



# Autumn Statement 2016

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## **Background**

- The IMF predicts the UK's economy will be fastest growing developed economy in world this year
- Employment is at a record high, unemployment record low
- The productivity gap and housing challenge remain a concern
- The Office of Budget Responsibility predicts growth of:
  - 2.1% this year,
  - 1.4% in 2017
  - 1.7% in 2018
  - 2.1% in 2019 and 2020,
  - And 2.0% in 2021
- UK Labour Market expected to remain robust – 500,000 more jobs over the forecast period
- The Government no longer plans to deliver a surplus in 2019-20, owing to slowing growth, but will introduce debt targets

## **Infrastructure**

- A new National Productivity Investment Fund (NPIF) will provide £23bn between 2017-18 and 2021-22, including funding of:
  - Housing - £7.2bn
  - Transport - £4.7bn
  - Digital Communications - £2.6bn
  - Research and Development - £0.7bn
- This will be funded in the short term through borrowing, and the medium to long term through taxes
- Specific projects for rail in the Northern Powerhouse will be set out in the near future
- Between 1% and 1.2% of GDP will be invested per year in infrastructure between 2020 and 2050, in line with recommendations of the National Infrastructure Commission

## **Home building**

- A housing white paper will be published shortly, outlining:
  - A new Housing Infrastructure Fund (part of the NPIF expenditure) will invest £2.3bn by 2020-21 to fund for 100,000 homes
  - The NPIF will also provide £1.4bn to provide an additional 40,000 affordable home starts by 2020-21
- £1.7bn will be invested from the NPIF by 2020-21 to accelerate house building on public sector land

## **Skills and Apprenticeships**

- The Government will provide £13 million to support firms' plans to improve their management skills by implementing Sir Charlie Mayfield's review of business productivity



### **LEPs**

- The government will award £1.8 billion to Local Enterprise Partnerships (LEPs) across England through a third round of Growth Deals, including:
  - £556m to the North of England,
  - £392m to the midlands,
  - £151m to the east of England,
  - £492m to London and the south east, and
  - £191 million to the south
- Full details of the allocations will be released shortly

### **Industrial strategy**

- The NPIF will provide £4.7bn by 2020-21 to fund research and development, helping to improve productivity, in line with the Industrial Strategy
- The funding will support:
  - Industrial Strategy Challenge Fund – a new cross-disciplinary fund to support collaborations between business and the UK's science base
  - Innovation, applied science and research – additional funding will be allocated to increase research capacity and business innovation, to further support the UK's research base

### **Other**

- Minimum wages from April 2017:
  - The National Living Wage to £7.50 per hour
  - 21-24 rate to £7.05
  - 18-20 rate to £5.60
  - 16-17 rate from £4.05
  - Apprentice rate to £3.50
- Corporation tax will fall to 17% by 2020
- New borrowing powers will be introduced to city regions in England, subject to agreeing a borrowing cap with HM Treasury
- The Greater London Authority will receive £3.15bn to fund 90,000 homes, and the Adult Education Budget will be devolved from 2019-20