

Tourism South East works in association with the Tourism Alliance to lobby on behalf of the tourism industry. The Tourism Alliance has prepared this summary on the Autumn Statement 2011.



Autumn Statement 2011

The Chancellor's Autumn statement is a real attempt to stimulate growth in the UK economy. The Office for Budget Responsibility forecasts look grim as growth figures are revised down and borrowing up (although the current low rates means that interest payments will be down). There are a lot of announcements that will help small businesses and tourism including £5bn will be put into infrastructure and a further £1bn for the RGF, but two big issues for Tourism are that APD will be increased by double the rate of inflation in April and Public Sector pay increases will be limited to an average of 1% until 2015.

The Economy

- 0.9% GDP growth this year (down from the 1.7% that was projected)
- 0.7% growth in 2012, 2.1% in 2013, 2.7% in 2014 and 3% in 2015 (we will miss a double dip recession)
- Slow growth blamed on commodity and food rise increases
- Government borrowing falling from £127bn in 2011/12 to £100bn in 2013/14 – but not as quickly as predicted
- Debt interest payments £22bn less than predicted but debt will peak at £78bn in 2014/15
- Borrowing is £112 billion higher over the next 4 years than Chancellor's previous forecasts, but debt interest payments are £22 billion less than expected
- Unemployment to grow from 8.1% this year to 8.7% next year but will fall to 6.2% by the end of the Parliamentary term.

The Bad News

- Set public sector pay increases at 1% for the two years after the pay freeze is lifted (2013-15). (This will have a significant impact on the disposable income – holiday taking ability - of public sector workers with inflation at 4-5%)
- Departmental budgets will increase at only 1%, except NHS and Education
- Pension age to increase to 67 from 2026
- Third runway at Heathrow ruled out again (but other options for air capacity increased and a hub in the South east will be considered)
- Air Passenger Duty (APD) rates will increase from 1 April 2012, as set out at Budget 2011. The Government will also proceed with the extension of APD to flights taken aboard business jets, effective from 1 April 2013.

The Good News

- £1bn allocated to tackle youth unemployment
- £20 - 40bn to underwrite bank loans to small businesses. National Loan Guarantee system for businesses up to £44m turnover. It is estimated that this will reduce borrowing costs for small businesses by 1%.
- £5bn going into 500 infrastructure projects including 35 road and rail projects announced today.
- Pensions credit for poorest elderly people will be uprated by £5.35. Working age benefits will also be uprated by 5.2% in line with inflation.
- More Enterprise Zones and 100% capital allowances for businesses within the zones
- Further £1bn in the Regional Growth Fund.
- Cut Health and Safety rules for small businesses.
- Introduce employment regulation reforms to encourage businesses to take on new staff
- Anyone investing up to £100,000 in a new start-up business will be eligible for income tax relief of 50%. In 2012, any tax on capital gains invested in such businesses will also be waived.
- The current business rates holiday for small firms will be extended to April 2013
- Cancel the proposed fuel duty increase
- Rail fare rises will be capped at a maximum of 1% above inflation (which is lower than expected)