

Chancellor claims ‘austerity is over’ as he unveils Spending Review

In his Spending Review, Chancellor Sajid Javid said that ‘austerity is over’ as he announced significant increases in spending across most government departments.

As he unveiled the one-year Spending Review, the Chancellor said the increases showed that although cuts over the past decade had been tough, they had ‘paid off’.

The Chancellor said: ‘No department will be cut next year. Every single department has had its budget for day-to-day spending increased at least in line with inflation. That’s what I mean by the end of austerity.’

Mr Javid announced an additional £2 billion in Brexit preparation funding, while promising there will be more support to ensure businesses are ready. He also said the Treasury would work with the Bank of England to co-ordinate a fiscal and monetary response for the UK economy.

The Chancellor plans to ‘review our fiscal framework to ensure it meets the economic priorities of today, not of a decade ago’, with rule changes coming ahead of this autumn’s Budget. The Home Office is set to receive an extra £750 million as part of plans to recruit 20,000 new police officers. Spending on schools will increase over three years by £7.1 billion, and there will be an extra £2.2 billion for defence next year. NHS spending is set to rise by £6.2 billion in 2020, while the transport budget will have £200 million earmarked for buses.

Commenting on the Spending Review, the Institute for Fiscal Studies (IFS) said the announcements were ‘made on the basis of fiscal headroom’, which would be wiped out if the Treasury used up-to-date forecasts incorporating the recent slump in economic activity. Paul Johnson, Director of the IFS, said: ‘Making big fiscal announcements in a period of great economic uncertainty means we will have little idea how sustainable or costly decisions . . . will be.’

FSB calls on government to tackle ‘business crime crisis’

The Federation of Small Businesses (FSB) has called on the government to make tackling business crime a priority.

The business group has urged the government to hire ‘thousands more police officers’ in order to help combat business crime.

Research carried out by the FSB revealed that almost half of small businesses in England and Wales have been affected by business crime. According to the research, around 7.7 million crimes are committed against small firms every year.

‘These are uncertain times for all firms, and with ever-increasing costs, business crime is a problem that is devastating firms across the country,’ said Mike Cherry, National Chairman of the FSB.

‘On average, those businesses affected by traditional (non-cyber) crime in England and Wales have suffered costs of around £14,000 over the previous two years. This is money that many small firms simply cannot afford to fork out.’

Tax on sugary snacks 'could be more effective than Soft Drinks Industry Levy'

Experts have suggested that a tax on sugary snacks could be 'more effective' than the Soft Drinks Industry Levy.

Researchers compiling evidence for the British Medical Journal (BMJ) have suggested that a 20% 'snack tax' would have a 'huge impact' on obesity levels in the UK.

According to the BMJ, taxing high sugar snacks such as biscuits, cakes and sweets may be more effective at reducing obesity levels than increasing the price of sugary drinks.

The Soft Drinks Industry Levy came into effect from April 2018, and represents one part of the government's plan to tackle childhood obesity. As part of the Levy, traders pay one of two rates: either the 'standard rate' of 18p per litre, which applies to drinks with sugar content between five grams and up to (but not including) eight grams per 100ml, or the 'higher rate' of 24p per litre, which applies to drinks with sugar content equal to or greater than eight grams per 100ml.

According to the government, the Soft Drinks Industry Levy has raised millions for sports facilities and healthier eating in schools, and has encouraged manufacturers to cut sugar in over half the drinks found in UK stores.

The BMJ suggested that increasing the price of sugary snacks by 20% would 'reduce annual average energy intake by around 8,900 calories'.

However, researchers also stated that fiscal policies aimed at reducing sugar, salt and saturated fat intake 'fail to incentivise the consumption of healthy foods'.