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Spring Statement 2019 briefing

1. General economic outlook

- After nine years of consecutive growth, the Chancellor announced revised GDP growth forecasts of 1.2% for 2019, down from 1.6% (OBR) and 1.4% in 2020 – based on an orderly transition to a new relationship with the EU. The downgraded forecast was given based on notable weakness in business investment in recent months.
- UK economy growth is predicted to continue for the next five years.
- The OBR expect to see 600,000 new jobs in the UK economy by 2023.
- Public sector (national) debt is expected to fall to 82.2% of GDP this year, down from 83.3%, converging at 73% of GDP in 2023-24.

2. Income rates and tax

- Making Tax Digital (MTD) for new taxes is delayed until 2021. The Chancellor stated that “the government will not be mandating Making Tax Digital for any new taxes or business in 2020”. MTD for VAT is still going ahead and applies from April 2019. The extension to other areas will now not happen in 2020.
- As expected, the basic personal allowance threshold will be raised from £11,850 to £12,500 from April 2019.
- The Chancellor has announced a review of the relationship between minimum wage rates and productivity, announcing labour economy expert Professor Adrindrajit Dube as the review’s chair. The terms of reference are available to view at bit.ly/gov-rev-minwage.

3. Public sector spending

- The Chancellor announced his intention to launch a three-year spending review to set departmental budgets to be announced before Parliamentary summer recess, expected in July 2019. The review will aim to report back ahead of the autumn Budget.
- A further £260m funding was committed to the Borderlands growth deal, including Dumfries and Galloway, Scottish Borders, Northumberland, Cumbria and Carlisle. The funds will be

available to boost local economies through improving transport links, encouraging new ventures, promoting tourism and encouraging other inward investment.

- The government guaranteed £3bn of borrowing by housing associations in England for the Affordable Homes Guarantee Scheme, to support delivery of around 30,000 affordable homes.

4. Apprenticeships

- Changes to apprenticeship funding have been brought forward to April 2019. This means that, from April, non-levy employers and levy-payers that have already spent their allocated funds will only need to invest 5% of the cost of training their apprentice. Levy payers will also be able to transfer 25% of their funds to their supply chains, up from 10%.

5. Energy and sustainability

- The Spring Statement announced a call for evidence on the Business Energy Efficiency Scheme, which will invite comments on encouraging SMEs to invest in energy-efficient upgrades to their businesses. The portal will be open for responses until 8 May 2019 at bit.ly/gov-energy-call.
- It was also announced that a £6m 'Boosting Access for SMEs to Energy Efficiency' competition is open for applications. This will fund the development of new business models that aggregate and scale up the delivery of small-scale energy efficiency building projects in the commercial and industrial sectors. Applications need to be received by 8 May 2019: visit bit.ly/gov-basee-comp.
- The New Future Homes Standard to be released by 2025 to enforce new low-carbon heating and energy efficiency levels in new build homes.

6. Infrastructure

- The Chancellor announced a new consultation on infrastructure finance, seeking businesses' views on how government can encourage and protect private sector investment in UK infrastructure as the relationship with the European Investment Bank changes. The portal will be open for responses until 5 June 2019 at bit.ly/gov-inf-fin-rev.
- The government will publish a National Infrastructure Strategy to establish a long-term view of the UK's infrastructure needs, including strategic transport links in the north and smart energy systems.

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