

## Chancellor announces Autumn Statement

The Chancellor of the Exchequer, Jeremy Hunt, delivered the Government's [Autumn Statement](#) to Parliament last week. Set against a backdrop of the cost-of-living crisis and a darkening economic outlook, the Chancellor unveiled a £55bn fiscal consolidation package while admitting that the economy is now in recession and that the GDP will contract by 1.4% next year.

Citing "global factors" as the "primary cause" of inflation and global financial instability, the Chancellor [said](#) that the Government will prioritise "stability, growth and public services" to provide "fair solutions despite difficult decisions" in the coming years.

The initial Office for Budget Responsibility (OBR) [outlook](#) for growth forecast the UK economy would contract 1.4% in 2023 after rising 4.2% this year. It is also forecasting that the UK's inflation rate would be 9.1% at the end of 2022 and slightly decrease to 7.4% next year. The OBR expects unemployment to rise to 4.9% in 2024 from 3.6% today. Real household disposable income per person, a measure of living standards, is set to fall 4.3% in the 2022-23 fiscal year, which would be the largest drop since Office for National Statistics (ONS) records began in 1956-57.

### **Analysis from GK:**

Commenting on the Chancellor's statement, GK Strategic Adviser and former Treasury Minister, David Laws, has said the following:

*"Well! Jeremy Hunt's Autumn Statement was very much in line with expectations - no doubt because the Treasury has been carefully briefing out all the bad news over the last few weeks.*

*There is some moderately good news, including more money for schools and the NHS (this will not deliver better services but will offer more protection from sky high inflation). Benefits and pensions are indexed to inflation and the Government has resisted any temptation to further cut public spending in this Parliament.*

*But that's where the good news ends. The rest is pretty horrible: A forecast recession in 2023; rocketing debt interest payments; a severe squeeze on living standards; more people sucked into paying income tax at every level; and a new planned squeeze on public spending post 2025, which might well prove politically and socially impossible to deliver.*

*This Government has a tough year to come with economic competence undermined, as well as having a squeeze on most areas of public services and most people much worse off. Meanwhile there is evidence that voters are having second thoughts over the wisdom of Government policy on Brexit.*

*This background will make it very tough for the Conservatives to win a likely 2024 general election. A week is a long time in politics, but although Jeremy Hunt has done his best today with a poor set of cards, this economic outlook presents a high likelihood of a change in political regime in 2024."*

Of particular note to CASPA the Chancellor outlined a number of commitments which can be found below. The policy costings for the associated announcements can be accessed [here](#).

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### **Innovation**

- **R&D budget** – Government will protect the R&D budget and will increase spending to £20bn by 2024/25.
- **Digital innovation** – Government asked Chief Scientific Adviser, Sir Patrick Vallance, to lead new work on reforms for five 'growth industries': digital, life sciences, green industries, financial services, and advanced manufacturing.

### **Health and Social Care**

- **NHS budget** - To be increased in each of the next two years by an extra £3.3bn.
- **Social care** - Granted an additional funding of £1bn next year and £1.7bn the year after. The Dilnot reforms will also be delayed.
  - **Care packages** - The social care system will deliver an estimated 200,000 more care packages over the next two years.
- **Workforce plan** – The Department for Health and the NHS will publish an independently verified workforce plan for the number of doctors, nurses and other professionals the sector will need in 5, 10, and 15 years.