ukactive
Suite 1.03-1.05
Fox Court
14 Gray's Inn Road
London WC1X 8HN

T 020 8158 9700
F 020 8158 9700
E info@ukactive.org.uk
ukactive.com

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Autumn Statement 2023 – ukactive Member Briefing

The Chancellor yesterday (22 November) delivered his 2023 Autumn Statement, outlining the economic picture for the country alongside fiscal measures the Government has taken to deliver on its key priorities on economic growth.

This comes against recent figures showing stagnant growth and reflect the urgent need for Government to turbocharge UK productivity. The Statement focused on tax cuts for business, the self-employed and employees, as well as increasing the national living wage. Also, a key feature was an announcement around getting people back into the workforce, including measures aimed at supporting those with long-term health conditions.

Below is a summary of the relevant announcements from the Chancellor's address, alongside ukactive's summary of what these mean for the sector.

Business rates

The Government has confirmed an extension to parts of the business rates support for England and Wales announced at last year's Autumn Statement.

These include:

- Continuing the 75% rate relief for hospitality, retail and leisure businesses up to a rateable value of £110,000.
- A continuation of the freeze on the small business multiplier.

There will not be a continuation of the standard rate multiplier freeze, meaning those businesses with a rateable value over £15,000 and/or operating over more than one property will see an uprate in the multiplier in line with inflation.

The Government calculates the total announcement represents a £4.3 billion support package over the next five years, and comes following intense lobbying by ukactive and partners, including UK Hospitality and the British Retail Consortium.

ukactive analysis: The continuation of the 75% rate relief and small business multiplier freeze are welcome interventions from the Government, which had initially been reluctant to extend these temporary measures. It follows pressure from ukactive and other organisations for a continuation of support.

However, these measures remain temporary and do not cover the entirety of the sector. The sector continues to call for a long-term alternative to the business rates system, which at present disincentives growth. We are also continuing to prioritise and work on the case to Government for VAT reform ahead of next year's General Election.

For businesses in Scotland, a decision on extending business rates support will be contained within the Scottish Government's Budget on 19th December. ukactive will continue to work with partners to ensure appropriate support.

Back to Work Plan

Announced a few days before the Autumn Statement, the Government's Back to Work Plan was a series of announcements aimed at incentivising the economically inactive back into the workplace, through additional support and increasing benefit sanctions.

The package, worth £2.5 billion over five years, £1.3 billion of which will be to support those with long-term health conditions. Measures include reform of the fit note process and Work Capability Assessment and working closely with employers to provide the best conditions for supporting those with long-term ill health into the workplace.

There will be an increase in health and employment support for those who have received a fit note for a prolonged period of time. The Government will also launch a consultation in 2024 on wider reforms, to examine options for improving fit note assessments and integrating quicker access to specialised employment and health support.

ukactive analysis: It is welcome that the Government has recognised the impact supporting those with long-term health conditions back into work can have, and the importance of the sector in achieving this. We await further detail on how the £1.3 billion earmarked for this work will be spent, and how exactly gyms, pools and leisure centres will be utilised within this.

ukactive continues to work closely with the Office for Health Improvement and Disparity on further supporting our members to deliver workplace health initiatives through projects such as MSK Hubs and Business Health Matters.

Full expensing

The Government has announced it will make its full expensing policy permanent. Initially announced in the Spring Budget 2023 to replace the super-deduction capital allowance, which expired in March 2023. Full expensing allows companies to claim 100% capital allowances on qualifying plant and machinery investments, writing off the cost of the investment in one go.

Most tangible capital assets, other than land, structures and buildings, used in the course of a business are considered plant and machinery for the purposes of claiming capital allowances.

Plant and machinery that may qualify for full expensing includes (but is not limited to):

- machines such as computers, printers, lathes and planers
- office equipment such as desks and chairs
- vehicles such as vans, lorries and tractors (but not cars)

ukactive analysis: This is a significant announcement for business and has been welcomed by organisations such as the Confederation of British Industry and the Federation of Small Businesses. This could allow members to make long-term decisions around investment with significantly improved tax arrangements.

There remain questions over the full eligibility criteria for full expensing, specifically whether gym equipment is included in the eligibility criteria. ukactive continues to investigate and will continue to keep members updated.

Self-employed tax reform

Today the Government announced significant changes to National Insurance contributions for the self-employed. For the next financial year, beginning March 2024, it will abolish Class 2 NI contributions for the self-employed, and cut Class 4 by 1% to 8% - while maintaining access to entitlements and credits in full.

ukactive analysis: This represents a significant effective tax-cut for self-employed workers within the sector and should provide businesses with a more satisfied and flexible workforce with little additional burden.

Public leisure

There was little within the Autumn Statement applicable to public leisure, beyond an additional £37.5 million regeneration in Priority Places – this funding is for individual areas to prioritise a single project. While this could be spent on leisure centres, among competing priorities at local level such investment is unlikely. The Local Government Association, part of the National Sector Partners Group with ukactive, have highlighted the lack of support for local councils at a time when the finances are severely stretched.

ukactive analysis: With no additional funding for councils, the future of public sector leisure is still precarious. If the Government is to deliver on its ambitions around activity targets it must continue to support public leisure.

Further, public leisure facilities will be essential in delivering the occupational health support the Government has prioritised as part of its Back to Work Plan.

We continue to work with the Government on the importance of all parts of the sector to its wider ambitions and with other national sector partners to secure a viable and sustainable future for public sector leisure.

National living wage

The Government has confirmed the National Living Wage (NLW) will rise by £1.02 to £11.44 for those aged 21 or over in April 2024. NLW rises for employees aged 18-20 and 16-17 will also rise by £1.11 and £1.12, respectively.

ukactive analysis: With recruitment and retention issues in the sector, and staffing costs already one of the biggest outgoings alongside energy, the additional pressures on wages could be substantial. We know from our recent risk register survey the pressure staffing costs continue to have, and while increased pay may help with retention in the short term, it will create significant pressures on businesses across the sector.

Through our ongoing conversations with the Government and in the media, ukactive continues to stress the impact continued cost pressures have on the ability of the sector to maintain current pricing levels. As the Government looks to boost activity levels, we will continue to lobby for operational support for all parts of the sector to prevent further price rises for consumers.

Apprenticeships

The Government is supporting plans to catalyse the growth sectors by committing £50 million to deliver a two-year apprenticeships pilot to explore ways to stimulate training in these sectors and address barriers to entry

At present, these growth sectors are: advanced manufacturing; green industries; digital technology and AI; life sciences; and creative industries.

ukactive analysis: Initiatives such as this should be expanded to further areas that can demonstrate an ability to grow and drive forward productivity. It is up to the sector to make that case compellingly to the Government, so we are included in future pilots around apprenticeships.

To read our public statement in response to the Autumn Statement, click here.

Other points of Interest:

Digital Markets, Competition and Consumers Bill – update

On Monday (20th November) the Digital Markets, Competition and Consumers Bill passed its final stages of reading in the House of Commons. A number of amendments tabled by the Government on the powers of the Secretary of State to enforce legislation were accepted by the House. Amendments which would have weakened consumer protections on cooling-off periods and termination of contracts were rejected.
The Bill will pass on to its readings in the Lords (date TBC) where there will be opportunity for further scrutiny and amendments. This is expected to be in the New Year.
As outlined in our previous update, we will be submitting member questions on the impact of the Bill directly to the Department for Business and Trade. Please send those questions to info@ukactive.org.uk ASAP.

For any questions, or for further information on anything contained within this briefing, please contact Stephen McLoughlin at stephenmcloughlin@ukactive.org.uk