Autumn statement analysis & discussion

17 November 3pm

the bid foundation

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IPM Institute of Place Management

Manchester Metropolitan University

HIGH STREETS TASK FORCE

Agenda

- Autumn Statement:
  - Analysis
  - Q&A
  - Member discussion on local performance/priorities

- Supporting business – Expression Insurance
  - Data-based approach to services and supporting a community

Welcome

Christian Spence
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Economic Data Lead, Open Innovation

Jim McCall
Chief Product Officer, Expression Insurance

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Christian Spence

Chief Economist, IPM

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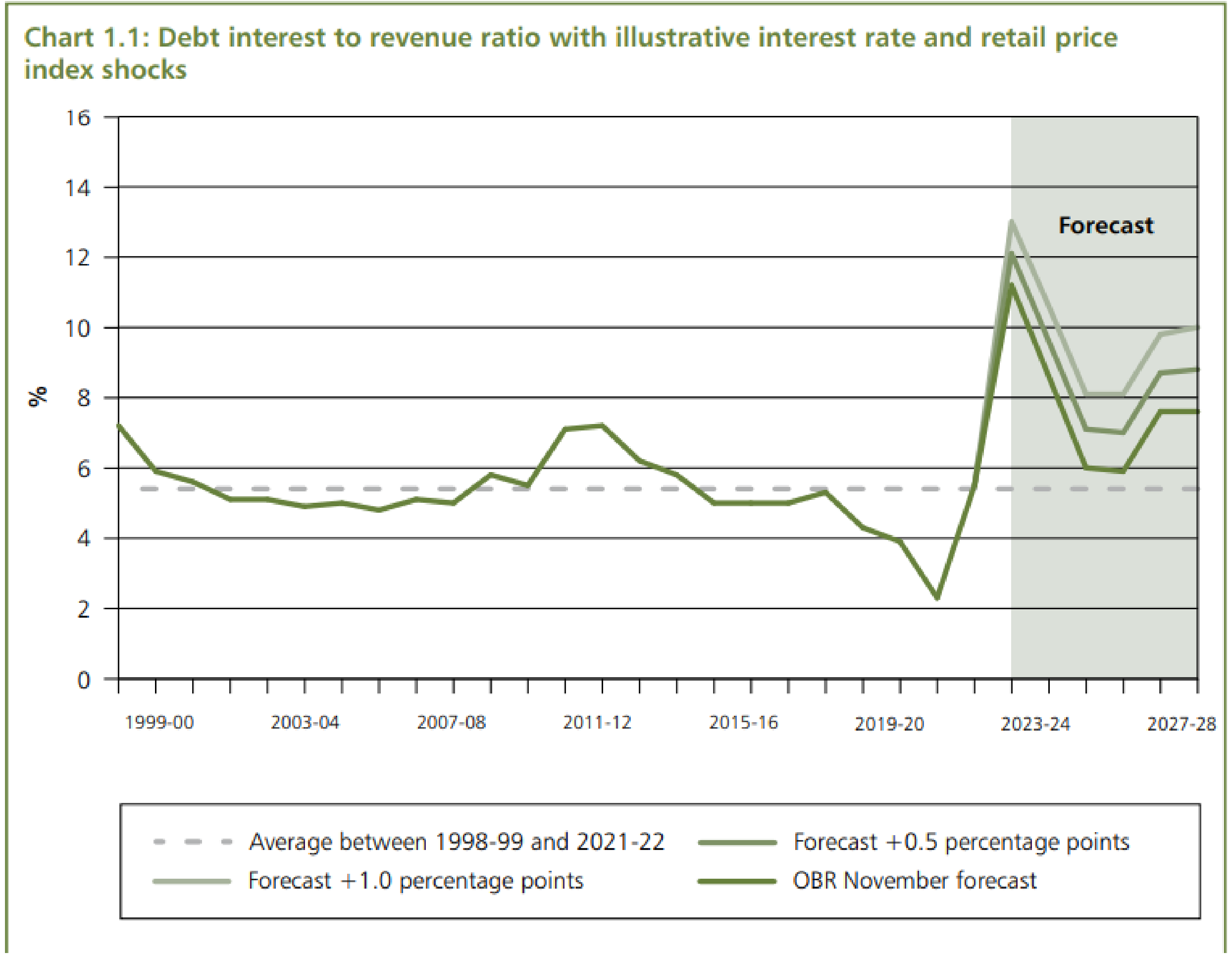
OBR Forecast - recession

- GDP to fall by 2% in 2023
- Business investment to shrink by ~10% (compared to 2019)
- Debt at 98% of GDP by 2026
- 7% fall in living standards to 2024



Employment / Wages / Benefits

- Unemployment to 4.9% in 2024 (up 1.3%)
- 45% tax threshold falls to £125k
- Inflation 7.4% in 2023
- Currently 9.1%
- 10% uplift in welfare and state pension from Apr 2023
- National Living Wage up 9.7%
- Cost of living payment of £900 in 23/24 to those on means-tested benefits
- Social rents capped at 7% increase

Impact to retail?

“Adjusting for inflation, real wages fell by 3.7% in Q3 (2022).”

“Households have started to cut back on spending in response, with retail sales volumes falling 1.4% in September to below their pre-pandemic level”

“Savings built up during the COVID-19 pandemic will have helped some households to withstand part of the shock, although these are concentrated predominantly in the top half of the income distribution”

Energy

- Energy Price Guarantee extended to April 2024 (household)
- Unit price capped to mean avg. household spends £3,000
- Energy Bill Relief Scheme will come taper beyond March 2023 targeting most affected. Review published by 1st Jan.
- Oil and Gas windfall tax up 10% to 35% (to 2028)
- Generator tax at 45% (renewables)
- Policy target to reduce energy consumption by 15% to 2030

Business Rates / other Tax

- Revaluation will proceed in 2023
- Increasing relief for retail, hospitality and leisure to 75% (up to £110,00k per business)
- Transitional relief will provide support for businesses whose rates bills rise (£13.6bn over 5 years)
- Multipliers frozen in 2023/24
- Abolishing downward caps
- £600 upward cap for SBRR / RRR

- Corporation Tax up 5% to 25% on profits over £250k
- Council Tax can be raised by 3% per year from April 23

Place policy and spending

- Investment Zones rowed back – now focused on innovation funding via University links
- Levelling Up Fund survives – round 2 announcement delayed
- UK Shared Prosperity Fund appears untouched (1.3bn in 24/25)

- As part of negotiations on trailblazer deals, the government will explore with Greater Manchester Combined Authority and West Midlands Combined Authority the potential to provide single departmental-style settlements at the next Spending Review. This could give local partners more flexibility and accountability over key economic growth funds, moving away from competitive bidding processes.

Public Sector

- ‘Efficiencies’ to be found – budgets rising by 3.7% (inflation pressure)
- Capital spending maintained at 24/25 levels until 27/28 (major infrastructure)
- UK Infrastructure Bank on ‘statutory footing’

LGA response

- While the financial outlook for councils is better than we feared next year, councils recognise it will be residents and businesses who will be asked to pay more. We have been clear that council tax has never been the solution to meeting the long-term pressures facing services - particularly high-demand services like adult social care, child protection and homelessness prevention. It also raises different amounts of money in different parts of the country unrelated to need and adds to the financial burden facing households

- Long-term certainty needed
- Call for 2 year funding settlement

  (settlement to be announced 'shortly' by DLUHC)

UK Hospitality response

- Survival this winter is the priority for venues across the country and there is the very real possibility that a significant proportion of our sector will not survive the winter. It was crucial that the Government addressed this today.

- “I’m pleased that the Chancellor has listened to the vast majority of UKHospitality’s proposals on business rates, covering a freeze in the multiplier, extended reliefs and no downward transition. This means those seeing their valuations decrease will see the benefit in their bills immediately, at the same time as increases are capped.

- “However, it remains the case that the current system is outdated and not fit-for-purpose. The Government made a manifesto commitment of root and branch review and it’s essential that this delivered as soon as possible.

- No plan for growth….?