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Autumn Statement 2022: BSA Summary

Key Points

As part of today's publication of the Autumn Statement 2022, the Chancellor has made the following announcements.

Responding to the Statement, BSA Chief Executive Mark Fox said:

"I welcome the Chancellor's robust moves to restore the country's credibility with markets. It is very good news that research and development continue to be invested in. Many lower paid working people will welcome the rise in the National Living Wage. This set of announcements will now provide the stability and certainty in policy that business and enterprise need to succeed"

- The full documents can be found [here](#).
- A summary can be read [here](#).
- The OBR's forecast can be read [here](#).

If you have any questions regarding the Autumn Statement, or the BSA's engagement, then please contact piers.neill@bsa-org.com

Economy

- GDP is forecast to shrink by 1.4% next year, before returning to growth in 2024.
- Unemployment is forecast to rise from 3.6% today, to 4.9% in 2024, before falling to 4.1%.
- The OBR has confirmed that global factors are the primary cause of inflation (which it expects to be 9.1% this year, and 7.4% next year).
- The Chancellor praised the Bank of England for doing an "outstanding job" tackling inflation and said that he will not change its remit.
- Government spending will continue to increase in real terms every year for the next 5 years but at a slower rate.

Taxation and Pensions

- The Pensions Triple Lock and Pension Credit will be protected and rise in April 2023 by 10.1%. Personal tax thresholds will be maintained at current levels for a further 2 years, until April 2028.
- The threshold for employer National Insurance contributions will be fixed until April 2028, but the Employment Allowance will continue to protect 40% of businesses from paying any NICS at all.

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- The threshold for when the highest earners start paying the top rate of tax will be brought down from £150,000 to £125,140.
- The tax free dividend allowance will be reduced to £1,000 in 2023-24, and then to £500 in 2024-25. Tax free allowance for capital gains will reduce in 2023-24 from £12,300 to 6,000 and again to 3,000 in 2024-25.
- From 31 December 2023 the Government will introduce the OECD's global tax reforms aimed at ensuring that multinational corporations pay the correct tax in the countries they operate.

Business, Employment and Skills

- The National Living Wage will see its largest ever cash increase to £10.42, and all National Minimum Wage rates will also receive a boost from April 2023. This includes:
 1. Increasing the rate for 21-22 year olds by 10.9% to £10.18 an hour;
 2. Increasing the rate for 18-20 year olds by 9.7% to £7.49 an hour;
 3. Increasing the rate for 16-17 year olds by 9.7% to £5.28 an hour;
 4. Increasing the apprentice rate by 9.7% to £5.28 an hour; and
 5. Increasing the accommodation offset rate by 4.6% to £9.10 an hour.
- The Government will provide a £13.6bn package of business rates support. A business rate factsheet can be read [here](#).
- The Government is protecting £20bn in Research & Development investment in 2024-25, as well as reforming Tax Credits.
- Sir Michael Barber will work with the Chancellor and the Education Secretary to advise on skills reform and the Lifelong Loan Entitlement will be introduced from 2025.
- Post-Brexit reforms of Solvency II can read [here](#). These aim to unlock tens of billions of pounds in investment by UK insurance companies. The reforms will also “slash red tape left over from the EU & maintain high standards of customer protection”.
- Sir Patrick Vallance, the Government's Chief Scientific Adviser, will advise on how the Government can diverge from EU regulations in digital, life sciences, green industries, financial services and advanced manufacturing.

Energy and Environment

- The Energy Profits Levy is being increased to 35% and will be extended to March 2028. The Government is also introducing a new temporary 45% levy on electricity generators. An energy taxes fact sheet can be found [here](#).
- The Chancellor reconfirmed that the Government remains fully committed to the Glasgow climate pact agreed at COP26 - including a 68% reduction in emissions by 2030.
- The Government will also provide a further £1bn to enable an extension to the Household Support Fund over 2023-24.
- Further Cost of Living Payments will be made next year.
- Contracts will be signed in the coming weeks to get the Sizewell C nuclear plant in the South East of England off the ground.
- A new energy efficiency taskforce will be launched along with a new plan to bolster the UK's energy resilience.
- From 2025, road tax will be introduced for Electric Vehicles.

Welfare

- Working age benefits will rise by the rate of inflation at 10.1% and the household benefit cap to be increased from April 2023.



- The Government will bring forward the nationwide rollout of the In-Work Progression offer, starting with a phased rollout from September 2023.
- Additional payments of £900 will be paid to those on means-tested benefits, £300 to pensioner households and £150 to people on disability benefits.

Health and Social Care

- The Government is investing £3.3 billion in each of 2023-24 and 2024-25 to support the NHS in England.
- £3.3 billion has been made available to the NHS to improve emergency, elective and primary care performance; and introducing reforms to support workforces and improve long-term performance.
- The NHS will be asked to publish a comprehensive workforce plan in 2023, including forecasts for the number of doctors, nurses, and other professionals needed in 5, 10, and 15 years' time.
- The Rt. Hon. Patricia Hewitt has been asked to advise the Government on how best new Integrated Care Boards can work efficiently with appropriate autonomy and accountability.
- The Government has made available up to £4.7 billion in 2024-25 for the adult social care system, including £1 billion to directly support discharges from hospital into the community through the Better Care Fund.
- £1.3 billion in 2023-24 and £1.9 billion in 2024-25 will be distributed to local authorities through the Social Care Grant for adult and children's social care.
- The Dilnot Reforms to adult social care charging will be delayed from October 2023 to October 2025. Funding will be reallocated to local authorities.

Public Services and Public Spending

- The Chancellor has introduced two new fiscal rules, that the UK's national debt must fall as a share of GDP by the fifth year of a rolling five-year period, and that public sector borrowing in the same year must be below 3% of GDP. The OBR forecasts both of these rules to be met in 2026-27.
- Government spending will continue to increase in real terms every year for the next 5 years but at a slower rate. From 2025-26 onwards day to day spending will increase more slowly by 1% above inflation, with capital spending maintained at current levels in cash terms.
- The Government will invest £280m to help DWP tackle fraud, error & debt across the benefit system. This funding is expected to help to save £410m in the next two years and save £2.2bn per year by 2027-28.
- The budget for schools will be increasing by £2.3bn next year & £2.3bn the year after - taking the core schools budget to a total of £58.8bn.
- Away from DfE and DHSC all other departments will have their Spending Review settlements to 2024-25 honoured in full, with no cash cuts, but will be expected to work more efficiently to live within these and support the government's mission of fiscal discipline.

Housing and Infrastructure

- The building of new infrastructure such as roads, train lines and communities will be safeguarded by over £600bn in capital investment over the next 5 years. This includes Northern Powerhouse Rail, the HS2 and the East West Rail, along with gigabit broadband rollout.



- From Spring 2023 homeowners on Universal Credit will be able to apply for Support for Mortgage Interest loans after 3 months instead of 9 months, including those in employment.
- The Government will cap rent increases in the social rented sector under inflation next year, at 7%.
- Stamp Duty cuts announced in the Growth Plan will now be time-limited, ending on 31 March 2025.

Foreign Aid

- The Government remains committed to the 0.7% target of spending on overseas aid, however the plans set out today assume that spending will remain at around 0.5% for the forecast period.

Devolved and Local Government

- Devolved administrations will receive £3.4 billion over the next two years. £1.5bn for Scotland, £1.2bn for Wales and £650m for Northern Ireland.
- The Government is giving local authorities in England additional flexibility in setting council tax by increasing the referendum limit for increases in council tax to 3% per year from April 2023.
- In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2% per year.
- Government has agreed a further mayoral devolution deal with Suffolk County Council and is in advanced discussions on mayoral devolution deals with local authorities in Cornwall, Norfolk and the North East of England.
- It will also explore, with Greater Manchester Combined Authority and West Midlands Combined Authority, the potential to provide single departmental-style settlements at the next Spending Review, giving local partners more flexibility and accountability over key economic growth funds, moving away from competitive bidding processes. Will then consider the eligibility of other mayoral combined authorities for these settlements.
- The Government will also deliver the commitment to sign new 'trailblazer' devolution deals with Greater Manchester and the West Midlands Combined Authorities by early 2023. It is in discussion to devolve powers to deliver levelling up in areas such as skills, transport and housing. These 'trailblazer' deals will act as a blueprint for other areas to follow.
- The Statement reaffirms the commitment to agree devolution deals with all areas in England that want one by 2030.

Defence

- Defence spending will not fall below 2% of GDP.
- The Ministry of Defence's [Integrated Review](#) will be reviewed in light of Russia's invasion of Ukraine. The BSA will be making a submission.
- The Government have said they 'recognise the need to increase defence spending to meet the threats we face', and spending will be considered as part of the update to the Integrated Review.

Levelling Up and Investment Zones

- Round 2 of the Levelling Up Fund will invest at least £1.7bn in local projects across the UK.



- The Government will refocus the Investment Zones programme with a limited number of the highest potential knowledge-intensive growth clusters.
- The first clusters will be announced in the coming months. The existing expressions of interest will therefore not be taken forward.