

UK Government: Chancellor's mini-budget

September 2022

Background

Following the announcement of the Energy Price Guarantee on the 8th September, the UK government has released a new [Growth Plan](#) aimed at tackling high energy costs and inflation.

The Chancellor had already confirmed ahead of his mini-budget that the national insurance increase, introduced by Boris Johnson's government to pay for social care and tackling the NHS backlog, will be reversed.

This announcement follows the Bank of England's action to raise interest rates by 0.5% to 2.25% on Thursday in an attempt to control inflation. The UK government has announced that its fiscal approach will be further detailed by the publication of an economic and fiscal forecast produced by the Office for Budget Responsibility by the end of the year.

Relevant announcements

Stamp duty

The Chancellor unveiled new plans to increase the threshold for properties that do not have to pay stamp duty from £125,000 to £250,000. The threshold for first time buyers is to be increased from £300,000 to £425,000 and the value they can claim relief from will also be increased from £500,000 to £625,000.

In addition to this, there will be a full stamp duty relief for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for new residential development. The Department for Levelling Up, Housing and Communities will shortly set out more detail on the planning offer. This will include detail on the level of deregulation and the streamlined mechanism for securing planning permission.

The stamp duty changes do not apply in Wales, where the Welsh Government administers land transaction tax in place of stamp duty. However, when the previous stamp duty relief was announced by the UK Government during the pandemic, the Welsh Government followed suit.

The Growth Plan states that the Welsh Government will receive funding through the agreed fiscal framework to allocate as they see fit.

Universal Credit (UC)



Increase to Administrative Earnings Threshold (AET)

The UK government is increasing the Administrative Earnings Threshold (AET) to 15 hours a week at National Living Wage for an individual claimant (and 24 hours a week for couples) from January 2023. This builds on the increase due to come into effect from 26 September 2022 which will raise the threshold from 9 hours a week to 12 hours a week for an individual (and 19 hours a week for couples).

This latest change means that around 120,000 more UC claimants who are in work on low earnings will be moved from the Light Touch labour market regime to the Intensive Work Search labour market regime.

They will be expected to actively search for work and attend weekly or fortnightly appointments at a jobcentre in order to secure more or better paid work, or they could have their benefits reduced.

Universal Credit sanctions regime

Alongside these changes to the AET, the UK government will be strengthening the sanctions regime to set clear work expectations – including applying for jobs, attending interviews or increasing the hours – in return for receiving UC. Claimants who do not fulfil their job search commitments as required could have their benefits reduced.

Expansion of DWP 50+ offer

To help older workers to find work, the UK government will provide additional work coach support to new, eligible over 50s claimants and – for the first time – to over 50s that are long-term unemployed.

Energy bills

The statement set out the Government's three pronged approach to alleviate the pressures of increasing energy bills on individuals and businesses. These measures are:

- The Energy Price Guarantee (EPG), which limits the price of a unit of energy for domestic customers. (More detail can be found in our [previous briefing](#).)
- The Energy Bill Relief Scheme (EBRS), which provides a support package to non-domestic customers. Following the announcement of this scheme on Wednesday, CHC produced [this briefing](#) outlining what we know so far.
- The Energy Bills Support Scheme (EBSS). Finally, the Chancellor announced an increased package of support for energy companies. This includes providing emergency liquidity to struggling energy companies due to the increased volatility of unit prices.

These measures are on top of those announced previously by Johnson's government, including the £400 tax rebate for each household. The total cost of all energy support schemes announced



is expected to cost £60bn over the next six months. According to the Chancellor, these measures will reduce peak inflation by 5%.

Reconfirmed in today's announcement is a review into the EBRIS starting in three months that will focus "in particular on identifying the most vulnerable non-domestic customers and how to continue assisting them with energy costs."

In addition, extra financial support will be made available to help increase energy efficiency especially in homes of the most vulnerable energy consumers. It's expected that applications to access a £2.1 billion fund will open from very soon and this will be open to housing associations "to invest in efficiency and renewable heating."

Planning, infrastructure and housing

The Chancellor announced plans to bring forward a Bill that will streamline and simplify EU planning law. He outlined that there will be infrastructure projects that will be prioritised for acceleration in sectors like transport, energy and telecommunications.

The Chancellor outlined support for the housing sector in that surplus government land will be made available for housing developments in an effort to get 'Britain building again.' The UK government has confirmed that it is in discussion with 38 local authorities within England to set up Investment Zones in specific sites within their area. Each Investment Zone will offer generous, targeted and time limited tax cuts for business and liberalised planning rules to release more land for housing and commercial development.

The UK government announced that it will also deliver Investment Zones in Scotland, Wales and Northern Ireland and intends to work in partnership with the devolved administrations and local partners to achieve this. The UK government will legislate for powers to create tax and development sites in Investment Zones where powers are reserved.

Income Tax

This announcement detailed UK government plans to cut income tax to 19p in the pound. From April 2023 the 45% higher rate of income tax will be abolished. The UK government claims this will mean 35 million people will be better off by an average of £170 per year.

Other announcements

Corporation Tax

The Chancellor announced that plans to increase Corporation Tax from 19% to 25% will no longer go ahead and, as part of wider city deregulation, caps on bankers' bonuses will be axed.



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