

# DERBYSHIRE COUNTY COUNCIL

## D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY

10 October 2022

### Impact of the Mini Budget on Local Businesses

#### (1) Purpose of Report

1.1 The purpose of this report is to set the context for the discussion that will take place at the Committee meeting on 10<sup>th</sup> October.

#### (2) Discussion / Decision Required by the Derby and Derbyshire Joint Economic Prosperity Committee (D2JC)

##### 2.1 The D2JC is requested to:

- i) **Note the contextual summary provided in this report and consider the information presented at the meeting by the Chief Executive of the East Midlands Chamber of Commerce as part of broader discussions that will inform economic objectives and priority setting going forward.**

#### (3) Information and Assessment

3.1 At its meeting on the 10<sup>th</sup> October, the Joint Committee is considering a separate item that sets out the 'State of the Nation' which will headline the current economic conditions across the Derby and Derbyshire geography. This information provides a helpful baseline on which to build more detailed understanding of the impact of current issues – not least the 'cost of living crisis', but also the feedback from local businesses following the Chancellor's mini budget announcements on 23<sup>rd</sup> September 2022.

3.2 Dialogue between the Chamber of Commerce and local businesses is on-going and a more detailed update of the key issues, concerns – and opportunities – will be provided at the meeting. By way of background though, it is perhaps useful to summarise here the key announcements that were made by the Chancellor (correct at time of writing). The overarching principle of the budget statement is that Government had its sights set on 2.5% trend in the rate of growth and the key components to aid this included:

- Major tax reforms for business such as:

- Cancellation of the planned rise in corporation tax - keeping it at 19%
  - Reversing the 1.25 percentage point rise in National Insurance contributions
  - Making the Annual Investment Allowance £1 million permanently – and not returning to £200,000 in March 2023. (This provides 100% tax relief on plant and machinery investments up to £1 million).
  - A cut in the basic rate of income tax to 19% in April 2023 – one year earlier than planned
  - Abolishing the additional rate of tax – replaced by a single higher rate of income tax of 40%
  - A cut to Stamp Duty cuts – the ‘nil rate’ band will be doubled from £125,000 to £250,000 – estimated to benefit 200,000 homebuyers every year from paying the tax
  - No stamp duty for first time buyers up to £425,000, and the value of the property on which first time buyers can claim relief, as increased from £500,000 to £625,000
- Offer of sector specific support for pubs and hospitality, including freezing alcohol duty for another year
  - Creating new Investment Zones offering [targeted and time limited tax cuts for businesses and reduced planning requirements to release more land for housing and commercial development]. Derbyshire is identified as one of 38 areas with potential for an Investment Zone designation (subject to business case)
  - Proposals to accelerate new road, rail and energy projects by cutting barriers and restrictions, speed up the deployment of energy infrastructure and streamline environmental assessments and regulations
  - Increasing the disposal of surplus government land for house building
  - Introduction of Energy Price Guarantee supported by the Energy Bill Relief Scheme
  - Measures to unlock private investment e.g. changes to aid investment by pension funds into UK assets
  - Changes to Universal Credit Claimants - requirements to meet regularly with Work Coaches to access jobs

3.3 The response of local businesses to these, and any intervening announcements, will be shared verbally at the meeting as dialogue continues to take place.

#### **4. Recommendations**

- 4.1 The D2 Joint Committee is asked to note the above summary and consider the key issues and business feedback shared by the Chamber of Commerce at the meeting on 10 October.