



NOVEMBER BUDGET – 22nd November 2017

An Economy Driven by Innovation

Liverpool City Region Content

Transforming Cities Fund – A £1.7 billion fund from the NPIF to support intra-city transport, will target projects which drive productivity by improving connectivity, reducing congestion and utilising new mobility services and technology.

Half will be allocated on a per capita basis to the 6 combined authorities with elected metro mayors – **equating to £134million for Liverpool City Region** (other areas - £74 million for Cambridgeshire and Peterborough, £243 million for Greater Manchester, £80 million for West of England, £250 million for West Midlands and £59 million for Tees Valley).

Housing First pilots – The government will **invest £28 million** in three Housing First pilots in Manchester, Liverpool and the West Midlands, to support rough sleepers with the most complex needs to turn their lives around.

Northern Powerhouse rail – £300 million will go towards ensuring High Speed 2 (HS2) infrastructure can accommodate future Northern Powerhouse and Midlands rail services. This will enable faster services between Liverpool and Manchester, Sheffield, Leeds and York. It will also enable future services between Liverpool and Leeds to go via Manchester Piccadilly station.

Devolution – The government will enter into discussions to explore scope for further devolution, to promote local growth.

General City Region Content

Capacity funding for Mayoral Combined Authorities – The government will make available to Mayoral Combined Authorities with elected mayors a £12 million fund for 2018-19 and 2019-20, to boost the new mayors' capacity and resources.

Cultural Development Fund – To support the role culture can play in regeneration and local growth, the government will provide £2 million funding to the Department for Digital, Culture, Media and Sport for place-based cultural development.

Local infrastructure rate – Government confirms that it will lend local authorities in England up to £1 billion at a new discounted interest rate of gilts + 60 basis points accessible for three years to support infrastructure projects that are high value for money.

Strategic Infrastructure Tariff (SIT) – Give Combined Authorities and planning joint committees with statutory plan-making functions the option to levy a Strategic Infrastructure Tariff (SIT) in future.

Governments Main Themes

Support more housebuilding – Raising housing supply by the end of this Parliament to its highest level since 1970, to make homes more affordable in the long term and help those who aspire to homeownership

Brexit – Prepare for exiting the EU and ensure a smooth transition by setting aside an additional £3 billion for government

Innovation – Establish the UK as a world leader in new technologies such as artificial intelligence (AI), immersive technology, driverless cars, life sciences and FinTech

Inclusion – Give everyone the skills to succeed in the modern economy and get better paid jobs

Productivity – Expand the National Productivity Investment Fund (NPIF) to support innovation, upgrade the UK's infrastructure and underpin the government's modern Industrial Strategy

Health – Invest over £6.3 billion of new funding for the NHS to improve A&E services, reducing waiting times and improving performance for treatment after referral, and to transform and integrate patient care

Equality – Provide more support in the short term for households, reducing costs of living, and boosting wages for the low paid through the National Living Wage (NLW)

Economic Context

GDP growth has remained solid – extending the period of continuous growth to 19 quarters. Employment has risen by 3 million since 2010 and unemployment is at its lowest rate since 1975.

The OBR has revised down its forecast for UK economic growth to 1.5% in 2017 given slower growth than expected at the start of the year and revisions to past growth in 2016. The economy will then grow by 1.4% in 2018, 1.3% in 2019 before picking up in 2021 to 1.5% and 2022 to 1.6%.

Growth is expected to moderate mainly reflecting a change in forecasts for productivity growth.

Household consumption has been revised down in each year of the forecast. The OBR forecasts consumption growth of 1.5% in 2017, slowing to 0.8% in 2018, before increasing gradually to 1.6% in 2022.

The OBR has revised down the path of business investment growth relative to its forecast at Spring Budget 2017. Business investment is forecast to grow by 2.5% in 2017.

The OBR has revised up its net trade forecast for 2017 due to stronger exports growth in the first half of the year, and expects it to make a positive contribution to GDP growth.

Actions to Boost Productivity

Transport

A £1.7 billion new transforming cities fund through the NPIF to improve connectivity and support jobs across England's great city regions (see above).

Research & Development

Long-term support for science and innovation – The Budget confirms that the £4.7 billion NPIF investment in science and innovation will grow by a further £2.3 billion of additional spending in 2021-22.

Including £385 million to projects to develop next generation 5G mobile and full-fibre broadband networks, both funded from the NPIF.

The Industrial Strategy White Paper – will provide further detail on what this funding will support, including:

- support for our creative and digital industries by developing pioneering immersive technology for creative content, and launching a new AI and machine-learning programme targeted at the services sector
- £170 million for innovation to transform productivity in the construction sector

- new support to grow the next generation of research talent and ensure that the UK can attract and retain the best academic leaders globally.

Research and development expenditure credit – The government will increase the rate of the R&D expenditure credit from 11% to 12% with effect from 1 January 2018.

International talent – The government will:

- change immigration rules to enable world-leading scientists and researchers endorsed under the Tier 1 (Exceptional Talent) route to apply for settlement after three years;
- make it quicker for highly-skilled students to apply to work in the UK after finishing their degrees; and
- reduce red tape in hiring international researchers and members of established research teams, by relaxing the labour market test and allowing the UK's research councils and other select organisations to sponsor researchers.

Stimulating long-term business investment and exports

Action plan to unlock over £20 billion of patient capital investment to finance growth in innovative firms over 10 years by:

- establishing a new £2.5 billion Investment Fund incubated in the British Business Bank. By co-investing with the private sector, a total of £7.5 billion of investment will be unlocked
- doubling the annual allowance for people investing in knowledge-intensive companies through the Enterprise Investment Scheme (EIS) and the annual investment those companies can receive through EIS and the Venture Capital Trust scheme
- investing in a series of private sector fund of funds of scale. The British Business Bank will seed the first wave of investment with up to £500 million, unlocking double its investment in private capital
- backing new and emerging fund managers through the British Business Bank's established Enterprise Capital Fund programme
- backing overseas investment in UK venture capital through the Department for International Trade, expected to unlock £1 billion of investment

Technology

Regulators' Pioneer Fund – Establish a new £10 million Regulators' Pioneer Fund. This will help regulators to develop innovative approaches aimed at getting new products and services to market.

Tech Nation – To secure the UK's world-leading position in digital innovation, the government will invest £21 million over the next 4 years to expand Tech City UK's reach – to become 'Tech Nation' – and support regional tech companies and start-ups to fulfil their potential.

UK Games Fund – The government will provide a further £1 million to extend the UK Games Fund until 2020.

Geospatial data – Government will establish a new Geospatial Commission to provide strategic oversight to the various public bodies who hold this data.

Ultra-low emission vehicles – Government will regulate to support the wider roll-out of charging infrastructure and invest £200 million, to be matched by private investment into a new £400 million Charging Investment Infrastructure Fund.

The government will also provide £100 million to guarantee continuation of the Plug-In Car Grant to 2020 to help consumers with the cost of purchasing a new battery electric vehicle.

Connected and Autonomous Vehicles (CAVs) – To ensure fully self-driving cars, without a human operator, on UK roads by 2021, the government will make changes to the regulatory framework. The National Infrastructure Commission (NIC) will also launch a new innovation prize to determine how future roadbuilding should adapt to support self-driving cars.

Skills & Jobs

The Budget invests an additional £406 million in maths and technical education, and in helping people develop the skills they need to succeed in the new economy.

Schools – Government will provide £600 for every extra pupil who takes A level or Core maths. £27 million will help improve how maths is taught in 3,000 schools. £49 million will go towards helping students resitting GCSE maths. £350,000 of extra funding a year will be given to every specialist maths school that is set up across the country. The number of fully-qualified computer science teachers will also rise from 4,000 to 12,000.

£64 million for construction and digital training courses – £34 million will go towards teaching construction skills like bricklaying and plastering. £30 million will go towards digital courses using AI. This funding is provided in advance of launching a National Retraining Scheme.

National Retraining Partnership – The government will enter into a formal skills partnership with the Trades Union Congress and the Confederation of British Industry, to develop the National Retraining Scheme.

Work-based training – The government will provide £8.5 million over the next two years to support Unionlearn, an organisation of the Trades Union Congress to boost learning in the workplace.

Other Headlines

An extra £3 billion to prepare for Brexit over the next two years – It will include funding to prepare the border, the future immigration system and new trade relationships.

£6.3 billion of new funding for the NHS – £3.5 billion will be invested in upgrading NHS buildings and improving care. £2.8 billion will go towards improving A&E performance, reducing waiting times for patients, and treating more people this winter.

Abolishing stamp duty land tax (SDLT) on homes under £300,000 for first-time buyers from 22 November – 95% of first-time buyers who pay stamp duty will benefit. First-time buyers of homes worth between £300,000 and £500,000 will not pay stamp duty on the first £300,000. 80% of people buying their first home will pay no stamp duty.

300,000 new homes a year, an amount not achieved since 1970 – £15.3 billion new financial support for house building over the next five years – includes £1.2 billion for the government to buy land to build more homes, and £2.7 billion for infrastructure that will support housing. Changes to the planning system to encourage better use of land in cities and towns.

The National Living Wage and the National Minimum Wage will increase from April 2018 – The National Living Wage for those aged 25 and over will increase from £7.50 per hour to £7.83 per hour from April 2018. For a full-time worker, it represents a pay rise of over £600 a year.

The National Minimum Wage will also increase:

21 to 24 year olds – £7.38 per hour

18 to 20 year olds – £5.90 per hour

16 and 17 year olds – £4.20 per hour

Apprentices – £3.70 per hour

The tax-free personal allowance will rise with inflation to £11,850 from April 2018

The personal allowance – the amount you earn before you start paying income tax – will rise from £11,500 to £11,850.

Fuel duty will remain frozen for an eighth year – Saving drivers £160 a year on average.

A new railcard for those aged 26 to 30 – Will be introduced from spring 2018.

Duty on beer, wine, cider and spirits will be frozen – Cheap, high-strength cider will be subject to a new band of duty.

Duty on tobacco will rise – The duty on cigarettes will increase by 2% above inflation. Hand-rolling tobacco duty will increase by 3% above inflation.

95% of passengers will not see an increase in their Air Passenger Duty – Air Passenger Duty will be frozen for all economy passengers and all short-haul flights. It will rise for premium fares on long-haul flights, and on private jets.

Households applying for Universal Credit will get more upfront support – Households in need who qualify for Universal Credit will be able to access a month's worth of support within five days, via an interest-free advance, from January 2018. Claimants will be eligible for Universal Credit from the day they apply, rather than after seven days. Housing Benefit will continue to be paid for two weeks after a Universal Credit claim. Low-income households in areas where private rents have been rising fastest will receive an extra £280 on average in Housing Benefit or Universal Credit.

The world's first national advisory body for artificial intelligence (AI) – The Centre for Data Ethics and Innovation will set standards for the use and ethics of AI and data.

A £220 million Clean Air Fund for local areas with the highest air pollution – Local authorities will be able to use this money to help people adapt as steps are taken to reduce air pollution. Possible ways the money could be spent include reducing the cost of public transport for those on low incomes or modernising buses with more energy efficient technology. The money will come from a temporary rise in Company Car Tax and Vehicle Excise Duty on new diesel cars.

Reducing single-use plastics waste – The government will seek views on reducing single-use plastics waste through the tax system and charges. Disposable plastics like coffee cups, toothpaste tubes and polystyrene takeaway boxes damage our environment.

Business rates will switch to being increased by the Consumer Price Index (CPI) 2 years earlier than planned – Business Rates will rise by CPI from April 2018. Business rates currently rise by the Retail Price Index (RPI), a different way of measuring inflation which tends to be higher than the CPI. Business rates revaluations will take place every 3 years, rather than every 5 years, starting after the next revaluation, currently due in 2022.

Pubs in England will continue to receive a £1,000 business rates discount next year – The discount applies to pubs with a rateable value of up to £100,000.

Stopping digital multinationals who hold intellectual property in low-tax countries from avoiding tax – The government will also look to change international corporate tax rules to ensure digital companies pay a fair amount of tax.