**Budget Statement Summary**

**Chancellor of the Exchequer -Rt Hon Philip Hammond MP**

**8th March 2017**

Chancellor said “Debt is too high … productivity stubbornly low … and too many young people leave school without the right skills.”

**1. BIG PICTURE**

1.1 The Office for Budget Responsibility expects the UK economy to grow 2% this year, as opposed to 1.4%.

1.2 In 2018 growth is forecast to slow to 1.6% and eventually back to 2% in 2021.

1.3 Inflation is forecast to hit 2.4% this year, falling to 2.3% in 2018 and 2% in 2019.

1.4 The deficit is forecast to fall this year due to a number of one-off factors, and will stand at £58.3bn in 2017/18.

1.5 Chancellor says UK debt is expected to peak at 88.8% of economic output next year (GDP).

1.6 Britain’s total public debt is nearly £1.7 trillion - £62,000 per household - "each year, we are spending £50 billion on debt interest".

**2. BUSINESS RATES**

2.1 The Chancellor says he is “listening to business”.

2.2 The tax brings in £25bn a year, so he can't abolish the rates, but there’s a total of £435m for firms affected by increases in business rates, measures for those affected include:

2.2.1 No business losing small business rate relief will see their bill increase next year by more than £50 a month.

2.2.2 Pubs with sales of less than £100,000 to get a £1,000 discount on rates they pay.

2.2.3 A £300m fund for local councils to offer discretionary relief for businesses worst affected.

**3. PRODUCTIVITY/SCIENCE AND INNOVATION**

3.1 Chancellor said “Productivity gap is not closing”, UK is 35% behind Germany, 18% behind G7 average. “Investment in training and infrastructure will start to close the gap”

3.2 £23bn announced in Autumn Statement – of that £300m to support brightest research talent including 1,000 new PhD places focussed on STEM subjects.

3.3 £270m to keep UK at forefront of ‘disruptive technologies’ – BioTech, Robotics, Driverless Cars.

3.4 £16m for new 5G mobile technology hub.

3.5 £200m for local projects to leverage private sector investment in full fibre broadband networks.

**4. EDUCATION/SKILLS**

4.1 The government will enable the creation of new selective schools and 110 new free schools.

4.2 NEETS at lowest level since records began.

4.3 UK “towards bottom of international league for technical education” Must have “parity of esteem”.

4.4 Technical education system is confusing for students, with around 13,000 qualifications available.

4.5 The Government will deliver the recommendations of Lord Sainsbury’s Independent Review on Technical Education.

4.6 This will include the introduction of new ‘T-Levels’ to replace the 13,000 qualifications with a framework of 15 routes to skilled employment. The new qualifications will include including a high-quality 3 month work placement for every student.

4.7 The number of hours training for 16-19 year old technical students will increase by over 50%.

4.8 DfE is to invest £40m in pilots to test the different approaches to lifelong learning.

**5. PLANS TO BOLSTER THE REGIONS**

5.1 Deal with Mayor of London on further devolution.

5.2 Midlands Engine Strategy to be published tomorrow (Thursday 9 March) “addressing productivity barriers across the Midlands”

**6. TRANSPORT**

6.1 £90m for the North and £23m for the Midlands from a £220m fund to address pinch points on national road network.

6.2 Launched a £690m competition for Local Authorities in England to tackle urban congestion. The Transport Secretary will announce details shortly.

**7. TAXATION**

7.1 Matthew Taylor conducting a report that’s analysing the different employment practices in the UK

7.2 The Chancellor says that lower National Insurance contributions from self-employed workers is forecast to cost public finances £5bn this year.

7.3 To make the system "fairer", he says that NI contributions will rise for the self-employed by 1% to 10% from April next year. That will then rise again to 11% in 2019. (NB – this budget item has subsequently been reversed)

David Ralph March 17