

# INSIDER APR 2013

Welcome to your April newsletter. This month, we recap the Chancellor's Budget and look at the highlight announcements that could affect your business or personal finances.

Also, the Deputy Prime Minister outlined plans to give employers greater influence over apprenticeship qualifications and standards; what would

this mean in practice? We examine responses to the news that millions of UK adults have left work to care for a family member. And in Your Money news, it was announced that a committee of MPs will look at ways to reduce the number and cost of whiplash insurance claims in the UK. We look at reasons for the inquiry and responses to the announcement.

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## Budget 2013 round-up

Chancellor George Osborne introduced Budget 2013 as one for an 'aspiration nation'; for those who aspire to 'own their own home, get their first job, or start their own business.'

### Economic update

As always, the Budget was delivered alongside the latest economic forecasts from the Office for Budget Responsibility, and the outlook looks decidedly tough. It revised down its UK GDP growth forecast for 2013 from 1.2 per cent to 0.6 per cent. It now expects 1.8 per cent growth in 2014, 2.3 per cent in 2015, 2.7 per cent in 2016 and 2.8 per cent in 2017.

### Businesses

Key announcements affecting businesses include:

- **New Employment Allowance** - will take the first £2,000 off the national insurance bill of every employer, from April 2014
- **Corporation tax** - reduced by

one per cent to 20 per cent from 2015. The small and main rates of corporation tax will also be merged

- **Stamp Duty** - abolished on shares traded in growth markets, such as the AIM
- **Research and development (R&D)** - the rate of above the line R&D credit increases to 10 per cent from April 2013
- **Capital gains tax** - the 50 per cent relief on chargeable Seed Enterprise Investment Scheme (SEIS) gains which are reinvested back into the SEIS will be extended.

### Personal

Key announcements affecting individual finances include:

- **New childcare scheme** - for working families, the Government will contribute 20 per cent towards the first £6,000 of childcare costs for each child, from Autumn 2015
- **Help to Buy** - will invest

£3.5 billion in shared equity homes. The Government will provide equity loans of up to 20 per cent – providing individuals can put down a five per cent deposit – towards the cost of buying a new build home worth less than £600,000

- **Tax free personal allowance** - increases to £10,000 from April 2014
- **Single-tier state pension** - worth £144 per week, implementation will be brought forward to 2016
- **Social care costs** - capped at £72,000 from 2016
- **Fuel duty** - planned September 2013 increase scrapped
- **Beer duty** - escalator scrapped and beer duty cut by one pence per pint from 25 March 2013.

We can advise you about how the measures contained in Budget 2013 affect your personal or business finances.

## Millions leaving work to care for family members

Millions of UK adults are leaving employment or reducing working hours to care for an elderly, disabled or seriously ill family member, according to research from Carers UK and business forum Employers for Carers.

The research found:

- 2.3 million adults have given up work to become carers
- three million have reduced their working hours
- 22 per cent believed their work has been negatively impacted as a result of caring
- 27 per cent of those aged 45-55 said that caring had caused their work to suffer

- a £5.3 billion cost to the economy in lost tax revenues and additional benefit payments.

Ian Peters, chairman of Employers for Carers, said: "... these findings highlight that much more needs to be done to make supporting colleagues who juggle work and care part of normal workplace practice, and ensure that families can access the advice, support and services they need to enable them to combine work and home life."

Heléna Herklots, chief executive of Carers UK, said: "... support from employers can only go so far, and families need to be able to access reliable, good quality and affordable care and support services to enable them to juggle work and care. Without urgent action from Government to ensure families can access this support, millions more will see their careers and earnings suffer - with long-term personal costs to families and significant costs to business and the UK economy."

## Employers to design own apprenticeship schemes

Employers will be able to design and develop their own apprenticeship standards and qualifications, Deputy Prime Minister Nick Clegg has announced.

The decision follows last year's review by entrepreneur Doug Richard, which found apprenticeships should be more focused on the needs of employers in order to encourage take-up, address skill shortages and boost growth.

Government plans include:

- employers setting industry standards for apprenticeships
- incorporating English and maths GCSE qualifications into apprenticeships
- targeting each apprenticeship at a specific 'skilled job'
- creating a more outcome-focused approach towards apprenticeships.

### 'Misperceptions' about apprenticeships

A recent Chartered Institute of Personnel and Development survey found almost half of parents view apprenticeships as most appropriate for manual or 'blue-collar' jobs. Less than a fifth thought that apprenticeships had the same status as a university education.



*We can help with employee issues, including PAYE and apprenticeship schemes.*

## YOUR MONEY

### Inquiry into high number and cost of whiplash claims

The House of Commons Transport Committee will look at how the number and cost of whiplash claims in the UK can be reduced. The inquiry follows a December 2012 whitepaper from the Ministry of Justice, which described Britain as the "whiplash capital of the world".

The whitepaper reported that, between 2006 and 2012, there was a 60 per cent rise in claims for personal injury caused by road traffic accidents despite a 20 per cent fall in the number of reported accidents over the same period.

The Committee's inquiry will also look to establish:

- whether whiplash claims add £90 to the average premium as claimed

- what proportion of this additional cost is due to "exaggerated, misrepresented or fabricated" claims
- whether the Government's proposals to tackle fraudulent claims will help reduce insurance premiums
- the impact of the proposals on access to justice for genuinely-injured claimants.

The Association of British Insurers (ABI) has set out proposals for reducing the number and cost of whiplash claims, which include:

- independent medical assessments of whiplash claims by accredited medical experts

- assessments would take into account the circumstances of the collision rather than the claimant's reported symptoms
- a laid down prescribed level - independently-set - of damage awards for whiplash.

"Our proposals will ensure better medical assessment of whiplash claims, offer a quick, simple way of paying genuine claims; provide certainty for claimants and compensators, and deter fraud that ends up being paid for through higher motor insurance premiums," said the ABI's assistant director of motor and liability James Dalton.

### March's Money Facts

Current bank rate	0.5%
Quantitative Easing total	£375 bn
Current inflation	2.7%