



The Business Services Association
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Autumn Statement 2023: BSA Summary

Key Points

As part of today's Autumn Statement, the Chancellor has announced 110 measures to "help grow the economy".

- The full documents can be found [here](#).
- The press release can be read [here](#).
- The OBR's forecast can be read [here](#).
- The House of Commons Library background research can be read [here](#).
- The BSA's Submission ahead of the Autumn Statement can be read [here](#).
- You can read a full breakdown on the changes to R&D relief [here](#).

Responding to the Statement, BSA Chief Executive Mark Fox said: "We welcome the measures the Chancellor has announced to boost business investment and confidence. These are needed and timely reforms, which we hope are the beginning of further measures that will attract investment, improve productivity, and deliver growth."

The BSA will be meeting with the Department for Business and Trade later this week to discuss the sector's reaction to the Statement.

Please send any feedback or insights to piers.neill@bsa-org.com by close of play Thursday 23rd November.

In particular, DBT colleagues are looking for answers to the following questions:

- What are your initial reactions to the Statement?
- In light of the Statement, do you think upcoming investment decisions in your company will now look different?
- Do you have any questions about the Statement?
- Would you be willing to provide a **PUBLIC** supportive comment about the Statement, in the press or in social media?
- Any negative comments on the Statement?

Economy and Forecasts

Office for Budget Responsibility Forecasts

- The OBR [forecasts](#) that headline inflation will fall to 2.8% by the end of 2024.
- According to the OBR, borrowing is lower this year and next, and on average across the forecast by £0.7bn every year compared to the Spring Budget forecasts.
- It falls from 4.5% of GDP in 2023-24, to 3.0%, 2.7%, 2.3%, 1.6% and 1.1% in 2028-29.
- Debt had been due to rise to almost 100% of GDP but now it is predicted to be 94% of GDP by the end of the forecast.
- The OBR expects the economy to grow by 0.6% this year and 0.7% next year. After that, growth rises to 1.4% in 2025, then 1.9% in 2026, 2% in 2027 and 1.7% in 2028.



- The OBR has revised down its estimate of the medium-term potential growth rate of the economy to 1.6% from 1.8% at the March budget.
- UK house prices are forecast to fall by 4.7% next year (a smaller fall than forecast in March).
- The OBR then expects a slow recovery in house prices, but it will take until the second half of 2027 for them to reach their 2022 peak.
- The tax changes in this Autumn Statement reduce the tax burden by 0.7% of GDP, however, that burden rises in every year to a post-war high of 37.7% of GDP by 2028-29.
- Unemployment is forecast to rise to 1.6 million people (4.6% of the labour force) and peaks in the second quarter of 2025.
- That peak is 85,000 higher than expected in March - when it was expected to be 4.4% -and come a year later than expected.
- The OBR predicts that demand for labour will weaken due to slower growth and the rise in interest rates.
- Unemployment then falls back to its assumed structural rate of 4.1% by the forecast horizon, as Bank Rate falls and the spare capacity in the economy is taken up.
- In real terms, annual government spending by 2027-28 will be £19.1bn lower than it was assumed at the time of the March budget.
- The reduction in 2027-28 pre-measures borrowing relative to the OBR's March forecast is "therefore mainly a reflection of a £19.1 billion erosion in the real value of departmental spending".
- You can read the Government's response to the OBR's 2023 Fiscal Risks and Sustainability Report [here](#)

Growth Duty

- The Government has outlined potential approaches to Growth Duty to regulators in scope of the Growth Duty, and to Ofgem, Ofwat and Ofcom.
- You can read the letter from the Chancellor [here](#).
- The Chancellor has also abolished the Economic Advisory Council.

Taxation and Pensions

National Insurance, National Living Wage, and Personal Taxation

- The main rate of Class 1 employee National Insurance contributions will be cut from 12% to 10% from 6 January 2024.
- From 6th April 2024, the Government will reduce the main rate of Class 4 self-employed National Insurance contributions from 9% to 8%.
- Class 2 self-employed National Insurance contributions will be abolished. Next steps on these reforms will be set out next year.
- The National Living Wage will increase by 9.8% to £11.44 an hour from 1 April 2024, and the age threshold will be lowered from 23 to 21 years old.
- HMRC will rewrite guidance around the tax deductibility of training costs for sole traders and the self-employed.
- The Autumn Finance Bill 2023 will require employers, company directors and the self-employed to provide new or improved data to HMRC from 2025-26 tax year.



Pensions

- From April 2024 the state pension will increase by 8.5%
- There will be changes to the rules for pension funds (press release [here](#)).
- Workers will be given the right to require new employers to pay pension money into an existing pension pot.
- The letter from the Chancellor and Secretary of State for Work and Pensions to the Chief Executives of the Financial Conduct Authority and the Pensions Regulator can be read [here](#).

Business, Employment and Skills

Business Taxation and R&D

- Full Expensing will be made permanent. This means that companies which invest in the UK will reduce their tax by up to 25p for every £1 they spend on plant and machinery.
- The Government will create a new simplified research and development tax relief scheme, combining the existing R&D Expenditure Credit and SME schemes.
- The intensity threshold in the additional support for R&D intensive loss-making SMEs will be reduced from 40% to 30%.
- You can read a full breakdown on the changes to R&D relief [here](#).
- For 2024-25, the small business multiplier in England will be frozen for a fourth consecutive year at 49.9p
- The 75% business rates discount for hospitality, retail and leisure is being extended for another year, at a cost of £4.3bn.

Prompt Payment

- The Government has published the [Prompt Payment and Cash Flow Review](#).
- This will ensure that firms bidding for government contracts have to pay their bills on time - with 55 days at first, and then within 30 days.

Investment

- The Government will provide at least £50 million of additional funding to the Future Fund: Breakthrough investment programme, helping the UK's most intensive R&D companies to scale up.
- The Government is accepting all the recommendations in Lord Harrington's report into foreign direct investment. Read more [here](#).
- The Government will publish plans to make available £4.5bn over five years to attract investment into strategic manufacturing sectors. This will include money for electric cars and life sciences.
- The Government will explore the options for selling off its remaining shares in NatWest.

Apprenticeships and skills

- A further £50 million for a 2-year apprenticeship pilot to increase the number of apprentices in growth sectors, including engineering, and address barriers to entry in high-value standards.
- A down payment of over £600 million over the next two years to give teachers in key shortage academic and technical subjects, including those in further education colleges, a payment of up to £6,000 per year tax free.
- £40 million capital investment into the Education Endowment Fund.



Occupational Health

- The Government will provide clearer guidance and support by establishing an expert group to develop a new voluntary Occupational Health minimum framework in Great Britain.
- The Government will develop and promote best employment practices for employees with health and disability issues.

Public Sector Productivity

- The Chancellor wants public sector productivity to rise by at least 0.5% per year. Over time the growth in public spending will be lower than the growth in the economy.

Energy and Environment

Energy

- £4.5 billion to unlock investment in eight strategic manufacturing sectors including clean energy, from 2025 for five years.
- The Government has published the conclusion to the review of the oil and gas fiscal regime and set out the final design of the Energy Security Investment Mechanism.
- The expansion of EV charging infrastructure will be accelerated, and the Government will consult on amending the National Planning Policy Framework to prioritise chargepoints.
- The Government will legislate for a new investment exemption for the Electricity Generator Levy.
- £960 million Green Industries Growth Accelerator to support investments in manufacturing capabilities for clean energy sectors including Carbon Capture Utilisation and Storage (CCUS), hydrogen, offshore wind, electricity networks and nuclear.
- The Treasury has published a [technical note](#) to help generators understand the new Electrical Generator Levy.
- The Government will respond in full to the National Infrastructure Commission's Assessment 2 in an updated National Infrastructure Strategy next year.
- The National Infrastructure Commission will undertake a study on making the electricity distribution network fit for net zero.

Taxation, levies and relief

- The Government is introducing a new six-year [Climate Change Agreement scheme](#) whereby participants that meet agreed energy efficiency or decarbonisation targets between 2025 and 2030 will be entitled to reduced rates of the Climate Change Levy from 2027 to 2033.
- The Government will freeze main and reduced rates of Climate Change Levy in the UK in 2025-26.
- The Government will expand the VAT relief available on the installation of energy-saving materials by extending the relief to additional technologies.
- The Government will legislate to increase the Plastic Packaging Tax rate in line with CPI from 1 April 2024, and will publish an evaluation plan by the end of the year.



The Winser Review

The Government has published its full [response to the Winser Review](#). The resulting [Connections Action Plan with Ofgem](#) includes:

- halving the time to build new grid infrastructure to seven years;
- consulting on reforms to energy consenting rules in Scotland;
- new [proposals for community benefits](#);
- commissioning the Electricity System Operator to produce a new Strategic Spatial Energy Plan; and,
- introducing competition into onshore electricity networks in 2024.

Welfare

Pensions and Welfare

- From April 2024 the state pension will increase by 8.5%.
- There will be changes to the rules for pension funds (press release [here](#)).
- The Government has published its response to the [call for evidence](#) to help improve the skills and capability of pension trustees and remove barriers to making effective investment decisions.
- Workers will be given the right to require new employers to pay pension money into an existing pension pot.

Welfare and the Back to Work Plan

- Universal credit and other benefits will be increased by 6.7% in line with September's inflationary figures.
- You can read the full Back to Work Plan [here](#).
- Restart will be expanded for two years from 2024 across England and Wales. Those on Intensive Work Search for 6 months will now be eligible. Work coaches will track the activity of participants to ensure they comply with requirements of the Restart programme.
- From late 2024, a post-Restart Claimant review point will be conducted by a work coach for Universal Credit claimants in England and Wales who have completed Restart and remain unemployed. Claimants who do not agree to revised claimant commitments without a good reason, which could include attending a mandatory work placement or new intensive work search activities, will have their claim closed.
- Additional Jobcentre Support will be expanded, currently live in 90 Jobcentres in England and Scotland, to trial intensive support for people who have been receiving Universal Credit for 7 weeks, in addition to support after 13 and 26 weeks announced at Spring Budget.
- The Government is investing in digital tools that will allow work coaches to track claimant attendance at job fairs and interviews organised by a Jobcentre Plus.
- Steps will begin to be taken to close the claims of sanctioned Universal Credit claimants who have not engaged with Jobcentre support for over 6 months and are solely eligible for the Universal Credit standard allowance.
- The Targeted Case Review process will be used to investigate sanctioned Universal Credit claimants who have not engaged with Jobcentre support for over eight weeks who are still receiving some Universal Credit payments, ensuring they receive the right entitlement.



Supporting the long-term sick and disabled into work

- The number of yearly places on Universal Support will double to 100,000.
- The Individual Placement and Support expansion will receive additional funding in order to reach an additional 100,000 people over the next 5 years.
- The NHS Talking Therapies service will be expanded. Funding will be provided to increase the number of sessions per course of treatment as well as broaden access, leading to an expected additional 384,000 people completing a course of treatment by 2028-29.
- The Government is reforming the activities and descriptors in the Work Capability Assessment to reflect the greater flexibility and reasonable adjustments available in the world of work. The changes will apply to new claims only from 2025 onwards.
- An expert group will be established to develop a voluntary framework setting out the minimum level of Occupational Health intervention that employers could adopt to help improve employee health at work.
- The Government will explore end-to-end reforms of the fit note process to support more people to resume work after a period of illness. Trailblazer trials in a small number of Integrated Care Systems in England will test changes to make referrals to health and employment services easier, including trigger points for referrals, and improve digital access for patients. A consultation will run in 2024 on wider reforms to examine options for improving fit note assessments and quicker access to specialised employment and health support.

Other

- An additional £10 million to support the Veterans' Places, People and Pathways Programme to increase support to a significant community of vulnerable veterans throughout the UK and enable it to become self-sustaining.
- The Government will work with employers and business representatives to develop and promote best employment practices to support employees with health and disability issues.
- DWP is continuing operational measures to reduce the waiting time for new PIP claims in England & Wales. DWP's ability to use these measures has been extended until November 2024.
- Maintain the surplus earnings threshold for Universal Credit claimants in Great Britain at £2,500 for a further year until April 2025 and increase the level of the Minimum Income Floor in Great Britain for lead carers of children aged 3-12 who are self-employed.
- Provide £2m additional funding to expand the Flexible Fund for victims of domestic abuse.
- Make £10 million of additional funding available in 2024-25 through the Tackling the Economic Impacts of Domestic Abuse (TEIDA) Fund for projects that aim to understand the impacts of domestic abuse on the labour market, support victims of domestic abuse in the workplace or prevent victims experiencing further abuse.

Infrastructure, Innovation, and Technology

Key Industries

- £4.5 billion of funding for British manufacturers in the high-growth industries of the future, including £960 million earmarked for the Green Industries Growth Accelerator to support clean energy.
- £500 million of funding over the next two years will help establish two more Compute innovation centres, supporting the development of artificial intelligence.



Investment in the tech sector

- £250 million investment through the LIFTS initiative to two successful bidders to enable UK pension funds back the UK's most innovative technology companies.
- A further £500 million in compute for AI over the next two financial years for the development of foundation models.
- The Government will publish quantum missions, including having accessible, UK-based quantum computers capable of running 1 trillion operations by 2035; and others related to quantum networks and sensors for infrastructure.

Data and digital

- A Smart Data Big Bang initiative to explore innovative opportunities across seven sectors including energy, banking, finance, transport and telecoms.
- Expansion of the Made Smarter Adoption programme in 2025-26 to help manufacturing SMEs use advanced digital technologies and digital internships.
- The establishment of a taskforce to explore supporting SMEs to adopt digital technology.
- The Government will soon lay a statutory instrument to replace retained EU law in relation to Data Reporting Services Providers with a new framework tailored to the UK.
- The Government is publishing Professor Dame Angela McLean's final report on Pro-Innovation Regulation of Technologies Review, and its response.

Devolved and Local Government

Devolution

- Four new devolution deals across England have been agreed: Mayoral deals with Greater Lincolnshire and Hull and East Yorkshire, and non-mayoral deals with Lancashire and Cornwall:
 1. Lancashire Deal: [Lancashire devolution deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/lancashire-devolution-deal)
 2. Cornwall Deal: [Cornwall devolution deal \(Kevambos Digresennans Kernow\) 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/cornwall-devolution-deal)
 3. Greater Lincolnshire Deal: [Greater Lincolnshire devolution deal 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/greater-lincolnshire-devolution-deal)
 4. Hull and East Yorkshire Deal: [Hull and East Yorkshire devolution deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/hull-and-east-yorkshire-devolution-deal)
- MoU for Greater Manchester and West Midlands trailblazers: [Memorandum of Understanding for the "Trailblazer" Single Settlements for Greater Manchester and West Midlands Combined Authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/memorandum-of-understanding-for-the-trailblazer-single-settlements-for-greater-manchester-and-west-midlands-combined-authorities)
- Scrutiny proposals: [Scrutiny Protocol for English institutions with devolved powers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/scrutiny-protocol-for-english-institutions-with-devolved-powers)
- Level 4 devolution framework: [Technical paper on Level 4 devolution framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/technical-paper-on-level-4-devolution-framework)

Defence

- The UK will meet its NATO commitment to spend 2% of GDP on defence.
- There will be an additional £10m to support veterans.



Planning and Investment Zones

Investment Zones and Freeports

- Three advanced manufacturing Investment Zones will be established in Greater Manchester, East Midlands, and West Midlands.
- The Investment Zones programme and freeport tax reliefs will be extended from 5 years to 10 years, and a new £150 million Investment Opportunity Fund will support Investment Zones and Freeports to secure specific business investment opportunities.

Planning and Infrastructure

- Will allow local authorities to recover the full costs of major business planning applications, in return for being required to meet guaranteed faster timelines. If they fail, these fees will be refunded automatically with the application being processed free of charge.
- Infrastructure delivery measures: [Getting Great Britain building again: Speeding up infrastructure delivery - GOV.UK \(www.gov.uk\)](#)
- Response to National Infrastructure Commission review: [Government response to the National Infrastructure Commission report on improving nationally significant infrastructure planning - GOV.UK \(www.gov.uk\)](#)