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News in Review

15 January 2025

"Brits are planning to prioritise memorable moments in 2025"

UK consumer card spending was flat in December 2024, according to a report released last week by Barclays Bank. With year-on-year growth at 0.0%, consumer card spending lags significantly behind the latest inflation figure of 2.6%.

The report, which combines millions of customer transactions with consumer research, found that essential spending was the main category driving the slowdown. Consumers tightened their purse strings in December, cutting back on necessities by -3.0%. Lower petrol prices also contributed to this drop, as fuel spending fell (-11.6%).

The reduction in essential spending, however, was offset by growth in discretionary spending. Entertainment (up 6.0%) led the way. Travel (up 4.7%) helped too, with cold weather perhaps prompting holidaymakers to start planning summer getaways. Indeed, spending with airlines rose by 3.6% year-on-year in December.

Although higher discretionary spending is a welcome boost for the economy, analysts pointed to survey responses showing that a large majority of consumers are still concerned about rising food costs (86%) and household bills (87%).

Jack Meaning, Chief UK Economist at Barclays, commented, *"As 2024 closed, consumers remained cautious, in line with muted confidence, elevated uncertainty and high rates of saving. In 2025, we expect household consumption to grow by less than 1%, ahead of further interest rate cuts from the Bank of England."* Karen Johnson, Barclays' Head of Retail, added, *"Brits are planning to prioritise memorable moments in 2025."*

UK borrowing costs hit new heights

Long-term government borrowing costs reached their highest levels since 1998 last week, prompting economists to warn that rising costs could lead to further tax increases or spending cuts.

Chancellor Rachel Reeves plans to borrow hundreds of billions of pounds to fund higher public invesment and spending, yet the government has also promised not to borrow to fund day-to-day spending. In response to an urgent question in the Commons, Treasury Minister Darren Jones said there was *"no need for an emergency intervention."* The government remains committed to seeing debt fall as a share of national income by the end of this parliament, he confirmed.

Top pay rises in technology and engineering

Firms operating within the engineering and manufacturing, technology, legal, and finance sectors delivered the highest pay rises in 2024, according to research released last week by recruitment firm Hays.

Specifically, fabricators and welders received the highest pay increases in 2024, with a 9.5% average rise. That took the average salary for these roles to £33,500, with each employee enjoying a pay packet roughly £3,000 larger than a year previously.

Following close behind, risk surveyors saw an increase of 9.2%, an increase of almost £5,000 in a year. Industrial engineers, technology cyber managers (operational) and site supervisors all also saw rises of 8% or higher.

Lifetime ISA scrutinised by Treasury Committee

Almost a decade after it was created, the Treasury Committee has launched a call for evidence on the Lifetime Individual Savings Account (LISA) to decide if it remains an appropriate financial product.

The LISA is a savings product for retirement or homeownership, into which under 40s can contribute up to £4,000 per year. On top of this, savers receive a 25% bonus from HMRC. In return, savers are only able to withdraw their money if they are buying their first home, terminally ill with less than 12 months to live or aged 60 and over.

The review seeks to find out whether the LISA remains fit for purpose in its current design. Specifically, the Committee will look at whether the combined savings purposes of house purchase and pension saving still makes sense.

Property listings increase across England

Some 26,000 homes were newly listed for sale across England in the first week of 2025, according to analysis from Yopa, as the new year property market got off to a robust start. Following this listings bonanza, stock levels rose by 6.4% to reach an estimated 427,200 properties currently for sale.

Regionally, Merseyside, Norfolk, West Sussex and Essex all saw notable rises above 8%. Bristol experienced the biggest increase, with a 12.3% boost in listings. *"With yet another Stamp Duty deadline looming, we're anticipating a very busy few months for the property market,"* commented Verona Frankish, CEO of Yopa. *"Those contemplating a sale need to be acting now to take advantage of this increased level of market activity"* she added.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.