



H!ntel

Spring Budget 2023

"UK won't enter recession"

The independent forecasters, the Office for Budget Responsibility (OBR) has said the UK will now not enter a technical recession.

"They forecast we will meet the prime minister's priorities to halve inflation, reduce debt and get the economy growing. We are following the plan and the plan is working. But that's not all we've done."

- The Chancellor Jeremy Hunt, 2023

In the Spring 2023 budget Chancellor Jeremy Hunt announced the planned updates the Government has set to support the UK over the next 12 months. Read below for a brief overview of the key updates.

Inflation

- Inflation will more than halve and reduce to 2.9% by the end of the year, the OBR expects. The pace of price rises is set to slow by more than expected this year.
- The rate of price rises is currently 10.1%. Last November, the Office for Budget Responsibility predicted that the average inflation rate for 2023 would be 7.4%. It now expects 2.9% by the end of 2023.

Inflation continued

- Fuel duty with inflation
 - For a further 12 months, the 5p cut will be maintained (at a cost of £6bn) along with the freeze of fuel duty too. That saves the average driver £100 next year and around £200 since the 5p cut was introduced.
- Draught relief 'significantly' increased
 - From August 1 the duty on draught products in pubs will be up to 11p lower than the duty in supermarkets, a differential which will maintain as part of a new Brexit pubs guarantee.

Corporation tax and business

- As corporation tax on profits over £250,000 is due to rise from 19% to 25% in April, businesses will be able to offset 100% of UK investments against their profits to bring down tax bills. The OBR said it will increase business investment by 3% for every year. Jeremy Hunt announced the measure for the next three years but intends to make it permanent "as soon as we can responsibly do so".
- An "enhanced credit" has been introduced for small and medium-sized businesses if they spend 40% or more of their total expenditure on research and development. They can claim credit worth £27 for every £100 spent.
- Small businesses investment allowance increased to £1m
- Corporation tax to increase to 25%
 - Corporation tax for businesses is to increase from 19% to 25%, as planned. Firms which make a profit of more than £250,000 will pay 25% tax on their profits from April.

Energy

- The energy price guarantee will be extended for a further three months from April to June at its current level cancelling the planned £500 hike in average energy bills which was due to come into force next month.
- The cap on energy will be set at £2,500 for the 'typical household' for residential users.
- The energy rebate scheme - paid direct to customers in six instalments of £66 and £67 a month - has not been extended and will end this month.

Energy continued

- The so-called "prepayment premium", whereby those using prepayment meters are charged more for their gas and electricity, will be scrapped from July, enabling four million families to save £45 a year on their bills.
- Nuclear power will be classed as "environmentally sustainable" which will give it access to the same investment incentives as renewable energy.
- Up to £20bn of support for carbon capture - The Climate Change Agreement scheme will be extended for two years to allow eligible businesses £60m of tax relief on energy efficiency measures.

Childcare and pensions

- Key childcare benefit changes are to be unveiled in the new financial plan as Hunt is expected to announce a £4bn expansion of free childcare for one- and two-year-olds.
 - The plan is set to include 30 hours a week of childcare for parents in England with children in that age group.
- The lifetime allowance - the total amount workers can accumulate in their pension savings before paying extra tax - has been abolished. Jeremy Hunt hopes it will stop 80% of NHS doctors from receiving a tax charge.

Employment and workplace innovation

- Work capability testing - The government will abolish the work capability assessment for disabled people and separate benefit entitlement from an individual's ability to work. The aim is to enable disabled people to seek work without fear of losing their benefits.
- Apprenticeships for over-50s to return to work - Government to offer "Returnerships" to operate alongside skills boot camps and sector-based work academies "targeted at the over 50s who want to return to work".
- £1m prize for AI research - Jeremy Hunt announces there will be a prize worth £1m every year, for the next 10 years, "to the person or team that does the most ground-breaking AI research".

Community investments

- The government will invest £200m in local regeneration projects around England.
- He also lays out a further £161m for mayoral combined authorities and Greater London, while £400m will be available for new "levelling up partnerships" in areas like Redcar, Cleveland and Blackburn.
- A second round of the city region sustainable transport settlements was announced, allocating £8.8bn over next five-year funding period.
- He'll increase funding to help local communities tackle the problem of potholes. The cause will get a further £200m from next year.
- 12 investment zones: They will be spread across the West Midlands, Greater Manchester, the North East, South Yorkshire, West Yorkshire, East Midlands, Teesside and Liverpool.
- £10m invested in the next two years for the voluntary sector to stop families experiencing suicide.
- £63m fund to "keep our public leisure centres afloat".
- Universal Credit sanctions to be 'applied more rigorously'

Defence

- Defence spending will rise to £11bn over the next five years.

Important industry update (not included in the Spring 2023 Budget)

Five major housebuilders sign up to post-Grenfell cladding pledge

Persimmon, Taylor Wimpey, Crest Nicholson, Bellway and Redrow all said they had put pen to paper on the so-called 'developed remediation contract'.

Read the full article on the Evening Standard [here](#).

Join the conversation at Banking on the Future - Spring 2023

Bank of England Senior Economist, Robert Elder, will be joined by a panel of industry experts to discuss the current economic landscape and how it will impact the property industry on Wednesday 29th March for a breakfast event.

[Sign up here](#)

Sources : Sky – BBC – The Independent