HOWARD
WEALTH MANAGEMENT

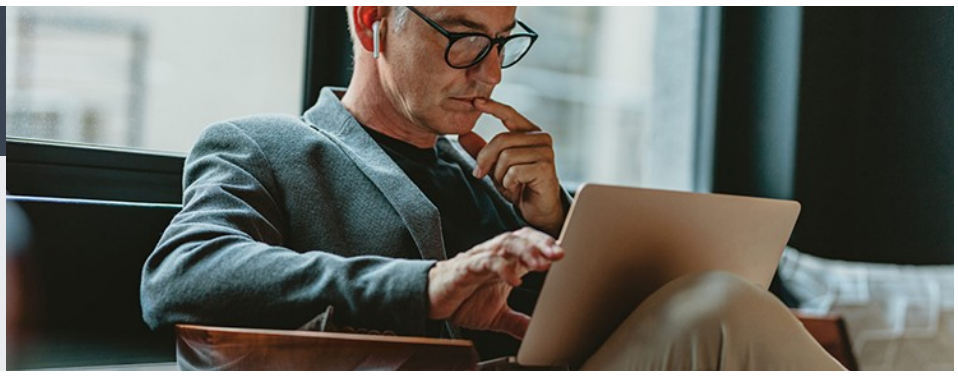
Fareham Innovation Centre,
Merlin House, 4 Meteor Way,
Lee-On-The-Solent, Hampshire PO13 9FU

T 02393 877630
E info@howardwealth.com
W www.howardwealth.com

News in Review

28 October 2026

"High energy costs continue to push up headline inflation"



With John Healey's first Budget taking place on 28 October, the Chancellor has a tricky challenge ahead of him. Data released last week showed both government borrowing and UK inflation reached their highest levels in a year.

The annual rate of UK inflation rose to 3.5% in September, up from 3.1% in August, driven in part by sharp increases in petrol and diesel prices. According to the Office for National Statistics (ONS), September's inflation rate was the highest since October 2025.

The latest figures came as government borrowing climbed to almost £25bn in September. Borrowing for the financial year so far is now running £6bn above official forecasts, adding to the pressure on the Chancellor ahead of the Budget.

Healey has pledged to adhere to Labour's commitment not to raise the three main taxes - Income Tax, National Insurance and VAT - while also sticking to the party's fiscal rules.

Commenting on the latest data set, Chief Economist at the Institute of Directors, Anna Leach, said, *"High energy costs continue to push up headline inflation and put pressure on businesses, households and the resilience of the UK economy."*

She added that the Budget, *"Will need to tread a careful line… targeted support for those most exposed to rising energy costs could help cushion the immediate shock, but how that support is funded matters."*

Healey has reportedly ruled out the possibility of increasing Capital Gains Tax (CGT) in the Budget, following some pressure from Labour ministers to raise it to the same level as Income Tax. However, there is widespread speculation that the Chancellor will increase the surcharge that banks pay on Corporation Tax from 3% to 8%. Rain Newton-Smith, Chief Executive of the Confederation of British Industry (CBI), urged Healey to rethink this, stating that such rises would be an *"own goal"* for the British economy. Industry bosses have expressed concern that UK banks already pay much higher taxes than competing firms overseas, such as in New York, Dublin and Amsterdam.

"Retailers have been doing everything they can"

Concerns over tax rises come as the British Retail Consortium's (BRC's) latest index shows that expectations for the state of the economy worsened from -34 in September to -40 in October, marking the third consecutive month that confidence has slipped. Consumers' sentiment about their own personal financial situation also fell from -15 to -18, which is the second-lowest level on record. Helen Dickinson, Chief Executive of the BRC, said, *"Retailers have been doing everything they can to limit price rises, but with the industry now paying 20% more in taxes than two years ago, there is no more room for manoeuvre… A little breathing room for retailers at the Budget can mean a lot of breathing room for households."*

IHT receipts keep rising

Inheritance Tax (IHT) receipts were the highest on record in September 2026, according to data from HM Revenue & Customs (HMRC).

Monthly receipts totalled £936m, which is significantly higher than £671m recorded in the same month last year. This also exceeds the previous monthly record of £871m, which was set in June 2026. In the first six months of the tax year (April to September 2026), £4.7bn was collected, up £0.3bn higher on the same period in 2025. HMRC noted that receipts are likely to keep rising in the coming years *'due to a combination of higher volumes of wealth transfers following recent liable deaths, recent rises in asset values, and the government's decisions at various recent fiscal events to maintain the tax free thresholds at their 2020 to 2021 levels up to and including 2030 to 2031.'*

Losing track of pensions

Research from Aegon has found that many UK workers could be missing out on a chunk of their retirement savings. According to the survey, 66% have lost track of at least one workplace pension pot, the impact of which is often larger than anticipated.

Respondents said that an old pension would need to be worth an average of £4,893 before they were motivated to investigate it. However, the average value of a lost pot was estimated to be £13,360, showing that many are underestimating their forgotten savings. This additional money could go a long way, with 17% saying that it could help them to retire earlier.

Here to help

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

The value of investments can go down as well as up and you may not get back the full amount you invested.
The past is not a guide to future performance and past performance may not necessarily be repeated.
All details are correct at time of writing (28 October 2026)