

UKMOD Change Log

Summary of principal changes between B1.05 and B1.06

Date: 16 March 2023

This document provides a summary of the changes implemented since the preceding public release of UKMOD. For further technical detail, please consult the Excel log file reported in the 'Log' directory of the model.

Spring Budget

The model has been updated following the Spring Budget, as described below. Selected policy changes announced in the Budget are discussed at the end of this document.

- Increase the maximum support available in Universal Credit for childcare costs to £951 (per month) for one child and £1,630 for two children from July 2023 and increases them by CPI each year thereafter until 2027-28
- Starting rate limit for savings income: maintain at £5,000 for 2023-24
- National Insurance contributions: maintaining the Lower Earnings Limit and Small Profits Threshold at 2022-23 levels

Other Parameter Updates

- Following publication of the Office for Budget Responsibility's March 2023 *Economic and fiscal outlook*, all index factors assumed for the model have been updated to the latest available data. For further detail see the "comments" reported under "Country Tools > Upating Indices".
 - These uprating factors also affect forward projections for many of the parameters assumed for system years from 2024/25.

Omitted Policy Reforms Announced in the Budget

- *Policy reforms omitted due to static framework of UKMOD*
 - *Universal Credit childcare support upfront for parents moving into work*
 - *Increase the Severe Disability Premium Transitional Element (UKMOD does not account for transitional elements)*
 - *DWP: maintain the Universal Credit surplus earnings threshold at £2,500 in 2023-24*
- *Reforms to indirect taxation that may be implemented at a subsequent date*
 - *VAT: extend the zero rate for prescriptions to Patient Group Directions*

- *VAT: extend the exemption for medical care services supervised by healthcare professionals to pharmacists*
- *Fuel Duty: 12 month extension to the 5p cut in rates and no RPI increase in 2023-24*
- *Alcohol Duty: freeze rates until August 2023 then uprate by RPI and increase Draught Relief to 9.2% for beer and cider and 23% for wine, other fermented beverages and spirits*
- *Tobacco Duty: increase duty on hand rolling tobacco duty by an additional 4% and the minimum excise duty by an additional 1%*
- *VAT: Northern Ireland second-hand car market support scheme*