

The 2023 Autumn Statement: Winners and Losers

UK Chancellor Jeremy Hunt's 2023 Autumn Statement outlined, in his words, "*eight months of hard work*" and no fewer than 110 measures to help grow the British economy. Contained within are a raft of measures set to overhaul everything from minimum wage and benefit payments to tax, business investment, and more.

The Winners

Young and low-paid staff

Although [the news was released ahead of the main statement](#), the announcement confirmed a large-scale increase to the national living wage, bringing the hourly rate from £10.42 to £11.44 (an improvement of almost 10%). The new rates will come into effect from April 2024 and impact just under 3 million workers across the UK.

Eligibility for the new rate will also expand to 21 and 22-year-olds from the first time: A 21-year-old will get a 12.4% increase, from £10.18 this year to £11.44 next year, worth almost £2,300 a year for a full-time worker.

Additionally, the minimum wage for apprentices is also to rise considerably, from £5.28 to £6.40. This 21% increase is also set to take effect in April 2024.

Pensioners

The state pension will increase by 8.5%, in line with the triple-lock system. The move comes after rumours that he would opt for a slightly lower inflationary figure. However, the announcement delivers an increase to the State Pension, boosting it to £11,500.

Also announced was a consultation on a "pot for life" scheme. These proposed reforms will give workers the legal right to nominate a single pension scheme across their entire working career that employers pay into. The programme aims to end the difficulties of workers who, after moving jobs, accrue multiple, separate retirement funds, and sometimes lose access to pension entitlements.

This builds upon other recent work from Hunt's Mansion House reforms to drive market innovation. The latest measures could provide an extra £1,000 for average earners saving from 18 and help combat the ongoing cost of living crisis.

Workers

27 million people in the UK will benefit from the National Insurance cuts announced today. The Government will reduce the headline rate of National Insurance from 12% (to 10% for employees). The cut will also be enforced from 6 January 2024 instead of the new financial year.

The 2% cut will be worth £760 a year to someone earning more than £50,000 — however, even a 2% cut multiplied across every worker paying National Insurance could cost the Government somewhere in the region of £10bn.

Growing businesses

The Chancellor again confirmed a [£4.5bn fund](#) to support the UK's manufacturing sector. The package is aimed at eight sectors deemed "key to economic growth," with the car industry in particular set to be one of the biggest beneficiaries, receiving around £2bn.

There was also a range of pro-investment measures, including a £1bn scheme to create 12 investment zones (similar but separate to Sunak's freeports), and the indefinite extension of the Full Expensing system. Under the system, for every £1 of investment in IT, machinery and equipment, businesses can claim back 25p in corporation tax, making it one of the most generous capital allowances in the world.

Benefits claimants

Welfare benefits are set to rise by 6.7% under the 2023 Autumn statement, in line with the 6.9% inflation rate recorded in September, which equates to an extra £470 a year for the lowest-income households. Prior to today's statement, it was thought the Government would use the October inflation rate of 4.6%, as this would mean a smaller benefits increase and therefore preserve approximately £2bn in funds.

This news comes alongside further details of the [Back To Work](#) plan, designed to help over 1 million UK residents get off benefits and move into gainful employment.

The hospitality industry

The Autumn Statement has promised a host of benefits for hospitality businesses in the coming year, specifically pubs and pubgoers.

Alcohol duty will be frozen until August 2024, which means no increase in duty for beer, cider, wine or spirits. The Chancellor also confirmed the Government's '[Brexit pubs guarantee](#)', which ensures that pints poured in pubs and restaurants stay cheaper than alcohol bought in a supermarket.

Finally, Mr Hunt said he would extend the 75% discount on business rates up to £110,000 for another year. While this discount applies to retail and leisure businesses as well as the hospitality industry, the Chancellor specifically mentioned that the measures will save the average independent pub over £12,800 over the year.

The self-employed

Some of the most notable updates in the UK Autumn Statement were changes to self-employed National Insurance payments. Namely, abolishing Class 2 contributions which are currently compulsory along with a 1% reduction of Class 4 contributions from 9% to 8%.

When combined, Hunt said, "*these reforms will save around two million self-employed people an average of £350 a year from April.*"

The Losers

Public services spending

Mr Hunt focused on the idea of a *“more productive state, not a bigger state”*. As such, the Chancellor gave targets rather than promises of investment: the public sector is tasked with increasing productivity growth by 0.5% per year. One measure to help achieve this is the reduction of the size of the Civil Service to pre-pandemic levels, as well as a review to see how *“bureaucracy is holding [police, fire and ambulance services] back”*.

Through these tactics, Mr Hunt hopes to keep the growth in public spending lower than the growth in the economy, while also protecting essential public services.

Fossil fuel companies

Fossil fuel companies stand to lose out on the new subsidiaries offered by Mr Hunt. Of the £4.5 bn investment package to the UK manufacturing sector, £960 million is earmarked for clean energy.

With the funds set to become available in 2025, the fossil fuel industry will soon feel added pressure to transition away from carbon-intensive energy sources.

Long-term unemployed

The Chancellor also announced reforms to benefit entitlements. Specifically, if a claimant is still without employment after seeking a job for 18 months, they must undertake mandatory work placements *“to increase their skills and improve their employability.”*

Continuing, Mr Hunt said that if they *“choose not to engage with the work search process for six months, we will close their case and stop their benefits”*.

Smokers

The House also heard Hunt’s plan to increase hand-rolling tobacco duty an additional 10% above the existing tobacco duty escalator.

The move continues the Government’s work to support the long-term sustainability of the health service. Notably, the Prime Minister’s October announcement of a [“smoke-free generation,”](#) that has the potential to prevent up to 115,000 cases of strokes, heart disease, lung cancer and other lung diseases.

What's Next?

The 2023 Autumn statement contained a variety of measures aimed at growing the economy, supporting business, and levelling up regions across the country.

Yet, with changes set to affect both business and personal finances, it's important to seek financial advice based on the economic changes laid out by the Statement. With National Insurance contributions changing along with billions in business support announced, there's a lot to grapple with. What's more, it can be difficult to understand how the Autumn Statement affects you without expert financial advice.

So, if you want more information on how the Autumn Statement could affect your finances, don't hesitate to get in touch.

The value of investments and any income from them can fall as well as rise, so you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Approved by The Openwork Partnership on 22/11/2023