

Budget 2016

GOVERNMENT EFFICIENCY and LOCALISM

- A further £3.5 billion in efficiency savings are to be found from departmental budgets by 2019-20
- Whilst the health budget will remain protected, planned efficiency savings aim to reduce Department of Health running costs by 30% over the next five years – including the recently announced loss of 650 jobs.
- There will be an efficiency review to inform future spending decisions – which may mean more cuts to come.
- The logic for the above cuts relies on Office of Budget Responsibility (OBR) growth projections that have been adjusted downwards already this year and may change again.
- The Chancellor also noted OBR warnings of potential cuts to growth projections on the event of a Leave vote in the EU referendum.
- A pilot scheme was announced to allow local government in Greater Manchester and Liverpool to retain 100% of business rates, and will enable other areas, e.g. Greater London, to move towards 100% business rate retention.
- New Devolution deals were announced in the West of England, East Anglia and Greater Lincolnshire.

OPTICAL BUSINESSES and TAX

- From April 2017, small businesses that occupy property with a rateable value of £12,000 or less will pay no business rates. There will be a tapered rate of relief on properties worth up to £15,000.
- Fuel duty will be frozen again in 2016-17, good news for domiciliary providers and practitioners.
- The Lifetime ISA: Adults under 40 can open and receive 25% on annual savings up to £4,000. May affect employers over time regarding pension planning.
- From April 2018 employers will now need to pay National Insurance contributions on pay-offs (for example, termination payments) above £30,000 where Income Tax is also due.
- Corporation Tax will be cut again to 17% in 2020.
- New stamp duty rates for commercial property from 17 March 2016: 0% for the portion of the transaction value up to £150,000; 2% between £150,001 and £250,000, and 5% above £250,000. Leasehold rent transactions will also change, with a new 2% stamp duty rate on leases with a net present value over £5 million.

INFRASTRUCTURE

- £60 million development funding announced to support HS3 train links between Leeds, Manchester, and other northern towns.
- £80 million to support continued planning for Crossrail 2 in London.
- Funding for new flood defences including in Leeds, York, Calder Valley and Cumbria and for maintenance of existing defences.

PRACTITIONERS

- Personal Tax Allowance: The rise from current £10,600 to £11,000 in 2016 will be followed by a rise to £11,500 in April 2017. The higher rate of income tax will increase from £42,385 to £43,000 in 2016 and to £45,000 in April 2017.
- From April 2016, the higher rate of Capital Gains Tax will be cut from 28% to 20% and the basic rate from 18% to 10%.
- Class 2 National Insurance contributions (NICs) for self-employed people will be scrapped from April 2018.
- The Insurance Premium Tax will rise 0.5%, which may affect some insurance prices.
- Introduction of sugar levy, which the OBR estimates could raise £520 million. The Chancellor confirmed this will be spent on sports and other after school extracurricular activities in schools with the aim of tackling childhood obesity.

Optical Confederation Chair Chris Hunt said: *“After the recent bad news on optical fees this business-friendly budget will bring some welcome good news for the sector, particularly smaller businesses. All infrastructure investment is also to be welcomed, particularly for better transport links for the South and the Northern Powerhouse. We will need to continue to monitor the newly announced devolution deals to protect eye health in those regions, but in general this is a positive budget for optics.”*

17/03/2016

The Optical Confederation is a coalition of the five optical representative bodies: the Association of British Dispensing Opticians (ABDO); the Association of Contact Lens Manufacturers (ACLM); the Association of Optometrists (AOP); the Federation of Manufacturing Opticians (FMO) and the Federation of Opticians (FODO). As a Confederation, we work with others to improve eye health for the public good.