Vuelio

AUTUMN STATEMENT 2016

MONITORING SUMMARY, MEDIA ANALYSIS & STAKEHOLDER REACTION

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Key Players

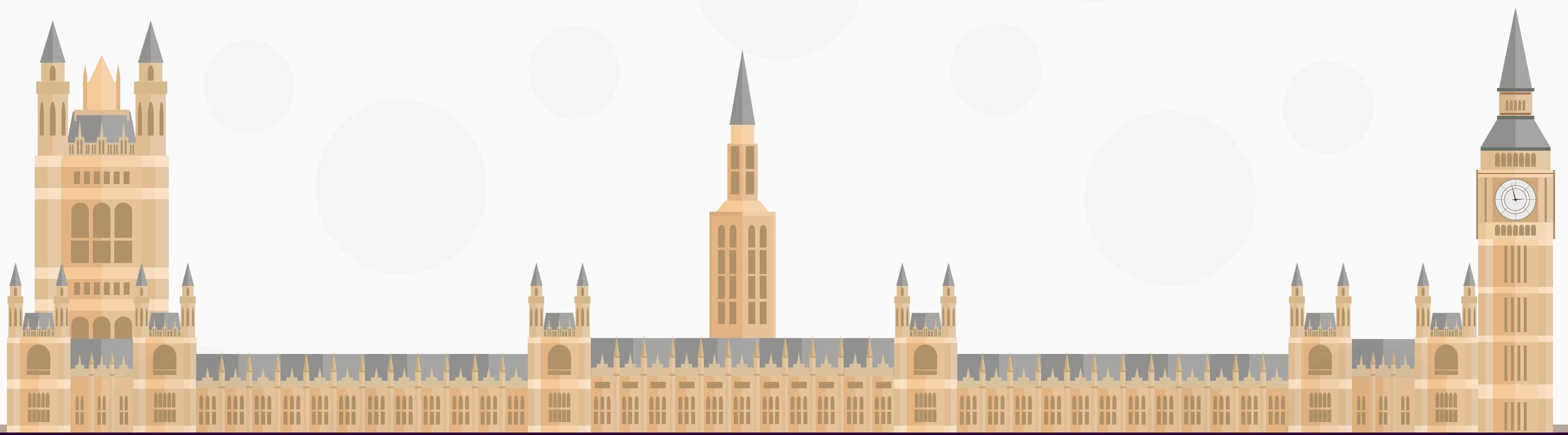
Theresa May

Prior to securing her premiership, Theresa May was Home Secretary – and the longest serving Home Secretary since 1892. Over six years' experience in one of the great offices of state was no doubt excellent training for the challenges she now faces in untangling the UK from the European Union, placating both Leave and Remain while ensuring the outcome of negotiations protects Britain's economy.

May has faced criticism over her style of politics: as Home Secretary she would oversee the majority of decisions herself and was not a keen delegator. Gordon Brown serves as perhaps the most cautionary tale for any Prime Minister seeking to micromanage the country – and he didn't have to deal with Brexit.

Much like David Cameron, May would consider herself as Tory Party moderniser. Although she has already made a number of decisions that can be interpreted as attempts to break with the politics of her predecessor, they can nonetheless be seen within a modernising framework.

Her decision to reintroduce grammar schools might have unified education professionals in opposition to what they perceive as a retrograde move, but for those on the right it is a push for greater social mobility – while sacking George Osborne was perhaps the clearest sign of a break from the economic pathway set out by the previous cabinet.



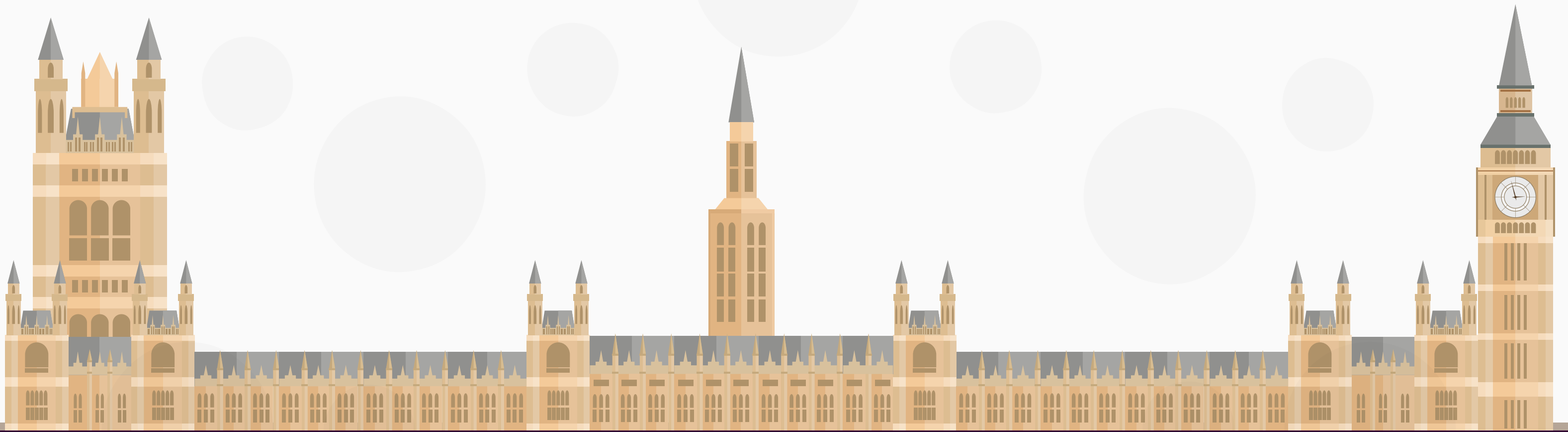
Key Players

Philip Hammond

When May appointed Hammond as her Chancellor on the 13th July 2016, she put him in the driving seat of the UK economy. While serving as Shadow Chief Secretary to the Treasury under David Cameron, he played a key role in formulating the austerity-driven approach to public spending, and political observers have speculated it has been his longstanding ambition to take the lead role in the Treasury.

Before Britain's decision to leave the European Union, the challenge the UK faced in regards to public finance was already cause for concern, especially when considering that two of the three fiscal targets the Government set itself in 2015 had already been breached. In the shadow of Brexit, the question of what to expect from the Autumn Statement has never been more important to the future health of our economy.

There are a number of ways in which we can see Hammond distancing himself and the country from the economics of his predecessor George Osborne, the most notable being Hammond's decision to abandon Osborne's promise to balance the books by 2020. This decision allows Hammond to borrow money and in doing so move away from the manner in which Osborne managed the national purse.



Analysis

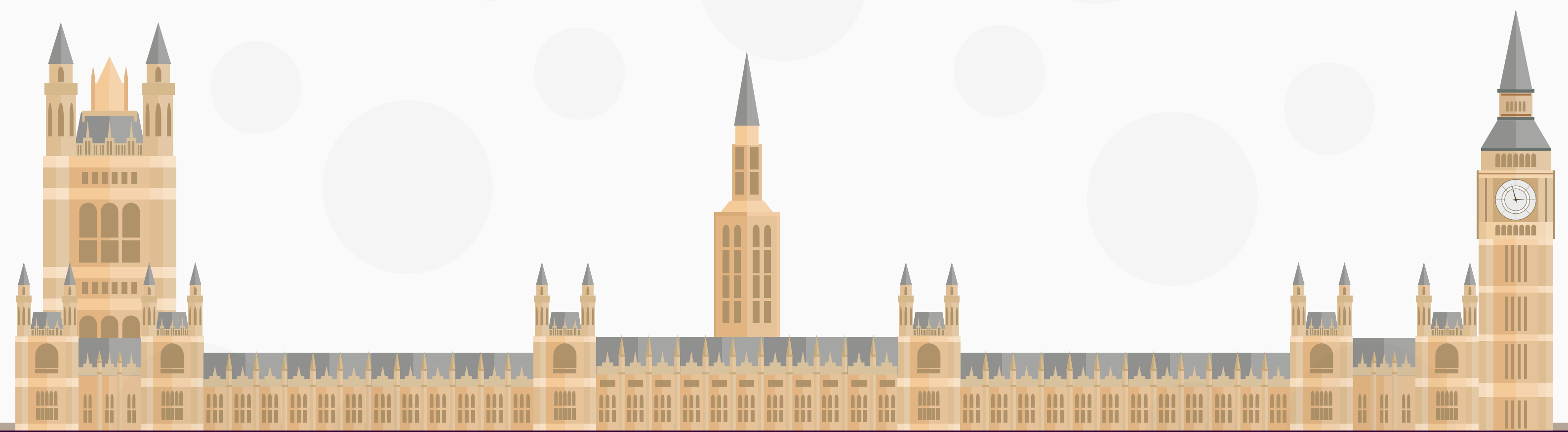
Philip Hammond's first Autumn Statement was certainly bold in one regard – he announced he was abolishing the Autumn Statement, prompting The Times' Sean O'Neill to hail a 50 per cent cut in the number of budget announcements as the day's best news.

Otherwise, it was more of the Hammond we have come to expect: to the point and streamlined down to 72 pages from the traditional 100+. Further distancing himself from his predecessor, there were no distracting grand projects unveiled – but more importantly, Hammond made clear that the Treasury's focus has moved from short-term elimination of the deficit by embracing £230bn of additional debt.

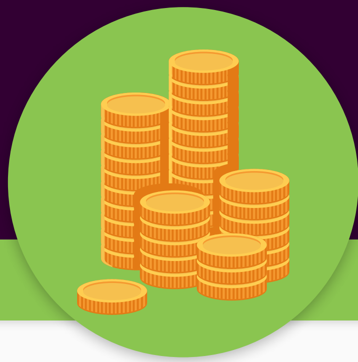
Although the Chancellor repeated the May administration's key message - a country and economy that "works for everyone" - three times, observers have already picked up on a number of inherent biases.

As expected, there were no further cuts in corporation tax, but with investment focused on R&D and broadband the Statement appeared to favour certain industries – as did the major transport infrastructure announcement of an Oxbridge link to foster a "tech corridor".

The news of a personal tax-free allowance and a national living wage increase were welcomed as moves which would help families struggling financially – as were promises of investment for local transport infrastructure and affordable housing. However social care, education and NHS initiatives were absent, suggesting May and Hammond still have some work to do to demonstrate their commitment to a caring Conservativism.



Economy & Business



Global Economy

The forecast from the International Monetary Fund predicts that global growth will remain modest, at 3.1% in 2016 and 3.4% in 2017. The growth of global trade was lower than the global GDP growth in 2015 and is predicted to remain lower in 2016. The Office for Budget Responsibility expects increased uncertainty in terms of outlook for the UK economy.

Economic Outlook

The OBR's economic outlook for trend productivity is the most important and most uncertain judgement. The OBR predicts that the uncertainty following the outcome of the EU referendum will reduce business investment, resulting in a downward revision to productivity growth over the medium term. Compared to the forecast released in March 2016, the level of potential output is expected to be 1.5 percentage points lower. Overall, the OBR judges that the decision to leave the EU has contributed to a reduction of potential input by 2.4 percentage points.

The OBR predicts weaker GDP growth than at Budget 2016 due to the lower potential output over the next 5 years. There is an expected GDP growth of 1.4% in 2017, 1.7% in 2018, 2.1% in both 2019 and 2020 and 2.0% in 2021.

Household consumption growth is expected to remain robust in 2016 before slowing due to the decline in sterling which will exert upward pressure on inflation. This will result in a restriction of real income growth. Consumption growth is forecast at 1.2% in 2017 and 1.1% in 2018 before increasing to 4.2% in 2018 and 2019, to 4.3% in 2020 and 4.4% in 2021. A fall in business investment of 2.2% is forecasted in 2016 by the OBR, followed by a 0.3% fall in 2017. A growth in business investment is expected, increasing by 4.1% in 2018, 5.3% in 2019, 4.1% in 2020 and 3.6% in 2021. The level of investment is nevertheless expected to remain lower than predicted at Budget 2016, resulting in the halt of near-term GDP growth, potentially slowing the economy's productive potential.

Economy & Business

The level of investment is forecast to remain significantly lower than was predicted at Budget 2016. This means that there will be a depression of near-term GDP growth and will therefore slow down the productive potential of the economy. The depreciation of sterling by 14.2% on a trade-weighted basis is expected to support exports while reducing imports in the short term with net trade contributing 0.3 percentage points to GDP growth in 2017 and 2018.

Long term forecasts for import and export growth have been reduced by similar amounts, due to the loss of trade resulting from the UK's decision to leave to EU. The current account deficit is expected to narrow, to 5.0% of GDP in 2017, 4.2% of GDP in 2018, 3.4% of GDP in 2019, 2.8% of GDP in 2020 and 2.7% of GDP in 2021. It is predicted that the weaker exchange rate will place upward pressure on inflation. The Consumer Price Inflation is estimated at 2.3% in 2017, 2.5% in 2018, 2.1% in 2019 and 2.0% in 2020 and 2021.

It is expected that the number of people in employment will continue to increase, reaching 32.3 million in 2021. In 2017, the unemployment rate is expected to be 5.2%, 5.5% in 2018 and 5.4% in 2019 and 2020. The forecast for productivity growth is set by the OBR at 1.3% for 2017, 1.4% for 2018, 1.8% for 2019, and 2.0% for 2020 and 2021.

There is a predicted continuing increase in wages and salaries. The OBR now forecasts an earnings growth inferior to the one previously predicted due to the weaker productivity growth projection. It is predicted that the upward pressure on inflation and lower wage growth than previously expected will temporarily slow down the recent improvements in terms of living standards. The RDI per capita is expected to fall to 0.5% in 2017 before returning to growth, with an anticipated increase of 0.3% in 2018, 0.6% in 2019, 1.1% in 2020 and 1.3% in 2021.

Economy & Business

Public Finances

The Government committed to returning the public finances to balance despite the deterioration of the outlook for public finances since Budget 2016. However, given the weaker outlook, there will be no attempt to achieve a fiscal surplus in this Parliament. A Charter for Budget Responsibility has been published. This commits to decreasing the structural deficit to under 2% of GDP and to reduce debt as a percentage of GDP by the end of this Parliament.

Focus has been placed upon discretionary support on highly-targeted investments in the aim of boosting the productive capacity of the economy. Over the medium and long term, this will be the main factor in continuing to improve living standards throughout the UK. Due to the fact that borrowing and debt remain high and that the economic and fiscal outlook has deteriorated post-EU referendum, the OBR forecasts that public finances will no longer reach a surplus by 2019-20.

Public sector net borrowing is higher than originally predicted for every year and is expected to reach £32 billion in 2020-21. This is mainly a reflection of the impact of lower growth on tax revenues.

The deterioration in the fiscal outlook is driven by several factors:

- Lower income tax and National Insurance Contributions offset by higher corporation and other taxes mean that receipts will be £15 billion lower by 2020-21.
- Decisions made to not carry through with charges to the Personal Independence Payment, along with changes to the Universal Credit roll out scheme, and higher inflation which offset savings from lower debt interest payments mean that spending will be £4 million higher by 2020-21.
- A further £4 billion will be added to borrowing in 2020-21 due to classification changes.

Economy & Business

Fiscal Strategy

The Office for Budget Responsibility (OBR) has predicted that the Government is predicted to meet its fiscal mandate to reduce cyclically adjusted Public Sector Net Borrowing (PSNB) below 2% of GDP by 2020-21, with debt falling as a percentage of GDP by the end of this parliament.

Financial Assets

The Government has made plans to acquire further proceeds from asset disposals. This will be obtained through a trading plan with a view of returning Lloyds Banking Group to the private sector. Furthermore, the UK Asset Revolution will be launching a programme of sales of Bradford & Bingley mortgage assets, expecting to raise sufficient proceeds for B&B to repay the £15.65 billion debt to the Financial Services Compensation Scheme, who will in turn repay the corresponding loan from the treasury.

Trade

Extra support will be provided through UK Export Finance (UKEF) so that no viable export fails as a result of lack of finance or insurance. The Government's overall risk appetite will increase to £5 billion, and capacity for support in individual markets will increase by up to 100%. A better risk management framework will be put in place, and the use private insurance markets will reduce Exchequer exposure.

The Government will Increase the number of pre-approved local currencies in which UKEF can offer support to 40. This will allow more overseas buyers of UK exports to pay in their own currency.

Competition and Consumers

A consultation from the Ministry of Justice will explore proposals to reduce the number of whiplash claims and allow insurers to reduce premiums.

Economy & Business

The Justice Bill will include supporting legislation and the Government expects insurers to pass on savings averaging around £40 for drivers across England and Wales, which will be worth a total of £1.1 billion.

From 2018, the Government will expand an existing scheme which incentivises credit union membership in communities at risk of being targeted by loan sharks. This will use funds recovered under the Proceeds of Crime Act from convicted loan sharks.

Employment

National Living Wage and National Minimum Wage rates – The Government will raise the National Living Wage (NLW) by 4.2% from £7.20 to £7.50 from April 2017, in line with recommendations from the Low Pay Commission.

From April 2017 the National Minimum Wage will also be increased in line with recommendations from the Low Pay Commission. These increases are as follows:

- The rate apprentices will increase from £3.40 to £3.50 per hour
- The rate for 16 to 17 year olds will increase from £4.00 to £4.05 per hour
- The rate for 18-20 year old will increase from £5.55 to £5.60 per hour
- The rate for 21-24 year olds will increase from £6.95 to £7.05 per hour

£4.3million will also be invested into National Minimum Wage enforcement. This will allow new HM Revenue and Customs teams to review employers they deem most at risk of NMW non-compliance.

Welfare

A new medium-term welfare cap is being introduced to maintain control of welfare spending based on the OBR forecast of the benefits and tax credits in scope. There will be a margin rising to 3% above the cap to manage unavoidable fluctuations in spending.

The Government will continue its aim of creating a sustainable welfare system, and will deliver the welfare savings already identified. The Government does not plan to introduce any further welfare savings in this Parliament.

Universal Credit operates a constant withdrawal rate on net earnings, known as the taper rate. Currently 65% of a claimant's earnings over the Universal Credit threshold are taxed. From April 2017, the taper rate will be reduced from 65% to 63%. 3 million households will benefit from this.

Implementation of the cap on Housing Benefit and Local Housing Allowance in the social rented sector will be delayed to April 2019. This will apply to all supported housing tenancies, while extra funding will be given to local authorities to meet additional supported housing costs. The cap will be applied to all supported housing tenancies from April 2019, and the Government will provide additional funding to Local Authorities, so that they can meet the additional costs of supported housing in their area.

As announced earlier this month (November 2016) by the Department for Communities and Local Government, the Government will not implement Pay to Stay, which was a scheme requiring people with earnings of £31,000 (or £40,000 in London) to pay a market, or near market, rent. The Government will explore other measures to house those who are most in need.

Tax-Free Childcare will begin to be introduced from early 2017. Once the scheme is rolled out, the Government will review its operation ensuring it is delivering for working parents.

The Government will be committing a further £10 million over two years to the Rough Sleeping Fund. This doubles the size of the fund, which will support and scale up approaches to preventing and reducing rough sleeping.

Tax

The Government has announced that, after the spring 2017 Budget and Finance Bill, Budgets will be delivered in the autumn from 2017 onwards. The OBR will produce a spring forecast from spring 2018 and the Government will then make a Spring Statement responding to that forecast, reviewing wider economic and fiscal challenges and if necessary, launching consultations. If the economic circumstances require it, the Government retains the option to make changes to fiscal policy at the Spring Statement.

Personal Tax

Personal allowance and higher rate threshold –Next year, the personal allowance will rise to £11,500 and the higher rate tax threshold will rise to £45,000.

Once the personal allowance reaches £12,500, it will then rise in line with consumer price index, like the higher rate threshold does, rather than in line with the NMW. This will ensure that the increases the Government has made to the personal allowance over the past 6 years are maintained and not eroded by inflation.

National Insurance thresholds – The Office for Tax Simplification has recommended that the National Insurance secondary (employer) threshold and the National Insurance primary (employee) threshold should be aligned from April 2017, meaning that both employees and employers will start paying National Insurance on weekly earnings above £157. The Government is following this recommendation.

The Government confirms that, following the abolition of Class 2 NICs as announced in Budget 2016, self-employed contributory benefit entitlement will be accessed through Class 3 and Class 4 NICs. In order to align the time limits and recovery process for enforcing National Insurance debts with other taxes From April 2018, the Government will remove NICs from the effects of the Limitation Act 1980 and Northern Ireland equivalent. There will be a Government consultation on the details of this.

Off-payroll working rules –The off payroll working rules in the public sector will be reformed from April 2017. The responsibility for operating them, and paying the correct tax, will be moved to the body paying the worker's company.

Tax

Legal support – in order to help support employees and ensure fairness in the tax system, from April 2017 all employees called to give evidence in court will no longer need to pay tax on legal support from their employer.

The taxation of different forms of remuneration – Currently, there are a range of different ways that employers can remunerate their employees in addition to a cash salary. The Government is exploring how the system can support more coherent treatment of workers carrying out the same work when the tax system doesn't treat them consistently.

It will take the following action:

Except for arrangements relating to pensions, childcare, Cycle to Work and ultralow emission cars, the tax and employer National Insurance advantages of salary sacrifice schemes will be removed from April 2017. Those arrangements which have been in place before April 2017 will be protected until April 2018, while arrangements for cars, accommodation and school fees will be protected until April 2021.

The Government will publish a consultation on employer-provided living accommodation and a call for evidence on the valuation of all other benefits in kind at Budget 2017, in order to consider how benefits in kind are valued for tax purposes.

The Government will also publish a call for evidence at Budget 2017 on income tax relief for employee's business expenses, which will also include those that are not reimbursed by their employer.

The Government will end the permanency of non-domiciled tax status, deeming non-domiciled individuals UK-domiciled for tax purposes if they have been a UK resident for 15 of the past years, or if they were born in the UK with a domicile of origin. Inheritance tax will be charged on UK residential property when it is indirectly held by a non-domiciled individual through an offshore structure. The rules will change for the Business Investment Relief (BIR) scheme from April 2017 to make it easier for non-domiciled individuals to bring offshore money into the UK to invest in UK businesses.

Tax

Inheritance tax relief for donations to political parties will be extended to parties with representatives in the devolved legislatures to ensure consistent and fair treatment for all national parties with elected representatives.

The Gift Aid process for digital donations will be simplified, with the Government giving intermediaries a greater role in administering Gift Aid.

The Government will increase the ISA limit from £15,240 to £20,000 to support savers. The Money Purchase Annual Allowance will be reduced to £4000 and the tax treatment of foreign pensions will align with the UK's domestic pension tax regime by bringing foreign pensions and lump sums fully into tax for UK residents to the same extent as domestic ones.

Business Tax

The rate of corporation tax will be cut to 17% by 2020, with further plans to reduce the burden of business rates by £6.7 billion over the next 5 years.

Rules will be introduced to limit the tax deductions that large groups can claim for their UK interest expenses. This will limit deductions where a group has net interest expenses of over £2 million, net interest expenses exceed 30% of UK taxable earnings and the group's net interest to earnings ratio exceeds that of the worldwide group.

The Government will restrict the amount of profit that can be offset by carried-forward losses to 50% from April 2017, subject to a £5 million allowance for each standalone company or group.

Non-resident UK companies may be brought into the corporation tax regime to deliver equal tax treatment and ensure that all companies are subject to the general rules of corporation tax.

The Government will remove the investing requirement within the SSE and provide a more comprehensive exemption for companies owned by qualifying institutional investors.

The Government will broaden the scope of the museums and galleries tax relief to include permanent exhibitions to become more accessible to a wider range of institutions across the country.

Tax

The Government will also abolish the tax advantages linked to shares awarded under Employee Shareholder Status (ESS) for arrangements entered from December 2016 in response to evidence suggesting that the status is primarily being used for tax planning instead of supporting a more flexible workforce.

Rural business tax relief will double to 100% from April 2017.

From April 2017, the maximum amount of investment social enterprises aged up to 7 years old can raise will be £1.5 million. The limit on full-time equivalent employees will be reduced to 250. The Government will undertake a review of social investment tax relief within two years of the enlargement.

Energy & Transport Tax

For the seventh year in a row fuel duty rate will remain frozen, this equates to a saving of roughly £130 a year.

Lower company car tax bands will be introduced for the lowest emitting cars this is intended to provide incentives for the purchase of ultra-low-emission vehicles.

Indirect Taxes

On the 5th December draft legislation for the Soft Drinks Industry Levy will be published.

The Government will open a consultation on VAT grouping and will also provide funding with a view to digitising fully the Retail Export Scheme to reduce any burden on travellers.

The Government will publish its response to the Making Tax Digital consultations and will provide the provisions previously announced.

Avoidance and Evasion

The Government believes that all individuals and businesses should pay the tax they owe. Since 2010, the Government has taken steps against avoidance and secured around £130 billion in additional tax. The UK's tax gap, is one of the lowest in the world. The UK has played and will continue to play a leading role in Europe, the G20 and through the 2013 G8 Presidency in bringing about a step change in international tax transparency. The

Tax

business tax road map has set out a package to take further action, this will modernise the tax rules in the UK and ensure these rules are enforced on multinationals.

The Government will take steps to come against disguised remuneration schemes by the self-employed. This will ensure that self-employed users of these schemes pay their fair share of tax.

The Government will take further steps making it more difficult for employers to use disguised remuneration avoidance schemes, unless tax and National Insurance are paid within a specified period the Government will deny tax relief for an employer's contributions to disguised remuneration schemes.

The Government will bring into force a new penalty for any person who has enabled tax avoidance that is later defeated by HMRC. This punishment will reflect the outcome of a consultation and input from stakeholders and details will be published in draft legislation shortly. The defence of having relied upon non-independent advice will also no longer be valid.

HMRC will receive further investment so it can advance its activity on countering avoidance and taking cases forward for litigation, this is expected to bring in over £450 million in scored revenue by 2022.

The Government will introduce a new law that will correct previous failings to pay UK tax on offshore interests within a set period of time, new sanctions will be put in place for those who fail to do so.

After a consultation, the Government will look at making access to licences or services for businesses conditional on them being registered for taxation. Proposals will also be developed to strengthen sanctions for those who purposely and consistently participate in the hidden economy.

Housing

A Housing White Paper will be published detailing a set of reforms to provide for greater housing supply and address the decline in affordable housing.

The Government has announced a Housing Infrastructure Fund of £2.3 billion by 2020-2021, funded by the Northern Powerhouse Investment Fund, and aiming to deliver 100,000 new homes. Funding will go to local government and will be apportioned on a competitive basis. It will provide infrastructure to support unlocking new private house-building in the areas where need for housing is greatest. The government will look support house-building by targeting transport funding.

The Government will remove obstacles on grant funding to support providers to supply a mix of affordable homes for rent and ownership.

£1.4 billion will be sourced from the Northern Powerhouse Investment Fund to deliver an extra 40,000 housing starts by 2020-2021.

There will be an investment of £1.7 billion by 2020-2021 from the Northern Powerhouse Investment Fund for accelerated house-building on public sector land in England. This will be conducted through partnerships with private sector developers. The devolved administrations will receive funding in line with Barnett Formula.

There will be a regional pilot of the Right to Buy for housing association tenants, allowing 3,000 tenants to buy their own home with Right to Buy discounts.

Devolution

The Shale Wealth Fund will provide up to £1 billion of extra resources to local communities. Local communities will decide how the money is spent in their area.

Local Enterprise Partnerships (LEPs) across England will be awarded £1.8billion through a third round of Growth Deals in the coming months. £556 million of this will go to the North of England, £392 million to LEPs in the midlands, £151 million to the east of England, £492 million to London and the south east, and £191 million to the south west.

Mayoral combined authorities will be given powers to borrow for their new functions, allowing them to invest in infrastructure which is economically productive, subject to a borrowing cap from HM Treasury. There will also be a consultation on lending local authorities up to £1billion at a new local infrastructure rate to support high value infrastructure projects.

The Government will continue to work towards a second devolution deal with the West Midlands Combined Authority as well as beginning discussions on future transport funding with Greater Manchester. The budget for the Work and Health Programme will be transferred to London and Greater Manchester, with the proviso that the two areas meet certain conditions, such as co-funding. The Greater London Authority's (GLA) affordable housing settlement has also been confirmed, under which the GLA will receive £3.15 billion to deliver over 90,000 housing starts by 2020-21. The adult education budget will also be devolved to London from 2019-20 (subject to readiness conditions).

Alongside the strategy for the Northern Powerhouse, the Government will also publish a Midlands Engine strategy shortly. The Government confirms the arrangements for the Northern Powerhouse Investment Fund and Midlands Engine Investment, and in early 2017 the British Business Bank will make its first investments from the Northern Powerhouse Investment Fund to support local SMEs. It will make its first investments from the Midlands Engine Investment Fund shortly after.

Devolution

The Government will work towards a city deal for Stirling. Aberdeen and Inverness have confirmed funding for city deals from the Government. It is working towards a deal with Edinburgh, and once they are brought forward will consider proposals for a deal with the Tay cities. This will mean all Scottish cities have the opportunity to agree a city deal.

The Government will also consider options for a growth deal in north Wales and is currently expecting proposals from local partners. The Government has reiterated its support for the implementation of the £1.2 billion city deal for the Cardiff Capital Region.

Exiting the EU

An additional £1 million will be available to the Department for Exiting the European Union in 2016-17 in order to assist the negotiations regarding the UK's relationship with the EU.

From 2017-18 until the UK's exit from the EU is finalised, up to £94 million of additional resources will be available. This will result in a total of £412 million additional funding over the duration of this Parliament.

The Government will publish a summary of the responses to the consultation on how to protect regional airports in England from the possible effects of air passenger duty devolution. The strong dependency on means the Government will not implement specific measures immediately, but plans to look at this area again after the UK has exited from the EU.

Infrastructure & Transport

National Productivity Investment Fund:

A National Productivity Investment Fund (NPIF) has been announced which will target housing, transport, digital communications, and research and development.

The NPIF will provide £23 billion between 2017-2018 and 2021-2022. This will go towards current plans for the affordable house building programme, resurfacing 80% of the strategic road network, investment in the railways, and prioritising science and innovation spending.

With the addition of the NPIF, overall spending on housing, economic infrastructure, and R&D will increase to £170 billion for the next 5 years.

Public Sector Gross Investment is expected to be 4% of GDP in each year for the length of this Parliament.

The NPIF's key objectives will be: to increase the supply of new housing; reduce congestion on the roads; support the market to roll out full-fibre connections and future 5G communications; deliver a step change in broadband speed, security, and reliability; promote the UK's as a world leader in science and innovation.

Investment by the Government from the NPIF fund will be made in areas for which the Government holds responsibility. Where the Devolved Institutions are responsible they will be provided with the funding with respect to the Barnett Formula to use in accordance with their own objectives.

National Infrastructure Commission

A National Infrastructure Commission (NIC) has been established to provide advice on strategic infrastructure needs and independent advice on how to meet them.

Annual Government investment in economic infrastructure will rise by nearly 60% from £14 billion to £22 billion in 2020-2021.

The Government will provide £27 million in development funding for an Oxford-Cambridge expressway.

Infrastructure & Transport

£100 million will go toward the accelerated construction of the East-West Rail line western section and allocate £10 million in development funding for the central rail section.[1]

The NIC will carry out a study on the uses for emerging technologies to improve infrastructure productivity.

Transport

The NPIF will provide £1.1 billion by 2020-2021 in to reduce congestion and deliver upgrades on local roads and public transport networks. £220 million will be invested to tackle key pinch-points on strategic roads.[12]

The Government has recommitted to the National Roads Fund.[13]

£390 million will be invested by the NPIF by 2020-2021 to support ultra-low emission vehicles (ULEVs), renewable fuels, and connected and autonomous vehicles (CAVs). £80 million of this will provide for ULEV charging infrastructure, £150 million for low emission buses and taxis, £20 million for developing alternative aviation and heavy goods vehicle fuels, and £100 million for new UK CAV testing infrastructure.

From today to the end of March 2019 the Government is offering 100% first-year allowances to companies providing charge-points for electric vehicles.

From 2018-19 to 2020-21, the NPIF will provide £450 million to pilot digital signalling technology, to expand capacity, and to improve reliability for railways.

Around £80 million will be allocated to accelerate the roll out of smart ticketing including season tickets for commuters in the UK's major cities.

The Government has announced its preferred route for Phase 2b of High Speed 2.

There will be an investment of £5 million for the Midlands Rail Hub, a programme of rail upgrades in and around central Birmingham with the potential to provide up to 10 extra trains per hour.

Infrastructure & Transport

Digital communications

Over £1 billion will be invested by 2020-2021, including £740 million to support the implementation of full-fibre connections and future 5G communications.

There will be £400 million for a new Digital Infrastructure Investment Fund, at minimum matched by the private sector, for new fibre networks over the next four years.

There will be 100% business rates relief for new full-fibre infrastructure from 1 April 2017 for five years, to assist roll out to more homes and businesses.

There will be funding for a coordinated programme of integrated fibre and 5G trials.

Flooding

There will be £170 million invested in flood defence and resilience measures. £20 million for new flood defence schemes, £50 million for rail resilience projects, and £100 million to upgrade the resilience of roads to flooding.

Infrastructure financing and delivery

The Government has recommitted to the UK Guarantees Scheme, and will extend it to at least 2026. The UK Guarantees Scheme has so far issued nine guarantees that have delivered £1.8 billion of Treasury-backed infrastructure bonds and loans, supporting over £4 billion worth of investment.

A new set of projects will be developed that are appropriate for delivery through the PF2 Public Private Partnership scheme. A list of projects to will be set out in early 2017.

The Chief Secretary to the Treasury will lead a new ministerial group to monitor the delivery of priority infrastructure projects. The Infrastructure and Projects Authority will conduct a review (to report in summer 2017), on ways Government can improve the quality, price and performance of UK infrastructure.

Infrastructure & Transport

Research and development

The NPIF will provide an additional £4.7 billion by 2020-2021 for Research and Development (R&D) funding.

An Industrial Strategy Challenge Fund has been announced. It will be cross-disciplinary and will support collaborations between business and the UK's science base, to set challenges for UK researchers to undertake. Innovate UK and research councils will manage the fund.

Additional funding will be allocated to increase research capacity and business innovation. UKRI will award the funding and will include an increase in grant funding through Innovate UK.

The tax arrangements for R&D will be reviewed to consider ways to build on the introduction of the 'above the line' R&D tax credit.

£100 million will be allocated to Innovate UK to extend and enhance the Biomedical Catalyst.

£100 million will be provided until 2020-2021 to promote university collaboration in technology transfer and in working with business, with the devolved institutions receiving funding through the Barnett formula.

The Government has selected eight areas for the second round of Science and Innovation Audits: Bioeconomy of the North of England; East of England; Innovation South; Glasgow Economic Leadership; Leeds City Region; Liverpool City Region +; Offshore Energy Consortium; and Oxfordshire Transformative Technologies.

Education & Justice

Culture

Education

The Government has ambitious plans to ensure every child has access to a good education. The Prime Minister has previously announced plans for increased selective education in England, and now £50 million of new capital funding will be made available to support the expansion of grammar schools in each year from 2017-18. The devolved administrations will receive funding through the Barnett formula.

Justice

£500 million of additional funding will be given to the Ministry of Justice. As already announced by Lord Chancellor and Secretary of State for Justice, the funds will help to recruit 2,500 extra prison officers to improve prison safety, while also funding wider reforms to the justice system.

Culture

The Sovereign Grant will temporarily increase from 15% to 25% allowing for the significant maintenance work of Buckingham Palace.

£7.6 million will be provided for urgent repairs at Wentworth Woodhouse, subject to approval of a sustainable business case.

The Government will contribute up to £15 million towards the costs of hosting the 2021 Rugby League World Cup and a further £10 million towards legacy infrastructure. £9 million will go towards the cost of hosting the Cycling Road World Championships in Yorkshire in 2019, with a further £15 million for a legacy fund to pay for cycling infrastructure.

Media Analysis

In an Autumn Statement designed to show that this Government is "working for everyone", it was the concessions for lower income families which made the biggest impact on social media. The Chancellor's decision to ban letting agent fees and proposed measures for affordable housing drew the biggest reaction. As far as those policies which were missing, the notable absence of social care and the traction that this gathered online reflects the ongoing public divisions surrounding public spending. While Hammond was careful not to dwell on Brexit directly throughout his speech, unsurprisingly it's remained an overarching theme throughout commentary online.

Social Media Mentions

Journalist Tweets

90

Robert Peston
@Peston

“So to be clear, Brexit impact on public finances is a deterioration of £220bn by end of parliament. Worse than feared #AutumnStatement.”

88

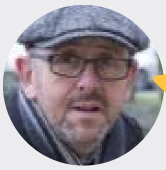
John Rentoul
@JohnRentoul

“Ox-C’bridge expressway “can be more than a transport link, it can be a transformational tech corridor” High gibberish count: Hammond #as16.”

86

Fraser Nelson
@FraserNelson

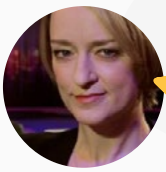
“HM Treasury warned of 500,000 jobs lost if Britain voted for Brexit. Hammond has just admitted reverse is true: forecasts 500,000 MORE jobs.”



84

Sean O’Neill
@TimesONeill

“Surely the best news in the autumn statement/budget baloney is the 50% cut in budget statements.”



81

Laura Kuenssberg
@bbclaurak

“Hammond says govt no longer commits to surplus by 2020 - new THREE fiscal rules.”

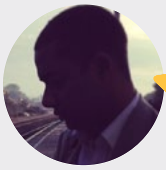
Journalist Tweets

Sam Coates Times

81

@SamCoatesTimes

"The bad news from the Autumn statement - huge money generated by insurance premium tax rises."



Stephen Bush

77

@stephenkb

"More taxes, more borrowing, more debt. We thought it was an attack line, turned out it was a promise. #AutumnStatement."

Asa Bennett

77

@asabenn

"Basically Philip Hammond has swapped the #AutumnStatement and Budget around."

Jason Beattie

74

@JBeattieMirror

"A snap verdict on the Autumn Statement. Hammond had little to smile about in Brexit Britain."

Paul Gallagher

73

@PMGallagher1

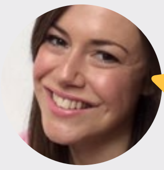
"Neither NHS nor social care mentioned in the Autumn Statement."

Journalist Tweets

72

Jack Blanchard
@Jack_Blanchard_

"Chancellor Philip Hammond fails to mention the NHS in his entire 51-minute #AutumnStatement."



71

Isabel Hardman
@IsabelHardman

"Corbyn is right - the council tax precept is "a drop in the ocean" for social care. His questions are reasonably focused here #PMQs."

69

Andrew Bounds
@AndyBounds

"Northerners who moaned about #Manchester You can now moan about Oxbridge, where this #AutumnStatement transport money is going."

66

Faisal Islam
@faisalislam

"£350m a week??? Post Brexit vote sterling slide has...INCREASED EU payments by £15 million a week, 800m/yr says OBR. Its paid in Euro."

62

Gareth Iacobucci
@Garethiacobucci

"Hammond & May: no new NHS or social care funding. I never thought I'd say this but can we hear more from Clarkson please? #AutumnStatement."

Stakeholder Reaction

"Having failed to eliminate the deficit in the last Parliament, Govt is now adding £230bn+ to national debt in the coming years. #AS2016."

Institute of Economic Affairs

"The Government is not protecting education funding – it remains on course to inflict significant real terms cuts. Schools and colleges are already being hit, with job cuts and increasing class sizes. Teacher pay and conditions remain under attack, even as the recruitment and retention crisis intensifies and pupil numbers continue to rise."

National Union of Teachers

"Home helps, firefighters and nurses are facing real terms pay cuts – but the Chancellor missed the opportunity to help them. The rise to the national minimum wage is welcome – but under-25s will still miss out on the full amount. And the partial restoration of major cuts to Universal Credit isn't anywhere near the help 'just about managing' families need."

Trades Union Congress

"Extra funding for roads announced by the Chancellor has recognised the high return on investment of local road and transport schemes, with investment in new Pinch Point funding. The government should now cement their recognition of the importance of local schemes by wrapping future local road funding into the Roads Fund to ensure both national and local networks have the stability and funding certainty to fix the nations crumbling road networks."

EEF

"No commitment towards council housing in #AutumnStatement. Read CIPFA's report on why it is important: http://bit.ly/1XMEXPQ."

Chartered Institute of Public Finance and Accountancy

Stakeholder Reaction

"This extra investment in affordable housing demonstrates the strong relationship that housing associations have with the new Government.

"The decision to change the tapers in Universal Credit is welcome and a positive move for households which are just about managing. However, we will be raising our concerns with Government about the changes to the LHA cap for those receiving Universal Credit from 2019."

National Housing Federation

"Councils, the NHS, charities and care providers have been clear about the desperate need for the Chancellor to take action to tackle the funding crisis in social care. It is unacceptable that this has not been addressed in the Autumn Statement..."

Local Government Association

"£3 million from the tampon tax is nowhere near enough for women's services and women shouldn't be paying for their own safety."

Fawcett Society

"Increased resources for local and regional transport infrastructure, broadband, housing and innovation will boost business confidence at a critical moment. The Chancellor's strong focus on the growth requirements of our cities, regions and nations will not go unnoticed in business communities across the UK...

"There was very little support in our business communities for further cuts to Corporation Tax, so Philip Hammond was right to stick with existing plans. However, we would have liked to see more action on the high up-front taxes and costs of doing business in the UK, particularly business rates.

"The government's decision to move to a single annual set of tax and spending commitments will be welcomed by businesses weary of frequent and sometimes unclear changes of direction."

British Chambers of Commerce

Stakeholder Reaction

"Several of the measures such as raising the personal tax-free allowance and the national living wage will help families that are struggling financially, and those that are living in poverty. That difference may be small, but it could mean the difference between a family being able to save or not, being able to deal with an income shock such as a new baby or illness, or it forcing them into debt to make ends meet."

Turn2us

"The Prime Minister's commitment to spending on R&D is very welcome and much needed as our universities face increasingly stiff competition from our international rivals who have benefited from greater levels of Government investment."

Russell Group

"While the Government has said its industrial strategy isn't about picking winners, the focus on R&D suggests the Government does have its favourites. Overall the Statement is a positive start but there's a long way to go to better understand the Government's approach to tax policy in a Britain managing Brexit."

PwC

"We are very disappointed social care did not merit a mention during the chancellor's statement. The funding pressures facing social care are acute and the system is in crisis. We now call on all political parties to show genuine political courage and put health and social care funding on a long-term and secure basis."

Leonard Cheshire Disability

Stakeholder Reaction

"It takes a courageous government to spend money on programmes that will not deliver immediate benefits, such as investment in education. Sadly that courage is lacking today."

National Association of Head Teachers

"Our members are pleased with the confirmation of plans to reduce £6.7 billion from the business rates system, and the decision to make rural rate relief fairer for small firms... But there will need to be stronger fiscal interventions to boost the economy next year, with the prospect of weaker longer-term growth looming."

Federation of Small Businesses

"I applaud the Government's commitment to prioritising transport infrastructure projects to make Britain fit for the future. The importance of technology to develop a green, reliable and fit for purpose network across the country will only help contribute to raising Britain's productivity."

The Chartered Institute of Logistics & Transport

"Broadband is an essential part of modern life. The UK has lagged behind many other countries and people regularly have problems with speed and connectivity. This extra investment must lead to a big improvement by the industry, so that consumers get faster, more reliable broadband and automatic compensation when things go wrong."

Which

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About Vuelio

Vuelio Political Services have everything you need to identify, understand and engage successfully with political stakeholders. Whether you want to educate MPs, influence a policy area, or build relationships for the future, the experienced Vuelio team - supported by our extensive data and cutting-edge technology - can help you target the right audience, track all your activity, and shape the political agenda.