



# Autumn Statement Analysis

22 November 2023



# Walking a delicate tightrope, but an Autumn Statement for growth

This was an Autumn Statement full of headline-grabbing announcements that have felt somewhat lacking in these statements in recent years. The timing – with inflation down and a more positive economic backdrop – provided room for a series of bigger moves that made it undoubtedly one of the most notable fiscal events of this Parliament.

The Chancellor said this weekend that “this is the moment to focus on growth”, and he certainly didn’t hold back – proudly proclaiming no fewer than 110 growth measures are included in his speech.

Even Barbie got a mention on that list – a term unlikely to have featured on your Autumn Statement bingo card. While the announcement of a consultation on increasing investment into the TV and film industry may not dominate the headlines, it exemplifies the range of measures announced today.

The Chancellor could, as ever, have gone further, but he was at pains to emphasise the tightrope to be walked between driving growth without a resulting negative impact on inflation, which remains one of the Government’s core five pledges; a pledge Hunt noted was going to plan. No observer could have missed that all key measures were followed by a mention of the OBR’s rubber stamping.

This was a very political Autumn Statement. On many key issues, what could have been red meat for Labour didn’t materialise. Benefits are to increase in-line with the higher (6.7%) rate of inflation; the National Living Wage is to increase 9.8%; and the headline rate of National Insurance is to fall 2%. In the Chancellor’s best gag of the day, Hunt said that he and the Leader of the Opposition have something in common – both wanted to make a Jeremy Prime Minister, “but probably to the relief of both parties, we failed.”

In her response, Shadow Chancellor, Rachel Reeves, was limited to saying that all Hunt had done was “lift the lid on 13 years of economic failure.” She will have been disappointed not to have not been able to grab hold of a headline that was overtly negative for the average earner, though we can expect the moves to cut benefits for those not getting back to work to be a key battle line in the coming days.

Make no mistake, this Autumn Statement marks the starting gun for the next General Election. The Chancellor *needs* ordinary people to feel more positive, to believe the Government is on their side and to give Labour limited room for manoeuvre.

We can expect much, much more in the Spring Budget, but the Chancellor will hope that today lays the groundwork to give the Conservatives even the slimmest glimmer of hope.

**Mike Robb**  
Co-CEO



## SUMMARY

## KEY DATA

The economic forecasts made for one of the most positive backdrops to an Autumn Statement for many years. The economy has grown faster than the Euro area and is 1.8% larger than pre-pandemic, with forecasts of 0.6% and 0.7% growth in the next two years, breaking the 1% barrier thereafter.

Claiming victory on one of the Government's five key pledges, inflation is down from 11.1% when Hunt took office to 4.6% today.

The Chancellor added at the outset that he "will not take risks on inflation" and was keen to emphasise throughout his remarks that the OBR had confirmed that measures announced today will make inflation lower next year than it otherwise would have been.

Headline debt as a percentage of GDP is forecast to fall by the end of the period, enabling the Chancellor to pronounce victory in meeting one fiscal rule. Meanwhile, public sector spending as a percentage of GDP is also forecast to be lower in every year of the forecast v GDP, enabling the proclamation of another fiscal rule victory.



"We are delivering the biggest British tax cut in modern business history. The biggest tax cuts to National Insurance. An Autumn Statement for a country that has turned the corner. An Autumn Statement for growth." - **Rt Hon Jeremy Hunt MP**

## SUMMARY

## KEY HEADLINES

1	<b>Growth</b>	The Chancellor outlined the inclusion of no fewer than “110 growth measures” in the Autumn Statement.	<ul style="list-style-type: none"> <li>• In summary – removing planning red tape, speeding-up access to the national grid, supporting entrepreneurs raising capital, getting behind the fastest growing industries, raising investment, boosting productivity, raising foreign direct investment, and reducing taxes.</li> <li>• OBR say growth measures will have no negative impact on inflation.</li> </ul>
2	<b>Business</b>	He called this “the biggest ever boost to business investment in modern times.”	<ul style="list-style-type: none"> <li>• The super deduction introduced in 2021 will be made permanent, called “the largest single business tax cut in modern British history.”</li> <li>• Freezing of small business rates and extending the discount for retail, hospitality and leisure businesses by a year.</li> <li>• Measures to tackle late payments.</li> </ul>
3	<b>Tax</b>	Hunt said he was “cutting taxes for 27 million people who drive our economy forward.”	<ul style="list-style-type: none"> <li>• 12% of employer NI cut 10%.</li> <li>• Increase in National Living Wage by 9.8% to £11.44</li> </ul>
4	<b>Cost of living</b>	“£104 billion in measures [announced] to ease the cost of living.”	<ul style="list-style-type: none"> <li>• Benefits to be increased in line with September inflation figure of 6.7%.</li> <li>• Local Housing Allowance increased to give 1.6m people an average of £800 next year.</li> <li>• Alcohol duty frozen.</li> <li>• For pensioners, triple lock commitments kept in full, with an increase in the State Pension of 8.5%.</li> </ul>
5	<b>Investment</b>	Hunt said he was “making the UK one of the best places in the world to start, grow and list a company.”	<ul style="list-style-type: none"> <li>• Capital market reforms to boost the attractiveness of UK markets.</li> <li>• Further innovation centres to make the UK an AI powerhouse.</li> <li>• Call for evidence on increasing investment into the TV and film sector.</li> <li>• Reducing the rate at which loss making companies are taxed from 25% to 19%.</li> <li>• Planning and grid reforms to accelerate £90bn in business investment over the next 10 years.</li> <li>• Announcement of plans to publish a green energy strategy.</li> <li>• Making £4.5 billion in support available over the five years to 2030 into strategic manufacturing sectors – including £2bn for the automotive sector, £975m for aerospace and £520m for life sciences, as well as £960m for a new Green Industries Growth Accelerator.</li> </ul>

The measures outlined in the Autumn Statement can be seen in full at HM Treasury [here](#).

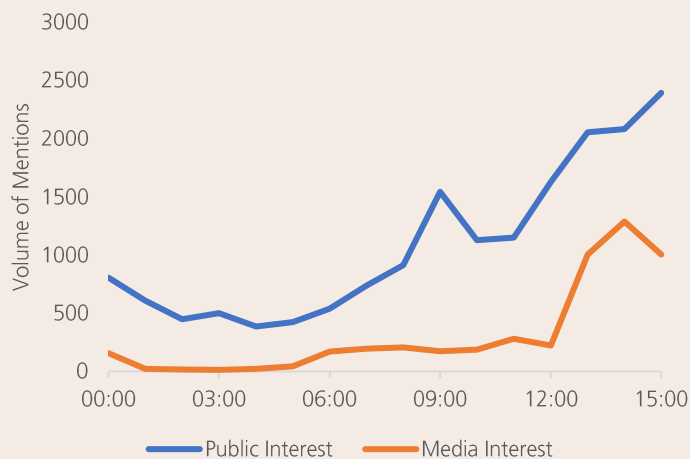


## DATA &amp; INSIGHTS

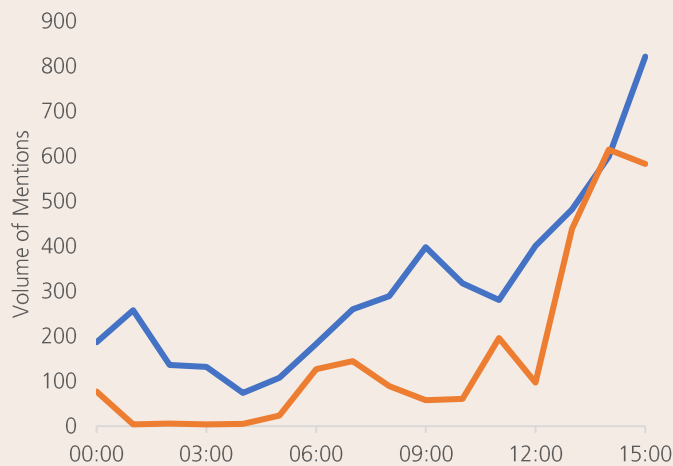
## MEDIA INTEREST V PUBLIC INTEREST

While media and public reaction to the Autumn Statement takes days to truly emerge, early data shows that 'growth', the key theme of the Chancellor's speech, was largely adopted as the immediate reactive top-line by media before tailing off as reactive news moves into the analysis phase. Readership interest in growth as a top-line, as measured by engagement with growth-focused coverage, shows immediate inroads in public interest. Further analysis in the next 48-hours, however, will enable an accurate view of what key messages cut through and whether the Chancellor has landed the result he was hoping for.

## Autumn Statement



## Growth



## SNAPSHOT

## REACTION

## Positive

"The Chancellor and his Treasury team deserve credit for driving pro-small business change and for listening to and working closely with FSB and its small business members to address the real concerns of businesses and acting to help build future prosperity."

*Tina McKenzie, Policy Chair, FSB*

"The announcements on national insurance, business rates and full capital expensing are all very positive and welcomed by our members. However, it is clear from the Office for Budget Responsibility that growth is still constrained. Our members, and the wider business community, will be looking for much more in the spring which encourages investment and supports UK businesses, who are the backbone of UK growth."

*Marco Forgiione, Director General, Institute of Export & International Trade*

"Cutting national insurance will be a huge relief for families around Britain. Working people grappling with the cost of living crisis have been crying out for a cut to personal taxation. To make sure that hard work continues to pay off, the chancellor must unfreeze personal tax thresholds at the next Budget."

*Darwin Friend, Head of Research, TaxPayers' Alliance*

"With tough decisions to be made, the Chancellor was right to prioritise 'game-changing' interventions that will fire the economy. While the move on National Insurance will give hard-pressed households some much needed breathing room, making full capital expensing a permanent feature of the tax system can be transformational for accelerating growth and improving living standards in the long-term."

*Rain Newton-Smith, Chief Executive, CBI*

"Today's announcements by the Chancellor are a vote of confidence in the UK's outstanding life sciences start-up community. They will create much-needed opportunities to develop new tests, medicines and advances in healthcare for cancer patients."

*Tony Hickson, Chief Business Officer, Cancer Research UK and Cancer Research Horizons*

## Negative

"Today, the Chancellor has lifted the lid on thirteen years of economic failure. We were told to expect an Autumn Statement for growth. But the economy is now forecast to be £40bn smaller by 2027 than the Chancellor said back in March. Growth revised down next year, the year after, and the year after that too. The Chancellor claims the economy has 'turned a corner', yet the truth is that under the Conservatives growth has hit a dead end. What has been laid bare today is the full scale of the damage that this government has done to our economy over thirteen years."

*Rt Hon Rachel Reeves MP, Shadow Chancellor*

"This is a deception from Jeremy Hunt after years of cruel tax hikes on hard-working families from this government. Conservative chaos has sent mortgage and tax bills soaring, today's announcements won't even touch the sides."

*Sarah Olney MP, Lib Dem Treasury spokesperson*

"Today's measures go nowhere near fixing the damage this Conservative Government has done to people's finances. The cut to NI will mean just over £150 a year to the lowest paid; a drop in the ocean when mortgages have doubled and energy bills are crippling household finances. Working people aren't fools and won't forgive or forget who trashed our country's economy."

*Gary Smith, General Secretary, GMB*

"Amidst the rhetoric about tax reductions, this government is presiding over one of the heaviest tax burdens in the past seven decades. The frozen income tax thresholds amount to a stealth tax increase of around £40 billion annually by some estimates. The Chancellor is essentially taking with one hand and giving back with another."

*Mark Littlewood, Director General, Institute of Economic Affairs*

"With crucial UN climate talks less than a week away, there was little in this statement to boost the UK's rapidly evaporating credibility on climate change. There was cold comfort for the millions of households bracing themselves for yet another winter in damp, freezing homes that they can't afford to heat. Yet again the Chancellor was silent on the need for a national drive to insulate homes – the most significant measure to reduce sky-high energy bills."

*Mike Childs, Head of Policy, Friends of the Earth*





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