

Autumn Budget Summary 2023

The following are the key measures and announcements that took place during the autumn budget:

Economic Context

- UK economy stagnant (0% growth in Q3 2023)
- Inflation at 4.6% (Oct 2023), monetary policy to stay tight
- OBR revises down long-term growth to 1.6%
- Living standards forecast to remain below pre-pandemic levels.

Tax Measures

- Employee NICs cut from 12% → 10% (from 6 Jan 2024)
- Self-employed: Class 2 NICs abolished; Class 4 cut 9% → 8% (from Apr 2024)
- Full expensing for capital investment made permanent
- Freeze on alcohol duty until Aug 2024
- Business rates 75% discount (up to £110k) extended for retail, hospitality & leisure

Business & Investment Incentives

- “110 growth measures” focusing on investment and productivity
- Measures include planning reforms, R&D support, and incentives for high-growth sectors
- Support for SMEs through simplified tax rules, late payment reforms

Welfare, Benefits & Pensions

- Working-age benefits to rise 6.7% (April 2024)
- State Pension to rise 8.5% under triple-lock (April 2024)
- Local Housing Allowance rates to increase to the 30th percentile

Public Spending

- Protected departments: ~1% real-terms growth from 2025/26

- Unprotected departments facing average –2.3% real-terms cuts
- Significant pressures highlighted for NHS, councils, and public services

Fiscal Forecasts (OBR)

- Borrowing forecast: £124bn (2023/24)
- Tax burden to rise to 37.7% of GDP by 2028/29 (highest since WWII)
- Real household disposable income down 3.5% vs. pre-pandemic, largest drop on record

Reactions & Commentary

- Analysts: tax cuts funded by squeezing public spending
- IFS: fiscal outlook still weak; windfall used mainly for tax cuts
- Resolution Foundation: benefits skewed toward higher-income households