

BUDGET – 16th March 2016

“A budget for the next generation”

LIVERPOOL CITY REGION

The government has agreed another mayoral devolution deal with Liverpool City Region, building upon Liverpool’s mayoral deal on 17 November 2015. It gives additional new powers over transport, pilots the approach to 100% business rate retention, and commits the city region and government to work together on children’s services, health, housing and justice.

Single Pot Allocation – The government is announcing that existing mayoral devolution deals will receive ‘single pot’ funding settlements, giving them flexible un-ringfenced budgets to spend on local priorities.

Enhanced Capital Allowances in Enterprise Zones – The government will ensure that all Enterprise Zones are able to offer Enhanced Capital Allowances for eight years from the establishment of relevant sites.

The government is now announcing further steps in the allocation of the Local Growth Fund, including:

- Up to £1.8 billion will be allocated through a further round of Growth Deals with Local Enterprise Partnerships later this year
- A further £2 billion of the Local Growth Fund is being allocated through the Home Building Fund, providing finance to developers to unlock large housing sites and bring forward the necessary infrastructure that large house building projects require

Further announcements of relevance to Liverpool City Region include:

- The next round of the Coastal Communities Fund, for projects starting in 2017-18, will open for applications this summer, supporting sustainable economic growth and jobs in coastal communities
- Provision of £5 million support to the Shakespeare North project to establish a new theatre in Knowsley, subject to business case approval and planning permission being granted
- Government invites bids from northern cities and towns to host the Great Exhibition of the North in 2018
- Government will allocate at least £50 million for innovation in energy storage demand-side response and other smart technologies over the next 5 years
- The government will auction up to £730 million support for offshore wind and other less established renewable technologies this parliament for projects generating electricity in 2021 to 2026. The first auction will offer £290 million of support.
- The government will launch the Starter Homes Land Fund prospectus today. This prospectus invites Local Authorities to access the £1.2 billion of funding to remediate brownfield land to deliver Starter Homes.

Local Enterprise Partnership Small Business Representative – The government will require all Local Enterprise Partnerships to have a nominated Small Business Representative on their Board.

NORTHERN POWERHOUSE

- The government will allocate £60 million to develop options for High Speed 3 between Leeds and Manchester, as well as options for improving other major city rail links
- Government to support the development of plans to develop the case for a tunnel between Manchester and Sheffield
- The government will invest £20 million a year of new funding in a Northern Powerhouse Schools Strategy
- Sir Nick Weller to lead an in-depth report into transforming education across the Northern Powerhouse – boost investment to turn round performance in the toughest areas invest more funding to see the best academy chains expand and to develop new sponsors in the North
- By the middle of this Parliament the Ministry of Justice will have a major programme to create substantial centres of expertise outside the capital. This will reduce costs, access highly skilled labour markets in the regions and contribute to the Northern Powerhouse
- The government will consult on the priorities and delivery models for the Shale Wealth Fund and how it can be deployed in local communities and the North as a whole

BUSINESS

- **Corporation Tax** - A reduction in the rate of corporation tax from 20% to 17% by 2020
- **A tax free allowance** worth £1,000 a year for trading and property income - aimed at those with micro businesses trading online and those renting their properties (500,000 estimated to benefit)
- **Increased rate relief for small businesses** tapering to £12,000 from £6,000 and to £15,000 from April next year - 6,000 small businesses will pay no rates and 250,000 have their rates cuts from April 2017
- **Commercial stamp duty** was also reduced for small businesses with a zero threshold for commercial properties with a value of up to £150,000 and 2% on the next £150,000
- **Class 2 national Insurance** contributions will be abolished from 2018 and capital gains tax will be cut from 28% to 20% and from 18% to 10% for basic tax payers
- **Sugar Levy** – Government to raise £520m in a two-part levy on companies to be introduced in two years' time:
 - One for total sugar content above 5g per 100ml
 - One for drinks with more than 8g per 100ml
- Government to raise £12bn over this parliament, including cracking down on the royalty payments that firms use to shift money to tax havens
- Reform of business energy taxes – Following consultation on simplification of the business energy efficiency tax landscape, the government will:
 - abolish the Carbon Reduction Commitment (CRC) energy efficiency scheme with effect from the end of the 2018-19 compliance year
 - increase the main rates of Climate Change Levy (CCL) from 1 April 2019
 - increase the CCL discount for sectors with Climate Change Agreements to compensate equivalently for the increase in CCL main rates
 - rebalance the main rates of CCL for different fuel types to reflect recent data on the fuel mix

PEOPLE

Tax-free Personal Allowance – the amount people earn before they have to start paying Income Tax – will increase to £11,500 in 2017-18. The amount people will have to earn before they pay tax at 40% will increase to £45,000 in 2017-18.

ISA – limit increased to £20,000 from April

New lifetime ISA – from 6 April 2017 any adult under 40 will be able to open a new Lifetime ISA. They can save up to £4,000 each year and will receive a 25% bonus from the government on every pound they put in.

Fuel duty – The main rate of fuel duty for petrol and diesel will remain frozen at 57.95 pence per litre in 2016-2017

Northern Powerhouse Timeline

2015-16 Key Project Starts:

- £220m upgrade to M6 J16-19 between Crewe and Knutsford
- Construction of the £230m A6 to Manchester Airport relief road
- Phase one of the Leeds Flood Alleviation Scheme

Key Project Completions

- Electrification of railway between Manchester and Liverpool
- £120m M1 J39-42 Smart Motorway between Wakefield and Leeds
- Construction of the £300m Liverpool2 deep water terminal at Seaforth

2016-17 Key Project Starts:

- Construction of £200m New Polar Research Vessel, Birkenhead
- New rail franchises for TransPennine Express and Northern start 1 April 2016
- £100m improvement to A19/A1058 Coast Road Junction in Newcastle
- £75m development of improvements to M60, Northern TransPennine links (A66 and A69) and TransPennine tunnel between Manchester and Sheffield

Key Project Completions:

- £192m upgrade to A556 Knutsford to Bowdon
- Carrington Power Station enters operation, after a £620m construction

2017-18 Key Project Starts:

- ESIOS – Energy Subsurface Test Centre, Chester
- National Centre for Ageing Science and Innovation, Newcastle
- Smart Motorway on the M62 J10-12 (Manchester – Warrington)
- £13m Hull UK City of Culture 2017

Key Project Completions:

- £380m of improvement works on the A1 Leeming to Barton
- £210m Smart Motorway on M60 J8 – M62 J20
- Graphene Engineering and Innovation Centre, Manchester
- Cognitive Computing Research Centre, Cheshire (Hartree Phase III)

- Plans produced for High Speed 3 between Leeds and Manchester to reduce journey times to around 30 minutes

- National College of High Speed Rail, Doncaster

2018-19 Key Project Starts:

- Ouse and Foss flood defence schemes in York, and phase two of the Leeds Flood Alleviation Scheme

- Publish 2nd Roads Investment Strategy (2020-25), which could include TransPennine tunnel and upgrades to northern TransPennine roads and M60
- Comprehensive upgrades to the TransPennine rail route, paving the way for High Speed 3

Key Project Completions:

- Tees Renewable Energy Plant and £190-200m Energy Works in Hull
- Great Exhibition of the North 2018

2019-20 Key Project Starts:

- Upgrades to the A5036 Princess Way and M56 J6-8 Smart Motorway (Manchester Airport – A556)
- Smart Motorway on the M62 J20-25 (Leeds – Manchester)
- Upgrades to the A1 north of Ellingham
- M62/M606 Chain Bar in Bradford

Key Project Completions:

- M62 J10-12, M60 J24-27 & J1-4 South of Manchester Smart Motorway
- Sir Henry Royce Institute for Advanced Materials, Manchester
- National Institute for Smart Data Innovation, Newcastle

OTHER

Every school an academy – The government expects all schools to become academies by 2020, or to have an academy order in place in order to convert by 2022.

Longer school day – The government will provide up to £285 million a year to give 25% of secondary schools increased opportunity to extend their school day.

National Funding Formula for schools – Subject to consultation, the government's aim is for 90% of schools who will gain funding increases to receive the full amount they are due by 2020.

Double primary school PE and sport premium – From September 2017 the government will increase the primary school PE and sport premium funding from £160 million per year to £320 million per year (money coming from the Sugar Levy).

Post-16 maths – The government will ask Professor Sir Adrian Smith to review how to improve the study of maths from 16 to 18