



## Autumn fiscal statement 2023

22 November 2023

### Introduction

This fiscal statement sets out plans for the UK Government's spending on public services and taxation. The main areas of focus in this statement include tax cuts for working people and businesses, welfare reforms, and investment in businesses targeted at growth sectors.

Although the Chancellor confirmed that inflation has fallen, with the current rate at 4.6%, this statement comes at a time where many people are still facing the impacts of the cost of living crisis. We know the pressure on housing associations is also acute. This briefing sets out some key headlines on issues of particular relevance to housing associations and their tenants in Wales.

### Housing

#### Local Housing Allowance (LHA)

The Chancellor confirmed that Local Housing Allowance will be increased to the 30th percentile of local market rents in April 2024. This follows on from significant work undertaken by the [Bevan Foundation](#), supported by CHC and other organisations to highlight the impact of the LHA freeze on those in the private rental sector, and subsequent impact on the overall housing crisis.

However this will be short lived. The OBR have since confirmed Government plans to freeze LHA rates again from 2025/26.

#### Homelessness

The government is providing £120 million funding for the devolved administrations and local authorities in England to invest in homelessness prevention. Alongside our ongoing [Housing Matters](#) campaign with Cymorth Cymru for the Welsh Government to protect and increase investment in the



Housing Support Grant, we will seek urgent clarity on the status of this funding commitment and how it will be deployed.

## Welfare

### Reforms to the benefit system

The Chancellor announced reforms to the Work Capability Assessment (WCA) and will target £1.3billion of funding over the next five years to support individuals with health conditions back into work. An additional £1.3billion will be provided to support those out of work for over a year with no health conditions.

Stronger sanctions will be put in place for those who choose not to engage with any programmes that aim to support them back into work, and claims will be closed for individuals who have been on an open-ended sanction for over six months.

## Cost of Living

### Inflationary increase for benefits

Benefits will increase next year by 6.7%, the inflation rate for September 2023, an average increase of £470 per household. The Chancellor recognised the campaign by Joseph Rowntree Foundation and others highlighting the cost of living impacting those on the lowest incomes. Our recently published report on the impact of the cost of living crises can be viewed [here](#).

### Pensions

The Chancellor has honoured the Government's commitment to the triple lock, and has increased the state pension by 8.5%, worth up to £900 more a year. This is one of the largest ever cash increases to the state pension.

The government will launch a call for evidence on a lifetime provider model to simplify the pensions market by allowing individuals to move towards having one pension pot for life, and on a potential expanded role for collective defined contribution (CDC) schemes in future.

## Tax and wages

### National Insurance (NI)

**Employee NI:** A reduction of 2% in the employee rate of national insurance contribution is to come into effect on the 6th of January 2024, reducing employee NI contribution from the current rate of 12% to 10%.



**Self employed NI:** The abolition of 'class two' NI rate for the self employed was announced, together with a reduction in the 'class 4' rate by 1 percentage point to 8%. This is to be introduced from April 2024.

### National Minimum Wage and Living Wage

The Chancellor confirmed that from April the national living wage would increase by just over £1 an hour to £11.44 from £10.42. This higher rate will be for those over 21, previously this was for those over 23. The national minimum wage for those aged 18 to 20-year-olds will receive a £1.11 hourly increase to £8.60. Further details are available [here](#)

## Block grant to Wales

As a result of decisions at the Autumn Statement, it is anticipated the Welsh Government will receive an additional £305 million of funding through the Barnett formula. Welsh Governments' funding will also be adjusted in relation to tax and welfare devolution as set out in their fiscal framework.

The Welsh Government draft budget, due on 19th December, will set out how spending on public services will be allocated in the coming year. CHC is working to inform and influence Welsh Government and Senedd Committees' discussions on priorities for the forthcoming budget.

## Other announcements

### House building and planning (England only)

The government is investing £32 million across housing and planning to boost housing supply. This includes additional funding to tackle planning backlogs in Local Planning Authorities (LPA), alongside further reforms to streamline the system through a new Permitted Development Right to enable one house to be converted into two homes, which will be consulted on in the new year.

The Chancellor also confirmed that £110 million will be made available through the Local Nutrient Mitigation Fund. This will support LPAs affected by nutrient neutrality rules to deliver local nutrient offsetting schemes.

### Business and skills

**Apprenticeships:** The government committed £50 million to deliver a two-year apprenticeships pilot to explore ways to stimulate training in growth sectors and address barriers to entry. (England only)

**Growth and investment zones:** the government announced £37.5 million to support regeneration in places across the UK, **including Monmouthshire**. The government will also support the Hay Festival. A second investment zone will also be created in Wales - in **Wrexham** and **Flintshire** - which includes tax relief, aimed at driving economic growth. The government is also extending the duration of the tax reliefs available in Freeports from five to ten years.



## Electricity infrastructure

The government set out an Action Plan to halve the time to build new grid infrastructure. Key elements of this action plan include; households living close to new pylons and transmission infrastructure will get up to £1,000 a year off energy bills for a decade; a commitment to commission the Electricity System Operator to work with government to produce a new Strategic Spatial Energy Plan; and introducing competition into onshore electricity networks in 2024 to benefit consumers.

## **Next steps**

We will be assessing the impacts of this statement and will be working with partners and sister housing federations as part of our [Ends Won't Meet](#) campaign to urgently call on the UK Government to do more to ensure the most vulnerable in society are adequately protected from the impacts of the continuing cost of living crisis.

We will continue to hold discussions and provide evidence to Welsh Government officials and Ministers ahead of the Welsh Government's draft budget, making the case to protect vital investment in housing, care and support.

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