Autumn Statement – Osborne urges voters to 'stay the course for prosperity'

Summary of key points

- **A comprehensive review of business rates – to be reviewed in 2015 and in effect from 2016**
- **Abolishing employer National Insurance contributions for apprentices aged under 25**
- **Increased lending to SMEs through the British Business Bank**
- **A 25% tax on off-shore revenue created in Britain by multinational corporations**
- **£200m to kick-start the work needed to develop new ways of caring for patients to improve the integration of GPs, community services and hospitals**
- **£114m boost for eight 'Cycle Cities'**
- **Postgraduate degree loans up to £10,000 for under-30s**

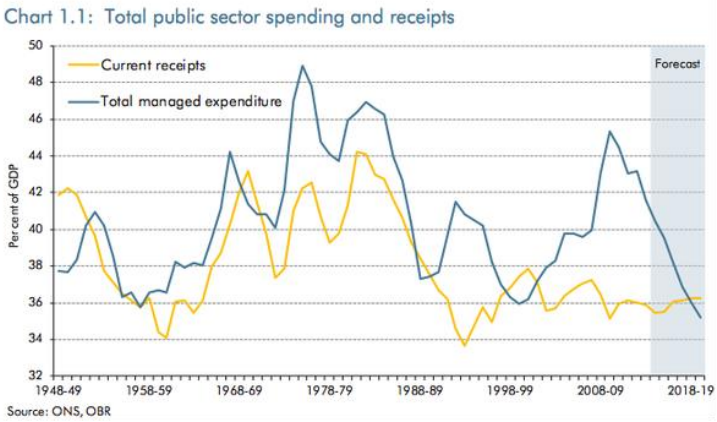
Summary of the Statement

George Osborne's final Autumn Statement of the Parliament saw the Chancellor continue to deliver spending reductions while developing new fiscal policy in areas such as skills, education and training, business rate relief and VAT, as well as clamping down on un-paid taxes, particularly from multinationals.

The business-friendly focus of the Statement is clear, with several measures created to support small and medium-sized businesses.

Infrastructure – road and rail, but also cycling – feature heavily in Osborne's plan to get Britain moving economically.

In terms of health, money retrieved from fines on the financial sector will be re-directed towards the first steps in implementing Simon Stevens' Five Year Forward view for the NHS, including significant investment into primary care.



The Office for Budgetary Responsibility has revised the deficit down by half, and predicted Britain would have a surplus of £23bn by 2019/20. Overall, the British economy is forecast to grow by three per cent.

The Chancellor also said he wanted to put the Northern Power House at the heart of the Autumn Statement.

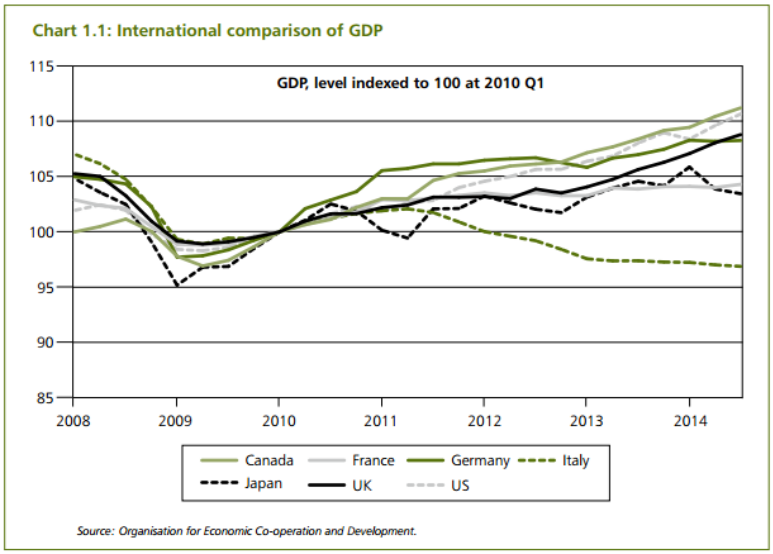
Overall, it seems that George's marvellous medicine has not yet remedied the economy completely; however this Statement sets the wheels in motion for bigger growth through small businesses throughout Britain

Key points (expanded)

- The government will carry out a review of the future structure of business rates to report by Budget 2016; the revue will be fiscally neutral and consistent with the government's agreed financing – early findings from the review will be published in December 2015

- The government is making it cheaper for employers to take on an apprentice by abolishing employer National Insurance contributions for apprentices aged under 25 on earnings up to the upper earnings limit. This means that employers of around half a million apprentices will be exempt from paying employer National Insurance contributions. And for those young people who are out of work and require the most help to look for a job, there will be a new intensive period of employment support at the start of their Universal Credit claim.

- Additional borrowing allowances in 2015 will be generated through net lending to SMEs, with participants able to draw £5 of funding for each £1 of net lending to SMEs. The FLS will complement various other initiatives in train to support credit to SMEs, including programmes by the British Business Bank to make finance markets work better for SMEs, and the government's proposals in the Small Business, Enterprise and Employment Bill to improve access to SME credit information. Autumn Statement 2014 announces an extension of the Enterprise Finance Guarantee and an expansion of Enterprise



Capital Funds. Funding for these 2 major British Business Bank schemes will unlock up to £1 billion of finance for smaller businesses

- Where multinationals use artificial arrangements to divert profits overseas in order to avoid UK tax, the government will now act. Autumn Statement announces the introduction of a new Diverted Profits Tax to counter the use of aggressive tax planning to avoid paying tax in the UK. The Diverted Profits Tax will be applied at a rate of 25% from 1 April 2015

- Postgraduate funding reform – The government will introduce income-contingent loans of up to £10,000, planned to be available from 2016-17, for under-30s to undertake a postgraduate taught masters course. These loans will be structured so that, on average, graduates repay them fully, but they will beat commercial rates. One way of doing this is to charge an interest rate of RPI+3%, with repayments of 9% of income above a threshold of £21,000, frozen for 5 years, repaid concurrently with undergraduate loans. The government will consult on the detail and will then confirm the delivery plan. (16)

- Cycle City Ambition grants – As announced by the Deputy Prime Minister on 27 November 2014, the government will provide £114 million between 2015-16 and 2017-18 to enable the continuation of the Cycle City Ambition scheme in the 8 cities it already covers. This will provide capital funding for better cycle infrastructure such as segregated lanes and improved junctions.

- The government is also continuing to invest in mental health services, and the new NHS mandate will commit to parity of esteem between physical and mental health. Eating disorders most commonly begin in adolescence and the government recognises the need to act quickly and early to ensure that young people receive the right treatment. Autumn Statement announces an additional £30 million per year, £150 million over 5 years, for NHS England to develop the best approaches to caring for young people with eating disorders in both inpatient and community settings, which will help develop a treatment standard for these conditions.

- Alongside this, the government is creating a £200 million transformation fund in 2015-16 to deliver the first year of the 'Five Year Forward View'. The fund will kick-start the work needed to develop new ways of caring for patients to improve the integration of GPs, community services and hospitals.

- Fines collected from the banks that broke the foreign exchange market rules will be used to create a £1 billion fund for advanced care in GP practices in England. Bringing together GPs, nurses and specialists, the fund will pay for the modern premises and technology that will give patients access to advanced care, such as chemotherapy and dialysis, in their local communities. These new primary care facilities will also be encouraged to join up closely with local job centres, social services and other community services, in order to ensure that the NHS is also supporting people back into the labour market.