

BRITISH CHAMBERS OF COMMERCE: AUTUMN STATEMENT 2011 AT A GLANCE

29th November 2011

ECONOMIC OVERVIEW	
Economic Growth	<ul style="list-style-type: none"> OBR forecasts growth of 0.9% in 2011 (down from 1.7%), 0.7% in 2012 (down from 2.5%), 2.1% in 2013 (down from 2.9%), 2.7% in 2014 (down from 2.9%), and 3% in 2015 (up from 2.8%).
Fiscal Forecast	<ul style="list-style-type: none"> OBR forecasts that borrowing will be £127bn in 2011-12 (up from £122bn), £120bn in 2012-13 (up from £101bn), £100bn in 2013-14 (up from £70bn), £79bn 2014-15 (up from £46bn), and £53bn in 2015-16 (up from £29bn). Debt will peak at 78% of GDP in 2014/15, falling thereafter (previous estimate of a peak of 70.9% in 2013-14). OBR states that Government is on course to meet its targets of balancing the current budget by 2016-17, and seeing public sector net debt falling in 2015-16.
Employment	<ul style="list-style-type: none"> OBR forecasts unemployment at 8.1% of the workforce in 2011, 8.7% in 2012, 8.6% in 2013, 8% in 2014, 7.2% in 2015 and 6.2% in 2016 (a peak of 2.8m in the fourth quarter of 2012). OBR forecasts that General Government Employment will reduce by 710,000 between 2011 and 2017 (previous estimate was 400,000).
Inflation	<ul style="list-style-type: none"> OBR forecasts CPI inflation at 4.5% in 2011, 2.7% in 2012, 2.1% in 2013 and 2% in 2014.
Spending	<ul style="list-style-type: none"> The Chancellor set plans for public spending in 2015-16 and 2016-17 in line with the reductions over the Spending Review 2010 period. The State Pension Age will rise to 67 between April 2026 and April 2028 and this will save around £60bn in today's prices between 2026-27 and 2035-36. The Government has asked independent Pay Review Bodies to consider how public sector pay can be made more responsive to local labour markets, and to report by July 2012. Public sector pay awards will average one per cent for each of the two years following the end of the pay freeze.
BUSINESS ENVIRONMENT	
Access To Finance	<ul style="list-style-type: none"> Expansion of the Enterprise Finance Guarantee from January 2012 to include businesses with up to £44million, and new lenders have been accredited to offer EFG lending – BCC Win Credit Easing (National Loan Guarantee Scheme) will reduce the cost of bank loans for businesses with turnover of up to £50 million, by guaranteeing the raising of bank funds – BCC Win £1bn Business Finance Partnership offering finance for mid-sized companies as an alternative to debt finance.

	<ul style="list-style-type: none"> • Industry group to be established on developing non-bank lending channels to SMEs. • Government will respond to the Vickers Commission on Banking before the end of the year. • Launch of a new Seed Enterprise Investment Scheme from April 2012, with 50% income tax relief on investments, as well as offering CGT exemption on gains in 2012-13 run through the SEIS.
<p style="text-align: center;">Regulation</p>	<ul style="list-style-type: none"> • The Government will cut health and safety red tape for business by implementing the Löfstedt Review’s recommendations (announced yesterday): <ul style="list-style-type: none"> ○ The self-employed posing no risk to others will be exempt from health and safety law by 2013. BCC Win ○ The number of regulations businesses have to comply with will be reduced by 50% by 2014. BCC Win ○ All ‘strict liability’ provisions will be reviewed to ensure firms are only held accountable for things they can realistically manage. BCC Win ○ HSE will review all 53 Approved Codes of Practice. BCC Win ○ A power for HSE to direct all local health and safety regulatory activities. BCC Win • The Government will also look to go further than the Löfstedt Review’s recommendations through the Red Tape Challenge. • The Government will also: <ul style="list-style-type: none"> ○ Launch a review of regulators; ○ Extend the Primary Authority scheme; ○ Impose sunset clauses on new regulators; ○ Move towards greater co-regulation and earned recognition for businesses to ensure that enforcement arrangements are appropriate, proportionate, fit for purpose and risk-based. • The Chancellor confirmed the Government will consult on changes to TUPE, collective redundancy rules and the dismissal process. He also confirmed automatic financial penalties for employers will not be going ahead and that claimants will have to pay a fee to access the Tribunal system. Other changes include a review of Agency Workers Directive paperwork requirements in 18 months and consolidation of National Minimum Wage rules. BCC Win
<p style="text-align: center;">Planning</p>	<ul style="list-style-type: none"> • In response to the Penfold Review on non-planning consents, the Government will ensure the key consenting and advisory agencies have a remit to promote sustainable development and introduce a 13-week maximum timescale for the majority of non-planning consents. BCC Win • The Government also pledged to improve the performance of the key statutory consultees and that compliance with the Habitats and Wild Birds Directives does not lead to unnecessary costs and delays to development. BCC Win

	<ul style="list-style-type: none"> • There will also be a review of the planning appeals procedure and a pledge to build more flexibility into the new major infrastructure planning process. BCC Win
Housing	<ul style="list-style-type: none"> • A reiteration that the Government will launch a new £400 million Get Britain Building investment fund, which will support firms in need of development finance.
International Trade	<ul style="list-style-type: none"> • Confirmation of £35 Million budget to support SMEs and doubling of target for SMEs supported to 50,000. BCC Win • Additional measures to support exports - £10 Million to make available to 500 mid-sized businesses each year for bespoke export support services through UKTI. BCC Win • Launch of HE Global as an online portal to support exporters of education services. • Government will launch a food and drink export action plan in January 2012.
Skills/Education	<ul style="list-style-type: none"> • Reiteration of Apprenticeship improvements announced by Vince Cable: <ul style="list-style-type: none"> ○ 40,000 incentive payments of up to £1,500 for small firms to take on young apprentices. ○ All apprenticeships to ensure English and Maths up to good GCSE standard. ○ Reduce red tape: removing all excess health and safety requirements for apprenticeships. BCC Win ○ Shorten timescales so that employers are able to advertise a vacancy within a month of deciding to take on an apprentice and have them ready to start work within three months. ○ Opportunity in 2012 for organisations to bid for funding to extend Higher Apprenticeship provision. ○ Employer-led review into the quality and standards of apprenticeships to report by spring 2012. BCC Win • Reiteration of Youth Contract announced by Nick Clegg last week: <ul style="list-style-type: none"> ○ After 3 months on JSA: offer of optional work experience or a Sector Based Work Academy place for every unemployed 18–24 year old. ○ After 9 months (3 months for most disadvantaged) on JSA: wage incentives for private sector employers to take on 160,000 18-24 year olds (worth half min wage). ○ Strict conditionality: young people who opt out may face mandatory work. ○ £4.5m to be spent on providing post 16 work experience placements over the next 2 years. • A further £380m a year by 2014-15 to fund 15 hours a week of free early education and care for 40% of disadvantaged two-year-olds (an extra 130,000 children) by 2014-15. • £600m from the new infrastructure investment to fund 100 additional free schools including new 'Maths Free Schools' for 16-18 year olds.
Infrastructure	<ul style="list-style-type: none"> • Release of second National Infrastructure Plan, seeking to provide overall strategy to investment and development of UK's

	<p>transport and utilities network here.</p> <ul style="list-style-type: none"> • Setting up a Cabinet committee on infrastructure to tackle planning and regulatory delays and support delivery of the 40 infrastructure projects. • £30bn is to be sought for 'shovel ready' projects. • Money to be made up of £5bn from HMT savings in other areas, £5bn brought forward from next spending period and £20bn from pension funds, NAPF and PPF have signed MoUs with HMT. • Roads: £270m for new managed motorway schemes to allow hard shoulder running on the M3 and M6; £150m for improvements to M1/M6 intersection; £110m for A14 Kettering bypass; £160m for widening A453; increasing capacity and improving performance on A14 in Cambs, proposals by spring 2012; reinstating the Todmorden Curve. Chamber Network Wins • Rail: electrify Transpennine railway (£290m) (Chamber win); £270m for rail link between Oxford and Bedford; Northern line extension in London. Chamber Network Wins • Aviation: will explore all the options for maintaining the UK's aviation hub status, with the exception of a third runway at Heathrow.
Enterprise Zones	<ul style="list-style-type: none"> • 100 per cent capital allowances available in the Black Country, Humber, Liverpool, North Eastern, Sheffield, and Tees Valley Enterprise Zones. • Approval for proposals from the Lancashire and Humber Local Enterprise Partnerships to form Enterprise Zones on and around the BAE Systems' sites in these areas. • Subject to due diligence, expand the existing Enterprise Zone in the North East to include land around the Port of Blyth. • The Government will also consider an Enterprise Zone in Battersea linked to the redevelopment of the power station.
Regional Growth Fund	<ul style="list-style-type: none"> • Increase the Regional Growth Fund for England by £1bn, plus Barnett consequential for the devolved administrations, and extend it into 2014-15, for areas particularly hit by public sector spending.
Science and Innovation	<ul style="list-style-type: none"> • Introduction of an "above the line" tax credit in 2013 to encourage research and development activity by larger companies. There will be no changes to SME R&D credits, and the new credit will be consulted on in 2012.
Energy	<ul style="list-style-type: none"> • The Government intends to implement measures to reduce the impact of policy on the costs of electricity for the most electricity-intensive industries, beginning in 2013 and worth around £250 million over the Spending Review period. BCC Win • The Government will also increase the level of relief from the climate change levy on electricity for Climate Change Agreement participants to 90 per cent. BCC Win • Up to £100million will be made available in the next financial year for commercial and industrial energy efficiency projects. Ahead of obtaining state aid approval for the Green Investment Bank the Government will invest as UK Green Investments (UKGI) in green infrastructure projects from April 2012. BCC Win • £200million will be made available to promote uptake of the Green Deal.
Transport Fares	<ul style="list-style-type: none"> • Government to fund a reduction in the planned rail fare increase, from RPI + 3% to RPI +1% (this will also apply to bus and tube fares).

TAX CHANGES	
Business Tax	<ul style="list-style-type: none"> • Increase in the Bank Levy to 0.088% from January 2012, in an attempt to raise £2.5bn
Personal Taxation	<ul style="list-style-type: none"> • The child element of the Child Tax Credit, and disability elements of both (Working and Child) tax credits, will be uprated in line with CPI in 2012–13. • The couple and lone parent elements of the Working Tax Credit will be frozen in 2012–13. • (Universal Child Benefit and two parts of the WTC – the basic and 30 hours payments – were already frozen for three years in April 2011).
Business Rates	<ul style="list-style-type: none"> • The Government will extend the small business rate relief holiday for a further six months from 1 October 2012. BCC Win • The Government will give businesses the opportunity to defer 60 per cent of the increase in their 2012-13 business rate bills as a result of the Retail Prices Index uprating, to be repaid equally across the following two years. BCC Win
APD	<ul style="list-style-type: none"> • Rises in APD will go ahead from April 2012 with extension to business jets effective from April 2013 • As announced on 27 September, APD will be cut for those on long haul flights from Northern Ireland from November 2011 and will devolve aspects of APD to NI Assembly (Chamber win) • Government response to consultation on Air Passenger Duty released 6 December 2011.
Fuel Duty	<ul style="list-style-type: none"> • Postponement of the planned January 3p and August 5p rise in fuel duty. It will now rise by 3p in August. • The Chancellor will announce details of fair fuel stabiliser in Budget 2012.
LVCR	<ul style="list-style-type: none"> • Government to remove the VAT for low value goods (below £15) sent to the UK from the Channel Islands from 1 April 2012.