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A Fair Budget to Fix Broken Britain

November 2025

OVERVIEW

Britain faces a structural fiscal crisis: low growth, sluggish investment, falling living standards, and an ageing population driving up pension costs.

Yet instead of presenting a coherent economic strategy based on fairness, government policy has relied on stealth taxes, speculation, and populist measures that raise little revenue and damage confidence.

SCM Direct& MoneyShe sets out a **fair, logical, and economically coherent** plan to raise **£77–£87 billion per year by 2030**, boost investment, unlock UK growth, and restore fairness in the tax system - *without punishing jobs or freezing the housing market.*

This approach contrasts with raises to National Insurance (damaging employment and hospitality sectors), increasing Stamp Duty or Capital Gains Tax (freezing housing mobility), or rely on politically motivated measures like non-dom reforms that have raised virtually nothing in practice.

1. Fixing the Pension System Fairly

Reform the Triple Lock

- Replace the unsustainable triple lock with a **CPI-linked double lock.**
- Protects pensioners' purchasing power but avoids runaway fiscal obligations.
- **Revenue impact: £10–15bn per year by 2030.**

Fair Pension Tax Relief

- Replace higher-rate relief with a flat 25% rate.
- **Raises ~£15bn per year.**

Unlock Pension Funds for Growth

- Require pension funds to hold at least **20% of equity exposure in UK stocks.**
- Would unlock **~ £40bn of investment into UK equities** immediately.
- Modelled on successful Canadian and Australian reforms.

2. Modern, Fair Business & Digital Taxation

Introduce an Amazon-Style Online Transaction Tax

- 10p per online card transaction.
- Levels the playing field with high-street shops.
- **Revenue: £10.5bn per year.**

Raise Corporation Tax from 25% to 27%

- Still competitive by G7 standards.
- HMRC data: **£7–8bn per year.**

3. Close the Tax Gap and Shut Down Loopholes

Invest in HMRC Enforcement & Technology

- The tax gap is **5.1% = £32bn lost annually**.
- Every £1 spent on HMRC investigations into large companies returns **£69.**
- **£200m investment → £3–4bn recovered annually.**

Create a Fair Tax Office

- Modelled on the Office for Tax Simplification.
- Purpose: close loopholes, improve transparency, and monitor avoidance.
- **Estimated gain: £5–6bn per year.**

Abolish Non-Essential Trusts

- End discretionary and inheritance-avoidance trusts.
- Retain only medical/disability trusts.
- **Yield: ~ £5bn per year.**

4. Repair the Housing Market Without Freezing It

Reject Stamp Duty or Capital Gains Tax Hikes

- These measures **freeze the housing market,** reduce labour mobility, and cut economic activity linked to moving (renovations, furniture, trades).

Instead: Incentivise Mobility

- Taper duties for downsizers and first-time buyers.
- Boosts transactions and wider economic spending.

5. Restore Growth Through Investment & Banking Reform

Bank Capital Rule Reform

- Shift even 2% of bank capital toward productive lending.
- **Frees up £20bn+ for SMEs, infrastructure, and growth sectors.**

ISA & SIPP Incentives for UK Shares

- Revitalises domestic equity markets and supports productive investment.

6. Rebuild Trade Post-Brexit

UK–EU Swiss-Style Agreement

- Reduces friction, restores market access, improves regulatory consistency.
- Long-term GDP effect: **+1.2%,** generating **~ £30bn in tax receipts annually.**

7. Protecting Children & Restoring Fairness in the Welfare System

Immediate Full Abolition of the Two-Child Cap

The Two-Child Limit has become one of the most regressive and socially damaging policies in the modern welfare system. It disproportionately affects working families, increases child poverty, and punishes children for circumstances outside their control.

Research by the IFS and Resolution Foundation shows that ending the policy would have **no meaningful negative labour-market effects** and would substantially reduce child poverty rates.

SCM Direct/MoneyShe supports the **full and immediate abolition of the two-child cap**, restoring universal entitlement for all children.

Fiscal cost:
The latest independent estimates place the cost at **£2.5–3.5 billion per year,** depending on take-up and uprating assumptions.

- IFS central estimate: **~ £3bn**
- Resolution Foundation: **£2.5bn rising to £3.6bn** when fully embedded

Economic justification:
Ending the cap would:

- Significantly reduce child poverty, improving long-term educational and labour-market outcomes.
- Act as a direct injection into the real economy, since low-income households have the **highest marginal propensity to consume.**
- Offset long-term demographic decline, complementing pension reform and supporting future labour supply.

Abolishing the cap is therefore *both morally necessary and economically rational* - and can be fully funded within SCM Direct's Fair Budget framework (which raises £77 - 87 billion per year). The measure represents less than **4%** of the total fiscal space created by this package.

8. End Fiscal Drag - Fair Thresholds for Working Families

Macroeconomic & Fiscal Data

- Index income-tax thresholds to inflation.
- Cost: **~ £6bn per year**, funded within the reform package.
- Removes stealth taxes and restores fairness for working households.

Summary of Fiscal Impact

Policy Area	Annual Amount (£bn)
Triple lock → CPI double lock	10 - 15
Pension tax relief reform	15
Online transaction tax	10.5
Corporation tax +2ppt	7 - 8
Close tax gap & loopholes	8 - 10
Abolish non-essential trusts	5
Swiss-style EU agreement (growth impact)	30
Total Annual Fiscal Gain	**= £77 - 87billion**
Pension fund UK equity inflow	£40bn (investment)
Bank rule reform (credit boost)	£20bn (investment)
Abolish Two-Child Linmit	- £3.0 (cost)
Ending fiscal drag	- 6bn (cost)

CONCLUSION

The UK does not need to raise taxes that damage jobs, suppress growth, or freeze the housing market. Nor should it indulge in populist policies rooted in envy that raise little revenue, damage confidence, creativity and innovation as demonstrated by the non-dom reforms.

A Fair Budget to Fix Broken Britain shows that

logic, fairness, and sound economics

can raise significant funds, boost investment, and restore public trust - without harming the engines of growth.

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- *Credit Conditions Survey.*
- *Financial Stability Review.*
- Productivity commentary.

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- *Direct effects of illustrative tax changes.*
- Corporation tax yield per percentage point (approx. £3.6–4bn).

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2. HMRC – Measuring Tax Gaps (2024)

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