

UKMOD Change Log

Summary of principal changes between B1.08 and B1.09

Date: 23 Nov 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.

Autumn Statement

The model has been updated following the Autumn Statement, as described below. Note that some tax and benefit policy interventions set out in the Autumn Statement are beyond the scope of the model; please get in touch with us if you think that anything has been inadvertently missed.

- Income Taxes
 - Uprate the Married Couples Allowance to £11,080 in 2024/25.
- National Insurance
 - The main rate of Class 1 employee NICs from 12% to 10% from January 2024.
 - The main rate of Class 4 self-employed NICs from 9% to 8% from April 2024.
 - Class 2 self-employed NICs, from April 2024:
 - Abolished for self-employed with income above £6,725 (SPT)
 - Voluntary contributions for self-employed with income under the SPT still possible.
 - NOTE: as voluntary contributions are omitted from UKMOD, the reforms effectively omit Class 2 NICs from the simulation.
 - The Small Profits Threshold for 2024 will remain at £6725 (its value for 2023).
- National Minimum and Living Wage
 - For ages 21 and over, from £10.42 to £11.44
 - For ages 18-20, from £7.49 to £8.60
 - For ages 16-17, from £5.28 to £6.40
 - Abolition of distinction in treatment between 21- and 23-year-olds previously announced.
- Benefits growth to 2024 indexed by 6.7%.

Model version B1.09 includes two systems that facilitate analysis of the effects of the Autumn Statement: "UK_2024_pre_as" describes the system prior to adjustments for the Autumn Statement, and "UK_2024" is the system after associated adjustments.

Parameter Updates

- All parameters have been adjusted for revised projections for growth rates.

Data Revisions

- All model indices updated for most recent data releases, including projections in the November 2023 Economic and Fiscal Outlook reported by the OBR.

Policy Reforms

- National living wage increased from £10.42 to £11.44 from April 2024.
- National living wage coverage expanded to cover workers aged 21 and over from 23 and over.
- National living wage increased from £7.49 to £8.60 for workers aged 18 to 20.

Code Corrections and Amendments

- Uprating for variable tmu extended to cover Northern Ireland.
- Added Taxable Income Elasticities (TIEs) and Average Effective Tax Rates (AETRs) to model parameters to project behavioural responses to policy changes.
 - A new behavioural responses add-on has been added to UKMOD and is now in a validation phase. The new add-on will be described in the Country Report that will be provided with the next public release of UKMOD, early in 2024.
- Improve model consistency by replacing bmana with bmanc_s and bmaer with bmact_s.
- Removed redundant references to parameter UCSing1617.
- Comments relating to policy bpact_uk altered to improve consistency.
- Replace tmu with i_bmu_tmu to focus on council tax excluding water and sewerage for Scotland.
- Remove xhc_hbai_s to improve consistency for UK statistics.
- Clean-up of all statistics presenter templates – these are available separately for download from [here](#).
- A new model extension has been added to UKMOD to facilitate model projections based on HBAI survey data. The new extension is now in its release phase and is accessible by selecting the “HBAI” extension from the model run window. Full details of the new extension will be provided in the Country Report provided with the next public release of UKMOD.
- Adjust code for alignment of the NMW with NLW for people aged 21 and over.