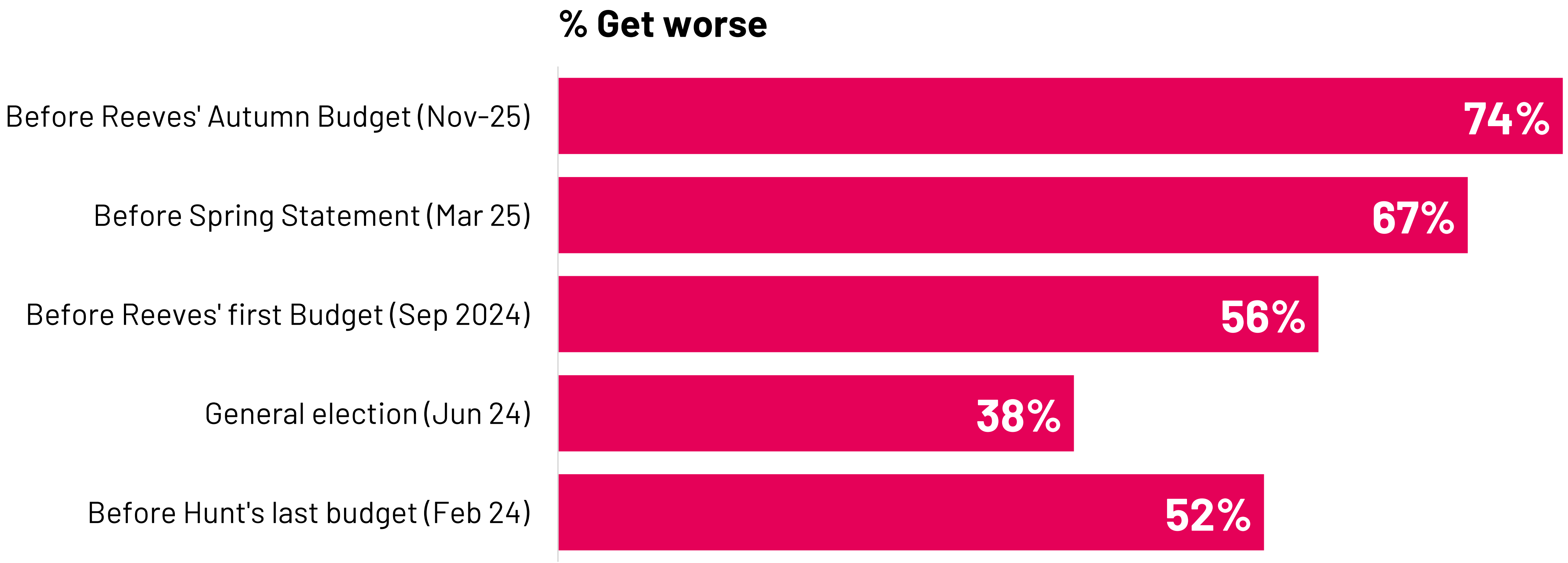
Public pessimism has if anything got worse....

The Autumn Budget will be delivered against the backdrop of historically high – and worsening - levels of economic pessimism

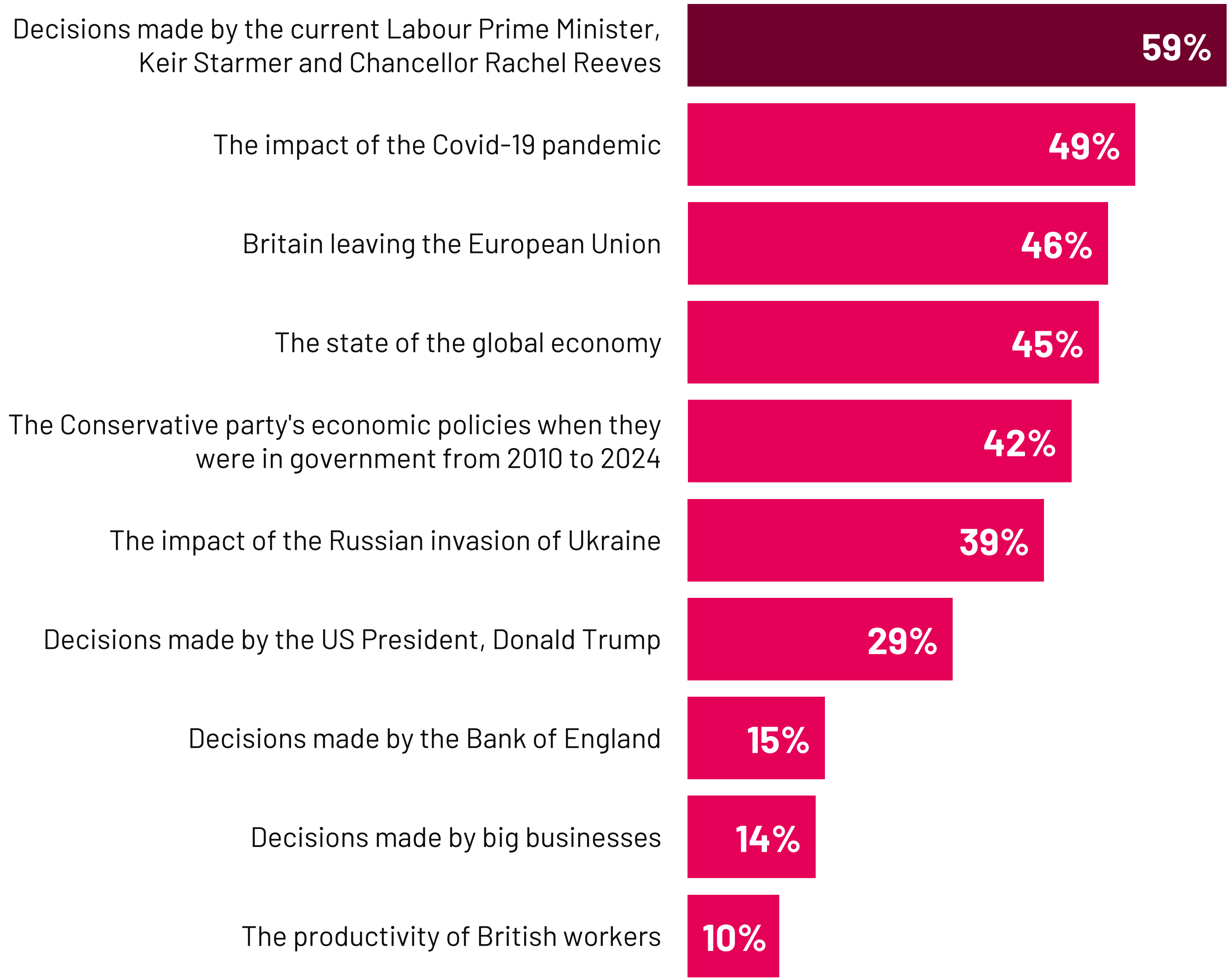
Do you think that the general economic condition of the country will improve, stay the same, or get worse over the next 12 months?



The public know there are a range of factors hurting the economy – but the blame is falling more and more on Labour

Which of the following, if any, would you say have contributed MOST to the British economy currently being in a POOR state?

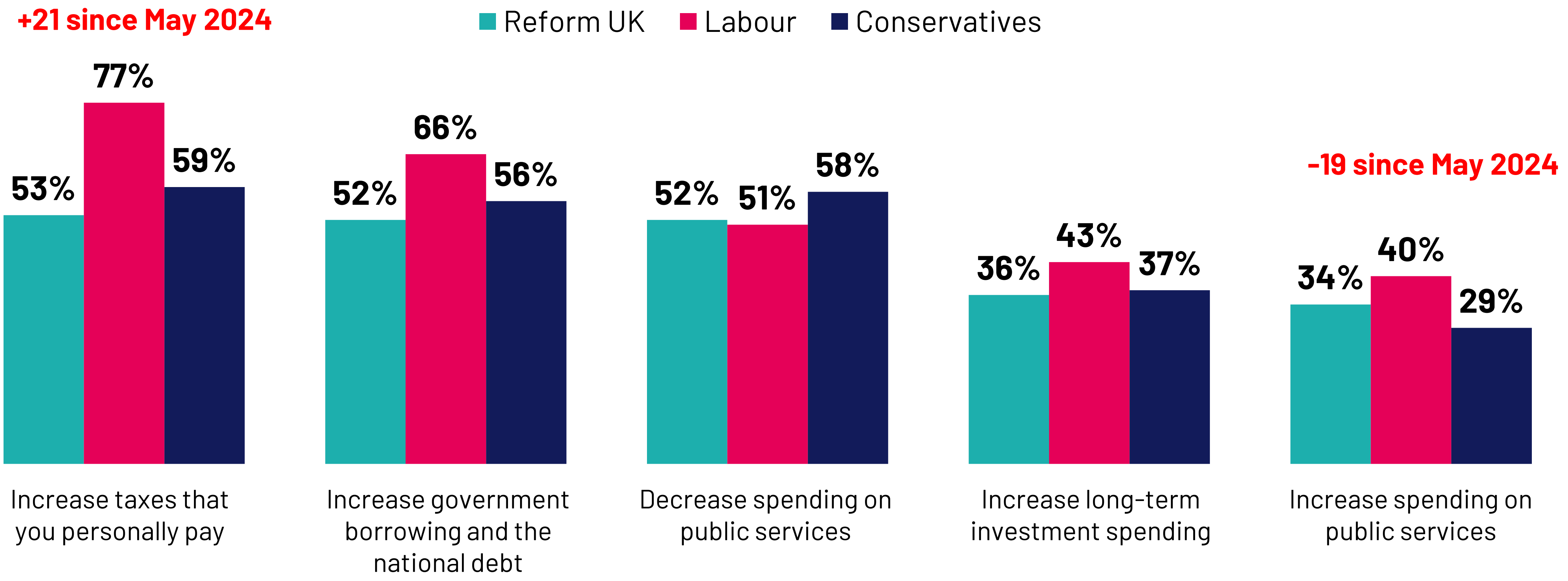
Please pick as many as apply.



Base: 794 Online British adults 18-75 who described the British economy as being in a poor state, 17-21 October 2025

Britons think all parties will increase taxes and borrowing (but especially Labour), and that all parties will decrease spending on public services

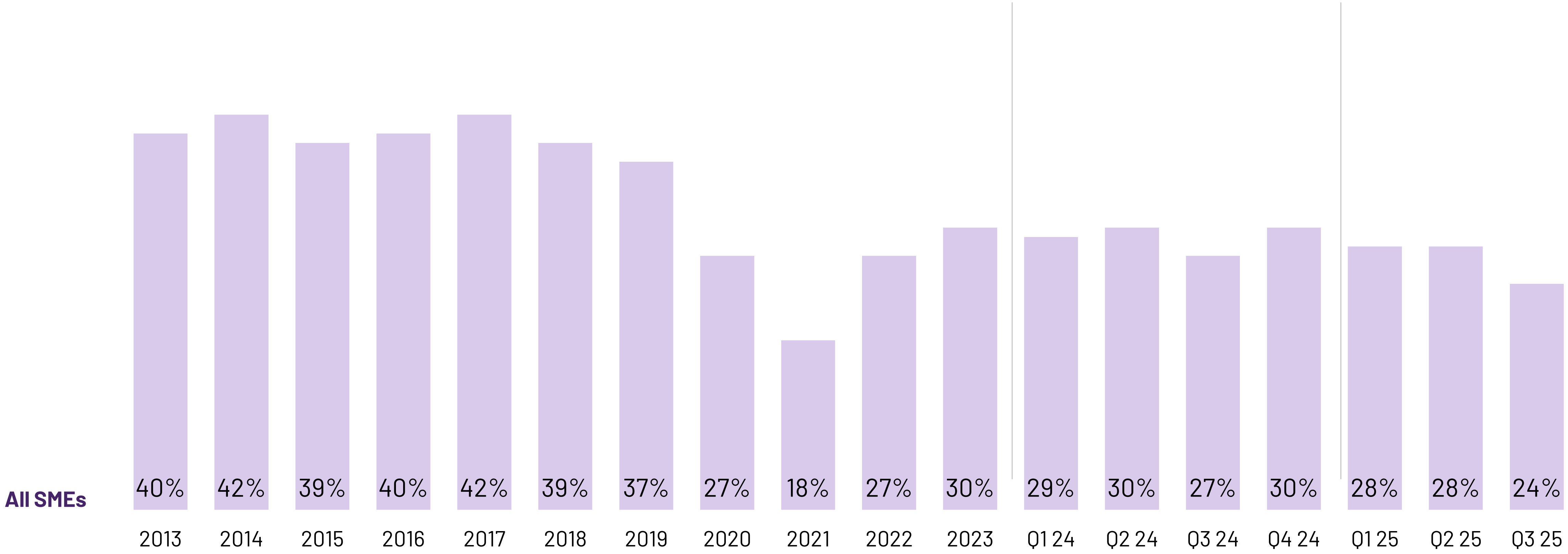
How likely, if at all, do you think the Labour party will be to do each of the following over the next year/Reform UK/the Conservative party would be to do each of the following if they were in government? **% Likely**



Base: 1,091 Online British adults aged 18-75, 17-21 October 2025

We can't forget businesses – SME growth has flatlined since the pandemic and showing signs of faltering

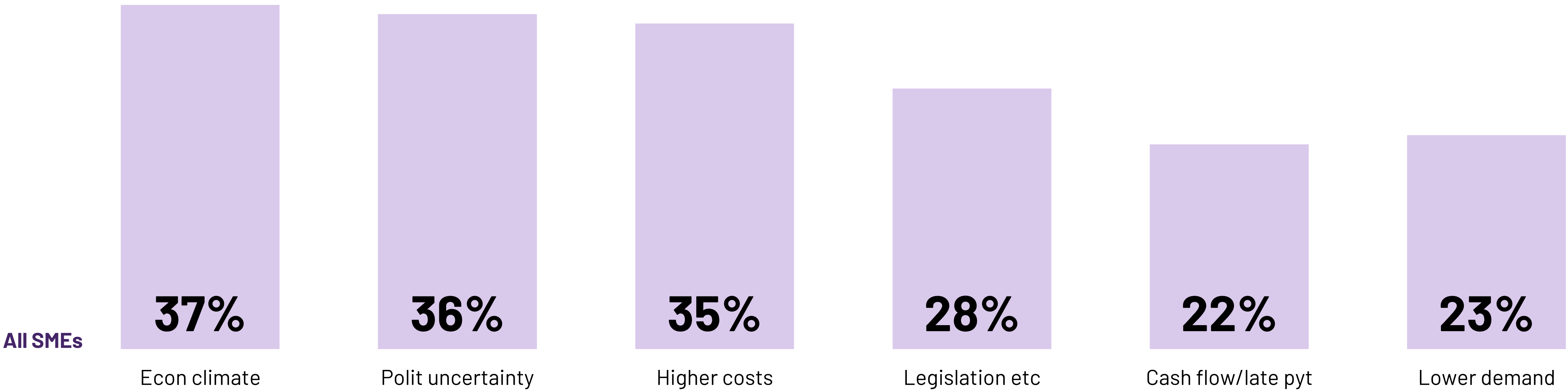
% of SMEs who have reported growth each quarter



Q81 Base: *All respondents excluding Starts and DK. 3 mths to Sept 3865*

Political uncertainty is now seen as the joint biggest barrier facing SMEs, whereas before the election it was coming in third

Q3 2025: Key barriers rated 8-10 'major barrier' to business

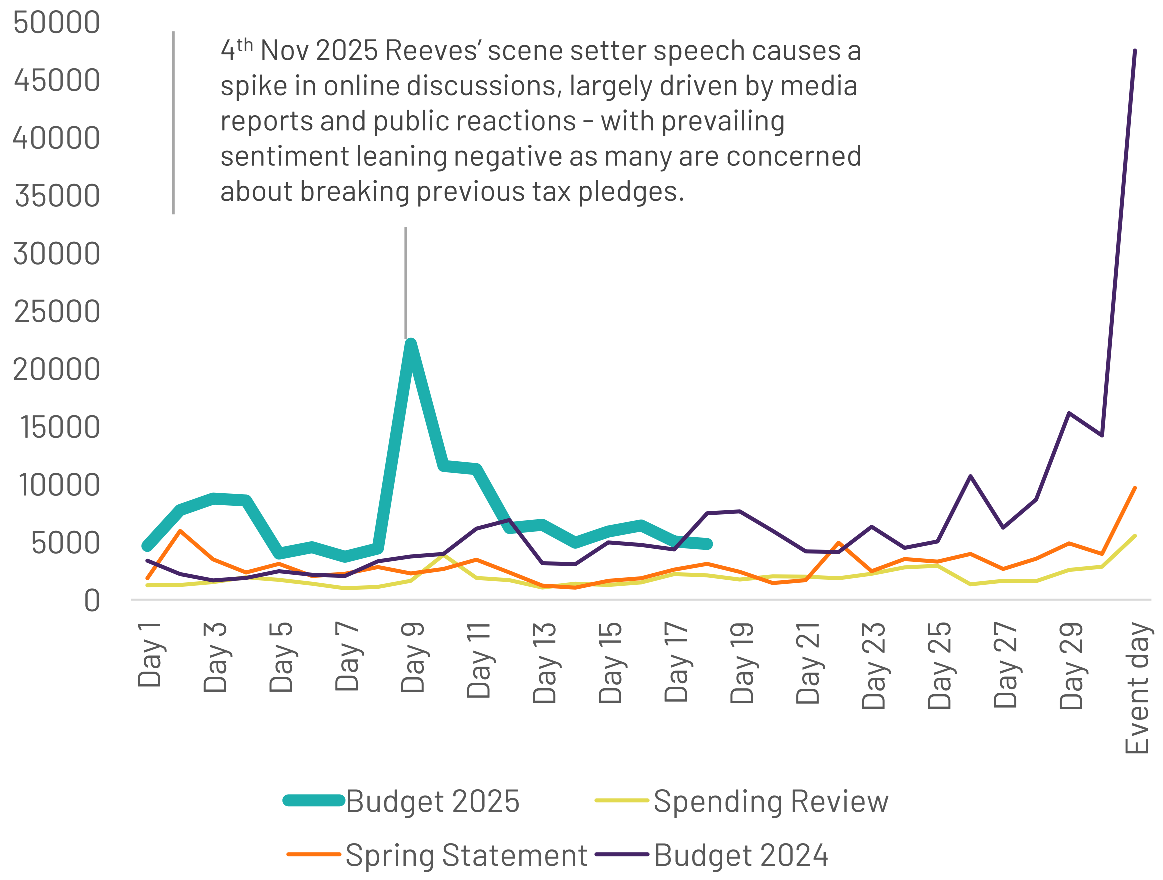


Q81 Base: *All respondents excluding Starts and DK. 3 mths to Sept 3865*

What does the public think of the Chancellor's options?

There’s already been a lot more social media talk about this Budget.....

Online discussions evolution over time, abs



Mark the Family Provider: feeling the squeeze and having to prioritise essential expenses.

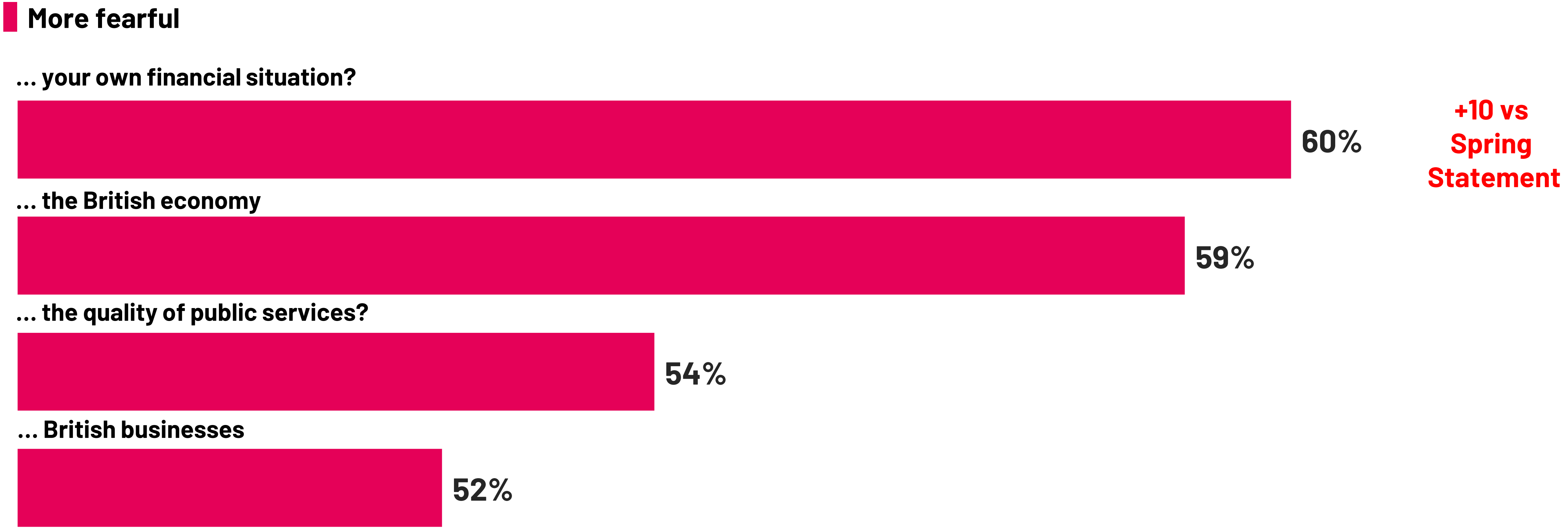
Rachel the Retiree: concerned about the potential impact of Labour's budget on her pension, savings and assets.

Tom the Small Business Owner: anxious about the implications of Labour's budget on his operational costs.

Source: *Public posts from X, Instagram, YouTube, TikTok, Reddit, Forums, Blogs, Professional news, Institutional and business platforms via Synthesio Budget 2025 - 136,864 , Spending Review = 55,285, Spring Statement = 94,417, Budget 2024 = 208,725.*

Around three in five Britons say they are fearful about how announcements in the Autumn Budget might impact their own financial economy and the British economy

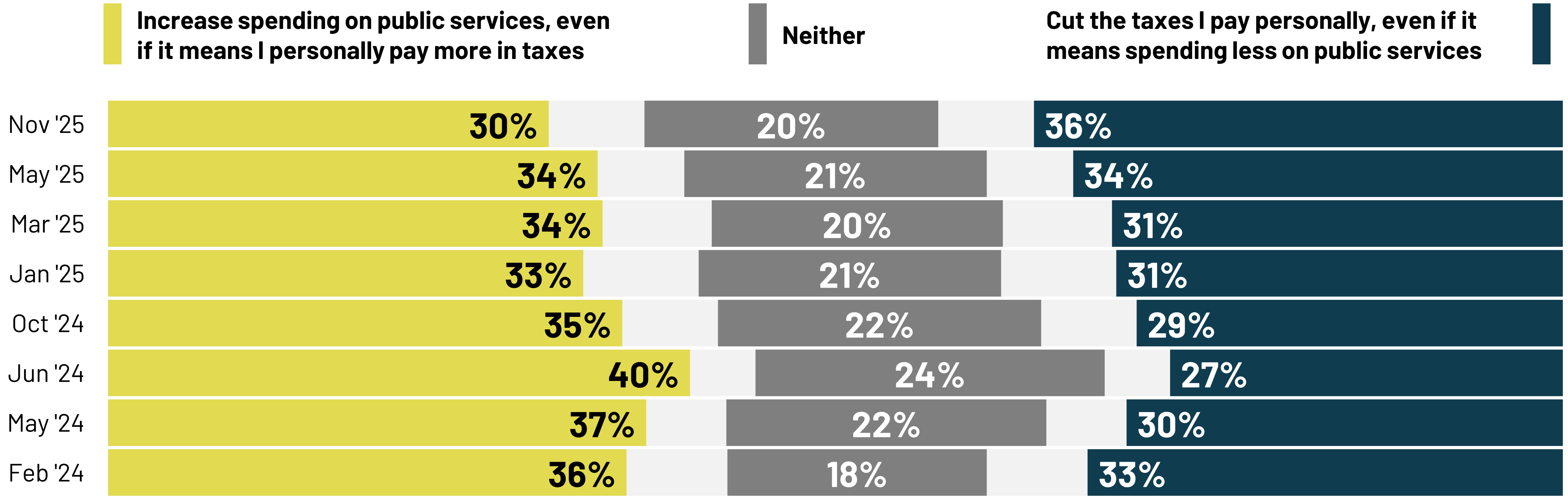
As you may know, Chancellor Rachel Reeves will be announcing the Autumn Budget on Wednesday 26th November. To what extent, would you say you are hopeful or fearful of how announcements in the upcoming Autumn Budget might impact...



Base: 1,028 Online British adults aged 18-75, 13 – 14 November 2025

Britons are still split on tax and spend – but since the election the mood is turning away from more spending as concerns over levels of tax and borrowing mount up

Imagine the Chancellor had the choice between cutting taxes for individuals, meaning you personally pay less tax even if it means spending less on public services, or spending more money on public services, even if it means you personally paying more in taxes. Which of the following would you prefer?

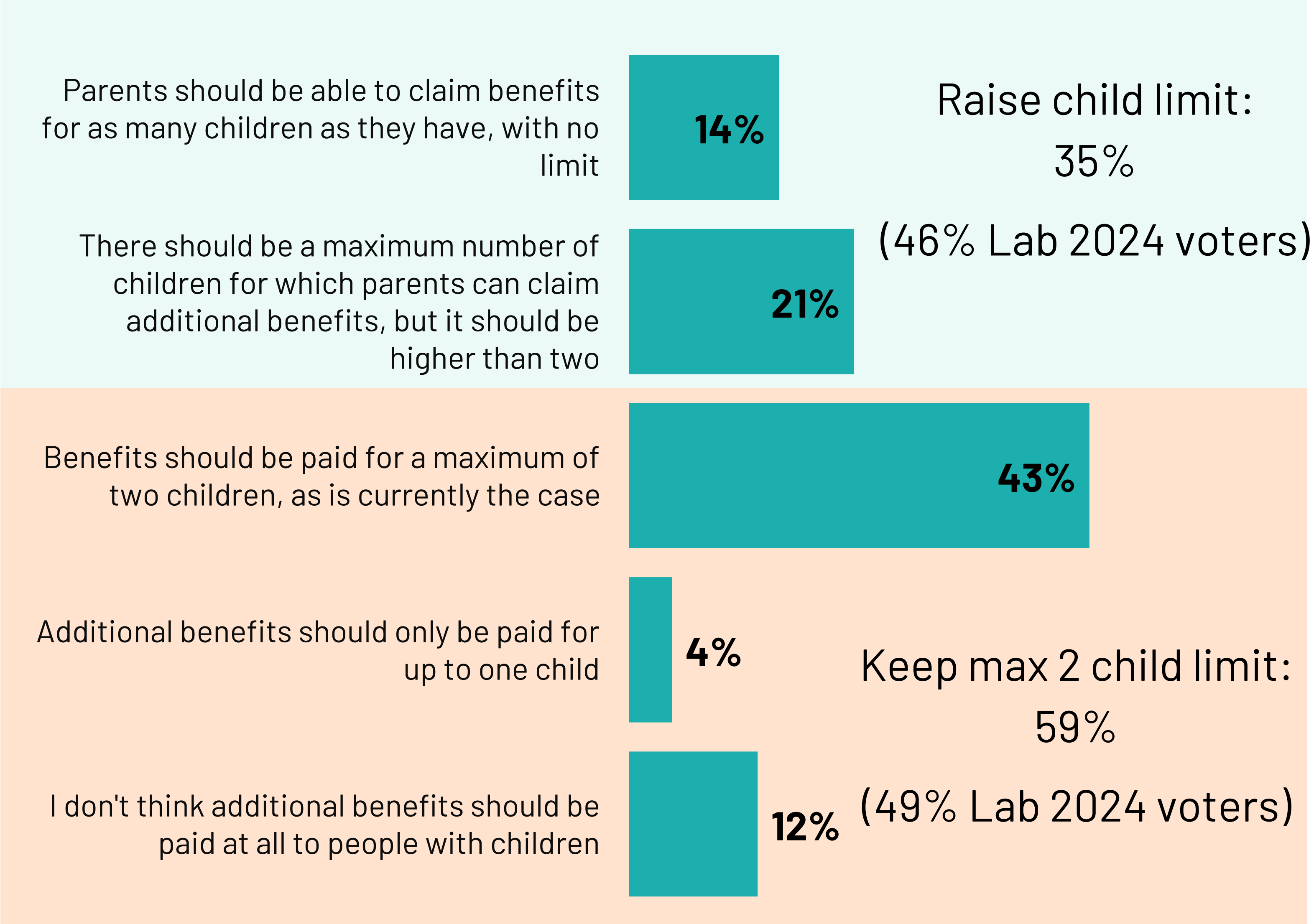


Base: 1,087 Online British adults aged 18-75, 31 October – 3 November 2025

And political pressures on Labour to raise benefit spending (even if public not always convinced)

As you may know, parents who claim in-work or out-of-work benefits receive an additional amount for their children. Since 6 April 2017 the number of children which an additional amount can be claimed for has been capped at two children for people claiming Universal Credit and Child Tax Credit.

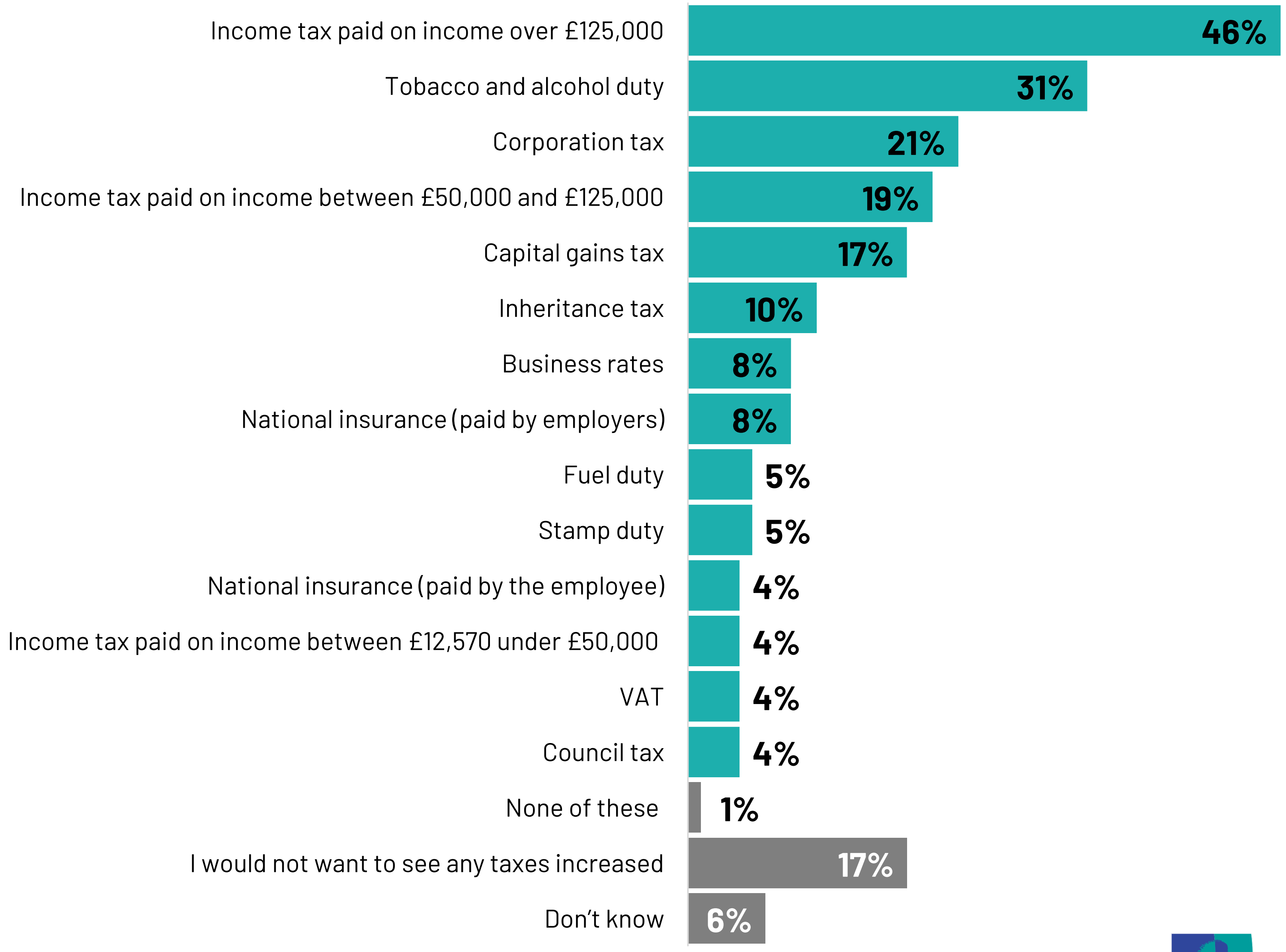
Which of the following, if any, would be your preferred policy for the government providing additional benefits for those with children?



Base: 1,028 Online British adults aged 18-75, 13 – 14 November 2025

If taxes have to rise, as always, the public prefers taxes on *other* people – specifically the highest rate of income tax

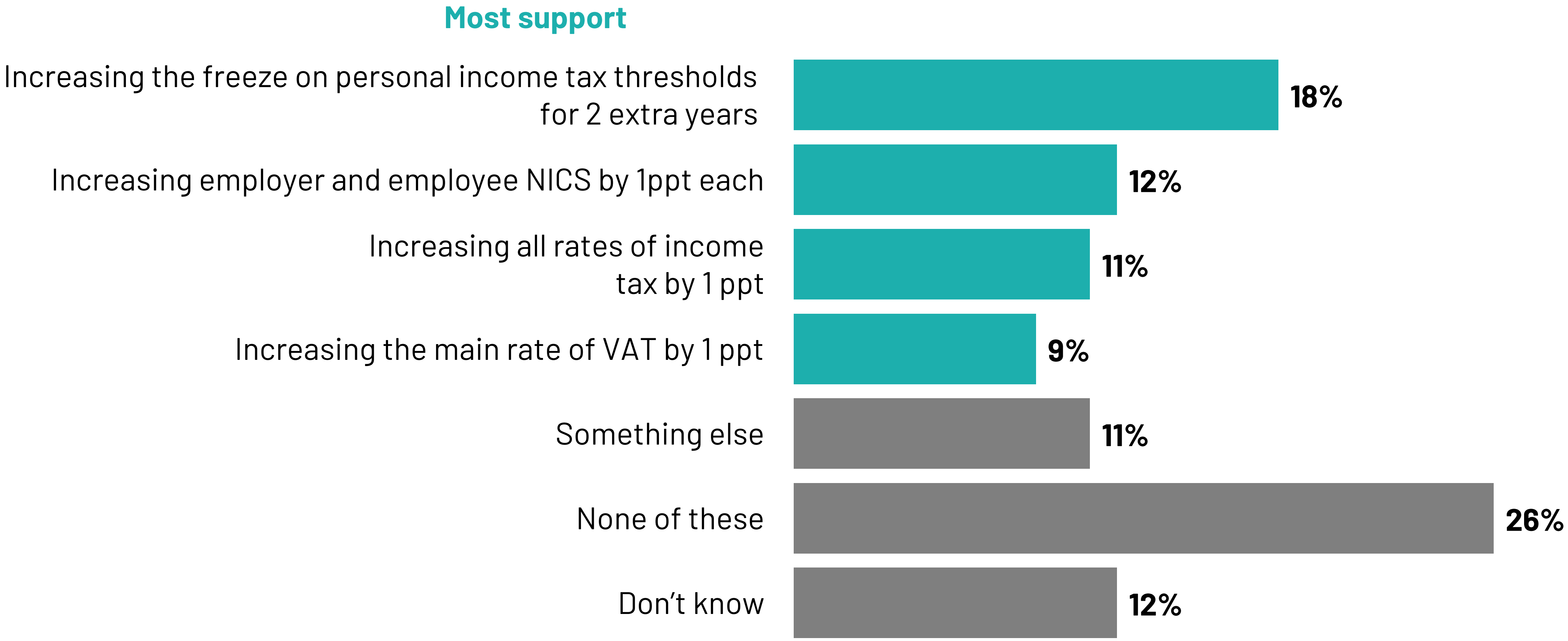
Imagine that the government felt it needed to increase taxes to raise revenue. Which, if any, of the following types of tax would you prefer to see increased in this scenario? Please choose up to three from the list below.



Base: 1091 Online British adults aged 18-75, 10-13 October 2025

The public find it hard to choose when asked to pick one of the major revenue-raisers open to the Chancellor

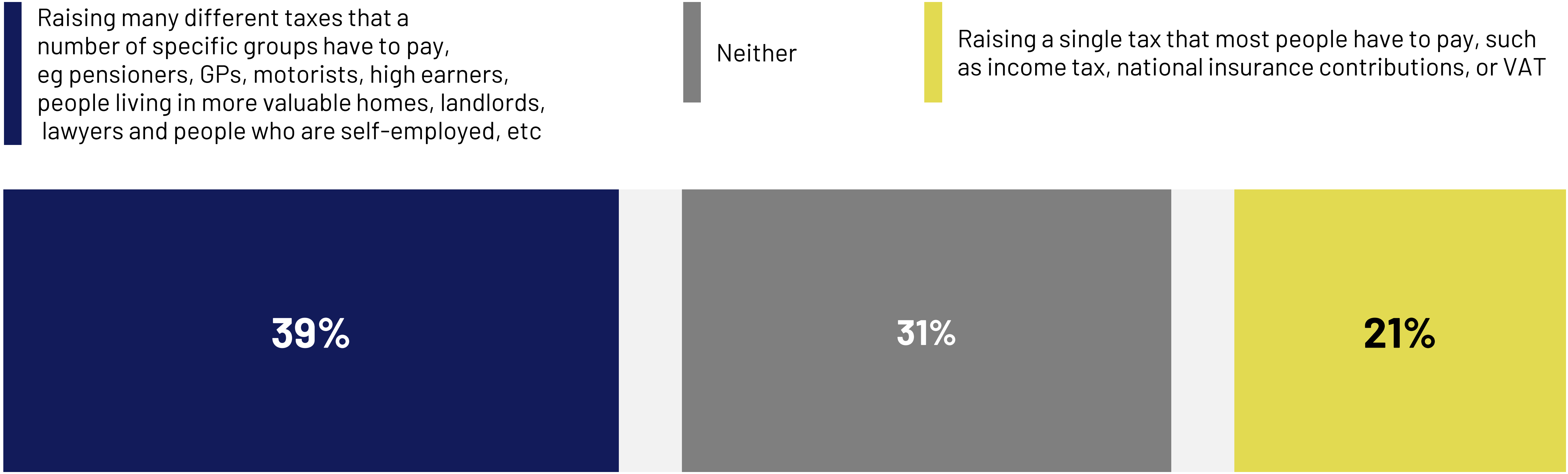
If the UK Government had to make one of these changes to taxes, which would you...*



Base: 1,028 Online British adults aged 18-75, 13 – 14 November 2025 * Full question wording: Below are a list of changes to taxes that Chancellor Rachel Reeves could make in the upcoming Budget. If they were introduced, they are estimated to raise a similar amount of money for the public finances– estimated to be between £8.5bn - £11bn. However any of these changes would represent Labour breaking a manifesto commitment. If the UK Government had to make one of these changes to taxes, which would you...

If the Chancellor had to raise taxes, Britons would prefer for it to be via raising many different taxes that a number of specific groups have to pay, rather than raising a single tax most people have to pay

Overall, if the Chancellor had to raise taxes, which, if either, of the following approaches would you most prefer?



Base: 1,028 Online British adults aged 18-75, 13 – 14 November 2025

What do people want to see in the Budget?

What would you most like to see announced in the Autumn Budget?

Verbatim responses

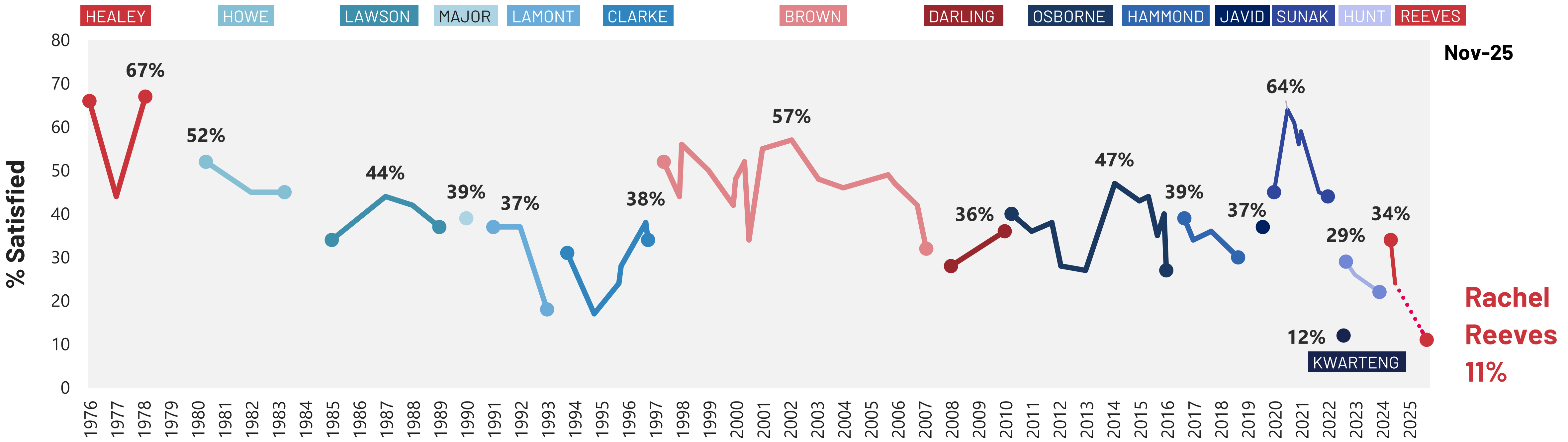
Taxation	Either no increases or cuts in taxes – especially for low and middle-income earners, and in NI or VAT. Preference for wealth tax or higher taxes on the rich.
Reduce the cost of living	Lowering prices for essentials and utility bills, increasing the basic tax threshold, direct cost-of-living payments.
Increased spending on public services	Especially NHS, education, infrastructure and housing.
Improved social support and welfare reform	Especially pensioners, disabled people and low-income families, whilst incentivising employment and use of conditional support.
Economic stability and growth	Balanced budgets/reduced borrowing, investment in skills & infrastructure, support for SMEs, sustainable growth policies that avoid sudden tax hikes or spending cuts.

Base: 724 Online British adults aged 18-75 who gave verbatim answers to the question 13-14 November 2025. Respondents gave answers in their own words, which have been coded into themes using the Ipsos secure AI-assistant Ipsos Facto

How are the politics playing out?

Rachel Reeves has the worst satisfaction ratings for a Chancellor in Ipsos records going back to Denis Healey

Can you tell me whether you are satisfied or dissatisfied with the way ... is doing his/her job as Chancellor of the Exchequer?



Note: Data labels denote each Chancellor's highest satisfaction score

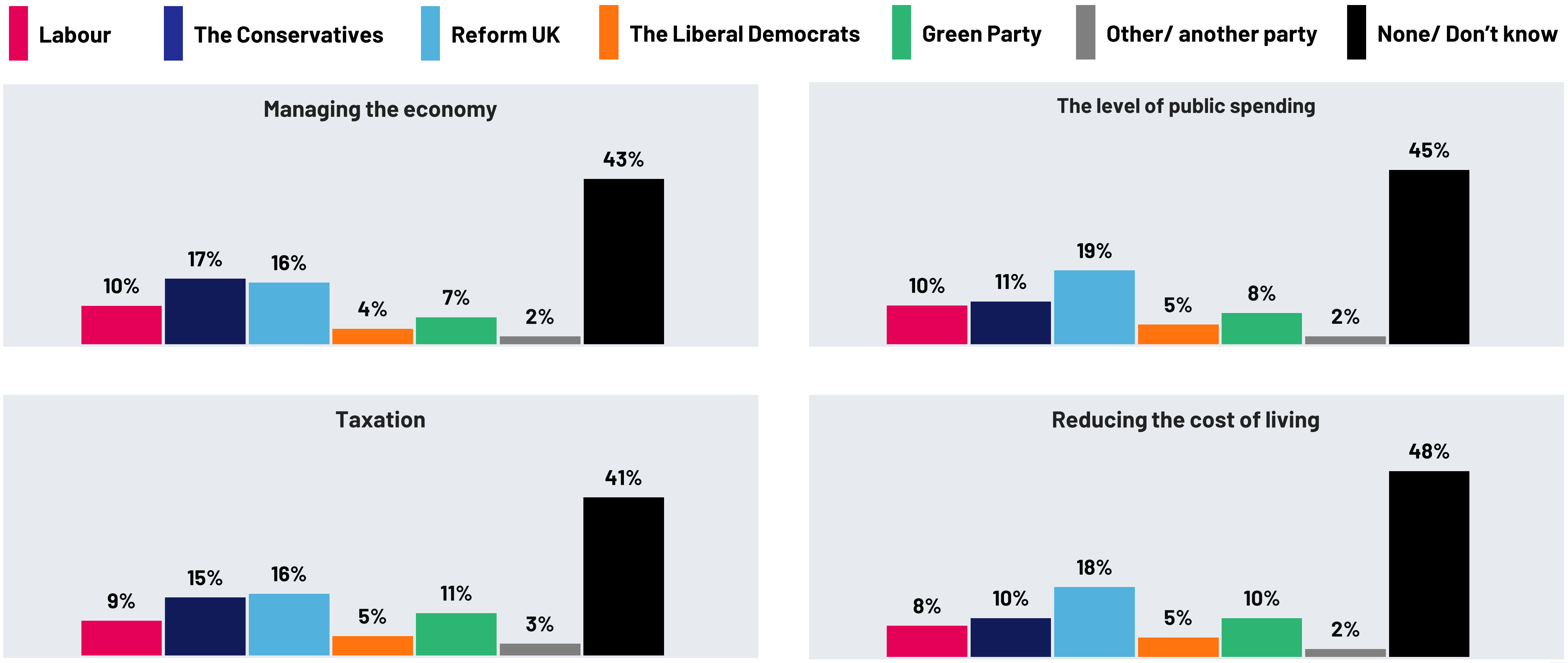
Note: Data prior to February 2008 was collected via face-to-face methodology; data collected from February 2008 was via telephone; from May 2025 data was collected online via the probability KnowledgePanel. Note small differences will not be statistically significant

Base: c.1,000 British adults 18+ each month

Source: Ipsos Political Monitor

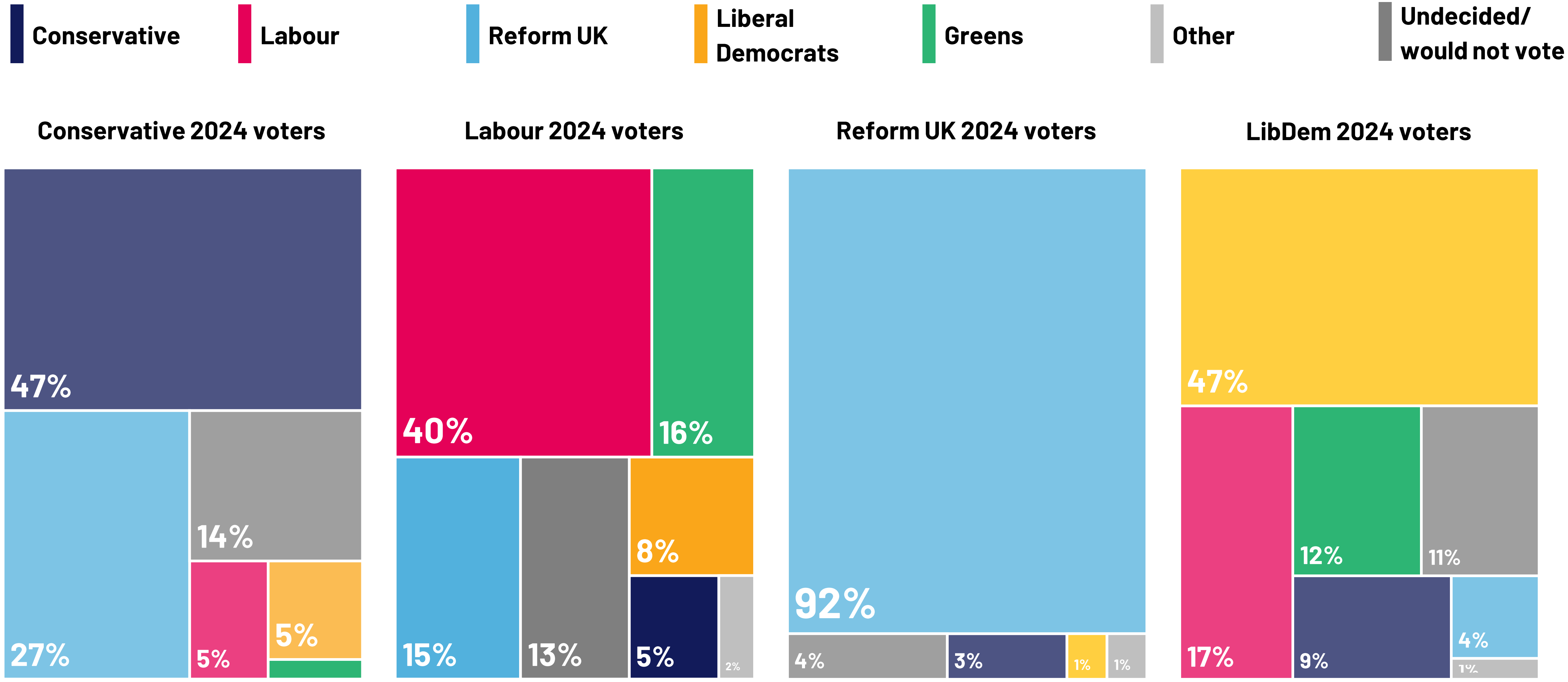
Labour's lead on economic issues before the election have now disappeared and been replaced with a three-way split with Reform and Cons – and behind "none of the above"/don't know

Which party do you think has the best policies on/ for...



Base: 1,148 British adults aged 18+, 30 October – 5 November 2025

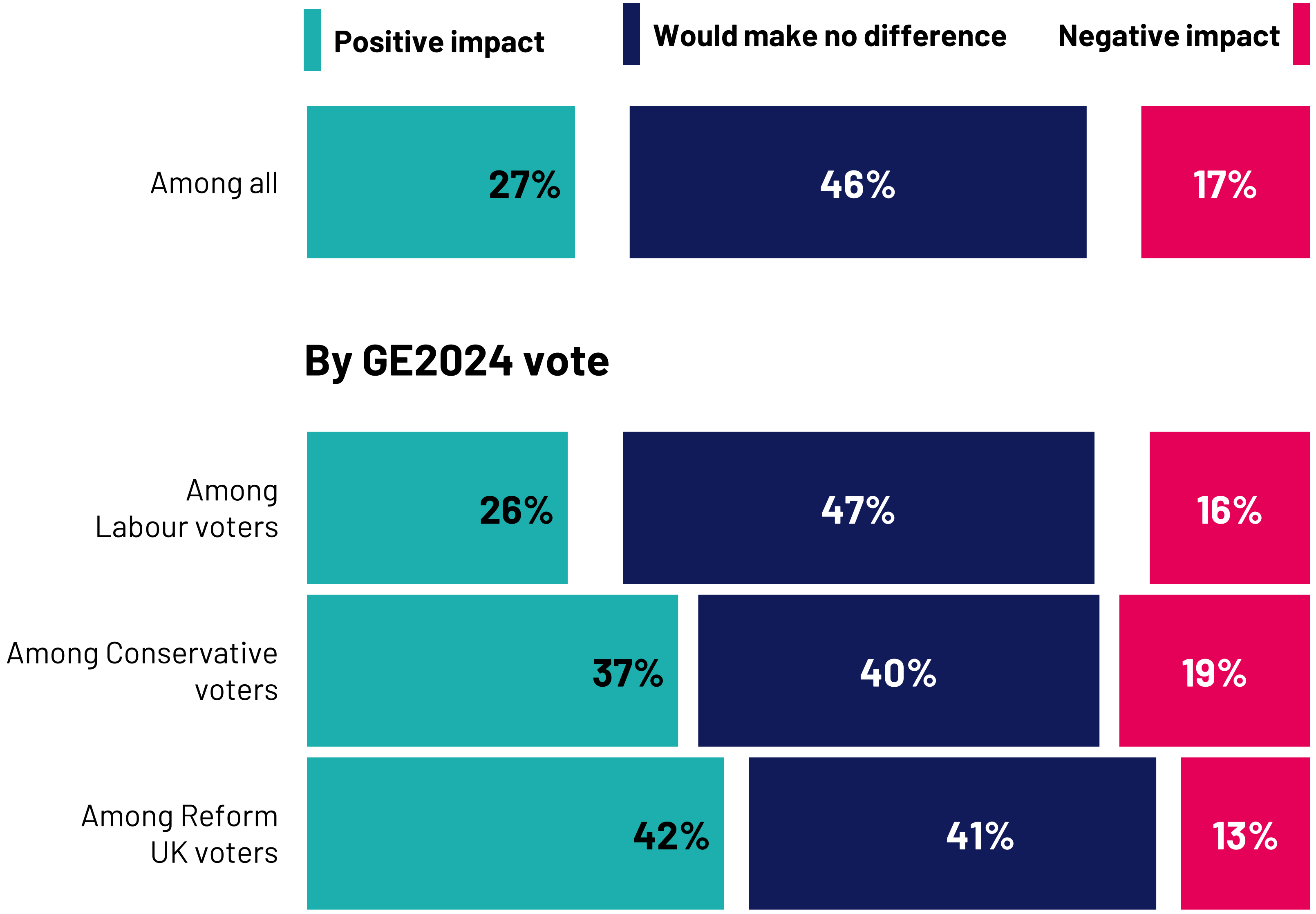
Labour have fallen to their equal lowest vote share in Ipsos records, and suffering from wider political fragmentation



Base: 1,148 British adults 18+, 30 October – 5 November 2025 **;** Conservative 2024 voters (215), Labour 2024 voters (288), Reform UK 2024 voters (137), LibDem 2024 voters (100) .

Though most don’t think a change of leadership would help (the economy) much either

Overall, if Labour replaced Keir Starmer as Prime Minister and Rachel Reeves as Chancellor with other Labour politicians, do you think it would have a positive or negative impact on the British economy, or would it make no difference?



Base: 1,028 Online British adults aged 18-75, including (257) 18-34-year-olds, (391 35-54s, (380) 55-75s, (353) 2024 Labour voters, (173) 2024 Conservative voters and (111) 2024 Reform UK voters, 13-14 November 2025

What does it all mean?

#1

Yet another "difficult decisions" budget – Labour hasn't been unable to turn around public pessimism, if anything it's getting worse.

#2

Where's the money coming from? Big ticket tax rises are a hard sell, but will alternatives deliver the improvements Britons want to see in economic growth, public services and public finances?

#3

The last time Labour were this low was in May 2009. This is not normal mid-term blues – severe lack of faith in Labour's economic competence (and other parties' too). If the 6 months after this Budget are as bad as the 6 months after the Spring Statement, Labour will be going into May's elections in a very bad state indeed.

IFS

18 November 2025

IPSOS Webinar

Ben Zaranko, IFS

@TheIFS

A look ahead to the Budget

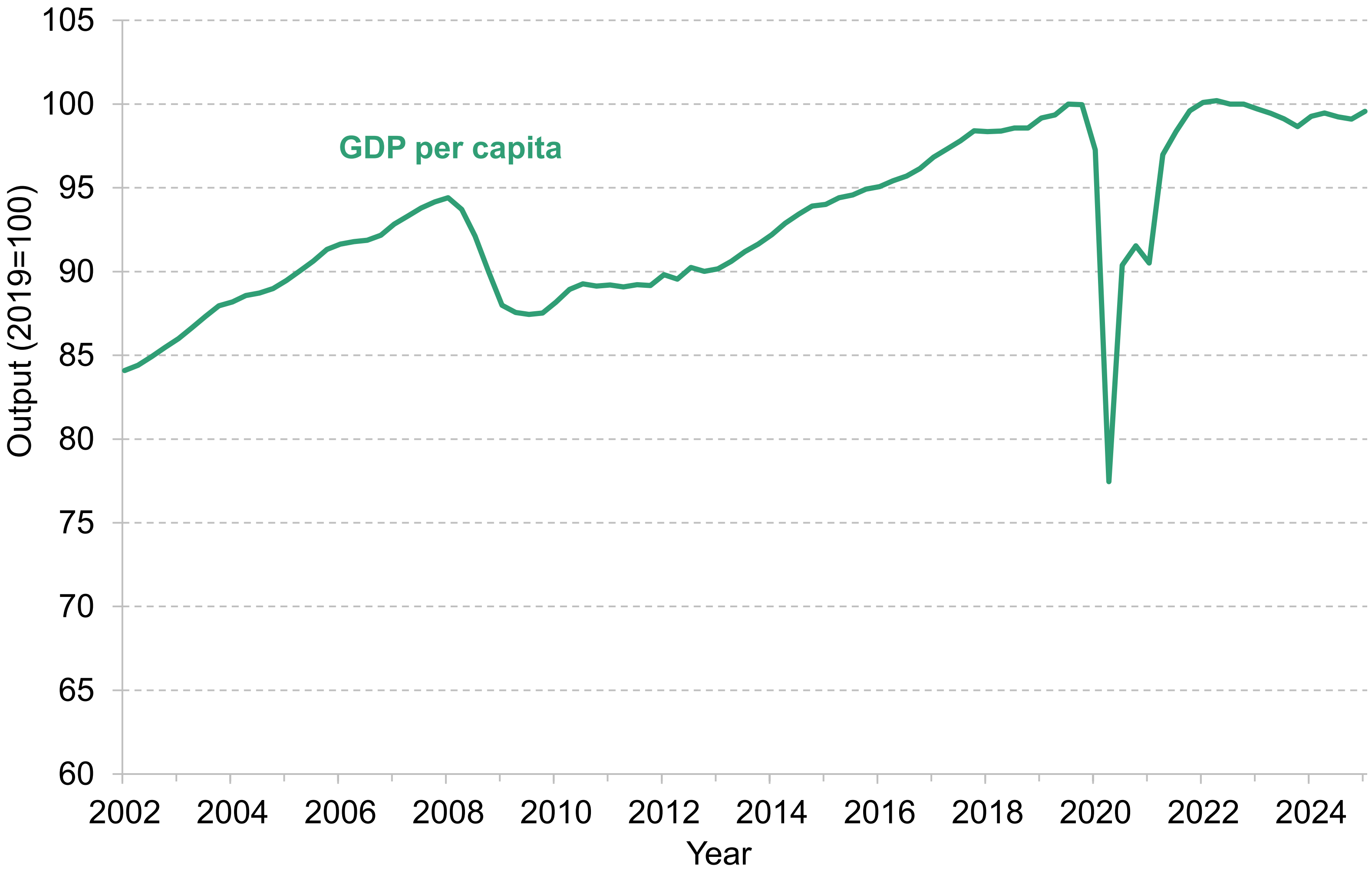
Economic and Social Research Council

ESRC CENTRE FOR THE MICROECONOMIC ANALYSIS OF PUBLIC POLICY

Roadmap for today's talk

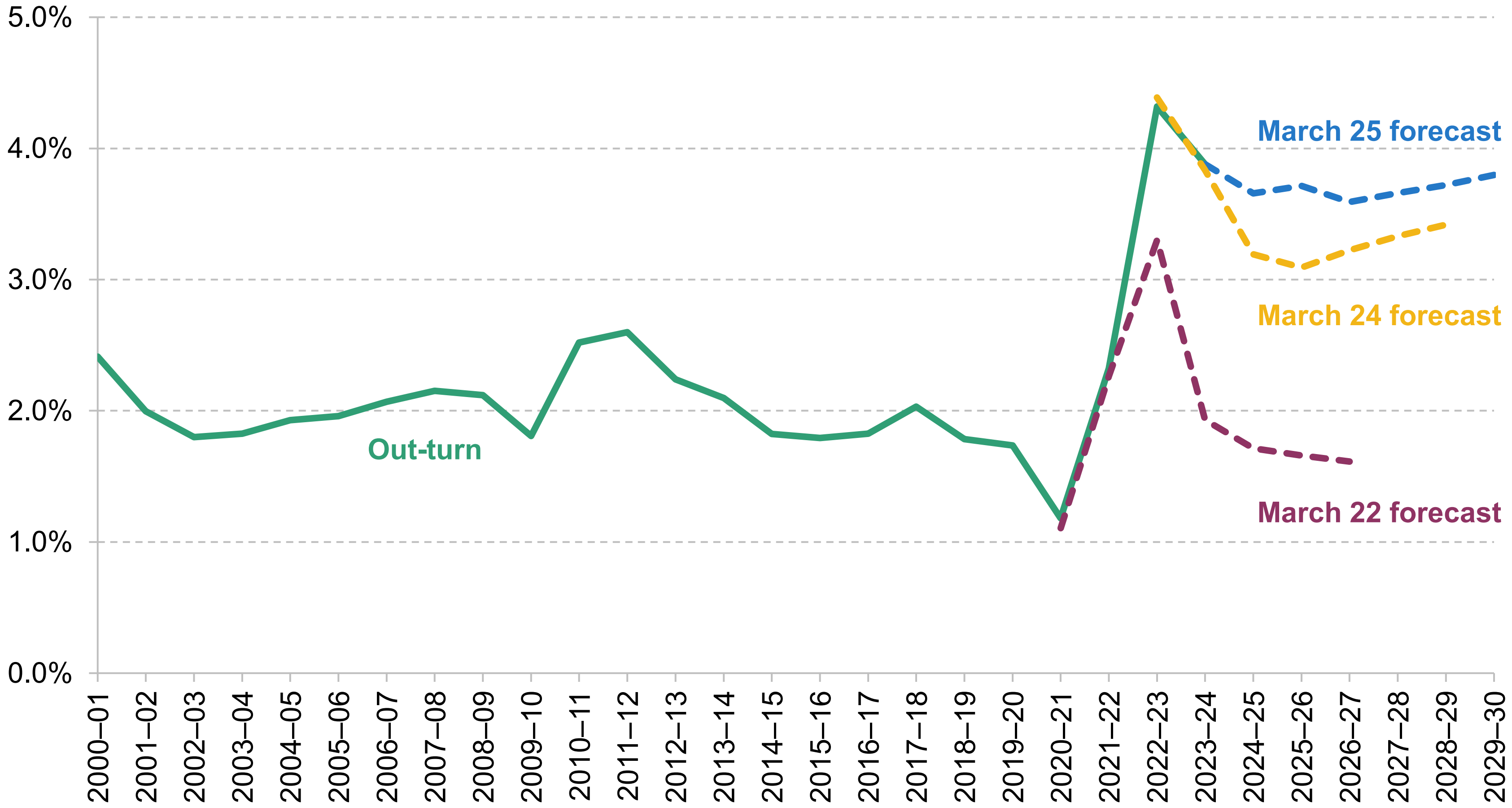
1. The backdrop: reasons to expect a tough Budget
2. Big picture choices facing the Chancellor
3. Options on tax and spend
4. Concluding thoughts

A toxic combination of abysmal growth…



…and higher debt interest costs

Debt interest spending as a percentage of national income



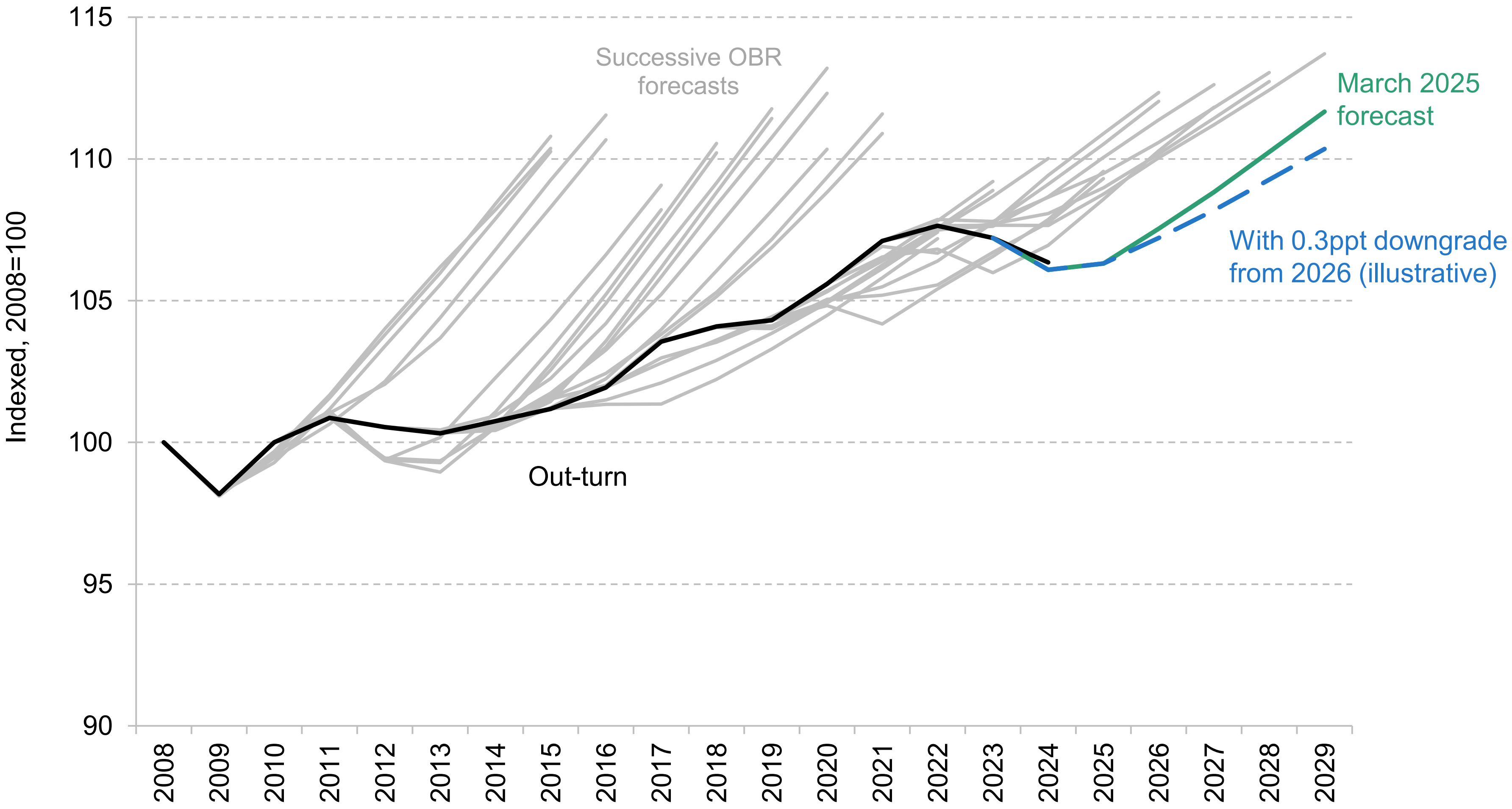
Fiscal pressures

Starting point: narrow margin (£10bn) against borrowing rule

- OBR widely expected to downgrade productivity forecast – likely to put government on track to miss its fiscal rules

The productivity hedgehog

Successive OBR forecasts for productivity since 2010



Source: Office for Budget Responsibility, reproduced and adapted from IFS Green Budget 2025, 'Risks and challenges for the public finances', https://ifs.org.uk/publications/risks-and-challenges-public-finances

Fiscal pressures

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But also…

- Reversals of cuts to social security
- Higher interest rates and bond yields → higher debt interest bill
- Pressure to end two-child limit, and freeze fuel duty
- Tax revenues a little disappointing so far this year
- Adult and child disability caseloads rising fast
- New NATO defence commitment will cost £46bn by 2035
- And many more…

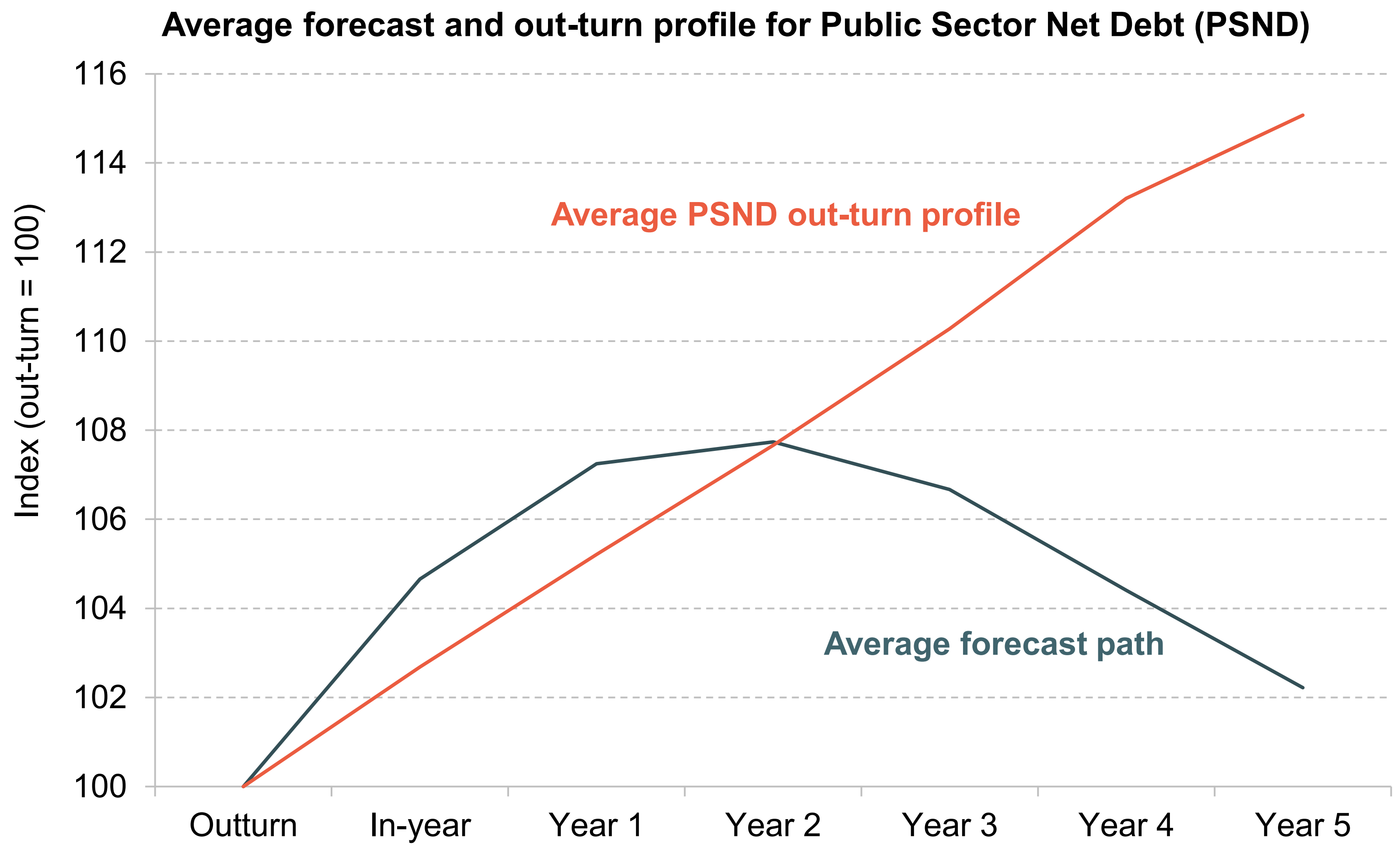
Where does this leave the Chancellor?

Key point: meeting the fiscal rules likely to require a fiscal consolidation

Two big choices this raises for Rachel Reeves:

1. Should it come in the form of spending cuts, tax rises, or both?
   - spending cuts are possible – but need to be deliverable to be credible
   - tax rises seem likely – devil will be in the detail
   - timing of measures could be significant

Tax rises or spending cuts promised for the future don't tend to happen



Source: OBR Fiscal risks and sustainability report, July 2025.

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    - spending cuts are possible – but need to be deliverable to be credible
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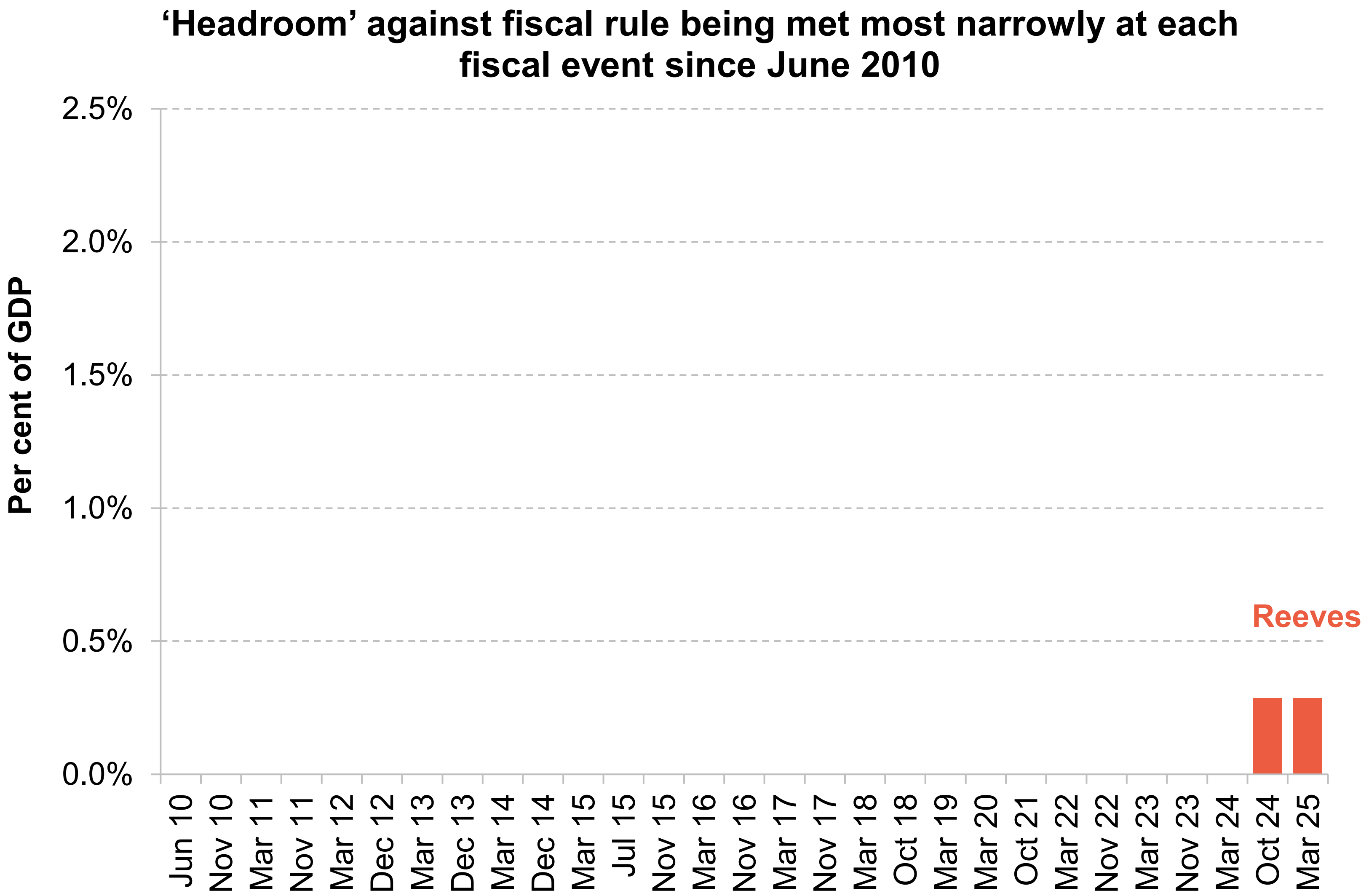
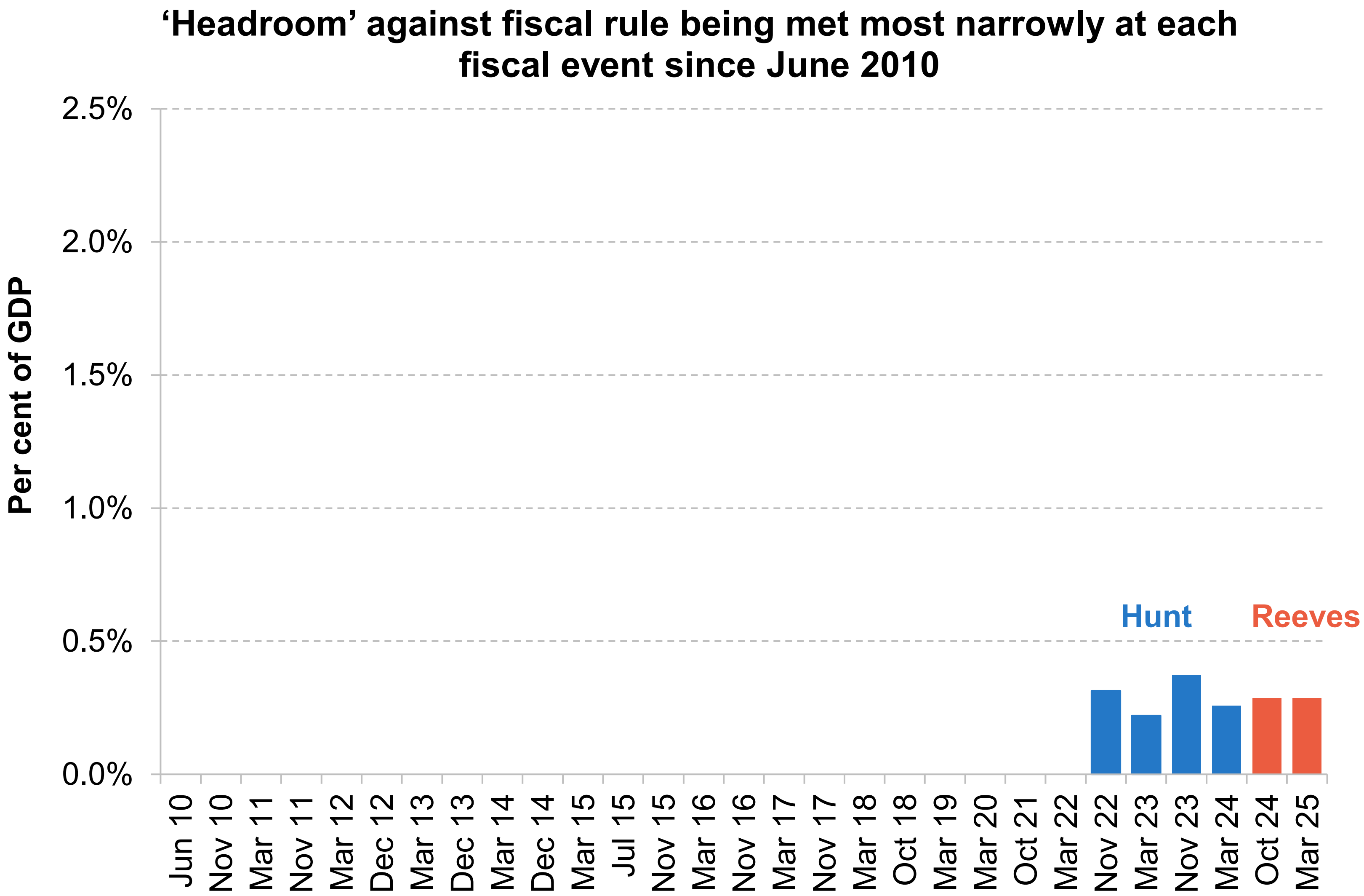
    - timing of measures could be significant
2. Should she go for a larger consolidation to build more ‘headroom’?

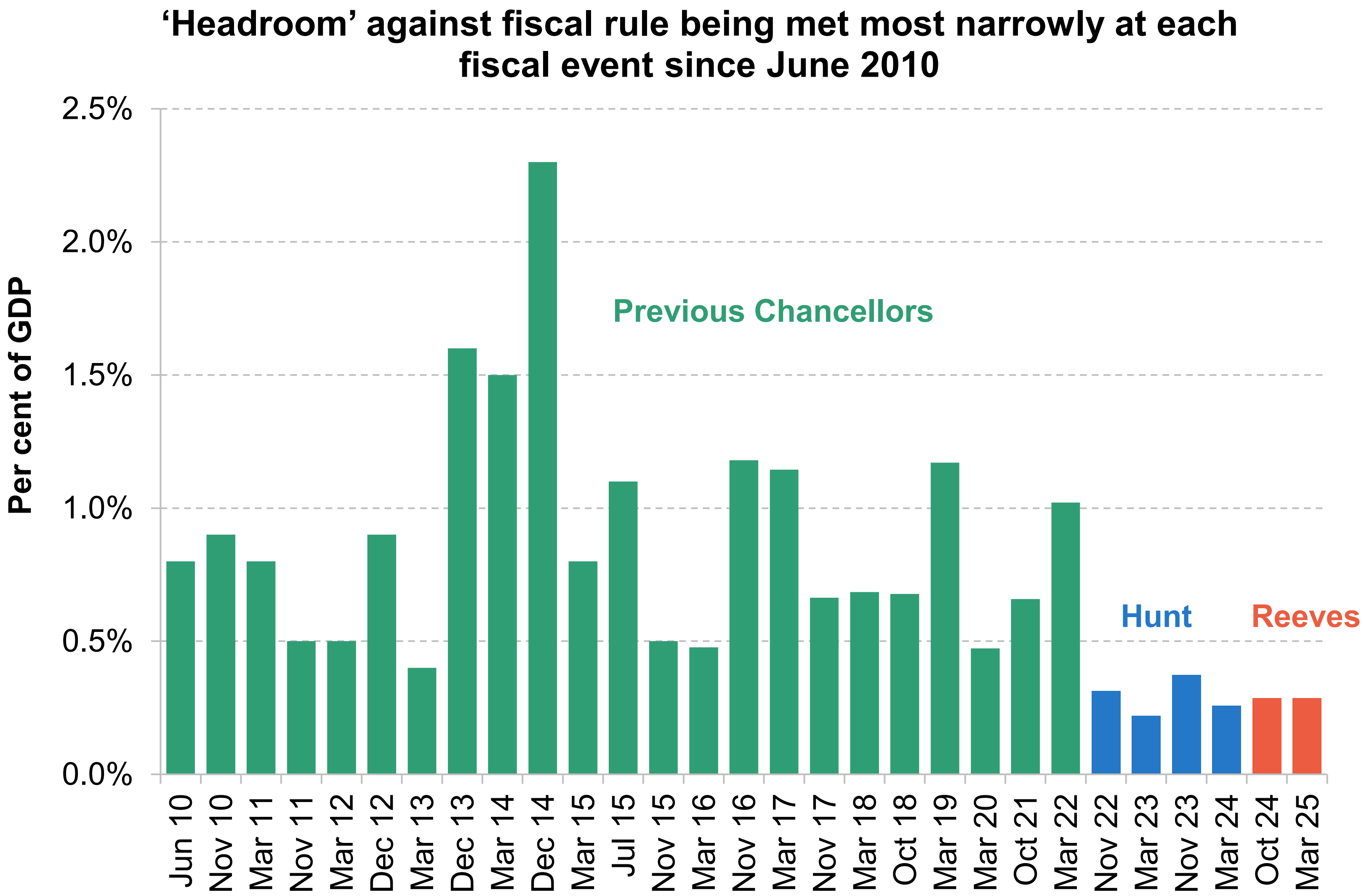
Case for more 'headroom'?



Case for more 'headroom'?



Case for more ‘headroom’?



Tax and spending options

Spending cuts could be part of the consolidation package

- But difficult to imagine cuts on scale required
  - Limited appetite for welfare cuts (and pressure to spend more); public service budgets fixed to 2028–29; many services struggling

Tax rises seem more likely – devil will be in the detail

- Boxed in by manifesto promise: *'Labour will not increase taxes on working people, which is why we will not increase National Insurance, the basic, higher, or additional rates of Income Tax, or VAT.'*
- Could conceivably raise tens of billions without an explicit breach
  - But a "smorgasbord" approach has downsides: revenues more uncertain; greater risk of damaging economic impacts; lots of angry interest groups; viewed less favourably by bond markets
- The UK tax system desperately needs reform in any case

More threshold freezes?

The Chancellor is widely expected to extend the cash freeze in personal tax thresholds – continuing a trend that is reshaping the system

Wrapping up

Four things we'll be looking out for

1. **Reform:** as well as raising taxes, is the Chancellor taking steps towards a better tax system?

2. **Credibility:** is the package deliverable? Is it viewed that way by investors in financial markets?

3. **Wider economic impacts:** what will the Budget mean for growth, inflation and the labour market?

4. **Policy volatility:** will the Budget help to break out of this damaging cycle of speculation and uncertainty?

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