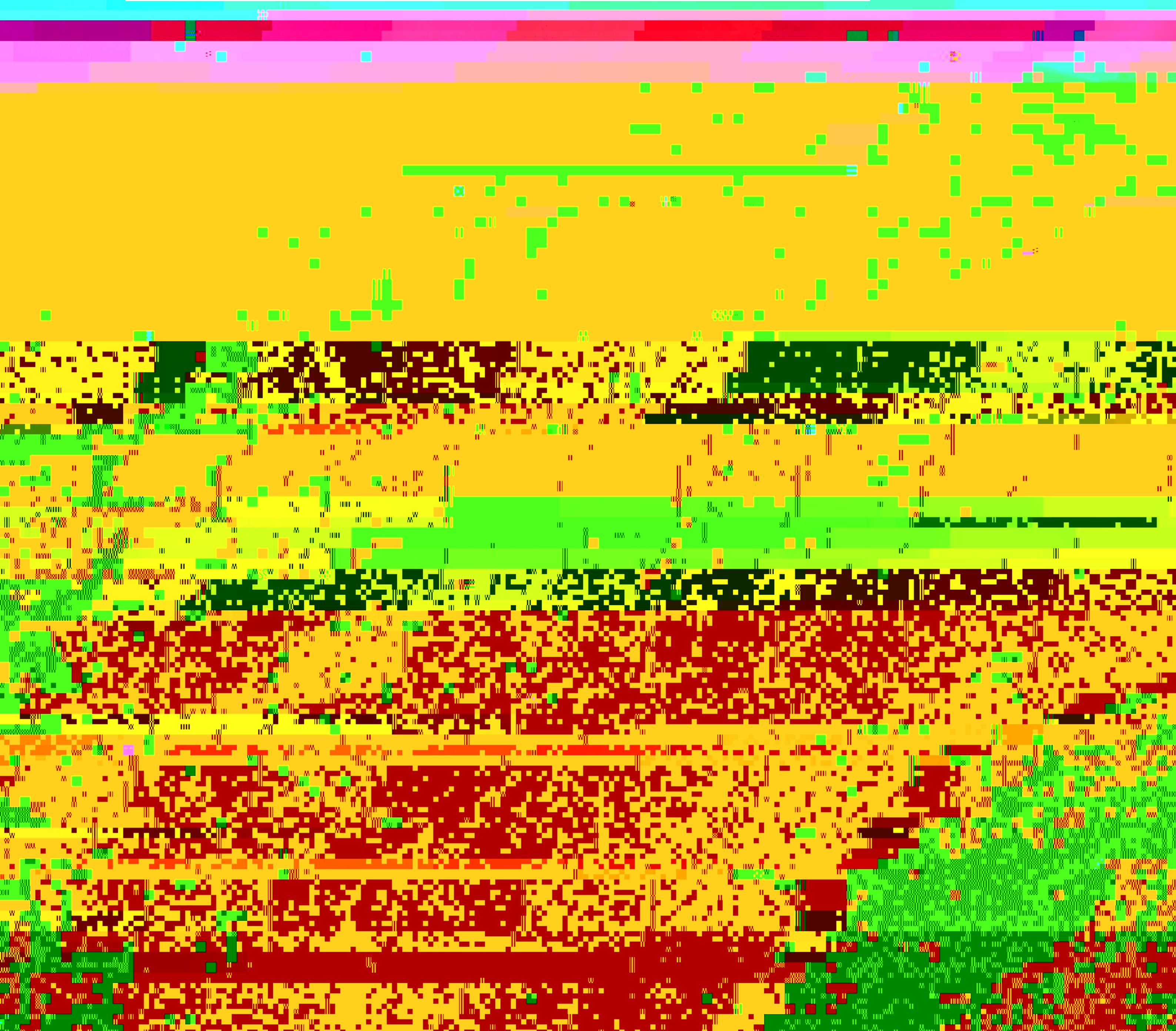
Key announcements across Practical Guidance



Key banking & finance announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, Jeremy Hunt, announced that the government is placing the UK Infrastructure Bank on a statutory footing. Other announcements that will be of interest to banking & finance lawyers relate to inflation and the cost of living, annual investment allowance, Levelling Up Fund second round, debt and reserves management and the government's response to the conflict in Ukraine.

UK Infrastructure Bank

HMT stated that it is placing the UK Infrastructure Bank on a statutory footing. This will confirm its status as a key institution that will promote long-term investment in infrastructure to tackle climate change and support regional and local growth.

Levelling Up Fund second round

HMT reiterated its commitment to levelling up and confirmed that the second round of the Levelling Up Fund will provide at least £1.7bn to priority local infrastructure projects. Successful bids will be announced before the end of the year.

Inflation and the cost of living

HMT stated that price stability remains a key priority and reiterated its commitment to the independent monetary policy framework, defined at 2% year-on-year Consumer Price Index inflation.

Annual Investment Allowance

HMT announced that from 1 April 2023, the Annual Investment Allowance will be increased to a permanent level of £1m. This measure is anticipated to cover expensing for 99% of UK businesses, meaning that costs of qualifying plant machinery investments can be written off in one go. This will make tax more straightforward for businesses investing between £200,000 and £1m.

Debt and reserves management

HMT announced that the Net Financing Requirement for the Debt Management Office (DMO) in 2022-2023 has been revised down by £31.4bn to £202.7bn. This improvement since the September DMO remit can be attributed to both an improved underlying borrowing forecast (excluding debt interest) relative to March and lower energy prices. This decrease will be financed by reductions in the planned gilt sales and net Treasury bill issuance for debt management purposes of £24.4bn and £7bn respectively, compared to the September remit.

The government's response to the conflict in Ukraine

The Autumn Statement highlighted that the government has provided over £2.6bn of military aid to Ukraine in 2022 and has also allocated £3.5bn of UK export financing capacity to support UK exports to Ukraine.

The statement also noted that the government has provided £1.5bn in urgent economic and humanitarian support, including loan guarantees to enable Multilateral Development Banks to increase their lending to help meet Ukraine's immediate financing needs and keep essential services going.

Written by Kay Bainbridge and Ranait Flanagan

Key commercial announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, the Rt Hon Jeremy Hunt MP, announced an overall package of support worth £13.6bn for businesses including through reducing the burden of business rates, driving growth through the Investment Zones Programme, and imposing tariff suspensions. Of note to Commercial practitioners, 0.000010(N)-7(o)16(v)

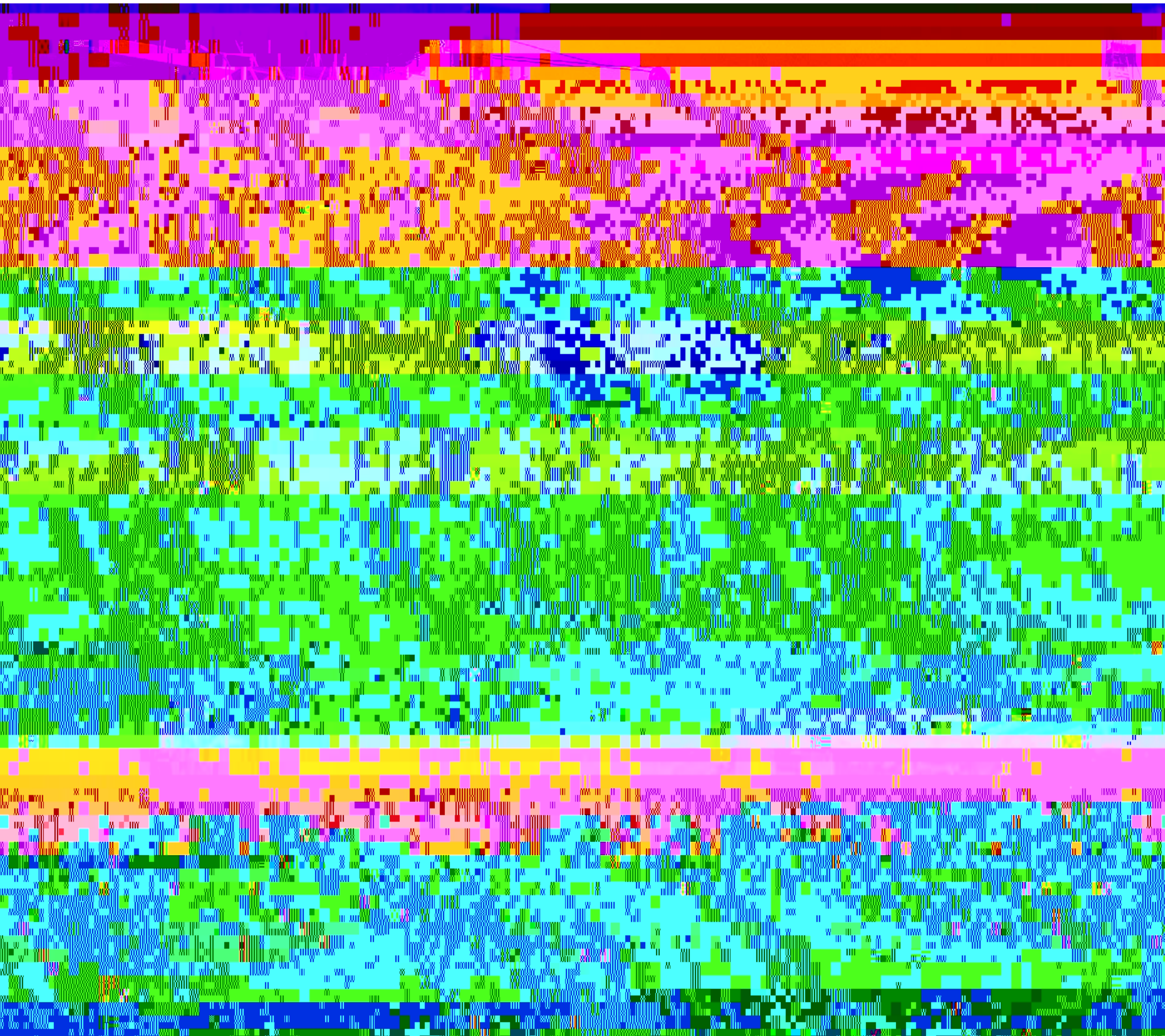
Finally, the government recommitted to levelling up by confirming that the second round of the Levelling Up Fund will allocate at least £1.7bn to priority local infrastructure projects, for which successful bids will be announced before the end of 2022.

Energy Efficiency Taskforce (EETF)

A new long-term commitment to drive improvements in energy efficiency to bring down bills for households, businesses and the public sector with an ambition to reduce the UK's final energy consumption from buildings and industry by 15% by 2030 against 2021 levels.

To achieve this target, the new EETF will be charged with delivering energy efficiency across the economy, supported by £6bn worth of funding, between 2025 and 2028, in addition to the £6.6bn provided in this Parliament.

Written by Callum Humphrey



Key corporate crime announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, the Rt Hon Jeremy Hunt MP, announced additional investment to help tackle fraud and error in the benefits systems, additional compliance resource for HM Revenue and Customs (HMRC) to tackle serious tax fraud and the rebalancing of Research and Development (R&D) schemes' tax relief rates. Erika Jupe, Partner at Osborne Clarke comments on the package of measures.

Additional investment for tackling fraud and error within the benefits system

The government has announced that it will be providing additional investment to the Department for Work and Pensions (DWP) to help tackle fraud and error in the benefits system. The DWP will receive an additional £280m in funding between now and 2024-25 which will be used to help maintain their fraud, error, debt and compliance performance. The funding is expected to enable DWP to better review and correct Universal Credit claims that are at risk of fraud, and help prevent, detect and correct

Key employment announcements

In the Autumn Statement 2022 on 17 November 2022, the Chancellor of the Exchequer, Jeremy Hunt, has announced freezes to income tax and National Insurance Contributions (NICs) and thresholds, increases to the National Living Wage (NLW) and the National Minimum Wage (NMW), amendments to the Van Benefit Charge and Car & Van Fuel Benefit Charge, and a review of workforce participation within the UK. Blair Adams of Winckworth Sherwood, and Keith Gordon of Temple Tax Chambers and John Toon of DWF provide comments on the Chancellor's plan.

Income Tax

The Chancellor has announced that the top rate income tax threshold, known as the additional rate threshold (ART), will be reduced from £150,000 to £125,140 from 6 April 2023.

The Chancellor also announced freezes to income tax rates. The income tax personal allowance and higher rate threshold of £12,750 and £50,270 will be fixed until 2028, having previously been fixed until 2026.

Keith Gordon of Temple Tax Chambers noted:

> “*The Chancellor was very careful to announce the reduced starting level for the 45% tax rate: £125,140. Why this odd number - especially bearing in mind it previously came in at the more aesthetically pleasing round number of £150,000.*
>
> *There is a simple reason. It is down to the 'Tax rate that must not be named'. For individuals with income over £100,000, individuals who are not taxed on the remittance basis as non-doms, their personal allowance is reduced £1 for every £2 of income above £100,000. This initially gives rise to an effective tax rate of 60%. Of course, no political party wishes to admit to having such tax rates on the statute books and that is why the official tax rate remains at 40%, albeit on 150% of one's surplus income above £100,000. As the personal allowance is only £12,570, the whittling down of the personal allowance finishes when income reaches £125,140 (ie £100,000 + 2x£12,570). However, rather than having the marginal rate revert to the official 40% rate (as was previously the case), taxpayers will now be paying tax at 45% on any surplus income.*”

National Insurance

Alongside the freezes to income tax rates, the Chancellor has also announced a number of freezes to National Insurance Contributions (NICs) and thresholds. This includes the National Insurance (NI) Upper Earnings Limit (UEL), Lower Earnings Limit (LEL) and Secondary Threshold. The UEL, which was previously fixed at £50,270 until 2026, will now remain the same for an additional two years until 2028. The LEL, the level or earnings at which an employee must start paying national insurance, will be frozen at £6,936 per annum (£123 per week) for the financial year 2023-24. The Secondary Threshold, the level at which employers start to pay NICs for their employees, will remain at £9,100 from April 2023 to April 2028.

Sizewell C

The Autumn Statement 2022 confirmed plans to continue developing the UK's energy security through delivering new nuclear power, specifically, the 'Sizewell C' nuclear power station, alongside rolling out renewables such as wind and solar. These initiatives are intended to support the government's commitment to reducing emissions, decarbonising the power system by 2035 and reaching net zero by 2050.

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Key environment announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, the Rt Hon

then (and now current) Home Secretary Suella Braverman MP, was opposed to such moves. However, the

Key life sciences and innovation announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, the Rt Hon

The UK's nine Catapults will receive £1.6bn, a funding increase of 35% compared to the last five-year funding cycle. The government states this will allow Catapults' continued support for innovation and commercialisation, 'allowing the provision of access to world-leading facilities, expertise, skills and equipment'.

The government may also fund up to £10m to deliver a defence-focused Centre of Excellence Site in Wales, to include high security laboratory space, training and skills infrastructure in collaboration with the Welsh Government (the ATRC).

Local government finance

Council tax

The Chancellor announced that the government will be giving local authorities in England additional flexibility to set council tax by increasing the referendum limit for council tax increases to 3% per year from 2023. Furthermore, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2% per year, giving local authorities greater flexibility to set council tax levels based on the needs, resources and priorities of their area, including in adult social care.

Alan Murdie, Barrister of Council Tax Legal Services has commented that:

Whilst the reliefs announced for business rates, including a new transitional relief scheme, in Chancellor Hunt's statement to the House of Commons are welcome, the speech failed to mention council tax other than in hinting the government is preparing to give local councils the power to raise council tax levels (referred to as 'increased council tax flexibilities'). Currently, rises are capped at 2.99% and local authorities are unable to increase this without holding a local referendum of voters.

If a 5% increase is permitted such a change would, on a pure average, mean those living in households in Band D (the average amount used for fixing ratios for each property band) would pay up over £100 extra a year, taking typical instalments above £200 monthly (based upon 10 monthly instalment scheme).

However, there will be widespread local variations in impact on taxpayers and anomalies owing to structural changes and reductions in funding dating back to section 33 of the Welfare Reform Act 2012 (WRA 2012) which from 1 April 2013 abolished the 'Land's End to John O' Groats' council tax Benefit' system in place and previously funded by central government since 1992. Even more significant was its replacement with over 300 separate local reduction schemes created via the Local Government Finance Act 2012 (LGFA 2012) establishing a system of determined locally reduction schemes whereby support is determined individually by each authority without reference to any other.

This coincided with a cut in direct central government funding to billing authorities which coupled with compensation for any loss of income due to these new business rates measures, as well as receiving additional funding for administrative and IT costs. The support is intended to help businesses transition to their new bills, support high streets and protect businesses from rising inflation. This announcement builds on existing commitments to reform the business rates system.

Business rate multipliers will be frozen in 2023–2024 in a ta

- *£1bn investment to get people out of hospital 'on time' and into social care. This is a welcome development but the reality is that over half of it will go to the NHS. With the two-year delay to the adult social care charging reforms formally announced, it is clear the deep-seated funding issues are not about to be grasped. Providers will want to engage with commissioners and their local Integrated Care Partnership to ensure they are part of the solution to ensure people do not stay in hospital longer than they should*
- *this investment is part of up to £2.8bn in 2023-24 in England and £4.7bn in 2024-25 said to be to help support adult social care and discharge. It appears that at least £1bn for 2023-2024 is new grant funding and £1.7bn for 2024-2025*
- *the national minimum wage (NMW) has increased by 9.7% for those over 23 to £10.42 per hour. One benefit of this is it will mean more social care providers can engage in international recruitment without upsetting their pay structures. However, the heavy cost of the immigration process (compared with the free movement rules of the pre-Brexit past) still mean significant added costs for the many providers who need to access a wider recruitment pool. As this welcome NMW increase applies across the economy it does nothing to help social care compete for talent and probably makes it more likely that social care remains a sector where providers can pay little more than the NMW. For providers of public services, they will now be writing to commissioners asking for greater cost increases from April 2023 to ensure their increasing payroll costs are covered*
- *council tax flexibility with local authorities to increase the precept by up to 2% per year. Taking into account the NMW rise, energy price rises and other inflationary pressures 2% is unlikely to scrat*h4(i)8(o)9( )-(r)6( )*

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Work and Pensions (DWP) and HM Revenue and Customs will provide further detail on payment timings and eligibility in due course.

The government will also protect the most vulnerable in society with an increase in benefits in line with inflation this year, measured by the September CPI to be 10.1%. As a result around 19m families will see benefit payment increases from April 2023.

The benefit cap will also be raised in line with inflation from April 2023 so more households will benefit.

The Chancellor also announced that the government is pushing back the managed migration of claimants on income-related Employment and Support Allowance (ESA), with the exception of those in receipt of Child Tax Credit, to Universal Credit (UC) to 2028. ESA claimants will still be eligible to make

Environment

For information on the relevant environment and energy announcements, see: Autumn Statement 2022—key environment announcements and Autumn Statement 2022—key energy announcements.

Written by Natalie Northridge, Claudia Stein and Hasna Aghrout

Views from the pensions market

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, Jeremy Hunt, set out the government's measures to support pensioner households with plans to increase the State Pension and Pension Credit. These are in line with the government's priorities, which include: economic stability, growth and public services. Rosalind Connor, Managing Partner at Arc Pensions Law, Mark Latimour, Partner at Eversheds Sutherland, Jeremy Harris, Partner at Fieldfisher LLP, John Gordon, Counsel and Head of Pensions at Ashurst, Tim Smith, Professional Support Consultant at Herbert Smith Freehills, and Mark Elsey, Projects

John Gordon stated:

The government's refusal to unpick the triple lock is sure to please pensioners. However, the Chancellor's promise to announce changes to State Pension age in the new year will be a source of concern for many people approaching retirement.

Tim Smith commented:

Today's Autumn Statement is good news for existing pensioners who have seen the triple lock retained meaning they will see an increase of 10.1% in the State Pension next April. Pension Credit will also increase in line with inflation. Those saving for a pension will also be relieved that the Chancellor did not reduce the annual or lifetime allowances. However, they may be concerned about the scope for the current timetable for the increase in the State Pension age to be accelerated with the Chancellor confirming that the Secretary of State for Work and Pensions will publish the government's latest review of the State Pension age in early 2023. The Autumn

Key property announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, the Rt Hon Jeremy Hunt MP, announced the government's intention to reverse nearly all of the measures in the Growth Plan 2022 delivered on 23 September 2022.

The key measures which will be of interest to property practitioners are set out below.

Stamp duty land tax

The stamp duty land tax cuts introduced on 23 September 2022 increased the nil-rate threshold for stamp duty land tax from £125,000 to £250,000 and provided further support to first time buyers. These measures will now only be in place until 31 March 2025 and the Stamp Duty Land Tax (Reduction) Bill will be amended accordingly.

Business rates

Energy Efficiency Taskforce

A new long-term commitment to drive improvements in energy efficiency to bring down bills for households, businesses and the public sector was ann

Key public law announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of the Exchequer, Jeremy Hunt, made several announcements of relevance to public law practitioners on post-Brexit regulatory reform, tariff suspensions, devolution, official development assistance, defence, infrastructure projects and investment zones. Blair Adams, of Winckworth Sherwood LLP and Stephanie Hall of Davitt Jones Bould LLP comment on the annETQcements4(.i)]TJETQ0.0000872 0 595.4 841.8reV of these areas to devolve powers to deli

Following the announcement in the Growth Plan of September 2022 of the temporary six-month Energy Bill Relief Scheme (EBRS), HMT confirmed their review of the EBRS to determine support for non-domestic energy consumers beyond 31 March 2023 with the findings to be published by 31 December 2022.

The terms of reference for the review have been published here.

Source: The Autumn Statement 2022

Key TMT announcements

In the Autumn Statement 2022, on 17 November 2022, the Chancellor of

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