

**The Chancellor of the Exchequer (Philip Hammond):**

Today I have delivered the Spring Statement to the House of Commons. This Written Ministerial Statement provides more detail on some of the announcements in the Spring Statement, and sets out details of other forthcoming government policies.

**Public Spending**

**Public Value Framework** – Later this year we will conduct a Spending Review that will focus on public value outcomes. Today, the government will publish a revised version of the Public Value Framework along with accompanying guidance on how to use it most effectively. The revised Framework reflects the learning from our public value pilot programme.

**National Leadership Centre** – The new National Leadership Centre, which will support senior leaders from across public services in England, will welcome its first cohort in September. The government has committed £21 million to the Centre.

**Infrastructure**

Today I can also make the following announcements, that will help to deliver the physical and digital infrastructure the UK needs:

**Borderlands Growth Deal** – Up to £260 million for this innovative deal to strengthen the deep ties that bind these communities within the United Kingdom. On top of the £102 million announced recently for the Carlisle Southern Link Road from the Housing Infrastructure Fund, this means up to £362 million of UK government investment into the Borderlands area.

**Transforming Cities Fund** – £60 million of investment in 10 cities across England, from the fund announced at Budget 2017. This will fund 30 new schemes such as bus station upgrades, new cycle lanes and road improvements, supporting the wider programmes being delivered by city regions as part of the Industrial Strategy. The 10 cities were selected for the competitive fund in September 2018, and are as follows:

Derby and Nottingham	£7.2 million	Southampton	£5.7 million
Leicester	£7.8 million	North East CA	£10 million
Portsmouth	£4 million	Norwich	£6.1 million
Sheffield City Region	£4.2 million	Plymouth	£7.6 million
West Yorkshire CA	£2.2 million	Stoke-on-Trent	£5.6 million

**Local Full Fibre Networks: Wave 3 allocations** – £53 million of funding, for nine local areas who have successfully bid since Budget, from the third wave of the Local Full Fibre Networks challenge fund – enabling next-generation full fibre connections to key public buildings, and nearby homes and businesses. The locations of the nine local areas are as follows:

<b>Colchester</b>	£3.5 million	<b>Rutland</b>	£2.0 million
<b>Isle of Wight</b>	£0.8 million	<b>Shetland Islands</b>	£2.0 million
<b>Norfolk</b>	£8.0 million	<b>South Essex</b>	£4.5 million
<b>North Wales</b>	£8.0 million	<b>Stoke-on-Trent</b>	£9.2 million
<b>Northern Ireland</b>	£15.0 million		

**Toton development vehicle** – Sir John Peace will oversee the development of proposals for a new delivery vehicle at Toton, which will include considering the case for a Development Corporation.

**Apprenticeship Levy** – Budget 2018 announced that the co-investment rate will be halved from 10% to 5%, and the amount employers can transfer to their supply chains would increase to 25%. These changes will now take effect from April 2019.

In the coming months, the government will publish:

**Planning for Future High Streets** – A consultation exploring potential changes to help local areas make better use of planning tools to support their local high streets, including through Compulsory Purchase Orders, Local Development Orders, and other innovative planning measures.

**Future of Mobility: Urban Strategy** – A publication setting out the government’s approach to putting the UK at the forefront of mobility, and responding to the significant changes taking place in transport technology – such as the growth in electric vehicles, the development of self-driving vehicles and advances in data and internet connectivity.

### Living Standards

**National Living Wage (NLW)** – The government can confirm the Low Pay Commission’s remit for 2019, and later this year we will set a new remit beyond 2020. We have today published the Terms of Reference for Professor Arindrajit Dube’s review of the latest international evidence on minimum wages. This review will report to HM Treasury and the Department for Business, Energy and Industrial Strategy. As these terms set out, Professor Dube will engage closely with the Low Pay Commission, drawing on their expertise and deep knowledge of the UK’s labour market.

### Openness and Competitiveness

It is vital that the UK remains an open and competitive place to do business. To support this ambition, today I can announce:

**Financial Services legislation** – Following consultation later this year, the government will legislate as necessary to ensure that in the immediate period after we leave the EU, the UK can maintain world-leading financial services regulatory standards, remain open to international markets, and realise new trading opportunities.

**Future Financial Services regulatory framework** – Ahead of the Summer, the government will set out its approach to consulting on how to ensure our Financial Services regulatory framework adapts to our

new constitutional position outside the European Union. This includes the need to ensure financial stability is delivered through an effective regulatory framework, with the responsiveness necessary for a dynamic and open financial services sector and an appropriate level of democratic accountability.

**Access to finance and EU exit** – The government stands ready to deliver its commitment in all circumstances to provide additional funding to the British Business Bank for venture and growth capital, as we leave the European Union and our relationship with the European Investment Fund changes.

**Scientists and researchers** – From Autumn 2019, PhD-level occupations will be exempt from the Tier 2 (General) cap, and at the same time the government will update the immigration rules on 180-day absences so that researchers conducting fieldwork overseas are not penalised if they apply to settle in the UK.

**New UK Export Finance (UKEF) General Export Facility** – UKEF will introduce a new General Export Facility to provide more flexible short-term support to UK exporters. UKEF will make the new product available over the coming months and will publish further details once they become available.

**Competition and Markets Authority (CMA) research on the impacts of regulation on competition** – The CMA are announcing today that, subject to an orderly exit from the European Union and therefore resources, they will carry out a review to assess how regulation affects competition in the UK business environment.

Today the government will publish:

**Offshore oil and gas decommissioning industry** – A call for evidence, as announced at Budget 2018, seeking to identify what more should be done to strengthen Scotland and the rest of the UK's position as a global hub for safe, environmentally-friendly decommissioning that meets the Oil and Gas Authority's ambitious cost reduction targets.

In the coming months, the government will publish:

**International Education Strategy** – A strategy, to be launched by the Departments for Education and for International Trade, which will help to strengthen our position at the forefront of global education.

**International Research and Innovation Strategy** – A strategy setting out the government's ambition to ensure the UK retains its place as a global partner of choice for science and innovation collaboration. As a first step in implementing this, the government has launched an independent review to assess and make recommendations on our future frameworks for international collaboration.

**UKEF consultation on changes to foreign content rules** – A consultation on proposed changes to the rules in relation to foreign content in export transactions where UKEF support is provided.

## **Science and Technology**

Today, I am allocating over £200 million in cutting-edge infrastructure to support our world-leading scientists, innovators and industry. These investments, which underpin the government's ambition to raise economy-wide investment in R&D to 2.4% of GDP by 2027 and drive progress against the Grand Challenges, such as healthy ageing and the AI and data revolution, include:

**Photonics** – Allocating £81 million to a national Extreme Photonics Application Centre in Oxfordshire. This centre will help researchers and industry better understand the composition of new materials and how they behave in different conditions.

**Bioinformatics** – Investing £45 million in a critical upgrade to data storage cloud computing infrastructure at the European Bioinformatics Institute in Cambridgeshire, to support researchers using big data to drive genetic research.

**Supercomputers: Archer funding** – Allocating £79 million to a new UK supercomputer (ARCHER 2) which will replace the current national high-performance computing platform (ARCHER), providing researchers with a fivefold increase in computing capacity.

**Joint European Torus (JET) Funding (Fusion)** – Setting aside up to £60 million to confirm funding is guaranteed for the facility over 2019/20.

## Housing

At Autumn Budget 2017, the government set out a comprehensive package of new policies, including at least £44 billion of financial support over a five-year period, to raise housing supply by the end of this Parliament to its highest level since 1970 and put us on track to reach 300,000 a year on average. To move us towards that target, today the government can announce further progress on planning reform, as set out in more detail in the accompanying Written Ministerial Statement laid by the Secretary of State for Housing, Communities and Local Government. In the coming months, the government will:

**Independent Report on Build Out Rates** – Introduce additional planning guidance to support housing diversification on large sites. Sir Oliver Letwin concluded that greater differentiation in the types and tenures of housing delivered on large sites would increase build out rates.

**Response to consultation on Planning Reform** – Introduce a package of reforms including allowing greater change of use between premises, and a new permitted development right to allow upwards extension of existing buildings to create new homes.

**Accelerated Planning Green Paper** – Publish a Green Paper setting out proposals on how greater capacity and capability, performance management and procedural improvements can accelerate the end-to-end planning process.

## Clean Growth

The government is determined that we will be the first generation to leave the environment in a better state than we found it. The UK leads the world in tackling climate change and delivering clean growth, preserving the planet for future generations. In the coming months the government will set out further detail on the following:

**Review on the Economics of Biodiversity** – A new global review, led by Professor Sir Partha Dasgupta, to assess the economic value of biodiversity and to identify actions that will simultaneously enhance biodiversity and deliver economic prosperity. The review will report in 2020, ahead of the 15<sup>th</sup> meeting of the Conference of the Parties to the Convention on Biodiversity in Beijing in October that year.

**Future Homes Standard** – A Future Homes Standard, to be introduced by 2025, future-proofing new build homes with low carbon heating and world-leading levels of energy efficiency. The new standard will build on the Prime Minister's Industrial Strategy Grand Challenge mission to at least halve the energy use of new buildings by 2030.

**Greening the Gas Grid** – Accelerating the decarbonisation of our gas supplies by increasing the proportion of green gas in the grid. To meet our climate targets, we need to reduce our dependence on burning

natural gas to heat our homes. The government will consult on the appropriate mechanism to deliver this commitment later this year.

In the coming months, the government will publish:

**Biodiversity and conservation in Overseas Territories** – A call for evidence inviting creative ideas from stakeholders on how the government can safeguard the biodiversity found in the Overseas Territories.

**Red Diesel: Response to Call for Evidence** – A summary of responses to the May 2018 call for evidence on red diesel and air quality.

### Public Finances

**Debt Management Report 2019-20 and NS&I Financing Remit 2019-20** – Today, the government publishes the financing remit for 2019-20, which sets out the planned financing that will be raised by the Debt Management Office through issuing gilts and via NS&I's retail financing products.

### Retail Prices Index

**House of Lords Economic Affairs Committee report on the Retail Prices Index (RPI)** – The Economic Affairs Committee made several recommendations both to the government and the UK Statistics Authority (UKSA). The government is considering the report, and the complex issues it raises. The government is discussing the relevant issues with the UKSA and will respond to the Committee's report in April.

### Tax avoidance, evasion & non-compliance

Since 2010, the government has secured and protected over £200 billion of tax that would otherwise have gone unpaid, introduced over 100 measures to reduce avoidance, evasion and other forms of non-compliance, and continued to support taxpayers to get their tax right. Today the government will publish:

**Tackling tax avoidance, evasion and other forms of non-compliance** – A policy paper setting out the government's achievements.

**Offshore tax compliance strategy: No Safe Havens 2019** – A policy paper setting out the direction for HMRC's updated strategy for offshore tax compliance, bringing together the government's response to all forms of offshore non-compliance. This reflects the substantial progress that the UK has made since the last strategy was published in 2014 and complements the paper on avoidance and evasion activity to date.

In the coming months the government will publish:

**Preventing abuse of the R&D tax relief for small- or medium-sized enterprises (SMEs)** – A consultation on the measure announced at Budget 2018, as part of the package on tax avoidance. This consultation will focus on how the measure will be applied, to minimise any impact on genuine businesses.

**Insurance Premium Tax operational review** – A call for evidence on where improvements can be made to ensure that Insurance Premium Tax operates fairly and efficiently.

**VAT Administration in the Isle of Man** – HM Treasury's findings and recommendations to ensure the right VAT continues to be paid and collected in the Isle of Man. Following the Paradise Papers allegations, the Isle of Man Government invited HM Treasury to review its VAT administration processes for the importation of aircraft and yachts.

## Maintaining the tax system

**Making Tax Digital (MTD)** – Mandatory digital record keeping for VAT for businesses over the VAT threshold (with turnover over £85,000) comes into force from 1 April. This is an important first step in this modernisation of the tax system to which the government remains committed. The government can confirm a light touch approach to penalties in the first year of implementation. Where businesses are doing their best to comply, no filing or record keeping penalties will be issued. The focus will be on supporting businesses to transition and the government will therefore not be mandating MTD for any new taxes or businesses in 2020.

Today the government will publish:

**Structures and Buildings Allowance** – Draft legislation, published for comment, on introducing a new, permanent allowance for investments in non-residential structures and buildings to create a more competitive tax regime for businesses – as announced at Budget 2018. The government intends to lay this legislation early this summer.

**Aggregates Levy review** – A discussion paper launching a review of the Aggregates Levy, including the Terms of Reference, information on timing and scope of the review as well as membership of an expert working group.

In the coming months the government will publish:

**Offshore receipts in respect of intangible property** – Draft regulations to ensure the provisions apply as intended, and draft guidance relating to the practical application of the measure.

**Hybrid and other mismatches** – Draft regulations to update the definition of regulatory capital instruments that are entitled to an exemption within the hybrid mismatch rules.

**General Anti-Abuse Rule (GAAR) Amendments** – A technical note alongside draft legislation on minor procedural and technical changes to the GAAR legislation to ensure that it works as intended.

**National Insurance Contributions (NICs) Employment Allowance draft regulations** – A document inviting technical comments on the draft regulations implementing the reform, as announced at Budget 2018, of the NICs Employment Allowance to restrict it to businesses with an employer NICs bill below £100,000.

**Child Trust Funds (CTF): consultation on maturing CTFs** – Draft regulations to ensure that CTF accounts can retain their tax-free status after maturity.

**VAT Simplification and the Public Sector** – A policy paper exploring a potential reform to VAT refund rules for central government, with the aim of reducing administrative burdens and improving public sector productivity.

**VAT Partial Exemption and Capital Goods Scheme: Simplification** – A call for evidence on potential simplification and improvement of the VAT Partial Exemption regime and the Capital Goods Scheme – ensuring they are as simple and efficient for taxpayers as possible. This follows on from the recommendations of the Office of Tax Simplification, who have looked in detail at our VAT system and possible areas for improvement.

**Worldwide harmonised Light vehicles Test Procedure (WLTP) and vehicle taxes** – A government response following the review into the impact of the WLTP on Vehicle Excise Duty and company car tax.

**Consultation on the use of diesel by private pleasure craft** – A consultation seeking evidence on the likely impact of the government's proposal to require diesel-powered private pleasure craft to only use full duty paid heavy oil (white diesel) for propulsion, replacing the existing system where private pleasure craft use marked gas oil (red diesel) but pay the white diesel rate of fuel duty.

**Review of Time Limits** – A report, as required by Section 95 of Finance Act 2019, comparing the time limits for the recovery of lost tax involving an offshore matter, with other time limits, including those provided for by Schedules 11 and 12 to the Finance (No. 2) Act 2017. In the report the government will set out the rationale for the charge on disguised remuneration (DR) loans legislated in Finance (No. 2) Act 2017 and its impacts. The report will be laid by 30 March 2019.

**Social Investment Tax Relief (SITR)** – A call for evidence on the use of the SITR scheme to date, including why it has been used less than anticipated and what impact it has had on access to finance for social enterprises.

**Enterprise Investment Scheme (EIS) approved funds guidelines** – Draft guidelines for comment alongside draft legislation. The document will contain guidelines stating HMRC's proposed policy and practice for approving funds. The legislation will include powers for HMRC to set appropriate conditions and approve funds.

**CGT private residence relief** – A consultation on the changes announced at Budget 2018 to lettings relief and the final period exemption, which extend private residence relief in capital gains tax.

We will also publish summaries of responses to the following documents, launched at recent fiscal events:

**Structures and buildings allowance** – A technical note on the introduction of this allowance.

**Protecting your taxes in insolvency** – A consultation launched in February 2019, following the announcement at Budget 2018 to make HMRC a secondary preferential creditor for certain tax debts paid by employees and customers on the insolvency of a business.

**Corporate Capital Loss Restriction** – A consultation on a change announced at Autumn Budget 2018 to restrict, from 1 April 2020, the amount of carried-forward capital losses a company can offset to no more than 50% of the chargeable gains arising in a later accounting period.

**Stamp Taxes on shares consideration rules** – A consultation on aligning the consideration rules of Stamp Duty and Stamp Duty Reserve Tax and introducing a general market value rule for transfers between connected persons.

**Digital Services Tax** – A consultation on the detailed design and implementation of the Digital Services Tax that will take effect from 1 April 2020.

**Amendments to tax returns** – A call for evidence on simplifying the process of amending a tax return.