

# 2023

AUTUMN  
STATEMENT



## 2023 AUTUMN STATEMENT SUMMARY

“

*Our plan is working but  
the work is not done.*

”

**Chancellor of the Exchequer,**  
Jeremy Hunt



## INFLATION

- Inflation has reduced from 11.1% to 4.6%
- The Office for Budget Responsibility (OBR) predicts inflation will fall to 2.8% in by the end of 2024 and 2% in 2025.

## COST OF LIVING MEASURES

1. Universal credit and other benefits to be increased by 6.7% from April 2024 amounting to an average of £470m for 5.5m households.
2. Increase local housing allowance rate to the 30<sup>th</sup> percentile of local market rents giving 1.6m households on average £800 per year.
3. Although hand rolling tobacco will increase by 10%, the alcohol tax on beer, cider, wine and spirits has been frozen until 1<sup>st</sup> August 2024.
4. The Pension triple lock will remain and the new full state pension will be increased by 8.5% to £221.20 per week from April 2024 worth up to £900 per year per person.

## BORROWING

- Borrowing has been reduced and as a result, headline debt is now predicted at 94% of reducing to 92.8% in 2028/29.
- Borrowing will continue to drop as 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.

## DEFENCE COMMITMENTS

- Mr. Hunt confirmed they will meet their NATO commitment to spend 2% of GDP on defence.

## VETERANS

- The National Insurance relief for eligible veterans will continue for another year.
- £10m will be made available to support the veterans' Places, Pathways and People's programme.

## SKILLS

- England's 9 to 10-year-olds are now the 4<sup>th</sup> best readers globally but there are still around 9m adults with low basic literacy and numeracy skills.
- £50m of funding to be provided over the next 2 years into engineering apprenticeships and other key growth sectors.

## PLANNING

- £450m of funding for the Local Authority Housing Fund to deliver 2400 new homes.
- Consultations to be held on a new permitted development right to allow any house to be converted into two flats provided the exterior area remains unaffected.
- Through consultation with businesses such as the National Grid, Octopus Energy and SSC, the government will publish their response to the Winser review and agree actions.

## INCREASE FOREIGN DIRECT INVESTMENTS

- A concierge service to be put in place for large international investors on the best such services offered by our competitors and funding will be increased for the Office for Investment to deliver it.

## PENSION FUNDS

- Consideration to be given to allowing employees to choose where their pension contributions from employers go.
- By 2030, the majority of workplace DC pension savers will have their pension pots managed in schemes over £30bn.
- By 2040, all local government pension funds will be invested in pools of £200bn or more.

## CAPITAL MARKET REFORM

- Exploration of options for a NatWest retail share in the next 12 months, subject to market conditions and achieving value for money.

## SUPPORTING INNOVATIVE INDUSTRIES

- Investment of £500m over the next 2 years to fund further innovation centers and to make the UK an AI powerhouse.
- Creation of a new simplified R&D tax combined with existing R&D expenditure credit and SME schemes.
- Reduction of the rate at which companies are taxed within the scheme from 25% to 19%.
- Lower threshold for the additional support for R&D intensive SME schemes that was announced in the spring.
- £5m of funding to Imperial College and Imperial College Healthcare NHS Trust to set up a Fleming center to inspire the next generation of world changing innovations.

- A second "investment zone" in Wales, located in Wrexham and Flintshire.
- The Government is publishing new devolution deals with four areas of the UK, which includes Hull and East Yorkshire.
- £50m of funding for Highland's regeneration projects in communities such as Bolsover, Monmouthshire, Warrington and Eden Valley.
- £80m for the new levelling up partnerships in Scotland.
- £500,000 to support the hay festival in Wales.
- £3m of additional funding to support the successful Tackling Power Militarism programme in Northern Ireland.

## SMALL BUSINESSES AND BUSINESS RATES

- From April 2024, Mr. Hunt has introduced a condition that any company bidding for large government contracts should demonstrate they pay their own invoices within an average of 55 days, which will reduce progressively to 30 days.
- The 75% discount on business rates up to £110,000 has been frozen for another year.
- The 75% business rates discount for retail hospitality, and leisure has also been extended for another year.

## **SELF-EMPLOYED BUSINESS**

### **OWNERS**

- Class 2 National Insurance which is the compulsory £3.45 a week charge paid by self-employed workers earning more than £12,570 which gives state pension entitlement will be abolished. Pension entitlement will remain.
- Class 4 National Insurance which is the 9% tax on earnings between £12,570 and £50,270 will be reduced to 8% from April 2024.

### **WELFARE**

- Introduction of the Back to Work plan. This will reform the sick note process so that treatments are offered rather than time off being the default.

## **INCREASING THE WORKFORCE**

- Reform the work capability assessment to reflect greater flexibility of homeworking after the pandemic and they will spend £1.3bn over the next 5 years to help nearly 700,000 people with health conditions find jobs.
- Over 180,000 More people will be helped through the university Support Programme.
- Nearly 500,000 more people will be offered treatment for mental health conditions and employment support over the forecast period.

- £1.3bn of funding will be provided to offer extra help to the 300,000 people who have been unemployed for over a year without any sickness or disability.
- Introduction of a work placement for jobseekers still out of work after 18 months. Benefits will be stopped if there is no engagement after 6 months.

### **LOW PAY**

- Minimum wage increased to £11.44 per hour.

### **NATIONAL INSURANCE**

#### **CONTRIBUTIONS**

- 2% cut to National Insurance contributions to 10% coming into effect on 6<sup>th</sup> January 2024.



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