

## Budget 2017 – Summary

*This Budget lays the foundations for a Britain fit for the future – investing for the long-term while supporting families and businesses under pressure now, setting a path to a more prosperous Britain.*

- **Building the New Economy**, taking the National Productivity investment fund to £30 billion, investing in emerging technologies like AI and driverless cars, and backing business with a £2.3 billion package on business rates.
- **Supporting families in their everyday lives**, increasing the National Living Wage by above inflation, cutting income tax by raising the personal allowance, freezing fuel duty for the 8<sup>th</sup> year and investing to support our NHS.
- **Building the homes our young people need**, setting a target to deliver 300,000 homes per year, reforming planning to unlock land for first time buyers, abolishing stamp duty for over 80 per cent of first time buyers and investing more to take government support for housing up to £44 billion.
- **Getting Britain ready for Brexit**. Investing a further £3 billion on top of the £700 million already committed to prepare Britain for every possible eventuality, and ensure we prosper as we leave the EU.

### A balanced approach to the economy

**We will take a balanced approach to government spending**, getting debt falling but also investing in our key public services, like the NHS, and keeping taxes low. Key OBR forecasts at this Budget:

- The UK economy will grow by 1.5 per cent in 2017 – following 19 quarters of consecutive growth.
- The deficit will fall to 2.3 per cent of GDP this year – down by over three quarters since 2010.
- The first sustained fall in debt in 17 years - debt will start falling next year as a share of GDP, so we can finally start to lift the burden on future generations.

### Building the new economy – and a Britain fit for the future

- The world is on the brink of a technological revolution – one that will change the way we work and live and transform our living standards for generations to come.
- Either we embrace it and seize the opportunities it presents, or as Labour advocate, reject change and turn inwards. We choose to embrace change and invest to secure that bright future for Britain.

**Investing more than £30 billion to transform productivity in our economy.** We will upgrade Britain's economic infrastructure by expanding the National Productivity Investment Fund by £8 billion so we can invest in rail, broadband, science and innovation – taking the total size of the fund to over £30 billion. This will ensure our new industrial strategy transforms the economy to guarantee a brighter future for the next generation.

**Putting the UK at the cutting edge of science and innovation.** As part of our modern industrial strategy, we will invest a further £2.3 billion in science and innovation, taking spending to its highest level in 30 years. And to support our world leading companies we will increase the R&D Tax Credit to 12 per cent.

**Harnessing the potential of emerging technologies.** We will invest over £500m in a range of initiatives from Artificial Intelligence, to 5G and full fibre broadband, and provide backing to autonomous and electric vehicles.

**Giving people the skills to thrive in the new economy.** We are launching an historic partnership between Government, the CBI and the TUC to set the strategic direction for a National Retraining Scheme, giving people the skills they need throughout life to get a well-paid job. We will also invest £177 million for maths teaching, with schools offered a £600 incentive for each student who decides to study maths, and investing £42 million in teacher training. We will also provide £84 million to triple the number of fully-qualified computer science teachers supported by a new National Centre for Computing.

**Modernising transport.** We are launching a new £1.7 billion Transforming Cities Fund for our city regions, with half going to our six elected metro mayors so they have the firepower to deliver on local transport needs.

**Backing British Business.** We will help our army of 5.5 million small businesses by bringing forward the planned Business Rates switch from RPI to CPI to April 2018, worth £2.3 billion to businesses over the next five years. And we will unlock over £20 billion of investment to allow small, innovative UK firms to scale-up.

### **Supporting families in their everyday lives**

- Since 2010, we have helped over 3 million people into work, introduced the National Living Wage so those jobs pay fairly, and cut tax on the lowest paid by £1,000.
- But we recognise that many people are feeling pressure on their budgets now, and so in this Budget we take further measures to help families and businesses where we can.

**Boosting incomes with the National Living Wage.** From April 2018, the National Living Wage will rise by 4.4 per cent to £7.83, meaning full-time workers are £2,000 better off since it was introduced. The National Minimum Wage rate for young people will rise by around 5 per cent – the largest increase in youth rates in ten years.

**Helping people to keep more of what they earn.** From April 2018, the personal allowance will rise to £11,850, meaning the typical basic rate tax payer will be £1,075 a year better off compared to 2010. We will also raise the higher rate to £46,350.

**Helping young people with the cost of travel.** Extending discounted rail travel with a new 26–30 rail card, giving 4.5 million more young people a third off their rail fares.

**Backing our great British pubs.** To support thousands of small pubs, we'll extend the £1,000 discount for pubs with a rateable value of less than £100,000 to March 2019. And we will help budgets go further by freezing duties on ciders, wines, spirits and beers.

**Cutting fuel duty for millions of hardworking people.** We will cancel the fuel duty rise scheduled for April – keeping it frozen for the eighth consecutive year meaning the average car driver is £850 better off since 2010.

**Investing more in our NHS.** More people than ever are using our NHS, and we will help deal with those pressures, with an additional £2.8 billion of funding to 2019-20, including £350 million for this winter and £1.6 billion next year. And we will deliver another £10 billion in capital to upgrade buildings and facilities, ensuring our NHS is fit for the future. We will also provide additional funding for agreed nurses pay rises so that patient services are protected.

**Reducing the amount of time that people have to wait for Universal Credit.** The switch to Universal Credit is a necessary change, and it is working. But we recognise the practical difficulties with the system. So we will remove the 7 day waiting period, so that claimants only have to wait 5 weeks for their first claim. While we are increasing the amount of advances available, so that – if needed – a household can receive a full month’s claim within 5 days. Any new Universal Credit claimant in receipt of Housing Benefit, will continue to receive it for two weeks. This is a £1.5 billion package to address concerns about the delivery of the benefit.

### **Building the homes our young people need**

- We’ve built over a million homes since 2010 and housebuilding is at its highest level since the crash, but housing remains unaffordable for many.
- Today, we commit to deliver an average of 300,000 homes a year by the middle of the next decade, the biggest annual increase in housing supply since 1970, sending a message that getting on the housing ladder is not a dream of your parents’ past, but a reality for your future.

**Abolishing stamp duty for over 80 per cent of first time buyers.** We have abolished SDLT altogether for all first time buyer purchases up to £300,000. The exemption will also be available to properties up to £500,000, but will stop thereafter. This means an effective discount of up to £5,000 for a property of £500,000.

**Investing an additional £15 billion for housebuilding – taking the total this Parliament to £44 billion.** We will invest £2.7 billion to double the housing infrastructure fund, £1.7 billion to unlock small and strategic sites, £400 million on estate regeneration, £1.5 billion to support SME builders, and provide £8 billion on guarantees – committing a total of £44 billion over the next five years.

**Helping Local Authorities to deliver new homes.** The Homes and Communities Agency will expand to become ‘Homes England’ bringing together money, expertise, and planning and compulsory purchase powers with a clear remit to facilitate delivery of sufficient new homes, where they are most needed, to achieve our goal and to deliver a sustained improvement in affordability.

**Reforming planning to unlock land for homes.** We will continue to protect our green belt, and make better use of urban land. We will consult on introducing minimum density rules in urban areas and near transport hubs, and expect councils to permit more homes for first time buyers.

**Getting the skilled workforce in place to construct the homes.** We are providing £40 million to develop construction skills across the country, so we can create skilled jobs and build the high quality homes we need.

### **Getting the best Brexit deal for Britain**

**Getting Britain ready for Brexit.** We want and expect to make a success of Brexit, and for that we must ensure that the country is prepared for every possible outcome. We have already invested £700 million in Brexit preparations and today the Chancellor set aside a further £3 billion, to get Britain ready over the next two years.

### **Clamping down on tax avoidance and evasion**

- No Government in British history has done more than this one to tackle tax evasion and aggressive tax avoidance.
- We are taking action and doing the job that Labour failed to do for thirteen years. Today, we commit to a package of measures that are forecast to raise £4.8 billion by 2022-23, on top of the £160 billion we have already raised for our public services, by clamping down on avoidance, evasion and aggressive planning, taking our tax gap to a record low.

**Continuing to tackle tax avoidance and evasion.** Today, we announce more measures to tackle tax avoidance and evasion, and non-compliance. This builds on significant action already taken; including securing almost £160 billion of tax revenues since 2010, introducing over 100 measures, and making the UK's tax gap fall to a record low of 6.0 per cent.

**Investing in HMRC to deliver additional tax.** We will invest an extra £155 million in HMRC staff and the latest technology, helping to deliver a forecasted £2.3 billion in additional tax by 2022-23.

### **Key economic stats**

#### ***Growth***

- We have grown faster than France, Italy and Japan since 2010.
- There are 1 million more businesses creating wealth and jobs since 2010.

#### ***Deficit and debt***

- The deficit has been cut by three quarters from when Labour were in power.
- We're borrowing £8.4 billion less than we thought at the Spring Budget, and it is now forecast to be £49.9 billion this year.
- Borrowing will continue to fall every year to reach its lowest level in 20 years, in 2022-23.

#### ***Employment***

- Employment is up by over 3 million, with over 32 million people in work.
- Unemployment is down by over 1 million since 2010.
- The unemployment rate has not been lower since 1975.
- We have seen almost 600,000 more disabled people in work over the last four years.
- The OBR expect another 600,000 people in work by 2022.

- Regional job creation since 2010;
  - North East: 93,141.
  - North West: 256,828 – employment rate growing fastest.
  - Yorkshire and the Humber: 157,565.
  - East Midlands: 136,663 – wages growing most strongly.
  - West Midlands: 197,661.
  - East of England: 295, 629.
  - London: 873, 517.
  - South East: 430,570.
  - South West: 224,723.
  - Scotland: 215, 041.

### ***Cost of living***

- We have cut income tax for over 30 million people.
- We have taken 4 million people out of paying income tax altogether.
- We have frozen fuel duty for the eight year in a row, saving the average car driver £850 since 2010.
- We have doubled free childcare last month worth £5,000 per year, per child for families using the full entitlement.

### ***Skills***

- There have been more than 3.4 million apprenticeships since 2010.
- There are more teachers than ever before – 15,500 more than 2010.
- There are 1.8 million more pupils being taught in good or outstanding schools since 2010.

### ***Infrastructure***

- We have invested half a trillion pounds since 2010 in our infrastructure.
- We have delivered more than 1000 infrastructure projects since 2010.