

to support tourism in the North East, **the government welcomes talks to reinstate the ferry from Norway to Newcastle and will provide funding to market the North East to help bring more visitors from Scandinavia.**

1.158 Devolution: A new devolution deal with the West Yorkshire Combined Authority will give West Yorkshire new powers over skills, business support and transport.

1.159 To build on Greater Manchester's ambitious devolution deal, **the government will, subject to the formal approval of Greater Manchester Combined Authority, pilot a scheme in Greater Manchester and Cheshire East to enable the retention of 100% of any additional business rate growth, starting in April 2015.** This will mean local areas will see the full benefits of policy decisions that increase the local growth rate and business rate revenues, sharpening incentives to boost jobs and growth.

Midlands

1.160 Transport: The government has already committed £5.2 billion to transport infrastructure across the Midlands. On top of this, the government is delivering HS2. To maximise the benefits for the Midlands, **the government will fund a High Speed Rail Investment Summit in Birmingham,** to attract overseas investment into regeneration projects in the region.

1.161 Science: The government will invest an initial £60 million in a proposal by six universities across the Midlands for a new Energy Research Accelerator, a major project to develop the energy technologies of the future. **As part of the government's creation of science catapult centres across the country, it is supporting a new Energy Systems Catapult in Birmingham,** which will bring together researchers and industry in order to develop new technologies and products.

East of England

1.162 Transport: The government has already committed £4.2 billion to transport infrastructure in the East of England. **Budget 2015 sets out plans to go further, including £34 million of additional government funding plus a further £16 million from Transport for London (TfL) for the development of the Croxley rail link to extend the Metropolitan Line on the London Underground to Watford Junction on the West Coast Main Line, and £4 million for further development of the Wet Dock Crossing in Ipswich, and Lowestoft Third River Crossing.**

1.163 Investment: Budget 2015 announces a pilot scheme in Cambridgeshire and Peterborough to enable the retention of 100% of any additional business rate growth, starting in April 2015. This will mean local areas will see the full benefits of policy decisions that increase the local growth rate and business rate revenues, sharpening incentives to boost jobs and growth.

1.164 Flood defences: The government has made significant investment in flood and coastal defences across the East during this Parliament, and in December 2014 set out a £240 million investment programme for the next 6 years. **The government is bringing forward an additional £16.8 million over the next 4 years.** Key schemes will start in Canvey Island in 2016, and new projects in Great Yarmouth and Canvey Island will be funded within the 6-year programme.

1.165 Innovation: Building on existing strengths in agri-tech, **the government will invest £11.8 million in a new Centre for Agricultural Informatics and Sustainability Metrics in Harpenden, Hertfordshire.** This world-leading big data centre will use data science and modelling to make food production more efficient and sustainable.

South West

1.166 Transport: The government has already committed £7.2 billion to transport infrastructure in the South West. This includes: £2 billion on upgrading key roads such as the A30, A303, A358 and the M5; a new tunnel at Stonehenge; and electrification of the Great Western Main Line. In January 2015, the Chancellor announced a new South West Peninsula Rail Task Force to bring forward proposals for strategic and local rail schemes.

1.167 The Secretary of State for Transport will shortly set out details of the **new franchise for the Great Western Route, which will introduce the new £3 billion Intercity Express trains, more frequent services and faster journey times.** To reduce costs for businesses, once the Severn River Crossings are in public ownership after 2018, **the government will abolish Category 2 tolls (small goods vehicles and small buses) and include those vehicles in Category 1 (motor cars and motor caravans).**

1.168 Transport: The government has asked the South West Peninsula Task Force on rail to consider improvements to the Exeter to Salisbury line as part of its work. The government also encourages the relevant local authorities and Local Enterprise Partnership to develop a business case for investment in the North Devon Link road, to form the basis of a future application to the Local Growth Fund.

1.169 Plymouth Marine Enterprise Zone and airport: The government will seek to create a new Enterprise Zone on the south Naval Dockyard site, and commission a new study into the possibility of reopening Plymouth airport.

1.170 Housing: To meet the housing needs of the South West and regenerate brownfield sites the government will support the new housing zones at South Bristol, Hinkley, Poole, Weston-super-Mare, Ashchurch, Gloucester and Foxhill. These zones will see the government providing support and finance to enable the regeneration of brownfield sites into new homes. Together the zones across the South West will deliver over 11,000 new homes.

London

1.171 Housing: In February 2015, the Chancellor set out a plan to tackle housing in London, the biggest challenge facing the city. As well as announcing new housing zones, the government announced the creation of the London Land Commission (LLC), tasked with developing brownfield and public sector land. **Budget 2015 provides £1 million to allow the LLC to create a comprehensive database of public sector and brownfield land.** Alongside ongoing support for the regeneration of Barking Riverside and Brent Cross, **the government will also provide £7 million to the Greater London Authority to support the development of the Croydon Growth Zone.** This could unlock over 4,000 homes and 10,000 jobs.

1.172 Science: The government has already made major investments in science in London, including the Francis Crick Institute and Alan Turing Institute. **The government will now reinvest up to £30 million from the sale of Medical Research Council assets to support research at the Francis Crick Institute, with matched funding from Cancer Research UK and the Wellcome Trust.**

1.173 Devolution: The government is devolving further powers to the Mayor of London, including over planning and skills. This will allow the Mayor to accelerate the provision of new homes by reducing planning delays, and to tailor decisions over skills provision to London's needs.

South East

1.174 Housing: Housing remains a significant challenge across the South East. In 2014, the government created an Urban Development Corporation (UDC) to drive forward development of a new garden city at Ebbsfleet. **The government is announcing the Board members for the UDC, and expects it to be up and running from April 2015.** The UDC will now produce a business plan ahead of the next spending review. **The government will also provide capacity funding to support Bicester's ambition to become a garden town, including assessing the potential for recoverable government investment, subject to a business case.**

1.175 Innovation: Building on the science strengths in the South East is crucial to maintaining strong economic growth. **The government will extend the Oxford Science Vale Enterprise Zone for advanced energy, space and satellite science, and will extend Discovery Park Enterprise Zone,** subject to a business case, allowing it to expand its operations in life sciences and environmental technologies.

Strengthening the UK's skills and innovation base

Education and skills

1.176 The government has implemented a package of measures to improve access to training and higher education. Over 2 million people have started apprenticeships during this Parliament, and in the academic year 2014-15 the highest ever number of young students and students from disadvantaged backgrounds applied to, and were accepted into, university.⁸⁹ The youth Claimant Count more than halved between May 2010 and January 2015.⁹⁰ At Autumn Statement 2014 the government announced that it would increase the financial support for students on postgraduate taught courses with a new income-contingent loan offer.

PhD funding

1.177 The UK excels both in terms of volume and quality of research. The government has supported researchers by ring-fencing the science budget and strengthening partnerships with industry, for example through Doctoral Training Centres. However, demand for individuals with doctorates is outstripping supply, both in the UK and internationally. Despite increases in the proportion of the labour market with a PhD in the US and UK, wage differentials with those whose highest qualification is an undergraduate degree have risen substantially.⁹¹

1.178 In addition, the market for postgraduate skills is becoming more internationally competitive. Countries such as the US and China are competing more for top researchers and have increased PhD student numbers in recent years, whereas in the UK PhD enrolment has remained relatively flat.⁹²

1.179 The government will introduce a package of measures to broaden and strengthen support for postgraduate researchers (including both masters and PhDs).

This additional support will focus on seizing new opportunities in postgraduate research and build on partnerships with industry, charities, academies and individual members of society. It will include:

⁸⁹ 'FE Data Library: Apprenticeships - Apprenticeships by quarter: starts and achievements 2002-02 to 2012-13, Skills Funding Agency and Department for Business, Innovation and Skills, February 2015; and FE Data Library: Apprenticeships - Breakdown by geography, equality, diversity and sector subject area: starts 2002/03 to 2014/15, Skills Funding Agency and Department for Business, Innovation and Skills, February 2015. 'End of Cycle Report 2014', UCAS, December 2014

⁹⁰ Labour Market Statistics, ONS, February 2015. Further detail can be found in 'Budget 2015 Data Sources'.

⁹¹ 'Rising Wage Inequality and Postgraduate Education', Lindley, J., and Machin, S., Centre for Economic Performance Discussion Paper No1075, September 2011

⁹² 'International Comparative Performance of the UK Research Base', prepared by Elsevier for the Department for Business, Innovation and Skills, 2013

- **launching a review into how the government can strengthen its funding for postgraduate research.** This review will examine the balance between number and level of research stipends to ensure that the UK's offer remains internationally competitive
- **assessing, as part of this review, options to strengthen partnerships and co-funding between government, industry and charities.** This will include increased support for crowd-funding for wider research to attract investment from individual members of society and business
- **introducing income-contingent loans of up to £25,000 to support PhDs and research-based masters degrees.** These loans will be in addition to existing funding, and designed to minimise public subsidy. The government will work with research councils, universities and industry to examine how best to design them so that they complement existing funding streams and continue to support the most excellent research

Apprenticeship funding

1.180 Apprenticeships equip people with the skills they need to compete in the labour market, and that employers need to grow their businesses. **The government, through the introduction of an Apprenticeship Voucher, will put employers in control of the government funding for the training apprentices need.** The new mechanism, which will be developed and tested with employers and providers immediately and fully implemented from 2017, will give employers the purchasing power to have an even greater say in the quality, value for money and relevance of the training that their apprentices receive. As confirmed at Autumn Statement 2013, the government and employers will make cash contributions towards the cost of training for apprentices.

Support for road hauliers

1.181 **The government will review the speed with which Heavy Goods Vehicles (HGV) driving tests and driver medical assessments currently take place and will consider options to accelerate both in order to help address the shortage of qualified HGV drivers.** The government will also work with road haulage firms on an industry-led solution to the driver shortage, including looking at the right level of access to, and funding support for, training.

Supporting science and innovation

1.182 Science and innovation are core drivers of economic growth, and the UK's ability to transform its world-leading science base into new products, services and markets is critical to increasing productivity, providing jobs, and improving societal wellbeing. That is why the government has prioritised overall science funding throughout this Parliament (£4.6 billion each year to 2015-16), and provided the longest commitment to capital investment in science facilities of any Parliament (£1.1 billion per year, rising with inflation, between 2016 and 2021).⁹³

1.183 The government has also increased its direct support to innovation – having raised the annual budget of Innovate UK from £360 million in 2010-11 to over £500 million in 2015-16 – and committed £845 million over 7 years to develop a network of Catapult centres to help bring innovative ideas to market.⁹⁴

1.184 This Budget goes further, announcing that **the government will commit £400 million to 2020-21 for the next round of funding for cutting-edge scientific infrastructure.** This will be a competitive fund, based on scientific excellence, which seeks to lever industrial and charitable funds. The government welcomes exciting proposals from across the UK that aim to push scientific boundaries and maximise scientific impact.

⁹³ 'Spending Review 2010', HM Treasury, October 2010 and 'Spending Round 2013', HM Treasury, June 2013

⁹⁴ Annual Report and Accounts, 2010-11', Technology Strategy Board, May 2012

1.185 The government will also provide further strategic science and innovation investments to make the UK a global leader in emerging markets and technologies, drawing on and supporting the UK's existing world-class research base. The government will commit:

- **£138 million of funding towards the UK Collaboratorium for Research in Infrastructure and Cities (UKCRIC),** subject to a satisfactory business case and the provision of substantial co-funding. The UKCRIC will apply research to ensure that the UK's infrastructure is resilient and responsive to environmental and economic impacts. It will have hubs in London, and further centres initially in Birmingham, Newcastle, Sheffield and Southampton
- **£100 million for Research and Development into Intelligent Mobility,** which will focus on enhancing the development of driverless car technology and the systems required to implement and adopt the technology, such as telecommunications
- **£40 million for demonstrator programmes, business incubator space and a research hub to develop applications for Internet of Things technologies in healthcare and social care, and Smart Cities**

1.186 Smart City technology could prove transformative, as well as providing significant opportunities for supporting jobs and growth. To ensure that the UK can take advantage of this technology local areas will need to be empowered to make decisions, and collaborations will need to be built between cities, universities and business. **The government will support a competition to fund a Smart Cities demonstrator as part of the Internet of Things programme** to trial and showcase these new technologies.

1.187 Budget 2015 confirms that the government will invest a further £100 million in cutting-edge research projects through the current UK Research Partnership Investment Fund round. The Higher Education Funding Council for England received 22 proposals in the latest competition round from areas ranging from advanced steel research to compound semi-conductor technology and tissue repair. The successful projects will leverage over £350 million of private sector investment and are being led by universities from across the UK.

1.188 The government will also provide the UK's world-leading Research Institutes with greater freedoms to attract the brightest minds, re-invest commercial income, and develop cutting-edge technology.

1.189 The government would like to ensure that academics and researchers are appropriately rewarded when they contribute towards valuable intellectual property used in spin out companies. **The government will therefore review the availability of capital gains tax (CGT) entrepreneurs' relief on disposals by academics of shares in such companies.**

1.190 The government wants to ensure that regulations do not restrict the creation of valuable and innovative products, services and business models. **The government will therefore engage with business to determine where regulations inhibit innovation, including disruptive technologies, and develop a programme for addressing this in the next Parliament.**

1.191 The government announced in February 2015 the launch of a £10 million ultra-low emission vehicle (ULEV) battery prize, which will see a UK-based collaboration of manufacturers and researchers develop a new commercially viable battery pack for ULEVs. The winner will be announced in summer 2015.

Creating a dynamic economy

1.192 Creating the right conditions to start and grow a business, across all sectors and regions, is vital to ensuring a prosperous and balanced economy. This Budget announces a package of measures to unlock the potential of the sharing economy and to help UK businesses to succeed domestically and to expand into new markets overseas.

Support for the sharing economy

1.193 The government wants to ensure that Britain is the global centre for the sharing economy, enabling individuals and businesses to make the most of their assets, resources, time and skills through a range of online platforms. This Budget therefore announces a comprehensive package of measures that will break down barriers, create opportunities for sharing, and unlock the potential of this dynamic and growing area. Building on the recommendations of the independent review of the sharing economy, the government will:⁹⁵

- **make it easier for individuals to sub-let a room through its intention to legislate to prevent the use of clauses in private fixed-term residential tenancy agreements that expressly rule out sub-letting or otherwise sharing space on a short-term basis, and consider extending this prohibition to statutory periodic tenancies**
- **enable government employees to use sharing economy solutions to book accommodation and transport when travelling on official business, where this represents value for money**
- **encourage Local Authorities to use their business rates discretionary relief powers to support the sharing economy**, including shared workspaces and makerspaces

1.194 The sharing economy also presents an opportunity to drive local growth and deliver local public services more innovatively and efficiently. To demonstrate the benefits of the sharing economy **the government will launch two pilots in Leeds City Region and Greater Manchester in 2015-16, to trial local sharing initiatives in the areas of shared transport, shared public space, and health and social care.**

1.195 These and other initiatives are set out in the government's response to the independent review of the sharing economy.⁹⁶

Improving access to finance and markets

Exports

1.196 The government is committed to improving economic ties with major emerging markets. **Budget 2015 continues progress in this area and announces a near doubling of funding for UK Trade and Investment (UKTI) activities in China**, including a focus on the advanced manufacturing, transport, financial services, healthcare and life sciences sectors, to ensure that opportunities for British businesses to trade with China are maximised.

1.197 Budget 2015 also announces funding for an ambitious series of trade missions focused on regional strengths, and to ensure that the UK makes the most of the International Festival for Business in Liverpool.

Access to finance

1.198 On 12 March 2015, the Chancellor of the Exchequer announced the UK's intention to become the first major Western economy to be a prospective founding member of the Asian

⁹⁵ 'Unlocking the sharing economy: an independent review', www.gov.uk, November 2014

⁹⁶ 'Independent Review of the sharing economy: Government response', Department for Business, Innovation and Skills, March 2015

Infrastructure Investment Bank (AIIB). The AIIB will support access to finance for infrastructure projects across Asia to boost investment across a range of sectors including transportation, energy, telecommunication, agriculture and urban development. Subject to agreement by the existing prospective founder members, the government will join discussions to agree the AIIB's Articles of Agreement, governance and accountability arrangements.

1.199 The government is committed to helping the best businesses access the finance they need to grow. To improve access to finance for smaller firms, **the British Business Bank is launching a pilot 'Help to Grow' programme to increase the supply of growth loans to firms that need between £500,000 and £2 million to achieve their potential.** **Budget 2015 announces a request for proposals to deliver the pilot,** which will facilitate up to £100 million of finance for growing businesses.

1.200 **The government will make amendments to the Seed Enterprise Investment Scheme (SEIS), Enterprise Investment Scheme (EIS), and Venture Capital Trusts (VCTs) to ensure that the UK continues to offer significant and well-targeted support for investment into small and growing companies, in line with new EU rules.** The government will, subject to state aid approval:

- **require that companies must be less than 12 years old when receiving their first EIS or VCT investment, except where the investment will lead to a substantial change in the company's activity**
- **introduce a cap on total investment received under the tax-advantaged venture capital schemes of £15 million, increasing to £20 million for knowledge-intensive companies**
- **increase the employee limit for knowledge-intensive companies to 499 employees,** from the current limit of 249 employees

1.201 **The government will also smooth the interactions between the schemes by removing the requirement that 70% of the funds raised under SEIS must have been spent before EIS or VCT funding can be raised.**

Competition

1.202 Competition is a key driver of productivity and growth, and the government is committed to improving the functioning of markets. **The government will take forward Competition and Markets Authority (CMA) recommendations, and other actions agreed with the CMA, to improve the market for residential property management services (RPMS).** These changes will make tangible improvements in the RPMS market to the benefit of both leaseholders and landlords. **The government will also support customers to make informed choices in other key markets,** by developing improved guidance so that supermarkets can unit price most everyday items consistently, and by improving information for SMEs on access to legal services.

1.203 The government is determined to drive increased competition in the banking market, so that banks, alternative providers and financial technology (FinTech) firms compete vigorously, on a level playing field, to win and retain customers. **Budget 2015 announces a package of measures to further support competition in banking,** details of which have been published separately in 'Banking for the 21st Century: driving competition and choice'.⁹⁷ The lead measures in this package set out the government's approach to establishing a supportive framework for legitimate digital currency businesses and helping FinTech firms gain access to banking data.

⁹⁷ 'Banking for the 21st Century: driving competition and choice', HM Treasury, March 2015

1.204 The FinTech sector comprises a wide range of activities and companies with the potential to bring increased competition and innovation in financial services markets, to the benefit of UK customers. The government wants the UK to be the world's leading FinTech hub, and is now taking steps to support innovation across the whole of the UK while safeguarding financial stability and consumer protection. In support of this, this Budget announces that:

- **the Financial Conduct Authority's (FCA) 'Project Innovate' will work with HMT and the Prudential Regulation Authority (PRA) to investigate the feasibility of developing a regulatory 'sandbox' for financial services innovators**
- **the FCA, working with the PRA, will also identify ways to support the adoption of new technologies to facilitate the delivery of regulatory requirements – so-called 'RegTech'**
- **Innovate Finance has agreed to deliver its FinTech regional strategy through a series of local partnerships;** the first partnership has already been established in Leeds, and further partnerships will be established in Manchester and Edinburgh by April, and in Newcastle, Bristol and other centres before the end of the year

Fairness

1.205 The government's long-term economic plan is underpinned by a firm commitment to support those who want to work hard and get on, while continuing to support and protect the most vulnerable in society. The government's ambition is to build a stronger economy and a fairer society. This Budget builds on the government's priorities over this Parliament of helping families and making work pay by raising the personal allowance and reducing the burden of Income Tax for the lowest paid; supporting and rewarding savers at every stage of their life; and taking firm action to tackle tax evasion and avoidance. The government's welfare reforms continue to promote work and personal responsibility, while putting expenditure on a sustainable footing.

1.206 As a result of the government's reforms to tax, welfare and public spending across the Parliament, the richest households will make the biggest contribution to reducing the deficit, both in cash terms and as a proportion of their income.

Supporting households

Personal allowance

1.207 The government's commitment to reduce taxes for low and middle-income earners has been a centre piece of this Parliament. The Coalition Agreement commitment to raise the Income Tax personal allowance to £10,000 over the course of this Parliament was achieved a year early in 2014-15. From April 2015, the personal allowance will be increased to £10,600, from £6,475 in April 2010.

1.208 Budget 2015 announces that the personal allowance will be increased to £10,800 in 2016-17 and to £11,000 in 2017-18. The Marriage Allowance will also rise in line with the personal allowance.

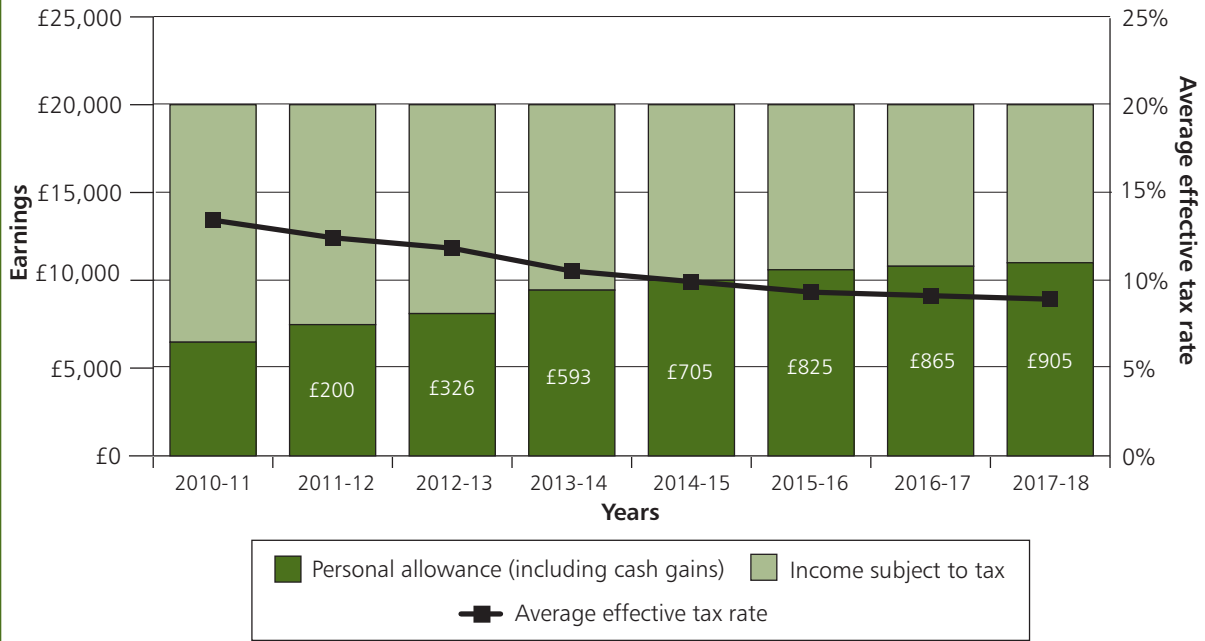
1.209 The successive increases in the personal allowance total £4,525 since 2010, representing a rise of 70% under this government. Taken together, these changes will benefit 27.2 million individuals and provide a cash gain of £905 to the typical basic rate taxpayer in 2017-18. By 2017-18, the government will have taken 3.7 million working-age individuals out of Income Tax altogether.

1.210 To ensure the full gain of the personal allowance increase is passed on to higher-rate taxpayers, the higher-rate threshold will rise in line with the personal allowance, taking it to £42,700 in 2016-17 and £43,000 in 2017-18. This is the first above-inflation increase in the higher-rate threshold for 7 years. A typical higher-rate taxpayer will have a cash gain of £848 by 2017-18.

1.211 The cumulative impact of these changes has significantly reduced the effective tax rate paid by individuals. In 2010, an individual earning £20,000 paid £2,705 in Income Tax. By 2017, an individual earning £20,000 will pay £1,800 in Income Tax, equivalent to a 33% reduction in the tax paid. The effective tax rate for an individual earning £20,000 in 2017-18 will be 9%.

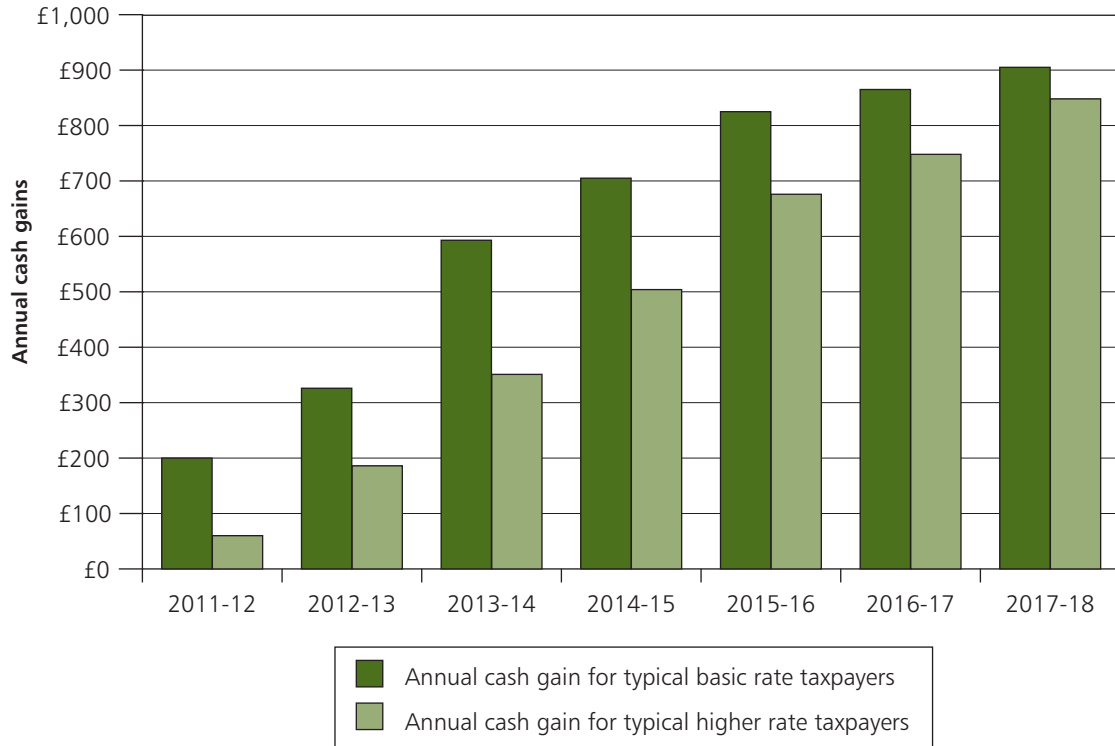
1.212 Someone working full time on the National Minimum Wage (NMW) in 2015-16 will earn around £12,000. In 2010, an individual earning £12,000 paid £1,105 in Income Tax. In 2017-18, an individual earning £12,000 will pay £200 in Income Tax, an 82% reduction in tax paid. The effective tax rate for an individual earning £12,000 in 2017-18 will be 1.7%.

Chart 1.11: Personal allowance: impact on an individual earning £20,000 per year



Notes:
 1) This is based on an individual with earnings of £20,000 in each year
 2) The average effective tax rate is for income tax only
 3) The gains refer to the cash gains since 2010

Chart 1.12: Personal allowance: cash gains



National Minimum Wage

1.213 As announced by the Prime Minister and Deputy Prime Minister, the government has accepted the Low Pay Commission's recommendations for increases to the adult, 18-19 and 16-17 (NMW) rates. The adult NMW rate will increase by 3.1% to £6.70 from October 2015, representing the largest real-terms increase since 2006. This means that, from 1 October 2015, someone working full time on the adult NMW will see their annual salary rise by over £350.

1.214 The apprentice rate will increase by 57p an hour to £3.30, halving the gap to the 16-17 rate. This will result in an annual salary increase of over £1,000 for a full time worker on the current apprentice rate, and ensure those undertaking this important type of training are better rewarded.

Energy

1.215 The government is committed to improving competition in energy markets, to lower bills for consumers and drive efficiencies and innovation. In February 2015, the government launched the 'Power to Switch' campaign to help consumers reduce their energy bills by shopping around for the best possible deal. Over 300,000 households switched electricity supplier in February, up 30% on the same period in 2014.⁹⁸ Households switching energy supplier via a price comparison website are currently saving an average of around £300 on their annual energy bill as a result.⁹⁹

1.216 The government commits to respond quickly to any recommendations from the Competition and Markets Authority's ongoing investigation into energy markets and to take forward appropriate implementation as quickly as possible. The government will also provide £1.3 million to fund the Big Energy Saving Network (BESN) in 2015-16. This will enable the BESN frontline workers to reach a predicted 100,000 vulnerable individuals, helping them to cut their energy bills.

1.217 The government will consult on reducing electricity distribution costs for consumers in the North of Scotland, to ensure that they pay no more for electricity distribution than consumers in the next most expensive region. The government estimates that this could save an average household in the North of Scotland around £30 per year on their electricity bill.

1.218 The government recognises that motorists in some rural areas face particularly high pump prices compared to the rest of the UK, and has now received full approval from the Council of the European Union to extend the rural fuel rebate scheme to 17 areas of the UK mainland, enabling retailers in eligible areas to register for a 5 pence per litre fuel duty discount. The government is also committed to ensuring that all consumers are able to take advantage of the best deal for their energy supply, including those consumers off the mains gas grid. The government will continue to work with the heating oil and liquefied petroleum gas (LPG) sectors to improve transparency and protections for vulnerable households who are off the gas grid.

Savings and pensions

1.219 Since the financial crisis, low interest rates have helped households and businesses through difficult economic times. These have kept mortgage payments down, but have also meant that returns on savings have been low. The government recognises that this has made it difficult for people's savings to grow, and that it has been harder for people to secure the income they expected in retirement.

1.220 At Budget 2014, the government announced a reduction in taxes for the lowest income savers, increased flexibility in saving and investment choices by reforming ISAs into a simpler product with a record increase in the ISA limit to £15,000, and introduced a market-leading National Savings & Investment bond to help retired savers. The government also announced the most fundamental change to the way people access their pension savings in almost a century, through removing the

⁹⁸Electricity Switching, Energy UK, February 2015.

⁹⁹Savings estimates based on industry data provided to DECC.

effective requirement to buy an annuity. The government is now going further to reduce taxes on savings, and to give people greater flexibility over how they hold those savings.

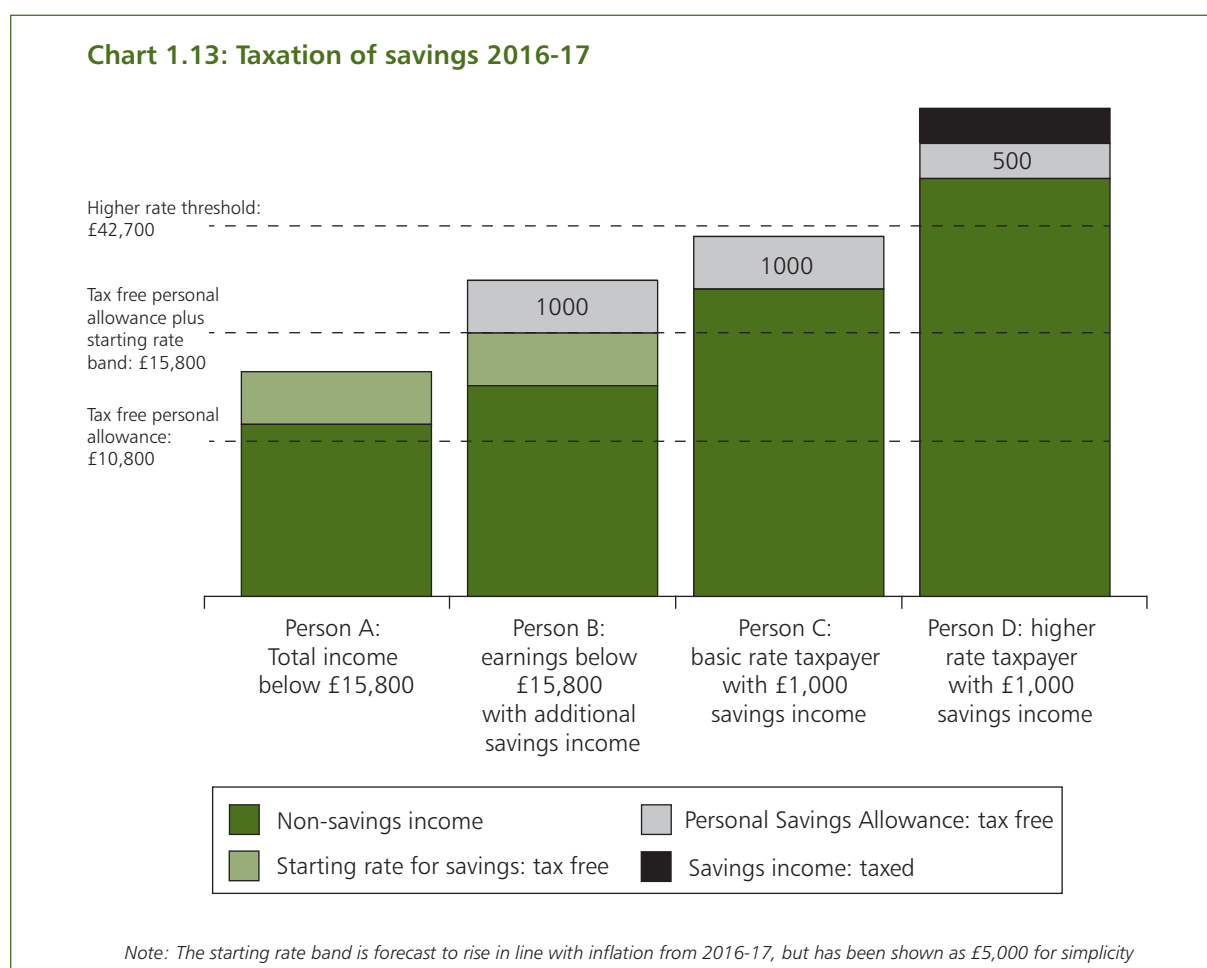
Reducing tax on savings

1.221 In their respective reviews of the UK tax system, the Nobel Prize-winning economists James Meade and Sir James Mirrlees considered that ordinary savings were over-taxed. Mirrlees concluded that ordinary savings “should just face a straightforward ... system: saved out of taxed earnings and then no more tax applied,” though noting that there is a case for some limits.¹⁰⁰

1.222 In a radical reform to the savings tax system, **a new Personal Savings Allowance will be created from April 2016, exempting the first £1,000 of savings income from any tax for basic rate taxpayers and the first £500 for higher rate taxpayers, saving up to £200 off an annual tax bill.** This will not apply to additional rate taxpayers.

1.223 From April 2016, 95% of taxpayers can save completely tax free each year and choose from a range of savings products to meet their specific needs.

1.224 Because so many people will no longer pay tax on their savings, the automatic deduction of tax by banks and building societies will no longer be necessary. At present, 20% Income Tax is automatically deducted from most interest on savings outside ISAs. For those on low incomes, a 0% rate is applied, but only for those who have filled out a form to confirm they are eligible to receive gross interest. Higher rate taxpayers owe 40% tax and are therefore required to notify HMRC of their savings income so they can pay the additional 20%. Both the opt out and the requirement to notify HMRC are complex, burdensome and poorly understood. **Budget 2015 announces that the automatic deduction of 20% income tax by banks and building societies on non-ISA savings will cease from April 2016.** These changes represent a major tax simplification.



¹⁰⁰Tax by Design, Oxford University Press (2011), p344. See also p316.

restrict travel and subsistence relief for workers engaged through an employment intermediary, such as an umbrella company or a personal service company, and under the supervision, direction and control of the end-user. This will take effect from April 2016 following a consultation on the detail of the changes. It will level the playing field between employment businesses that seek to lower their costs by using these arrangements and those that do not.

1.251 Stakeholders have also raised concerns that individuals do not understand how their take-home pay is affected by these arrangements. The government wants employment intermediaries to provide workers with greater transparency on how they are employed, and what they are being paid. The Department of Business Innovation and Skills will consult on these proposals on transparency later this year.

Capital gains tax

1.252 The government is committed to supporting entrepreneurs and wants to ensure that capital gains tax entrepreneurs' relief is well targeted. The government will therefore address use of the entrepreneurs' relief rules for tax planning which is not in keeping with the policy intention. **The government will target structures set up so that people with only a small indirect stake in a trading company can benefit from the relief. The government will also ensure that entrepreneurs' relief on the disposal of personal assets used in a business is only available when someone is making a meaningful withdrawal from that business.**

Tobacco

1.253 Raw tobacco represents an increasing risk to excise duty revenues, but under current law, raw tobacco can only be seized when officers can prove an intention to fraudulently evade duty at the time of seizure. **To prevent raw tobacco being diverted into the illegal market, the government will introduce a registration scheme for users and dealers of raw tobacco before the end of 2016.**

1.254 Smoking imposes costs on society and it is fair to ask tobacco manufacturers and importers to make a greater contribution towards these costs. However it is essential that this is done in the most effective way. At Autumn Statement 2014, the government announced a consultation on a tobacco levy. The responses revealed issues that the government would like to explore further, and so the consultation will be continued informally with stakeholders in order to develop detailed policy proposals.

2

Budget policy decisions

2.1 Chapter 1 explains how the measures announced in this Budget advance the government's long-term economic plan. This chapter provides a brief description of all Budget policy decisions. There are decisions on tax measures, National Insurance contributions (NICs), measures that affect Annually Managed Expenditure (AME), changes to Departmental Expenditure Limits (DEL) and other policy measures. Unless stated otherwise, measures in this chapter are measures announced at this Budget. The tables in this chapter set out the cost or yield of all Budget policy decisions with a fiscal impact in the years up to 2019-20.

Fiscal impacts of Budget policy decisions

2.2 Alongside this Budget, the Office for Budget Responsibility (OBR) has published an independent forecast of the public finances and the economy, incorporating Budget policy decisions. To produce the Budget forecast, the OBR has certified the government's assessment of the direct cost or yield of Budget policy decisions that affect the economy and public finance forecasts and has made an assessment of the indirect effects of Budget measures on the economy.

2.3 Table 2.1 shows the cost or yield of all new Budget 2015 decisions with a direct effect on public sector net borrowing. This includes tax measures, changes to allocated DEL, and measures affecting AME, including the total fiscal impact of the measures affecting the welfare cap.

2.4 Consistent with its commitment to transparency, the government is also publishing the methodology underlying the calculation of the fiscal impact of each policy decision. This is included in the supplementary document 'Budget 2015 policy costings' published alongside this Budget.¹

2.5 The supplementary document 'Overview of Tax Legislation and Rates', published alongside this Budget, provides a more detailed explanation of tax measures included in this chapter and a summary of their impacts.²

¹ 'Budget 2015 policy costings', HM Treasury, Department for Work and Pensions, and HM Revenue and Customs, March 2015

² 'Overview of Tax Legislation and Rates', HM Treasury and HM Revenue and Customs, March 2015

Table 2.1: Budget 2015 policy decisions^{1, 2}

	Head	£ million					
		2015-16	2016-17	2017-18	2018-19	2019-20	
Personal tax							
1	Personal allowance: increase to £10,800 in 2016-17 and to £11,000 in 2017-18 with full gains to higher rate taxpayers	Tax	0	-960	-1,480	-1,585	-1,680
Savings and pensions							
2	Savings tax: allowance and ISA flexibility	Tax	-15	-1,030	-565	-640	-765
3	Help to Buy: ISA	Spend	-45	-230	-415	-640	-835
4	Annuities: secondary market	Tax	0	+535	+540	-130	-120
5	NS&I bonds for people aged 65 and over: extension	Spend	-80	-	-	-	-
6	Pensions guidance: extending availability	Spend	-20	-	-	-	-
7	Pensions: lifetime allowance to £1m from 2016-17, and index with inflation from 2018-19	Tax	+60	+300	+420	+550	+590
Duties							
8	Fuel Duty: cancel September 2015 RPI increase	Tax	-140	-240	-245	-250	-250
9	Alcohol Duty: 1p off a pint of beer and 2% off cider duty	Tax	-85	-80	-85	-85	-85
10	Alcohol Duty: reduce spirits duty by 2% and freeze wine duty	Tax	-100	-95	-100	-100	-105
Investment and growth							
11	Oil and gas: investment allowance and 10% cut to Supplementary Charge	Tax	-230	-270	-190	-200	-75
12	Oil and gas: 15% cut to Petroleum Revenue Tax	Tax	0	-125	-115	-85	-10
13	Oil and gas: support for seismic surveys	Spend	-20	-	-	-	-
14	Energy intensive industries: bring forward compensation for Feed-in Tariffs	Spend	-25	-	-	-	-
15	Exports and investment: UKTI China and trade missions	Spend	-15	-	-	-	-
16	Regional growth	Spend	-15	-	-	-	-
17	Creative industries: extend support	Spend	-5	-	-	-	-
18	Support for technological innovation	Spend	-20	-	-	-	-
19	Telecommunications	Spend	-15	-	-	-	-
20	Venture capital schemes: qualifying criteria	Tax	0	-5	-5	-15	-10
21	Enterprise Zones	Tax	*	*	-5	-5	-5
22	Financial transactions adjustment ³	Spend	+490	-	-	-	-
Fairness, evasion and avoidance							
23	Bank Levy: increase to 0.21%	Tax	+685	+925	+925	+920	+920
24	Corporation Tax: bank compensation payments	Tax	+150	+260	+225	+180	+150
25	Evasion: Common Reporting Standard	Tax	-5	+90	+270	+75	+130
26	Employment intermediaries: travel and subsistence (umbrella companies)	Tax	0	+155	+175	+160	+145
27	VAT: foreign branches	Tax	+25	+95	+90	+85	+90
28	Corporation Tax: contrived loss arrangements	Tax	+95	+170	+170	+150	+130
29	Capital Gains Tax: contrived ownership arrangements	Tax	*	+45	+45	+45	+45
30	Tobacco: enforcement	Tax	0	+5	+10	+10	+10
31	Accelerated Payments: extension	Tax	0	+290	+175	+70	+20

	Head	£ million				
		2015-16	2016-17	2017-18	2018-19	2019-20
32 Total fiscal impact of welfare cap measures ⁴	Spend	-50	-	-	-	-
Health, education and security						
33 Mental health	Spend	-305	-315	-325	-310	-310
34 Health innovation	Spend	-10	-	-	-	-
35 Counter-terrorism and security	Spend	-25	-	-	-	-
36 Free school meals: small schools	Spend	-20	-	-	-	-
Transport and environment						
37 Company car taxation: 3ppt increase in 2019-20	Tax	0	0	0	0	+340
38 Heavy Goods Vehicles: freeze VED and the Road User Levy	Tax	*	*	*	-5	-5
39 Aggregates Levy: freeze in 2015-16	Tax	-5	-5	-5	-5	-5
40 Capital allowances: energy and water efficient technologies	Tax	0	+5	+15	+10	+10
41 Income Tax: extending farmers' profits averaging period to 5 years	Tax	0	-10	-30	-30	-30
Previously announced						
42 Stamp Duty Land Tax: property funds	Tax	-10	-15	-10	-5	-5
43 Guarantees income	Spend	+500	-	-	-	-
TOTAL POLICY DECISIONS		+745	+45	+230	-885	-570
Total spending policy decisions		+295	-	-	-	-
Total tax policy decisions		+450	+45	+230	-885	-570

* Negligible

¹ Costings reflect the OBR's latest economic and fiscal determinants.

² Spending measures in 2016-17, 2017-18, 2018-19 and 2019-20 do not affect borrowing as they fall within the Total Managed Expenditure assumption in those years.

³ This is a neutral reclassification from PSGI to financial transactions. See Table 2.6 for offsetting adjustment.

⁴ Total fiscal impact of welfare policy decisions, including DWP DEL funding. See Budget 2015: policy costings for further detail on policy decisions, and Chapter 1 for an update on spending within the welfare cap.

Table 2.2: Measures announced at Autumn Statement 2014 or earlier which will take effect from April 2015 or later¹

		£ million					
	Head	2015-16	2016-17	2017-18	2018-19	2019-20	
Measures announced at Autumn Statement 2014							
a	Personal allowance: increase to £10,600 in 2015-16 with full gains to higher rate taxpayers	Tax	-525	-625	-640	-650	-660
b	ISAs: transfer to surviving spouses	Tax	*	*	-5	-10	-10
c	Air Passenger Duty: exempting children	Tax	-45	-85	-90	-90	-95
d	Employer NICs: abolish for apprentices under 25	Tax	0	-105	-110	-120	-125
e	Business Rates: small business relief extension	Tax	-535	+70	+10	0	0
f	Business Rates: cap increase at 2% in 2015-16	Tax	-135	-115	-115	-185	-175
g	Business Rates: increase retail discount to £1,500 in 2015-16	Tax	-115	+15	+5	0	0
h	Business Rates: transitional relief	Tax	-10	-5	0	0	0
i	Employment Allowance: extend to carers	Tax	-10	-10	-10	-10	-10
j	R&D tax relief: increase large firms and SME credit	Spend	-40	-105	-125	-135	-140
k	R&D tax relief: changes to qualifying expenditure	Spend	+20	+55	+55	+60	+60
l	Entrepreneurs' Relief: reinvested gains	Tax	*	-5	-10	-5	-10
m	Social investment tax relief	Tax	0	-10	-15	-25	-25
n	Peer-to-peer lenders: bad debt relief	Tax	0	-10	-15	-20	-25
o	VAT: support for search & rescue and hospices	Tax	-10	-5	-5	-5	-5
p	Diverted profits tax	Tax	+25	+275	+360	+345	+360
q	Corporation Tax: hybrids	Tax	0	+15	+70	+85	+90
r	Corporation Tax: country-by-country reporting	Tax	*	+5	+5	+10	+10
s	Corporation Tax: accounting treatment of credit losses	Tax	0	+5	+10	+250	+40
t	Corporation Tax: bank losses restriction	Tax	+780	+865	+795	+785	+705
u	Non-domiciles: increase remittance basis charge	Tax	0	+120	+90	+90	+90
v	Investment managers' disguised fee income	Tax	*	+165	+80	+65	+55
w	Special purpose share schemes	Tax	0	+45	+40	+40	+40
x	Income tax: miscellaneous losses	Tax	+5	+5	+5	+5	+5
y	Venture capital schemes: restrictions on use	Tax	-15	+50	+15	+15	+20
z	Income tax: salary sacrifice and expenses, including umbrella companies	Tax	0	+85	+65	+55	+60
aa	Office of Tax Simplification: review of expenses	Tax	-10	-5	-10	-10	-10
ab	DOTAS regime changes	Tax	*	*	+30	+50	+70
ac	HMRC: operational measures	Tax	-15	+280	+390	+160	+70
ad	Corporation Tax: accelerated payments and group relief	Tax	+425	-345	-40	-30	0
ae	Pensions flexibility: decisions since Budget 2014	Tax	+60	-25	-25	+35	-10
af	Peer-to-peer lenders: withholding tax regime	Tax	0	0	+90	+10	+35
ag	Public service pensions: next steps in revaluation	Spend	+325	+355	+365	+370	+380
ah	Universal Credit: supporting 85% of childcare costs	Spend	0	-10	-130	-240	-305
ai	Employment and Support Allowance: additional healthcare professionals	Spend	+35	+125	+95	+75	0
aj	Employment and Support Allowance: restricting repeat claims	Spend	+25	+25	+10	+10	+10
ak	Pensions flexibility: notional income rules for benefits	Spend	*	*	-5	-5	-5
al	Bereavement benefits reform	Spend	0	0	-40	-35	-15
am	Simplifying assessment periods	Spend	-5	-10	-20	-25	-25
an	Work allowances: maintain current level in 2017-18	Spend	0	0	+40	+75	+100
ao	DWP fraud and error: additional capacity	Spend	+40	+10	+5	-10	0

		£ million					
	Head	2015-16	2016-17	2017-18	2018-19	2019-20	
ap	Tax credits: prevent overpayments following change of circumstances in-year	Spend	+115	+75	+50	+25	+15
aq	Tax credits: self-employment tests for Working Tax Credit	Spend	+15	+75	+30	+15	+10
ar	Pension credit passthrough	Spend	-10	0	+5	+10	+5
as	Carer's allowance: higher earnings limit	Spend	-5	-10	-20	-20	-20
Measures announced at Budget 2014							
at	Public Service Pensions: revaluation	Spend	+710	+965	+995	+1,025	+1,055
au	Pensions: reduce withdrawal tax rate from 55% to marginal income tax rate	Tax	+310	+585	+890	+1,190	+785
av	Savings tax: abolish the 10% rate and extend 0% band to £5,000	Tax	-90	-205	-205	-230	-250
aw	Voluntary National Insurance Contributions	Tax	+450	+415	0	0	0
ax	OTS Review: simplification of employee share schemes	Tax	+10	+10	0	0	0
ay	Carbon Price Floor: limit disparity between UK and EU to £18 from 2016-17	Tax	0	-340	-615	-870	-1,030
az	Combined Heat and Power: relief for onsite generation	Tax	-85	-95	-100	-105	-110
ba	Air Passenger Duty: abolish bands C and D	Tax	-205	-205	-220	-235	-250
bb	Company Car Tax: continuing to increase by 2ppt in 2017-18 and 2018-19	Tax	0	0	+220	+455	+475
bc	Landfill tax and Landfill Communities Fund: uprate and reform	Tax	+20	+15	+15	+20	+20
bd	Support for Mortgage Interest: 12-month extension	Spend	-45	-15	0	0	0
be	Tax Credits debt: increasing recovery rate	Tax	0	+110	+40	+25	+5
Measures announced at Autumn Statement 2013							
bf	Income Tax: transferable marriage allowance	Tax	-495	-595	-650	-770	-730
bg	Employer NICs: abolish for under 21s basic rate earnings	Tax	-450	-500	-535	-560	-585
bh	Housing Revenue Account: additional flexibility	Spend/Tax	-95	0	+5	+5	+5
bi	Partnerships: confirming extension to Alternative Investment Funds	Tax	+680	+430	+410	+400	+380
bj	Capital Gains Tax: application to non-residents	Tax	+5	+35	+90	+140	+190
bk	Alcohol fraud wholesaler registration	Tax	-10	+20	+275	+260	+235
bl	HMRC: extending online services	Tax	0	+65	+50	+55	+55
bm	Winter Fuel Payments: overseas eligibility	Spend	+20	+20	+15	+15	+15
Measures announced at Spending Round 2013							
bn	Annual Verification	Spend	*	*	+5	+5	+5
bo	Social rent policy	Spend/Tax	+55	+65	+110	+185	+275
Measures announced at Budget 2013							
bp	Contracting out NICs	Tax	0	+5,075	+4,930	+4,900	+4,905
bq	Inheritance Tax: threshold freeze for 3 years from 2015-16	Tax	+25	+70	+140	+210	+245
br	Corporation Tax: reduce main rate to 20% from 2015-16	Tax	-550	-1,045	-1,110	-1,125	-1,150
bs	Debt: improving coding out	Tax	+60	+55	+55	+55	+55
bt	Capital Allowances: Ultra Low Emission Vehicles	Tax	-5	-15	-20	-10	+10
bu	Company car tax: Ultra Low Emission Vehicles	Tax	-10	-15	-15	-25	-30

* Negligible

¹ Costings reflect the OBR's latest economic and fiscal determinants.

Public Spending

Total Managed Expenditure

2.6 Spending in the next Parliament – In line with previous policy, the government has set a fiscal assumption that Total Managed Expenditure (TME) in 2016-17 and 2017-18 will continue to fall at the same rate as over the period 2010-11 to 2014-15. In 2018-19 TME will be held flat in real terms. In 2019-20 TME will rise in line with nominal GDP. It would, of course, be possible to do some consolidation through tax instead.

2.7 The government will continue to prioritise capital investment over the medium to longer term, so within the overall fiscal assumption, public sector gross investment (PSGI) will be constant in real terms in 2016-17 and 2017-18 and will grow in line with GDP from 2018-19.

Table 2.3: Total Managed Expenditure¹

	£ billion					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
CURRENT EXPENDITURE						
Resource AME	332.5	335.7	347.0	361.5	375.5	389.7
Resource DEL, excluding depreciation	315.6	316.3				
Ring-fenced depreciation	21.3	22.3				
<i>Implied Resource DEL, including depreciation²</i>			323.8	312.0	310.1	330.4
Public sector current expenditure	669.3	674.3	670.9	673.4	685.6	720.1
CAPITAL EXPENDITURE						
Capital AME	22.2	20.6	21.7	21.6	21.2	21.5
Capital DEL	45.6	47.7				
<i>Implied Capital DEL²</i>			47.7	48.9	52.4	55.7
Public sector gross investment³	67.8	68.3	69.4	70.5	73.6	77.2
TOTAL MANAGED EXPENDITURE⁴	737.1	742.6	740.3	743.9	759.2	797.3
<i>Total Managed Expenditure (% GDP)</i>	40.7%	39.6%	38.1%	36.8%	36.0%	36.0%

Memo: average annual real growth in Total Managed Expenditure (2010-11 to 2014-15): -1.1%

¹ Budgeting totals are shown including the OBR's forecast Allowance for Shortfall. Resource DEL excluding ring-fenced depreciation is the Treasury's primary control within resource budgets and is the basis on which Spending Review settlements are agreed. The OBR publishes public sector current expenditure in DEL and AME, and public sector gross investment in DEL and AME. A reconciliation is published by the OBR. All totals in this table take into account Budget 2015 spending policy decisions.

² Implied DELs beyond 2015-16 assume no future policy changes to AME. Departmental budgets will be set at the next Spending Review.

³ The PSGI growth rule is applied to a 2015-16 baseline which includes the OBR's forecast Allowance for Shortfall and excludes the effect of all policy measures announced at Autumn Statement 2013, Budget 2014, Autumn Statement 2014 and Budget 2015. Following the application of the PSGI growth rule, PSGI has from 2016-17 onwards been adjusted to take account of the same measure as at Autumn Statement 2014.

⁴ The 2010-11 baseline for calculating the TME growth rule excludes in-year spending reductions announced at June Budget 2010 and departmental underspends against 2010-11 plans, but includes an estimate for the outturn effect of classification changes pre-empted by the OBR at Budget 2015. The 2014-15 baseline for calculating the TME growth rule excludes the OBR's forecast Allowance for Shortfall. The TME growth rule is applied to a 2015-16 baseline which excludes the OBR's forecast Allowance for Shortfall and the effect of all policy measures announced at Autumn Statement 2013, Budget 2014, Autumn Statement 2014 and Budget 2015. Following the application of the TME growth rule, TME from 2016-17 onwards has been adjusted to take account of the same measures as at Budget 2014 and Autumn Statement 2014. The effects of the historic adjustments to the UK's GNI-based contributions to the EU, and further anticipated GNI adjustments, and associated rebates, are excluded from the calculation of the TME growth rule. The effects of the reclassification of Multilateral Development Bank loans, pre-empted by the OBR at Budget 2015, are also excluded from the calculation of the TME growth rule.

Implied Departmental Expenditure Limits

2.8 The government's fiscal assumption for the years 2016-17 to 2019-20, combined with the OBR's forecast for Annually Managed Expenditure (excluding AME policy decisions in this Budget) and the PSGI assumption gives a projection for implied DEL including depreciation. The reductions to the OBR's AME forecast since Autumn Statement 2014 result in an increase in the projection for implied DEL. Table 2.4 sets out a comparison of the Budget projection for implied DEL including depreciation with the Autumn Statement projection and the cost of all spending policy decisions in this Budget.

Table 2.4: Implied DEL

	2016-17	2017-18	2018-19	2019-20
Autumn Statement 2014 implied DEL, including depreciation ¹	368.7	357.8	357.4	357.5
Budget 2015 implied DEL, including depreciation ^{1,2}	371.9	361.4	363.2	387.0
<i>Increase in implied DEL, including depreciation²</i>	<i>3.1</i>	<i>3.6</i>	<i>5.8</i>	<i>29.6</i>
Spending policy decisions:				
Mental Health	-0.3	-0.3	-0.3	-0.3
Help to Buy: ISA	-0.2	-0.4	-0.6	-0.8
Other spending policy decisions	-0.2	-0.3	-0.2	-0.2
<i>Illustrative increase in implied DEL, including depreciation, after Budget 2015 spending policy decisions³</i>	<i>2.4</i>	<i>2.6</i>	<i>4.7</i>	<i>28.2</i>

¹ Implied DEL is implied Resource DEL plus implied Capital DEL. Departmental budgets will be set at the next Spending Review. Implied DELs beyond 2015-16 assume no future policy changes to AME (including welfare spending) or tax (including measures to tackle avoidance and evasion) which all else equal would feed through to a change in implied DEL due to the government's fiscal assumption for the years beyond 2015-16.

² This does not take into account Budget 2015 AME policy decisions.

³ This is the illustrative increase in implied DEL net of all DEL and AME policy decisions announced at Budget 2015.

Departmental Expenditure Limits

2.9 Table 2.5 shows departmental expenditure limits (DEL) as announced at Spending Review 2010 and Spending Round 2013, and subsequently adjusted for measures at fiscal events including the policy decisions contained in this Budget.

2.10 Departments remain ahead of their consolidation targets and are forecast to underspend by £3.5 billion in 2014-15. Underspends are forecast to continue into 2015-16, the final year for which departmental budgets have been set.

Table 2.5: Departmental Expenditure Limits

	£ billion	
	Estimate 2014-15	Plans 2015-16
Departmental Programme and Administration Budgets (Resource DEL excluding depreciation¹)		
Education	52.6	53.5
NHS (Health) ²	109.3	111.8
Transport	2.5	2.4
CLG Communities	2.2	2.7
CLG Local Government	13.7	10.5
Business, Innovation and Skills	13.7	13.4
Home Office	11.2	10.3
Justice	7.1	6.4
Law Officers' Departments	0.6	0.5
Defence ³	26.7	28.4
Foreign and Commonwealth Office	1.7	1.1
International Development	7.3	8.4
Energy and Climate Change	1.4	1.4
Environment, Food and Rural Affairs	1.7	1.7
Culture, Media and Sport	1.2	1.2
Work and Pensions	6.9	6.4
Scotland ⁴	25.7	25.5
Wales ⁵	13.8	12.9
Northern Ireland	9.7	9.8
Chancellor's Departments	3.4	3.5
Cabinet Office	2.4	2.2
Small and Independent Bodies	1.7	1.5
Reserve	0.0	1.9
Special Reserve	0.0	0.2
Adjustment for Budget Exchange ⁶	0.0	-0.5
Total Resource DEL excluding depreciation plans	316.5	316.9
<i>OBR allowance for shortfall</i>	<i>-0.9</i>	<i>-0.6</i>
OBR Resource DEL excluding depreciation forecast	315.6	316.3
Capital DEL		
Education	4.3	4.9
NHS (Health) ²	4.0	4.8
Transport	9.4	9.7
CLG Communities	4.6	5.3
CLG Local Government	0.0	0.0
Business, Innovation and Skills	2.2	4.0
Home Office	0.4	0.4
Justice	0.3	0.3
Law Officers' Departments	0.0	0.0
Defence ³	7.8	7.0
Foreign and Commonwealth Office	0.2	0.1
International Development	2.4	2.6
Energy and Climate Change	2.3	2.6
Environment, Food and Rural Affairs	0.6	0.5
Culture, Media and Sport	0.3	0.4
Work and Pensions	0.2	0.2
Scotland ⁷	3.5	3.1
Wales ⁷	1.5	1.5
Northern Ireland ⁷	1.1	1.1
Chancellor's Departments	0.3	0.1
Cabinet Office	0.4	0.4
Small and Independent Bodies	0.1	0.1
Reserve	0.0	0.9
Special Reserve	0.0	0.1
Adjustment for Budget Exchange ⁶	0.0	-1.9
Total Capital DEL plans	45.9	48.2
<i>OBR allowance for shortfall</i>	<i>-0.3</i>	<i>-0.5</i>
OBR Capital DEL forecast	45.6	47.7
¹ Resource DEL excluding ring-fenced depreciation is the Treasury's primary control total within resource budgets and the basis on which Spending Review settlements were made.		
² The health budget remains projected to grow in real terms from 2014-15 to 2015-16.		
³ The defence budget for 2015-16 reflects the likely initial drawdown of funding from the Special Reserve for the net additional cost of military operations at Main Estimates.		
⁴ The Scottish block grant has been adjusted to reflect the devolution of SDLT and Landfill Tax with effect from 1st April 2015		
⁵ Welsh business rates score as AME rather than DEL from 2015-16		
⁶ Departmental budgets in 2015-16 include amounts carried forward from 2014-15 through Budget Exchange, which will be voted at Main Estimates. These increases will be offset at Supplementary Estimates in future years so are excluded from spending totals.		
⁷ Borrowing by Devolved Administrations scores as AME		

Financial transactions and contingent liabilities

2.11 A number of policy measures announced in the Budget do not directly affect public sector net borrowing (PSNB) in the same way as conventional spending or taxation. This includes financial transactions that only affect the central government net cash requirement (CGNCR) and public sector net debt (PSND), and transactions likely to be recorded as contingent liabilities. Table 2.6 shows the effect of financial transactions on CGNCR.

Table 2.6: Financial transactions: impact on central government net cash requirement¹

Financial transactions	£ million					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
i Additional sales of Lloyds shares	0	+9,000	0	0	0	0
ii Financial transactions adjustment ²	0	-490	0	0	0	0
TOTAL POLICY DECISIONS	0	+8,510	0	0	0	0

¹ Costings reflect the OBR's latest economic and fiscal determinants, and are presented on a UK basis.

² This is a neutral reclassification from PGSI to Financial Transactions. See Table 2.1 for offsetting adjustment.

Asset Sales

2.12 Nationalised bank asset sales – UK Asset Resolution (UKAR) is launching a major sale of £13 billion of assets held from the nationalisation of Northern Rock and Bradford & Bingley. Any sale will be subject to ensuring value for money for the taxpayer.

2.13 Lloyds Banking Group share sales – The government intends to sell £9 billion of its holdings in Lloyds Banking Group over the next 12 months, subject to value for money and market conditions.

2.14 Eurostar – The Treasury has signed a binding agreement to sell its entire holding in Eurostar International Limited for £757.1 million. Subject to receiving the necessary regulatory approvals including EU merger clearance, closing is expected to take place during the second quarter of 2015.

2.15 Asset sales – Progress continues towards the sale of the government's stake in Urenco, the pre-2012 income contingent repayment student loan book and public sector spectrum. The income contingent repayment student loan book will be disposed of in a number of tranches, with a first sale intended to occur by the end of financial year 2015-16. Over a 5 year period, the sale is expected to generate between £10 billion and £15 billion in sale revenues, with a central estimate of around £12 billion. Borrowers' loan terms will be fixed prior to a sale.

Public sector reform and efficiency

2.16 Progression pay – The government has agreed proposals with all departments to remove any remaining entitlement to contractual progression pay in the civil service workforce.

2.17 Survivors' pensions – The government will ensure that all widows, widowers and civil partners of police officers and firefighters who are killed on duty will no longer lose their survivor benefits if they remarry, cohabit, or form a civil partnership. The government will also examine the possibility of making similar changes for members of the security services killed on duty. On 1 April 2015, the government will be introducing new and reformed public service pension schemes. All these new schemes will allow widows, widowers and civil partners across the public sector workforces to retain survivor benefits if they remarry, cohabit or form a civil partnership.

2.18 Land and property reform – The government will implement a new commercially-driven model of land and property asset management across the central government estate, based on departments paying market-level rents for the freehold assets they own. The government will create a new central body or bodies to own and manage relevant property and land assets. Subject to legislation the model will be operational by March 2017.

2.19 Integrating services for people with multiple-needs – Building on the government’s ambitious programme of welfare and public service reform, the Budget announces that the government is exploring options to integrate spending around vulnerable groups of people in order to improve cost effectiveness, including:

- continuing to join-up services for people with health and social care needs
- improving the links between health and employment support for people who are unable to work because of a health condition
- improving housing so that people with care needs can stay in their homes longer
- supporting individuals struggling with homelessness, addiction and mental health problems
- designing a more integrated, multi-agency approach to divert female offenders convicted of petty, non-violent offences from custody where appropriate

Health

2.20 Health North – The government will invest £20 million over 4 years to fund the establishment of four pilot ‘Connected Health Cities’, as part of the foundation stage of the Health North project. (34)

2.21 Defibrillators – The government will provide £1 million in 2015-16 to the Department of Health to incentivise the purchase of defibrillators for use in public places, and provide training on how to use the equipment.

2.22 Online Cognitive Behavioural Therapy (CBT) – The government will provide Day 1 access to online CBT for 40,000 Employment and Support Allowance and Jobseeker’s Allowance claimants and individuals being supported by Fit for Work, starting from early 2016.

2.23 Perinatal mental health – The government will provide an additional £75 million over the next 5 years for services to support women with mental ill health in the perinatal or antenatal period. (33)

2.24 Co-locating Improving Access to Psychological Therapies (IAPT) in Jobcentres – The government will begin to co-locate IAPT therapists in over 350 Jobcentres from summer 2015, to provide integrated employment and mental health support to claimants with common mental health conditions. (33)

2.25 Children’s and young people’s talking therapies – The government will provide £118 million over the next 4 years to transform children’s mental health services in England, ensuring that by 2018-19 there are talking therapists in every part of the country providing the best quality treatment for children. (33)

2.26 Better access to children’s mental health services – The government will provide over £1 billion over the next 5 years to ensure that by the end of the next Parliament an additional 110,000 children and young people get the support they need. (33)

2.27 Veteran’s community mental health services – The government will provide £8.4 million over the next 5 years to expand mental health services for Armed Forces veterans. (33)

Devolution and local growth

2.28 Additional Business Rate retention pilots – The government will pilot schemes in Cambridgeshire and Peterborough, and, subject to formal approval of Greater Manchester Combined Authority, in Greater Manchester and East Cheshire from 1 April 2015 to retain 100% of any additional growth in business rates above expected forecasts.

2.29 City Deals – Following the successful roll-out of City Deals across England, in 2014 the government signed an ambitious City Deal for Glasgow and the Clyde Valley, alongside the Scottish Government and the Glasgow and Clyde Valley local authorities. The government believes there is merit in extending the City Deal model further in Scotland and Wales. Budget 2015 announces that the government is opening negotiations with local partners and the Scottish and Welsh Governments towards City Deals for Cardiff, Aberdeen and Inverness. And in Inverness, the government is making funding available in 2015-16 to help progress the deal.

2.30 Enterprise Zones – The government will expand Enterprise Zones at Mersey Waters, MIRA, Humber, Manchester, Tees Valley (Prairie) and Oxford Science Vale, and will change the designation of two sites at Leeds Enterprise Zone to include Enhanced Capital Allowances. The government will also extend the Enterprise Zone at Discovery Park and create new Enterprise Zones at Blackpool and Plymouth, subject to business cases. (21)

2.31 Croydon Growth Zone – The government commits, subject to a business case, to provide £7 million revenue funding from 2015-16 to 2019-20 to the Greater London Authority to enable them to support the delivery of the Croydon Growth Zone. This will enable the delivery of over 4,000 homes and 10,000 jobs. (16)

2.32 West Yorkshire devolution deal – The government has agreed a new devolution deal with the West Yorkshire Combined Authority that sees the Combined Authority take further responsibility over skills, transport, employment, housing and business support.

2.33 Brent Cross regeneration scheme – The government will provide £97 million funding and ring fence the local 50% share of business rate growth to support the London Borough of Barnet and the Greater London Authority plans for the regeneration of Brent Cross, unlocking 7,500 new homes.

Building a truly national recovery

Northern Powerhouse

2.34 Tech Nation – Building on local strengths, the government will support the development of young, innovative tech businesses through an £11 million investment into Entrepreneur Hubs in Manchester, Leeds and Sheffield. (18)

2.35 Knowledge transfer in chemicals sector – The government will provide £1 million to the Centre for Process Innovation through Innovate UK to support knowledge transfer within this sector that is focussed in the North East.

2.36 Promoting tourism between Newcastle and Scandinavia – The government will provide £300,000 funding for a new marketing campaign to promote the tourism links between Newcastle and Scandinavia in 2015.

2.37 Selby to Hull electrification – The government will, subject to an acceptable contribution from Hull Trains and subject to a business case, complete Selby to Hull electrification by the end of Network Rail's Control Period 6 (2019 to 2024).

2.38 Muni theatre in Pendle – The government will provide £56,000 to support the refurbishment of the Muni theatre in Pendle in 2015.

2.39 Advanced wellbeing research centre – The government will invest £14 million to build a new sports and exercise research centre in Sheffield, which will form a key part of the city's Olympic Legacy park. (34)

Midlands

2.40 High Speed Rail Investment Summit – The government will fund a High Speed Rail Investment Summit in Birmingham, which will be delivered jointly by UK Trade and Investment and Marketing Birmingham and which will focus overseas investment to the UK on regeneration and supply chain opportunities created around High Speed 2.

2.41 Estates regeneration study – The government announces a study into the challenges faced by some of the largest housing estates in the Midlands, to help to frame future regeneration interventions in the region and identify approaches which can be applied in other areas.

2.42 Energy research accelerator – The government will make a £60 million investment into energy research, conducted by world-leading universities in the Midlands, to accelerate the application of energy research from lab to market. The Energy Systems Catapult will be located in Birmingham.

East of England

2.43 Centre for Agricultural Informatics and Sustainability Metrics – The government will invest £11.8 million in creating a Centre for Agricultural Informatics and Sustainability Metrics in Harpenden, Hertfordshire from existing programmes.

2.44 Ipswich Wet Dock Crossing and Lowestoft third river crossing – The government will provide New Anglia Local Enterprise Partnership with £4 million funding for further development work on the Ipswich Wet Dock Crossing and Lowestoft Third River Crossing.

South West

2.45 Great Western direct award – The government will, subject to negotiations, shortly agree a Direct Award with First Great Western until 2019 which will introduce the new Intercity Express Trains and improve rail services across the South West.

2.46 Plymouth Airport study – The government will undertake a study into whether there are viable options for the reopening of Plymouth Airport.

2.47 Reducing Severn River Toll – The government will, once the Severn River Crossings are in public ownership post-2018, abolish VAT and reduce tolls by the equivalent amount and, abolish Category 2 (small goods vehicles and small buses) and include those vehicles in Category 1 (motor cars and motor caravans), therefore reducing the toll paid by small goods vehicles and small buses.

2.48 Bristol bus rapid transit scheme – The government has granted full approval to the North Fringe to Hengrove metrobus scheme, allowing construction to commence next month.

London

2.49 London Land Commission – The government announced in the London Long Term Economic Plan (LTEP) that it would launch a London Land Commission (LLC) tasked with producing: the most comprehensive database of public sector land in the country; and mapping of brownfield land in London. The government is going further, with £1 million RDEL funding to allow it to carry out these functions; and is agreeing the terms of reference between the Greater London Authority and the government on the LLC.

2.50 Devolution of planning powers – The government will consult on devolving planning powers over sightlines and wharves to the Mayor of London, allowing the Mayor to accelerate provision of new homes by reducing planning delays.

2.51 Skills devolution to London – The government is giving to the Mayor of London and the Greater London Authority power over the Apprenticeship Grant for Employers budget and a role in the re-commissioning of Further Education skills provision in the capital.

2.52 Croyley rail link – The government will provide a further £34 million to support the delivery of the Croyley rail link project, subject to a £16 million contribution from Transport for London and final approval of the scheme.

South East

2.53 Lewes to Uckfield rail line study – The government will provide £100,000 for a further study into reopening the Lewes to Uckfield rail line.

Housing

2.54 Housing Zones – The government is announcing the first 20 Housing Zones outside London with the potential to deliver 34,000 homes and will continue to work with 8 other potential Housing Zones. In total these have potential to deliver up to 45,000 new homes.

2.55 Barking Riverside – The government continues to work with the Greater London Authority, London Borough of Barking and Dagenham and developers to unlock Barking Riverside, to support the construction of up to 11,000 homes. Transport for London will shortly launch the next public consultation on the proposed route of the railway extension.

2.56 Northstowe – The government intends to create a joint venture with a private sector partner to lead development on the Northstowe site. The government expects that three quarters of the homes started on the public-sector owned site by 2020 will be built under direct contract with the public sector, with the rest in that period delivered through serviced plots in line with the public sector's master-plan. (16)

2.57 Ebbsfleet – The government will shortly consult on a specification to deliver a master-plan at Ebbsfleet, and has asked the Ebbsfleet Urban Development Corporation to work with the government by the Spending Review on a prioritised list of infrastructure needs for Ebbsfleet.

2.58 Bicester – The government supports Bicester's ambitions to become a garden town, and will make capacity funding available to support its proposals. The government will also work with Bicester on helping to meet its infrastructure needs, including through the potential for recoverable government investment, subject to a business case. The government will provide capacity funding to Basingstoke and North Northants to support their proposals for development on garden town principles.

2.59 Public sector land housing target – The government has already sold enough surplus public sector land to build over 100,000 new homes. The government is committed to releasing land with capacity for up to 150,000 homes between 2015 and 2020. The government will look to set departmental contributions by the Spending Round.

2.60 Housing Finance Institute – The government will work with Keith House and Natalie Elphicke to implement a Housing Finance Institute, as recommended by their review, of the role of local authorities in housing supply, in conjunction with the Local Government Association and businesses.

2.61 Shared ownership – Following an earlier consultation, the Homes and Communities Agency will amend guidance and model leases to help streamline the sales process for shared ownership properties in outright ownership. The government will also launch a wider review into shared ownership.

2.62 Homeless families – The government will consider options to support long-term investment in private rented accommodation for homeless families.

International development

2.63 Antimicrobial resistance: Fleming Fund – The government recognises the growing global threat of antimicrobial resistance. In response to the initial recommendations of the O'Neill review, the government will work with the Wellcome Trust, the Bill and Melinda Gates Foundation, the Institut Pasteur International Network and other partners to launch a 'Fleming Fund' with a total of £195 million of overseas development aid over the next 5 years to build laboratory capacity and surveillance networks in developing countries to address the issue of antimicrobial resistance and infectious diseases which threaten us all.

Other spending measures

2.64 Counter-terrorism and security – The government will provide funding of £23.9 million in 2015-16 for measures to counter terrorism and improve protective security, including at the border. (35)

2.65 Guarantees income – As announced earlier this year, the government restated its long-standing guarantee to the British Coal Staff Superannuation Scheme. This will improve the sustainability of the scheme, providing guaranteed index-linked benefits for members. In accordance with this restated guarantee, £500 million of guarantor fund value will transfer to the Exchequer in 2015-16. (43).

Personal tax and welfare

Income Tax and National Insurance contributions

2.66 Income Tax personal allowance in 2016-17 and 2017-18 – The government will increase the Income Tax personal allowance to £10,800 in 2016-17 and £11,000 in 2017-18. In 2016-17 the basic rate limit will be £31,900 meaning that the higher rate threshold above which individuals pay income tax at 40% will be increased to £42,700. In 2017-18 the higher rate threshold will be £43,300. The National Insurance upper earnings and upper profits limits will increase to stay in line with the higher rate threshold. (Finance Bill 2015) (1)

2.67 Income Tax personal allowance in 2015-16 – As announced at Autumn Statement 2014, the government will increase the Income Tax personal allowance to £10,600 from April 2015. The basic rate limit will be £31,785 so the higher rate threshold above which individuals pay Income Tax at 40% will be increased to £42,385. The National Insurance upper earnings and upper profits limits will increase to stay in line with the higher rate threshold. The basic, higher and additional rates of Income Tax for 2015-16 will remain at their 2014-15 levels. (Finance Bill 2015) (a)

2.68 Income Tax: extending averaging period for farmers – The government will extend the period over which self-employed farmers can average their profits for Income Tax purposes from 2 years to 5 years. The government will engage with stakeholders later in the year on the detailed design and implementation of the extension. This measure will come into effect from April 2016 and will be legislated for in a future Finance Bill. (41)

2.69 Sporting testimonials – Following a recent call for evidence on Extra Statutory Concessions, the government will preserve the current tax treatment of payments made from sporting testimonials while it considers representations. No changes will be made before April 2016.

2.70 Blind person's allowance, married couple's allowance and income limit for 2015-16 – As announced at Autumn Statement 2014, the government will increase the blind person's allowance, married couple's allowance and the income limit by amounts equivalent to the Retail Prices Index (RPI) in 2015-16. (Finance Bill 2015)

2.71 Armed Forces Early Departure Scheme – As announced at Autumn Statement 2014, the government will legislate to ensure that lump sum payments made under the new Armed Forces Early Departure Payments Scheme are exempt from Income Tax and disregarded from Class 1 National Insurance contributions. This change will take effect from 1 April 2015, when the new scheme is introduced. (Finance Bill 2015)

2.72 Tax exemption for councillors' travel expenses – As announced at Autumn Statement 2014, legislation will be introduced to exempt from Income Tax travel expenses paid to councillors by their local authority. The exemption will be limited to the Approved Mileage Allowance Payment (AMAP) rates where it applies to mileage payments. There will be a corresponding disregard from Class 1 National Insurance contributions. These changes will have effect from 6 April 2015. (Finance Bill 2015)

2.73 Non domiciles: increasing the remittance basis charge – As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 making changes to the charges paid by non-domiciled individuals resident in the UK who wish to claim the remittance basis of taxation. From April 2015, a new annual charge of £90,000 will be introduced for individuals who have been resident in the UK in at least 17 of the last 20 years, and the charge paid by individuals who have been resident in the UK in at least 12 of the last 14 years will increase from £50,000 to £60,000. (Finance Bill 2015) (u)

2.74 Class 2 National Insurance contributions (NICs) – As part of the planned reforms to tax administration, the government will abolish Class 2 NICs in the next Parliament and will reform Class 4 to introduce a new contributory benefit test. The government will consult on the detail and timing of these reforms later in 2015.

2.75 Venture capital schemes: changes to scheme rules – The government will, subject to and with effect from the date of state aid clearance:

- require that all investments are made with the intention to grow and develop a business
- require that all investors are 'independent' from the company at the time of the first share issue
- introduce new qualifying criteria to limit relief to companies where the first commercial sale took place within the previous 12 years; this rule will apply except where the total investment represents more than 50% of turnover averaged over the preceding 5 years
- cap the total investment a company may receive under the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT) at £15 million, or £20 million for companies that meet certain conditions demonstrating that they are 'knowledge intensive'
- increase the employee limit for knowledge intensive companies to 499 employees

The government will, with effect from 6 April 2015, remove the requirement that 70% of Seed Enterprise Investment Scheme (SEIS) money must be spent before EIS or VCT funding can be raised (Finance Bill 2015) (20)

2.76 Venture capital schemes: new industry forum – The government will launch a new industry forum on the operation and use of the venture capital schemes.

2.77 Venture capital schemes: renewable energy – As announced at Autumn Statement 2014, companies benefiting substantially from subsidies for the generation of renewable energy will be excluded from also benefiting from EIS, SEIS and VCTs with effect from 6 April 2015, with the exception of community energy generation undertaken by qualifying organisations which will in future become eligible for the Social Investment Tax Relief (SITR). The government will allow a transition period of 6 months following state aid clearance for the expansion of SITR before eligibility for EIS, SEIS and VCT is withdrawn. (Finance Bill 2015) (y)

2.78 Social investment – The government will set the rate of Income Tax relief for investment in Social Venture Capital Trusts (Social VCT) at 30%, subject to state aid clearance. Investors will pay no tax on dividends received from a Social VCT or capital gains tax on disposals of shares in Social VCTs. Social VCTs will have the same excluded activities as the SITR. The government will legislate for Social VCTs in a future Finance Bill. The government will change the regulatory status of SITR funds so that they can be promoted on the same basis as EIS funds. (Future Finance Bill) (m)

2.79 Employment Intermediaries: travel and subsistence (umbrella companies) – The government will consult on detailed proposals to restrict tax relief for travel and subsistence for workers engaged through an employment intermediary, such as an umbrella company or a personal service company, and under the supervision, direction and control of the end user. This follows a discussion paper published shortly after Autumn Statement 2014 on employment intermediaries and travel and subsistence relief. The changes will take effect from 6 April 2016 and will be legislated for in a future Finance Bill. The government wants employment intermediaries to provide workers with greater transparency on how they are employed and what they are being paid. The Department of Business, Innovation and Skills will consult on these proposals on transparency later this year. (26)

Savings and pensions

2.80 Help to Buy: ISA – The scheme will provide a government bonus to each person who has saved into a Help to Buy: ISA at the point they use their savings to purchase their first home. For every £200 a first time buyer saves, the government will provide a £50 bonus up to a maximum of £3,000 on £12,000 of savings. Further details are provided in the document “Help to Buy: ISA” which is published alongside the Budget. (3)

2.81 Annuities – The government will legislate from April 2016 to allow people who are already receiving income from an annuity to agree with their annuity provider to assign their annuity income to a third party in exchange for a lump sum or an alternative retirement product. (Future Finance Bill) (4)

2.82 Changes to the taxation of inherited annuities (where the policyholder died under 75) – From April 2015, beneficiaries of individuals who die under the age of 75 with a joint life or guaranteed term annuity will be able to receive any future payments from such policies tax free where no payments have been made to the beneficiary before 6 April 2015. The tax rules will also be changed to allow joint life annuities to be paid to any beneficiary. Where the individual was over 75, the beneficiary will pay the marginal rate of Income Tax. (Finance Bill 2015)

2.83 Extending ISA eligibility – The list of qualifying investments for ISAs will be extended to include listed bonds issued by a co-operative and community benefit society and small and medium sized enterprise (SME) securities (not just equities) admitted to trading on a recognised stock exchange from summer 2015. The government will explore further extending the list to include debt (as announced at Autumn Statement 2014) and equity securities offered via crowdfunding platforms and will consult in summer 2015 alongside a response to the consultation on how to include peer-to-peer loans.

2.84 A new Personal Savings Allowance – The government will introduce an allowance from 6 April 2016 to remove tax on up to £1,000 of savings income for basic rate taxpayers and up to £500 for higher rate taxpayers. Additional rate taxpayers will not receive an allowance. As part of these reforms, HM Revenue and Customs (HMRC) will introduce automated coding out of savings income that remains taxable through the Pay As You Earn system from 2017-18, with pilots starting in autumn 2015. (Future Finance Bill) (2)

2.85 Making ISAs more flexible – Individuals will be able to withdraw and replace money from their cash ISA in-year without it counting towards their annual ISA subscription limit, and the government will change the rules in autumn 2015 following technical consultation with ISA providers. (2)

2.86 Lifetime Allowance for pension contributions – The government will reduce the Lifetime Allowance for pension contributions from £1.25 million to £1 million from 6 April 2016. Transitional protection for pension rights already over £1m will be introduced alongside this reduction to ensure the change is not retrospective. The Lifetime Allowance will be indexed annually in line with CPI from 6 April 2018. (Future Finance Bill) (7)

2.87 65+ bond extension – The extension of the availability of 65+ bonds through National Savings and Investments (NS&I) until 15 May 2015 is estimated to generate £3.2 billion of additional sales. (5)

2.88 Accessing guidance and key information about pension benefits – Additional funding of £19.5 million in 2015-16 will be provided to support the new pension freedoms and the new pensions guidance service, Pension Wise. This funding will extend the availability of state pension statement and pension tracing services. It will also provide for extra delivery capacity for Pension Wise: the government has put plans in place in case there is a need to draw on Department for Work and Pensions resources to help manage any initial spike in demand for the service. (6)

2.89 Bad debt relief on investments made through the Peer-to-Peer (P2P) lending industry – As previously announced at Autumn Statement 2014, the government will introduce a new relief to allow individuals lending through P2P to offset any losses from loans which go bad against other P2P income. It will be effective from April 2016 and through self assessment will allow individuals to make a claim for relief on losses incurred from April 2015. (Future Finance Bill) (n)

2.90 Premium Bond investment limit – The planned increase to the NS&I Premium Bond investment limit to £50,000 will take place on 1 June 2015, providing further support for savers.

Inheritance tax

2.91 Deeds of variation – The government will review the use of deeds of variation for tax purposes.

2.92 Inheritance Tax changes to support the new digital service – As announced at Autumn Statement 2014, the government will make minor changes to legislation dealing with interest to support the introduction of the new Inheritance Tax (IHT) digital service announced in Autumn Statement 2013. (Future Finance Bill)

2.93 Inheritance Tax exemption for medals and other awards – As announced at Autumn Statement 2014, the government will extend the existing IHT exemption for medals and other decorations that are awarded for valour or gallantry. From 3 December 2014 it will apply to all decorations and medals awarded to the armed services or emergency services personnel, and to awards made by the Crown for achievements and service in public life. (Finance Bill 2015)

2.94 Inheritance Tax exemption for emergency services personnel and humanitarian aid workers – As announced at Autumn Statement 2014, the government will extend the existing IHT exemption for members of the armed forces whose death is caused or hastened by injury while on active service to members of the emergency services and humanitarian aid workers responding to emergency circumstances. It will have effect for deaths on or after 19 March 2014. (Finance Bill 2015)

2.95 Inheritance Tax and trusts – As announced at Autumn Statement 2014, the government will not introduce a single settlement nil-rate band. The government will introduce

new rules to target avoidance through the use of multiple trusts. It will also simplify the calculation of trust rules. (Future Finance Bill)

Capital Gains Tax

2.96 Capital Gains Tax entrepreneurs' relief: contrived structures – The government will deny entrepreneurs' relief (ER) on the disposal of shares in a company that is not a trading company in its own right. The government will also prevent individuals from claiming ER on the disposal of personal assets used in a business carried on by a company or a partnership, unless they are disposed of in connection with a disposal of at least a 5% shareholding in the company, or a 5% share in the partnership assets. This affects disposals on or after 18 March 2015. (Finance Bill 2015) (29)

2.97 Capital Gains Tax entrepreneurs' relief: academics – The government will review the ER treatment of academics who dispose of shares in spin out companies that use intellectual property to which they have contributed. (Future Finance Bill)

2.98 Capital Gains Tax entrepreneurs' relief: restricting unfair tax advantages on incorporation – As announced at Autumn Statement 2014, the government has prevented individuals from claiming ER on disposals of the reputation and customer relationships associated with a business ('goodwill') when they transfer the business to a related close company. This affects transfers on or after 3 December 2014. (Finance Bill 2015)

2.99 Capital Gains Tax entrepreneurs' relief: deferral – As announced at Autumn Statement 2014, the government has allowed gains which are eligible for ER, but which are instead deferred into investments which qualify for the EIS or SITR, to remain eligible for ER when the gain is realised. This benefits qualifying gains on disposals that would be eligible for ER on or after 3 December 2014 that are deferred into EIS and SITR. (Finance Bill 2015) (l)

2.100 Capital Gains Tax for non-UK residents disposing of UK residential property – Following consultation the government has confirmed that from 6 April 2015 non-UK resident individuals, trusts, personal representatives and narrowly controlled companies will be subject to Capital Gains Tax (CGT) on gains accruing on the disposal of UK residential property on or after that date. Non-resident individuals will be subject to tax at the same rates as UK taxpayers (28% or 18% on gains above the annual exempt amount). Non-resident companies will be subject to tax at the same rates as UK corporates (20%) and will have access to an indexation allowance. Full details were set out in the response document 'Implementing a capital gains tax charge on non-residents – summary of responses', published on 27 November 2014. (Finance Bill 2015) (bj)

2.101 Capital Gains Tax: private residence relief (PRR) on properties located in other jurisdictions – The government will restrict access to PRR in circumstances where a property is located in a jurisdiction in which a taxpayer is not tax resident. In those circumstances, the property will only be capable of being regarded as the person's only or main residence for PRR purposes for a tax year where the person meets a 90-day test for time spent in the property over the year. (Finance Bill 2015) (bj)

2.102 Capital Gains Tax: Annual Tax on Enveloped Dwellings (ATED) – As announced at Budget 2014, the government will extend the related CGT charge on disposals of properties liable to ATED with effect from 6 April 2015 to residential properties worth over £1 million and up to £2 million and with effect from 6 April 2016 to residential properties worth over £500,000 and up to £1 million. (Finance Bill 2015)

2.103 Capital Gains Tax: wasting assets – The government will clarify that the CGT exemption for wasting assets only applies if the person selling the asset has used it in their own business. These changes have effect from 1 April 2015 for Corporation Tax on chargeable gains, and 6 April 2015 for CGT. (Finance Bill 2015)

Charities

2.104 Gift Aid Small Donations Scheme (GASDS) – Secondary legislation will be introduced to increase the maximum annual donation amount which can be claimed through the GASDS to £8,000, allowing charities and Community Amateur Sports Clubs to claim Gift Aid style top-up payments of up to £2,000 a year, with effect from April 2016.

2.105 Subsidised fundraising training – The Office for Civil Society will take forward the procurement of a partner to deliver subsidised fundraising training to small charities in 2015-16.

2.106 Gift Aid digital – As announced at Autumn Statement 2014, the government will legislate to allow regulations to be made to give intermediaries a greater role in administering Gift Aid. (Finance Bill 2015)

2.107 Charitable status of certain bodies – Legislation will be introduced in Finance Bill 2015 to ensure that the Commonwealth War Graves Commission and Imperial War Graves Endowment Fund trustees continue to be treated as charities for tax purposes.

2.108 Charity Authorised Investment Funds – The government is working with the Financial Conduct Authority (FCA), the Charity Investors' Group and the Charity Commission to introduce a new Charity Authorised Investment Fund structure that will bring new investment funds established for charitable purposes under FCA regulation, ensuring they receive the same regulatory oversight and protections as funds for retail investors.

2.109 Help for hospices – As announced at Autumn Statement 2014, hospice charities will be eligible for VAT refunds from 1 April 2015 and this will be legislated for in Finance Bill 2015. (o)

2.110 VAT refunds for search and rescue charities – The government announced at Autumn Statement 2014 that search and rescue, and air ambulance charities will be eligible for VAT refunds. This will be legislated for in Finance Bill 2015 and will take effect from 1 April 2015. (o)

2.111 Blood bikes – From 1 April 2015, blood bike charities will be included in the VAT refunds scheme, along with search and rescue, and air ambulance charities as previously announced at Autumn Statement 2014. (Finance Bill 2015)

2.112 Rapid response vehicles – The government will provide a grant to support charities providing rapid response vehicles for medical purposes.

2.113 The use of LIBOR fines – The government has committed £75 million of LIBOR fines over the next 5 years to support military charities and other good causes, including:

- Burma Star Association: £250,000 to help support the remaining veterans from the Burma campaign
- Veterans Specialist Mobility Fund: £3 million over 5 years to the Royal British Legion to support members of the Armed Forces across the UK with mobility injuries
- Chavasse Report implementation: £2 million to pilot the implementation of the recommendations in the Chavasse Report for a network of NHS hospital based rehabilitation services for veterans and reservists
- £25 million healthcare fund for aged veterans: A new £25 million fund, delivered through the Armed Forces Covenant Fund, specifically targeted for support to older veterans, including nuclear test veterans, to improve healthcare and awareness of medical issues as they get older
- Afghanistan Regiments: £10 million allocated to armed forces charities on the basis of need arising from the Afghanistan campaign

- RAF Biggin Hill Chapel Memorial: £1 million to ensure the chapel is maintained for future generations
- Stow Maries Aerodrome: £1.5 million to secure the restoration of the UK's only intact World War One aerodrome in the country and the base of the first Royal Flying Corps Squadron
- World War One commemoration: £5 million to fund a number of further World War One commemorations including the Battle of Jutland, the Gallipoli Campaign and the Battle of the Somme
- RAF Museum Hendon: £2.5 million to help secure the country's primary national Air Force and flight museum
- Afghanistan Memorial: £500,000 to match public donations for the new Iraq and Afghanistan war memorial planned for central London
- Air Ambulance Package: £10 million to support a number of Air Ambulances nationally
- Skill Force: £185,000 to extend the funding of Skill Force for a further year to provide a link between ex-service personnel and disadvantaged school children
- 65 Degrees North: £100,000 to support 65 Degrees North to record the world's first unsupported crossing of the Greenland icecap by an armed force's veteran amputee
- SIA Charities: £1 million to the 3 benevolent charities which support the work of the Intelligence Agencies
- Project ADVANCE Plus: £5 million over the next 5 years for research into the psychological impact of battlefield injuries and severe battlefield trauma
- Mental Health Wiltshire: £3.5 million to provide a dedicated support pathway, work and accommodation for veterans in Wiltshire
- Bristol Aerospace Centre: £2 million to create a new museum to commemorate the UK's flying heritage at Filton in Bristol
- Agincourt 600: £1 million to support the commemoration of the 600th anniversary of the Battle of Agincourt
- Rothiemurchus Lodge: £250,000 to renovate this community, regular and ex-regular member of the armed forces accommodation and activity centre
- VE Day: up to £2 million to support the 70th anniversary commemoration of VE Day
- Waterloo 200: £1 million to support the commemoration of the 200th anniversary of the Battle of Waterloo

Welfare

2.114 Tax-Free Childcare – The government has doubled the maximum amount that parents of disabled children will be able to receive to help to pay for their childcare costs, from £2,000 to £4,000 per disabled child per year.

2.115 DWP fraud and error: use of Real Time Information – The government will invest £15 million from 2015-16 to 2017-18 in the greater use of Real Time Information to reduce fraud and error in Pension Credit and Housing Benefit.

2.116 EEA nationals' access to Universal Credit – From 2015, the government will restrict access to Universal Credit for EEA migrants who are out of work.

2.117 Universal Credit waiting days updated delivery schedule – The government plans to implement 7 waiting days for Universal Credit in July 2015.

2.118 IT challenge fund – The Government Equalities Office IT challenge fund will be extended for 1 year in 2015-16. This additional funding of £1.1 million will support women to take their business online and take advantage of superfast broadband.

2.119 Taxation of the Bereavement Support Payment (BSP) – The Pensions Act 2014 legislated for the new BSP. The BSP will replace the 3 current benefits paid in respect of bereavement from April 2017 and, as announced at Autumn Statement 2014, will be exempt from Income Tax. (Finance Bill 2015) (al)

2.120 Access to benefits – Autumn Statement 2014 announced measures to close down vulnerable gateways in the tax credit system to self-employed claimants. From 6 April 2015 a new test will require those Working Tax Credits (WTC) claimants relying on self-employment to meet the entitlement conditions to be undertaking an activity which is commercial and profitable, or working towards profitability. This test will apply to the working hours required to qualify for WTC as a self-employed claimant. The new requirement for the same claimants to register their self-employment for self assessment purposes and provide a Unique Tax Reference number will begin from the following April. Throughout the 2015-16 tax year HMRC will be encouraging claimants to take the necessary action to meet this new requirement from 6 April 2016. (aq)

Corporate tax

2.121 Corporation Tax: orchestra tax relief – The government will provide tax relief to orchestras at a rate of 25% on qualifying expenditure from 1 April 2016. The government has consulted on the design of the relief and a summary of responses will be published shortly. (Future Finance Bill) (17)

2.122 Corporation Tax: film tax relief – The government will increase the rate of film tax relief to 25% for all qualifying expenditure, subject to state aid clearance, from 1 April 2015. (Finance Bill 2015) (17)

2.123 Corporation Tax: high-end television tax relief – The government will modernise the cultural test for high-end television tax relief and will reduce the minimum UK expenditure requirement for all television tax reliefs from 25% to 10% from 1 April 2015. (Finance Bill 2015) (17)

2.124 Corporation Tax: children's television tax relief – As announced at Autumn Statement 2014, the government will introduce a new tax relief for the production of children's television programmes from 1 April 2015. This will include programmes which are game shows or competitions. (Finance Bill 2015)

2.125 Corporation Tax: restricting relief for goodwill – As announced at Autumn Statement 2014, the government will restrict the Corporation Tax relief a company may obtain for the acquisition of the reputation and customer relationships associated with a business ('goodwill'), including customer information, when the business is acquired from a related individual or partnership. This will affect acquisitions on or after 3 December 2014. (Finance Bill 2015)

2.126 Research & Development (R&D) tax credits: rates – As announced at Autumn Statement 2014, the government will increase the rate of the above the line credit from 10% to 11% and will increase the rate of the SME scheme from 225% to 230%, from 1 April 2015. (Finance Bill 2015) (j)

2.127 R&D tax credits: qualifying expenditure – As announced at Autumn Statement 2014, the government will restrict qualifying expenditure for R&D tax credits so that the costs of

materials incorporated in products that are sold are not eligible, with effect from 1 April 2015. (Finance Bill 2015) (k)

2.128 R&D tax credits: access – Following a consultation on improving access to R&D tax credits for smaller companies, the government will introduce voluntary advanced assurances lasting 3 years for smaller businesses making a first claim from autumn 2015 and reduce the time taken to process a claim from 2016. The government will produce new standalone guidance aimed specifically at smaller companies, backed by a 2-year publicity strategy to raise awareness of R&D tax credits. HMRC will publish a document in the summer setting out a roadmap for further improvements to the scheme over the next 2 years.

2.129 Consortium link company rule – As announced at Autumn Statement 2014, the government has, with effect from 10 December 2014, removed all requirements relating to the location of the ‘link company’ for consortium claims to group relief at section 133 Corporation Tax Act 2010 (CTA 2010). This measure makes the tax system simpler by removing differences in treatment of link companies based in the UK and other jurisdictions. (Finance Bill 2015)

2.130 Withholding tax exemption for private placements – As announced at Autumn Statement 2014, the government will provide for a new exemption from withholding tax on interest on qualifying private placements (a type of unlisted debt) to help unlock new finance for businesses and infrastructure projects. (Finance Bill 2015)

2.131 Bank Levy rate increase – The government will increase the rate of the Bank Levy from 0.156% to 0.21% from 1 April 2015. (Finance Bill 2015) (23)

2.132 Tax treatment of banks’ compensation payments – The government will make banks’ customer compensation expenses non-deductible for Corporation Tax purposes. The government will consult on the detailed design of this change, with the aim of legislating in a future Finance Bill. (24)

2.133 Diverted Profits Tax – As announced at Autumn Statement 2014, legislation will be introduced in Finance Bill 2015 for a new tax on diverted profits from 1 April 2015. Following consultation, the legislation has been revised to narrow the notification requirement. There have also been changes to clarify rules for giving credit for tax paid, the operation of the conditions under which a charge can arise, specific exclusions and the application of the Diverted Profits Tax to companies subject to the oil and gas regime. (Finance Bill 2015) (p)

2.134 Country-by-country reporting – The government will introduce legislation that gives the UK the power to implement the Organisation for Economic Co-operation and Development (OECD) model for country-by-country reporting. The new rules will require multinational enterprises to provide high level information to HMRC on their global allocation of profits and taxes paid, as well as indicators of economic activity in a country. (Finance Bill 2015) (r)

2.135 Flood defence relief – As announced at Autumn Statement 2014, the government will legislate to ensure that from 1 January 2015 business contributions to Flood and Coastal Erosion Risk Management (FCERM) projects are tax deductible expenditure for Corporation Tax and Income Tax purposes. (Finance Bill 2015)

2.136 Corporation Tax rate – The government will legislate to set the rate of Corporation Tax at 20% for the financial year beginning on 1 April 2016. (Finance Bill 2015) (br)

2.137 Repeal of the late paid interest rules – As part of the review of the legislation on corporate debt announced at Budget 2013, the government will repeal rules concerning loans made to UK companies by a connected company in a non-qualifying territory. (Finance Bill 2015)

2.138 Bank loss relief restriction – As announced at Autumn Statement 2014, the government will restrict the amount of banks’ annual profit that can be offset by carried-

forward losses to 50% from 1 April 2015. Following a period of consultation, the government will be making a change to the measure's targeted anti-avoidance rule and introducing a £25 million allowance for affected building societies. (Finance Bill 2015) (t)

Oil and gas taxes

2.139 Ring Fence Expenditure Supplement (RFES) – As announced at Autumn Statement 2014, the government will extend the RFES from 6 to 10 accounting periods for all ring fence oil and gas losses and qualifying pre-commencement expenditure incurred on or after 5 December 2013. (Finance Bill 2015)

2.140 High pressure, high temperature cluster area allowance – As announced at Autumn Statement 2014, the government will introduce an allowance to support the development of high pressure, high temperature projects and encourage exploration and appraisal activity in the surrounding area or 'cluster'. The allowance will exempt a portion of a company's profits from the Supplementary Charge. The amount of profit exempt will equal 62.5% of the qualifying capital expenditure a company incurs in relation to a cluster from 3 December 2014 onwards. (Finance Bill 2015)

2.141 UK Continental Shelf Investment Allowance – The government will introduce a basin-wide allowance to support investment on the UK Continental Shelf, replacing the existing offshore field allowances and simplifying the existing regime. The allowance will exempt a portion of a company's profits from the Supplementary Charge. The amount of profit exempt will equal 62.5% of the investment expenditure a company incurs in relation to a field from 1 April 2015 onwards. (Finance Bill 2015) (11)

2.142 Reduction to Supplementary Charge – Further to the 2 percentage point cut in the Supplementary Charge announced at Autumn Statement 2014, the government will reduce the rate of the Supplementary Charge from 30% to 20% with effect from 1 January 2015. (Finance Bill 2015) (11)

2.143 Petroleum Revenue Tax (PRT) – The government will reduce the rate of PRT from 50% to 35%, taking effect for chargeable periods ending after 31 December 2015. (Finance Bill 2015) (12)

2.144 Wood Review – Budget 2014 tasked the interim Oil and Gas Authority (OGA) to review how best to encourage exploration and reduce decommissioning costs. In response government will:

- provide the new OGA with the mandate to scrutinise companies' decommissioning plans to ensure these are cost-effective and timely
- as announced at Autumn Statement 2014, provide £20 million support in 2015-16 for seismic and other geoscience surveys, to catalyse exploration and appraisal in underexplored regions of the UKCS (13)

Indirect taxes

2.145 Alcohol Duty rates – From 23 March 2015, the duty rates on general beer, spirits and lower strength cider will be reduced by 2%. The duty rate on low strength beer will be reduced by 6% and the total duty rate on high strength beer will be reduced by 0.75%. The duty rate on high strength still cider will be reduced by 1.3% and the duty rates on wine below 22% abv and high strength sparkling cider will be frozen. (Finance Bill 2015) (9,10)

2.146 Alcohol fraud – As announced at Autumn Statement 2013, the government will introduce a registration scheme for alcohol wholesalers that will take effect from October 2015. (Finance Bill 2015) (bk)

2.147 Tobacco Duty rates – As announced at Budget 2014, duty rates on tobacco products will increase by 2% above RPI. These changes will come into effect from 6pm on 18 March 2015. (Finance Bill 2015)

2.148 Tobacco levy – The government will continue the consultation on whether to introduce a tobacco levy through informal consultation with stakeholders.

2.149 Anti-illicit tobacco package – The government will introduce a package of measures to tackle the illicit tobacco trade, including:

- establishing a cross-government ministerial group to oversee future evolution of the anti-illicit tobacco strategy
- introducing a registration scheme for users and dealers in raw tobacco with a technical consultation on the design and scope of the scheme (Future Finance Bill) (30)
- an informal targeted consultation with other departments, law enforcement agencies, legitimate business and health groups on sanctions
- HMRC will commission academic research to provide evidence to galvanise action on the international stage

2.150 Tobacco anti-forestalling restrictions – The government will be introducing measures to tighten tobacco anti-forestalling rules and apply penalties for non-compliance, in order to prevent tax avoidance. The measures will apply to forestalling behaviour ahead of Budget 2016 and beyond. (Finance Bill 2015)

2.151 Gaming Duty bands – The government will increase Gaming Duty bands in line with RPI for accounting periods starting on or after 1 April 2015 (Finance Bill 2015).

2.152 Horserace Betting Right – The government will bring forward legislative proposals to replace the 1963 Horserace Betting Levy with a new Horserace Betting Right. The new authorisation scheme will apply to all bookmakers, wherever located, who take bets from British customers on British racing and will be administered directly by the racing industry.

2.153 Deductible VAT relating to foreign branches – The government will no longer allow businesses to take account of foreign branches when calculating how much VAT on overhead costs they can reclaim in the United Kingdom. This measure will affect partly exempt businesses and they will have to implement the change from the beginning of their next partial exemption tax year falling on or after 1 August 2015. (27)

2.154 Revalorisation of the VAT registration and deregistration thresholds – From 1 April 2015 the VAT registration threshold will be increased from £81,000 to £82,000 and the deregistration threshold from £79,000 to £80,000.

2.155 VAT and transport agency – Finance Bill 2015 will legislate to ensure that the organisation to replace the Highways Agency will be eligible for VAT refunds from 1 April 2015. (Finance Bill 2015)

2.156 VAT refunds for shared services – Non-departmental public bodies will be included in the VAT refunds scheme from 1 April 2015. (Future Finance Bill)

Transport taxes

2.157 Rural fuel rebate scheme extension – The Council of the European Union has fully approved the government's application to extend the rural fuel duty rebate scheme to 17 areas of the UK mainland. The scheme will be implemented on 1 April 2015 and will enable retailers in eligible areas to register for a 5 pence per litre fuel duty discount.

2.158 Fuel Duty – The government will cancel the RPI inflation Fuel Duty increase of 0.54 pence per litre scheduled for 1 September 2015. (8)

2.159 Fuel Duty incentives for aqua methanol – As announced at Autumn Statement 2014, from 1 April 2015 the government will apply a reduced rate of Fuel Duty to aqua methanol. The rate will be set at 7.90 pence per litre. The government will review the impact of this incentive at Autumn Statement 2016. (Finance Bill 2015)

2.160 Company Car Tax rates for 2019-20 – The appropriate percentage of list price subject to tax will increase by 3 percentage points for cars emitting more than 75 grams of carbon dioxide per kilometre (gCO_2/km), to a maximum of 37%, in 2019-20. There will be a 3 percentage point differential between the 0-50 and 51-75 gCO_2/km bands and between the 51-75 and 76-94 gCO_2/km bands. (Future Finance Bill) (37)

2.161 Company Car Tax rates for 2017-18 and 2018-19 – As announced at Budget 2014, the appropriate percentage of list price subject to tax will increase by 2 percentage points for cars emitting more than 75 gCO_2/km , to a maximum of 37%, in both 2017-18 and 2018-19. In 2017-18 there will be a 4 percentage point differential between the 0-50 and 51-75 gCO_2/km bands and between the 51-75 and 76-94 gCO_2/km bands. In 2018-19 this differential will reduce to 3 percentage points. (Finance Bill 2015) (bb)

2.162 Fuel Benefit Charge – From 6 April 2016 the Fuel Benefit Charge multiplier for both cars and vans will increase by RPI.

2.163 Van Benefit Charge – From 6 April 2016 the main Van Benefit Charge (VBC) will increase by RPI. As announced at Budget 2014, the government will extend VBC support for zero emission vans to 5 April 2020 on a tapered basis. (Finance Bill 2015)

2.164 Vehicle Excise Duty rates and bands – From 1 April 2015 Vehicle Excise Duty (VED) rates for cars, vans, motorcycles and motorcycle trade licences will increase by RPI. (Finance Bill 2015)

2.165 Vehicle Excise Duty classic vehicle exemption – As announced at Budget 2014, from 1 April 2016 a vehicle manufactured before 1 January 1976 will be exempt from paying VED. (Finance Bill 2015)

2.166 Heavy Goods Vehicles VED and Road User Levy rates and bands – From 1 April 2015 Heavy Goods Vehicles VED and Road User Levy rates will be frozen for one year. (38)

2.167 Enhanced Capital Allowance for zero emission goods vehicles – As announced at Budget 2014, the government will extend the Enhanced Capital Allowance for zero emission goods vehicles to 31 March 2018. (Finance Bill 2015)

2.168 Air Passenger Duty child exemption – As announced at Autumn Statement 2014, the government will introduce an exemption from reduced rates of Air Passenger Duty (APD) from 1 May 2015 for children under 12 and from 1 March 2016 for children under 16. (Finance Bill 2015) (c)

2.169 APD rates for 2016-17 – APD rates will increase by RPI from 1 April 2016. (Finance Bill 2016)

Environment and energy taxes

2.170 Aggregates Levy rate – the Aggregates Levy rate will remain at £2 per tonne in 2015-16. (39)

2.171 Aggregates Levy credits in Northern Ireland – As announced at Autumn Statement 2014, the government will introduce an 80% levy credit for aggregate commercially exploited in Northern Ireland between 1 April 2004 and 30 November 2010 following its importation from another EU Member State. (Finance Bill 2015)

2.172 Landfill Tax rates – The standard and lower rates of Landfill Tax will increase in line with RPI, rounded to the nearest 5 pence, from April 2016. Additionally, the loss on ignition testing regime announced at Autumn Statement 2014 will be introduced from 1 April 2015. (Finance Bill 2015) (bc)

2.173 Landfill Communities Fund value – The value of the Landfill Communities Fund (LCF) for 2015-16 will be set at £59.4m, with the cap on contributions by landfill operators amended to 5.7%. The value of the LCF reflects devolution of Landfill Tax to Scotland from 1 April 2015 and the ongoing high levels of unspent LCF funds. The saving from the LCF will be used to fund a one-off £4.2m increase in Environment Agency funding to address waste crime. (bc)

2.174 Landfill Communities Fund reform – The government is consulting on a package of measures to reform the LCF, developed by a government-sector working group. The package will accelerate the spending of funds on community projects, reduce administrative costs and simplify administrative processes. (bc)

2.175 Enhanced Capital Allowances: energy-saving and water-efficient technologies – The list of designated energy-saving and water-efficient technologies qualifying for an Enhanced Capital Allowance will be updated during summer 2015, subject to state aid approval. (40)

2.176 Landlord's Energy Saving Allowance – The Landlord's Energy Saving Allowance will no longer be available beyond 31 March 2015 for corporate landlords and 5 April 2015 for unincorporated landlords of let residential properties, as scheduled.

2.177 Climate Change Levy main rates – Climate Change Levy main rates will increase in line with RPI from 1 April 2016. (Finance Bill 2015)

2.178 Carbon Price Support rates – Carbon Price Support (CPS) rates for 2017-18 will remain at £18/tCO₂, in line with the £18/tCO₂ cap on the CPS rate from 2016-17 to 2019-20 announced at Budget 2014. The CPF trajectory will remain unchanged.

2.179 Carbon price floor: excluding combined heat and power – As confirmed at Autumn Statement 2014, from 1 April 2015 the government will exclude from the carbon price support rates, fossil fuels that are used by combined heat and power plants to generate good quality electricity that is self-supplied or supplied under exemption from the requirement to hold a supplier licence. (Finance Bill 2015)

2.180 Coalition commitment to increase the proportion of revenue from environmental taxes – Measures announced at this Budget will result in the proportion of revenue from environmental taxes having increased from 0.4% to 0.7% over this Parliament, in accordance with the coalition commitment.

Property tax

2.181 Business Rates: long term review – As announced at Autumn Statement 2014, the government will conduct a review of Business Rates to report by Budget 2016. The terms of reference for this review were published on 16 March 2015.

2.182 Business Rates: local newspapers – The government will consult on whether to introduce a Business Rates relief for local newspapers in England.

2.183 Stamp Duty Land Tax: treatment of shared ownership properties – As announced at Autumn Statement 2014, the government will extend the Stamp Duty Land Tax (SDLT) multiple dwellings relief to include superior interests in residential property, such as shared ownership. This will apply where the transaction is part of a lease and leaseback arrangement, if acquired from a qualifying body such as a housing association. The change will take effect from the date on which Finance Bill 2015 receives Royal Assent. (Finance Bill 2015)

2.184 Stamp Duty Land Tax: application to certain authorised property funds – As announced at Autumn Statement 2014, the government intends to introduce a seeding relief for Property Authorised Investment Funds (PAIFs) and Co-ownership Authorised Contractual Schemes (CoACSs) and intends to make changes to the SDLT treatment of CoACSs investing in property so that SDLT does not arise on the transactions in units, subject to the resolution of potential avoidance issues. (Future Finance Bill) (42)

2.185 Stamp Duty Land Tax: alternative property finance reliefs – As announced at Autumn Statement 2014, the government will change the definition of a ‘financial institution’ for the purposes of the SDLT alternative property finance reliefs to include all persons authorised to provide Home Purchase Plans. The change will take effect from the date on which Finance Bill 2015 receives Royal Assent. (Finance Bill 2015)

2.186 Annual Tax on Enveloped Dwellings – As announced at Autumn Statement 2014, the government will increase the annual charges of the Annual Tax on Enveloped Dwellings (ATED) by 50% above inflation for residential properties worth more than £2 million for the chargeable period 1 April 2015 to 31 March 2016. (Finance Bill 2015)

Tax simplification

2.187 Making tax easier: the end of the tax return – The government will transform the tax system over the next Parliament by introducing digital tax accounts to remove the need for individuals and small businesses to do annual tax returns. Further details on the policy and administrative changes needed to deliver this will be published later in 2015.

2.188 Making tax easier: new payments process – The government will consult over the summer on a new payment process to enable tax and NICs to be collected through digital accounts, instead of self assessment. (Future Finance Bill)

2.189 Office of Tax Simplification (OTS) review of employment status – The government welcomes the publication of the OTS’s significant report on employment status and will respond to the recommendations made in the next parliament.

2.190 Simplification of employee benefits and expenses – As announced at Autumn Statement 2014, the government will simplify the administration of employee benefits and expenses. From April 2015 the government will provide a statutory exemption for trivial benefits in kind costing less than £50. Following technical consultation, an annual cap of £300 will also be introduced for office holders of close companies and employees who are family members of those office holders. From April 2016, the government will remove the £8,500 threshold below which employees do not pay Income Tax on certain benefits in kind and replace it with new exemptions for carers and for ministers of religion. It will also exempt certain reimbursed expenses and introduce a statutory framework for voluntary payrolling. The new exemption for reimbursed expenses will not be available if used in conjunction with salary sacrifice. (Finance Bill 2015) (aa)

2.191 Simplified expenses: legislative amendments – The government will amend the simplified expenses regime introduced in Finance Act 2013 to ensure that partnerships can fully access the provisions in respect of the use of a home and where business premises are also a home. (Future Finance Bill)

2.192 Government response to the OTS review of tax penalties – In response to the OTS review of tax penalties, the government is consulting about changing the way in which penalties are applied. The current consultation will close on 11 May 2015.

2.193 Review of loan relationships and derivative contracts legislation – Following the review announced at Budget 2013, the government will make wide-ranging changes to update, simplify and rationalise the legislation on corporate debt and derivative contracts. These will include a clearer and stronger link between commercial accounting profits and taxation, basing taxable amounts on items of accounting profit or loss. It will also include introduction of a new relief for companies in financial distress and new rules to protect the regime against tax avoidance. (Future Finance Bill)

2.194 OTS review of partnerships: publication of final report – The government welcomes the final report of the OTS review of partnerships. The government will consider or take forward over 70% of its recommendations and has already completed work on many of these.

2.195 Simplifying the ATED administrative burden – As announced at Autumn Statement 2014, the government will introduce changes to the filing obligations and information requirements with respect to properties within the ATED that are eligible for a relief. These changes will take effect from 1 April 2015. (Finance Bill 2015)

Tax avoidance and evasion

Tax evasion and fraud

2.196 Laying of regulations to implement the Automatic Exchange of Information Agreements – The government will lay the regulations to implement the UK's Automatic Exchange of Information Agreements and adopt the updated EU Directive on Administrative Co-operation shortly after Budget 2015.

2.197 Common Reporting Standard: new disclosure facility – In advance of the receipt of data under the Common Reporting Standard in 2017, the government will offer a new time limited disclosure facility from 2016 to mid-2017 on less generous terms than existing facilities. (25)

2.198 Closing the Liechtenstein Disclosure Facility early – In advance of a new disclosure opportunity, the existing Liechtenstein Disclosure Facility will close at the end of 2015, instead of April 2016.

2.199 Closing the Crown Dependencies Disclosure Facilities early – In advance of a new disclosure opportunity, the existing Crown Dependencies Disclosure Facilities will close at the end of 2015, instead of September 2016. (25)

2.200 Financial Intermediaries notifying their customers in advance of receipt of data under the Common Reporting Standard – The government will take a power in legislation under which financial intermediaries can be required to notify their UK resident customers with UK or overseas accounts, to inform them about the Common Reporting Standard, the penalties for evasion and the opportunities to disclose.

2.201 Maximising the yield from the Common Reporting Standard – The government will invest £4 million in data analytics resource to maximise the yield from the Common Reporting Standard data. (25)

2.202 Implementing the previously announced civil penalty regime – As announced at Autumn Statement 2014, the 2015 Finance Bill will include legislation on enhanced civil penalties for offshore tax evasion.

Marketed avoidance schemes

2.203 Serial avoiders – The government will introduce legislation for tougher measures for those who persistently enter into tax avoidance schemes which fail (serial avoiders), including a special reporting requirement and a surcharge on those whose latest tax return is inaccurate as a result of a further failed avoidance scheme. The government will also look to restrict access to reliefs for the minority who have a record of trying to abuse them through avoidance schemes that don't work and intends to develop further measures to name those who continue to use schemes that fail. Legislation will be introduced in due course that will widen the current scope of the Promoters of Tax Avoidance Schemes regime by bringing in promoters whose schemes regularly fail. (Future Finance Bill)

2.204 Promoters of tax avoidance schemes – The government will introduce legislation that will enable HMRC to issue Conduct Notices to a broader range of connected persons under the Promoters of Tax Avoidance Schemes regime. We will also legislate to ensure that the 3 year time limit for issuing Conduct Notices to promoters who have failed to disclose avoidance schemes to HMRC applies from the date when a failure is established. (Finance Bill 2015)

2.205 General Anti-Abuse Rule penalties – The government will introduce legislation, in a later Finance Bill, that will increase the deterrent effect of the General Anti-Abuse Rule (GAAR), by introducing a specific, tax-gearred penalty that applies to cases tackled by the GAAR. (Future Finance Bill)

2.206 Accelerated Payments additional cases – HMRC has continued to review cases after the Accelerated Payments legislation took effect and Budget 2015 announces that HMRC will be issuing an additional 21,000 Accelerated Payment Notices over and above the original estimated number. (31)

2.207 Improvements to the Disclosure of Tax Avoidance Schemes (DOTAS) regime

– The government will introduce legislation that will ensure that DOTAS remains an effective information tool. This will include measures to:

- require employers to notify employees of their involvement in avoidance schemes relating to their employment and to provide details of those employees to HMRC (Finance Bill 2015)
- provide HMRC with a power to identify users of undisclosed avoidance schemes (Finance Bill 2015)
- increase the penalty for users who do not comply with their DOTAS reporting requirements (Finance Bill 2015)
- introduce protection for those wishing to voluntarily provide information to HMRC about potential failures to comply with DOTAS (Finance Bill 2015)
- require promoters of tax avoidance schemes to notify HMRC of any relevant changes to a disclosed scheme (Finance Bill 2015)
- enable HMRC to publish information about promoters and schemes (Finance Bill 2015)

- strengthen the descriptions of schemes which must be disclosed and to expand the coverage of Inheritance Tax (IHT), to include schemes seeking to avoid IHT charges during a person's lifetime and following death. (ab)

Business tax

2.208 Accelerated Payments group relief – As announced at Autumn Statement 2014, the government will introduce legislation to ensure that the Accelerated Payments legislation works effectively where avoidance arrangements give rise to losses surrendered as group relief. (Finance Bill 2015) (ad)

2.209 Employment intermediaries: penalties – As announced at Autumn Statement 2014, the government will make a minor amendment to correct legislation underpinning the penalty regime for the late filing or non-submission of quarterly returns from employment intermediaries. This will take effect from 6 April 2015. (Finance Bill 2015)

2.210 Corporation Tax loss refresh prevention – The government will introduce anti-avoidance legislation, effective from 18 March 2015, to prevent companies from obtaining a tax advantage by entering contrived arrangements to turn historic tax losses of restricted use into more versatile in-year deductions. (Finance Bill 2015) (28)

2.211 Capital Allowances – As announced on 26 February 2015, the government will introduce legislation, with effect from 26 February 2015, to clarify the effect of capital allowances anti-avoidance rules where there are transactions between connected parties or sale and leaseback transactions. (Finance Bill 2015)

Personal tax

2.212 Miscellaneous loss relief – As announced at Autumn Statement 2014, the government will legislate to counter the avoidance of Income Tax through miscellaneous loss relief by introducing anti-avoidance rules from 3 December 2014. From 6 April 2015 it will also limit the miscellaneous income against which a miscellaneous loss can be claimed. (Finance Bill 2015) (x)

2.213 Special purpose share schemes – As announced at Autumn Statement 2014, the government will legislate to remove the unfair tax advantage provided by special purpose share schemes, commonly known as 'B share schemes'. From 6 April 2015 all returns made to shareholders through such a scheme will be taxed in the same way as dividends. (Finance Bill 2015) (w)

2.214 Private equity management fee planning – As announced at Autumn Statement 2014, the government will introduce legislation, effective from 6 April 2015, to ensure that sums which arise to investment fund managers for their services are charged to Income Tax. It will affect sums which arise to managers who have entered into arrangements involving partnerships or other transparent vehicles, but not sums linked to performance, often described as 'carried interest', nor returns which are exclusively from investments by partners. (Finance Bill 2015) (v)

Financial services

2.215 Digital currencies – The government is today announcing its intention to apply anti-money laundering regulation to digital currency exchanges in the UK, to support innovation and prevent criminal use. The government is also launching a new research initiative which will bring together the research councils, Alan Turing Institute and Digital Catapult with industry in order to address the research opportunities and challenges for digital currency technology, and will increase research funding in this area by £10 million to support this. Finally, the government will work with the British Standards Institution and the digital currency industry to develop voluntary standards for consumer protection.

2.216 Payment Systems Regulator – The Payment Systems Regulator will open for business on 1 April 2015, with powers to promote innovation, competition and the interests of end users in the UK payments sector.

2.217 Promoting competition in SME lending – The British Business Bank will shortly invite expressions of interest from Credit Reference Agencies and finance platforms that wish to be designated by HM Treasury to receive data from banks under powers contained in the Small Business, Enterprise and Employment Bill currently before Parliament. This is a key part of the implementation strategy for the government's reforms to improve competition in the SME lending market.

2.218 Trade credit data – The government welcomes a Bank of England study to quantify the economic benefit of improving access to credit data for trade creditors. If, as is expected, this demonstrates significant potential benefits, the government expects that industry will quickly make the necessary changes to allow these benefits to flow to businesses.

2.219 Midata – The government announced at Autumn Statement 2014 that the Midata initiative would launch by the end of March 2015. The government is today announcing that Gocompare will launch their personal current account comparison tool on 26 March 2015. This will enable customers, for the first time, to identify which personal current account could suit them best and help to drive switching in the current account market.

2.220 Application Programming Interfaces (APIs) in banking – The government has today confirmed its commitment to deliver an open API standard in UK banking and, working with the banking and FinTech industries, set out a detailed framework for its design by the end of 2015. This will enable FinTech firms to make use of bank data on behalf of customers in a variety of helpful and creative ways, and ensure the UK remains at the forefront of developments in financial technology and innovation.

2.221 Mortgage fee transparency – As set out at Autumn Statement 2014, the Council of Mortgage Lenders (CML) and Which? have today published their interim report on mortgage lenders' plans to standardise and improve the transparency of their fees and charges. This will increase comparability, empower consumers and make it easier for borrowers to choose the best mortgage deals. The CML and Which? will publish firm conclusions in July 2015, and the government expects the majority of the industry to have made the necessary changes by the end of the year.

2.222 Banking apprenticeships – The British Bankers' Association will produce a central list, published online, of all the apprenticeships available through UK banks. This will make it quicker and easier for people to understand the apprenticeships available to them and give them the information they need to apply.

2.223 Asset management apprenticeships – The government welcomes Investment 2020's new online portal, which lists apprenticeships and traineeships available in the investment management industry.

2.224 Improving access to banking – Alongside other measures to improve access to banking for all consumers, the government expects that the banking industry will, by the end of March 2015, reach an agreement to work with the Post Office to deliver a standard approach to counter services for personal current account customers and business account customers in Post Office branches.

2.225 Deregulation of instalment credit – The government has deregulated monthly instalment credit repaid over up to twelve months with no interest and charges, to remove regulatory burdens on businesses and facilitate the availability of payments by instalments for consumers.

2.226 Smart ATMs – The government wants customers to be able to deposit as well as withdraw cash from intelligent cash machines, and is working with LINK and its members to explore how the required changes can be made to LINK Scheme Rules.

2.227 New £1 coin – Following a full consultation, Budget 2015 confirms the final specification, as well as the winning entry to The Royal Mint's competition to design the reverse of the new coin.

2.228 Global reinsurance – The government announced at Autumn Statement 2014 that it would explore options to attract more reinsurance business to the UK. To take this forward, building upon the UK's position as a world leader in the global insurance market, the government will work with the industry and regulators to develop a new competitive corporate and tax structure for allowing Insurance Linked Securities to be domiciled in the UK. This alternative form of reinsurance makes greater use of capital markets and is a key growth opportunity for the sector.

2.229 Insurance fraud taskforce – In December 2014 the government announced the establishment of an Insurance Fraud Taskforce. The Taskforce has today published an interim report which sets out the areas that the group will explore: the encouragement of fraudulent claims; the drivers of policyholder behaviour; fraud deterrents in the claims process; and the role of fraud data. It will publish full recommendations in its final report later in 2015. The Taskforce has also made an early recommendation to the insurance industry to update guidance on the prevention of application fraud. The Association of British Insurers and the British Insurance Brokers' Association have agreed to take forward this action by the end of 2015.

2.230 Implementation of financial sanctions – The government will review the structures within HM Treasury for the implementation of financial sanctions and its work with the law enforcement community to ensure these sanctions are fully enforced, with significant penalties for those who circumvent them.

Supply-side reform of the economy

Digital communications infrastructure

2.231 Digital Communications Infrastructure Strategy – The government has published its Digital Communications Infrastructure Strategy. The government announces:

- a new ambition that ultrafast broadband of at least 100 Megabits per second (Mbps) should be available to nearly all UK premises
- further measures to support the delivery of broadband in rural areas including looking to raise the Universal Service Obligation – the legal entitlement to a basic service – from dial-up speeds to 5 Mbps broadband, and subsidising the costs of installing superfast-capable satellite services
- the broadband connection voucher scheme, which was extended at Autumn Statement 2014 to March 2016, will be open in a total of 50 cities by 1 April 2015
- up to £600 million to support the delivery of the change of use of 700MHz spectrum, which will further enhance the UK's mobile broadband connectivity. The funds will support the infrastructure costs of clearing the spectrum frequency, including support to consumers where appropriate, and retuning broadcast transmitters to enable broadcasters to move into a lower frequency. This will free up 700MHz spectrum for 4G mobile communications through an auction in the next Parliament.
- it will centralise the operational management of public sector spectrum and will reset the release target

Sharing economy

2.232 Sharing pilots – The government will launch 2 pilots in Leeds City Region and Greater Manchester in 2015-16, to trial local sharing initiatives in the areas of shared transport, shared public space and health and social care.

2.233 Model tenancy agreement – The government will amend its model agreement for an assured shorthold tenancy by summer 2015, to provide that tenants in private rented accommodation can request their landlord's permission to sub-let or otherwise share space, on a short-term basis.

2.234 Responsibilities of landlords in dealing with requests to sub-let and share space – The government will look to clarify and strengthen private residential landlords' legal responsibilities when considering requests from tenants to sub-let, and will look to extend these responsibilities to requests from tenants on the sharing of space more generally.

2.235 Sub-letting and sharing space in private fixed-term and periodic tenancies – The government intends to legislate on preventing the use of clauses in private fixed-term residential tenancy agreements that expressly rule out sub-letting or otherwise sharing space on a short-term basis, and will consider extending this to statutory periodic tenancies. This will ensure that landlords always have to consider tenants' requests reasonably.

2.236 Digitalising criminal record checks – The government will further improve and speed-up the process of applying for criminal record checks by ensuring that the application process is digital by default and can be conducted online. The government will ensure that the process can be integrated into third party services including, as appropriate, sharing economy platforms, through an Application Programming Interface (API).

2.237 National platform for sharing central and local government space – The government will build on the Space for Growth programme by exploring with the Local Government Association and partner organisations in Scotland, Northern Ireland and Wales, the extension of a national platform to advertise spare central and local government space to businesses, individuals and community groups where appropriate. The government will explore options for delivering this in the most efficient way, including an accessible and user-friendly registration process.

2.238 Updating government procurement frameworks to include sharing economy platforms – The government will lead by example by enabling government employees to use sharing economy solutions to book accommodation and transport when travelling on official business where this represents value for money. This will be effective by autumn 2015.

2.239 Renting out parking spaces – The government will update its planning guidance to Local Authorities in March 2015 to clarify that it should be possible for non-residential properties to rent out their existing parking spaces without requiring planning permission, provided there are no substantive planning concerns.

2.240 Local Authorities' use of Business Rates discretionary relief powers – The government will encourage Local Authorities to use their Business Rates discretionary relief powers to support the sharing economy including shared workspaces and makerspaces.

2.241 Guidance to JobCentre Plus staff to signpost job-seekers to sharing economy opportunities – The government will update its guidance to JobCentre Plus staff by autumn 2015, to ask them to signpost job-seekers to time bank and task-sharing opportunities where appropriate, working with Sharing Economy UK, to help job-seekers boost their skills, experience and income.

2.242 Promoting the use of task-sharing sites to assist in starting a business – The government will engage with the Start Up Loans Company about actively promoting the use of task-sharing sites to assist in starting a business. The government will also engage with the New Enterprise Allowance programme so that work coaches will, where appropriate, signpost claimants to task sharing options, working with the Sharing Economy UK trade body, if they are setting up a business or want to develop an existing business.

Transport and infrastructure

2.243 Northern Transport Strategy – The government and Transport for the North will shortly publish the interim report of the Northern Transport Strategy, which will set out the strategic options for future transport investment in the north of England.

2.244 Support for road hauliers – The government will review the speed with which Heavy Goods Vehicle (HGV) driving tests and driver medical assessments currently take place and consider options to accelerate both in order to help address the shortage of qualified HGV drivers. The government will also work with road haulage firms on an industry led solution to the driver shortage, including looking at the right level of access to, and funding support for, training.

2.245 Publication of Highways England Delivery Plan – Highways England will launch before the end of this Parliament their Delivery Plan which will set out further detail on the roads investment programme from 2015-2020.

2.246 Talking buses – The government will continue to work with the Transport Systems Catapult and industry to develop a solution to ensure bus travel remains accessible to blind and deaf users.

2.247 Compulsory purchase consultation – The government has launched a consultation into the compulsory purchase regime to make it clearer, faster and fairer to support brownfield development.

Energy and the environment

2.248 Flood defence schemes – As a result of decisions at Autumn Statement 2014 to bring forward funding, and better programme management, 165 flood schemes will be delivered earlier than originally planned and a further 47 new schemes will be included within the 6-year flood and coastal erosion programme. This represents more than £140 million of investment in accelerated and new projects. As a result of this, 31,000 households and businesses throughout the country are expected to benefit from earlier protection.

2.249 Switching campaign – In February 2015, the government launched the ‘Power to Switch’ campaign to help consumers reduce their energy bills by shopping around for the best possible deal. Over 300,000 households switched electricity supplier last month, up 30% on the same period last year. Households switching energy supplier via a price comparison website are currently saving an average of around £300 on their annual energy bill as a result.

2.250 Competition and Markets Authority (CMA) recommendations on energy markets – The government will respond quickly to any CMA recommendations and take forward appropriate implementation as quickly as possible.

2.251 Big Energy Saving Network – The government will provide £1.3 million to fund the Big Energy Saving Network (BESN) in 2015-16. This will enable BESN frontline workers to reach a predicted 100,000 vulnerable individuals, helping them to cut their energy bills.

2.252 Electricity bill relief for consumers in the north of Scotland – The government will launch a consultation on electricity distribution costs in the north of Scotland, with a view to ensuring that consumers in the north of Scotland pay no more for electricity distribution than

consumers in the next most expensive region. We estimate that this could save the average household in the north of Scotland around £30 per year off their electricity bill.

2.253 Support for large scale renewables – The government's first competitive auction for renewable electricity in February saw over 2GW of new capacity being supported across the UK – introducing competition has saved over £100 million a year.

2.254 Competition for onshore networks – The government will bring forward proposals for legislation in the next Parliament for competitive tendering of onshore electricity transmission infrastructure. This could significantly reduce the cost of building this infrastructure. Competition in the offshore regime has worked well, having already saved consumers between £200 million and £400 million and helping to lower electricity bills.

2.255 Support for interconnectors – Following the decision to include interconnectors in the Capacity Market, National Grid has decided to invest in a new 1 Giga Watt electricity interconnector to Belgium.

2.256 Deep geothermal planning – To help unlock the potential of deep geothermal energy, the government will consult in the next Parliament on bringing planning notification arrangements for the sector into line with those for onshore oil and gas planning applications.

2.257 Fund for Local Enterprise Partnership (LEP) supported forestry schemes – The industry led initiative 'Roots to Prosperity' has demonstrated the value of collaboration between the forestry industry, Local Authorities and LEPs. To encourage this further, the government will launch a nationwide £1 million fund to support schemes that will promote the growth of the forestry industry in their region and which have the support of their local LEP.

2.258 Tidal lagoons – Tidal power has significant potential for the UK. The government has decided to enter into the first phase of negotiations on a Contract for Difference (CfD) for Swansea Bay Tidal Lagoon (without prejudice to the planning decision) to determine whether the project is affordable and value for money for consumers, and whether it will drive down costs of future lagoons.

2.259 Marine Protected Area (MPA) at Pitcairn – The government intends to proceed with designation of a MPA around Pitcairn. This will be dependent upon reaching agreement with NGOs on satellite monitoring and with authorities in relevant ports to prevent landing of illegal catch, as well as on identifying a practical naval method of enforcing the MPA at a cost that can be accommodated within existing departmental expenditure limits.

2.260 Scottish opencast liabilities – The government will work closely with the Scottish Coal Task Force and industry stakeholders to explore alternative options for addressing the environmental liabilities associated with unrestored opencast mines in Scotland.

Science and innovation

2.261 Internet of Things – The government will invest £40 million to develop Internet of Things technologies through large scale demonstrator programmes, business incubator space and a research centre. The funding will focus on healthcare, social care and smart cities. (18)

2.262 Intelligent Mobility – The government will make a £100 million investment into the Research and Development of Intelligent Mobility, which will focus on enhancing the development of driverless car technology and the wider systems required to implement and adopt the technology – such as telecommunications. (18)

2.263 Regulations that inhibit innovation – The government will engage with business to determine where regulations inhibit innovation, including disruptive technologies, and develop a programme for addressing this in the next Parliament. (18)

2.264 Science grand challenge funding – The government will launch a £400 million competitive fund for new world leading scientific infrastructure. Projects will seek matched funding from industry and charities.

2.265 Compensation for energy intensive industries – The government will bring forward compensation to help energy intensive industries with higher electricity costs resulting from small-scale feed in tariffs for renewable generation, from 2016-17 to the point at which state aid approval is received in 2015-16. (14)

2.266 The Engineering and Physical Sciences Research Council international peer review results – The government will provide up to £138 million investment towards the UK Centre for Collaboratorium for Research in Infrastructure and Cities (UKCRIC), subject to a satisfactory business case and the provision of substantial co-funding. This will have a hub in London and further centres initially in Birmingham, Newcastle, Southampton and Sheffield.

2.267 Research Councils Research Institute flexibilities – The government will provide greater freedoms to Research Institutes to ensure they can attract the brightest minds, make timely investments in cutting edge equipment and re-invest commercial income.

2.268 Investment in the Crick Institute – The government will reinvest up to £30 million of the proceeds from the sale of Medical Research Council assets into research at the Francis Crick Institute, with matched funding from Cancer Research UK and the Wellcome Trust.

Education and skills

2.269 Universal infant free school meals – The government will provide £10 million to support the provision of universal infant free school meals in small schools and a further £10 million capital funding to help schools improve kitchen facilities. (36)

2.270 Postgraduate research support – The government will introduce a package of measures to broaden and strengthen support for postgraduate researchers including:

- launching a review into how to strengthen the UK's funding for postgraduate research to ensure our offer remains internationally competitive
- as part of this review, the government will also bring forward options to strengthen co-funding. This will include increased support for crowd-funding for wider research
- introducing income contingent loans of up to £25,000 to support PhDs (and research masters). These loans will be in addition to existing funding, and designed to minimise public subsidy. The government will consult with research councils, universities and industry to examine how best to design these.

2.271 Apprenticeship voucher – The government will introduce an apprenticeship voucher scheme, putting employers in control of the funding, alongside their own, for the training that apprentices need.

Markets and regulation

2.272 'RegTech' – The Financial Conduct Authority (FCA), working with the Prudential Regulation Authority (PRA), will also identify ways to support the adoption of new technologies to facilitate the delivery of regulatory requirements. The FCA, working with the PRA, will report back to the Treasury later in 2015.

2.273 FinTech 'sandbox' – The FCA will work with HMT and the PRA to investigate the feasibility of developing a regulatory 'sandbox' for financial services innovators, and will report back in autumn 2015 on how this could work in practice, with a view to launching the sandbox by the end of 2015 with an expected duration of around 5 years.

2.274 Regional strategies – Innovate Finance has agreed to deliver its FinTech Regional Strategy through a series of local partnerships – the first partnership has already been established in Leeds, and further partnerships will be established in Manchester and Edinburgh by April, and Newcastle, Bristol and other centres before the end of the year.

2.275 Further funding for national Trading Standards teams to address e-crime – The government will increase funding by £0.25 million to tackle rogue online traders and fraudsters.

2.276 Non-economic regulators – The government will consider in the next Parliament the creation of a common framework for assessing the performance of non-economic regulators, including collecting and publishing business feedback, with a view to improving their accountability, transparency and responsiveness to business.

2.277 TheCityUK review of the EU listing regime – The government has invited TheCityUK to lead an independent industry review of the EU listing regime, with a view to suggesting improvements to the European Commission as part of its initiative to create a Capital Markets Union.

2.278 Competition and Markets Authority (CMA) recommendations for the residential property management services market – The government will take forward the CMA recommendations, and other actions agreed with the CMA, to improve the residential property management services market.

2.279 Guidance to support greater consistency in unit pricing – The government will work with major supermarkets and consumer organisations to produce improved guidance to support greater consistency in unit pricing on most everyday products to help consumers compare prices.

Supporting businesses and exports

2.280 Help to Grow pilot – The British Business Bank has published a request for proposals to pilot its Help to Grow scheme, which will make growth finance available to high potential firms. Alongside this, the government will continue to use a variety of channels to provide businesses with information about the support already available to them and their options for accessing finance.

2.281 Improving consumer education around legal services for small and medium-sized enterprises (SMEs) – The government will provide information for SMEs on accessing and using legal services to be included on the Citizens Advice and the GREAT business websites.

2.282 Prompt Payment Code – The government intends to extend the Prompt Payment Code to cover wider poor payment practices, for example in relation to the use of supplier lists.

2.283 Government payment practice – The government will bring greater transparency to its payment practices by asking its Strategic Suppliers to report quarterly on their payment practices from April 2015, and asking all central government departments to report quarterly on their payment performance from April 2015.

2.284 Unlocking access to markets in China – The government will provide an additional £7.5 million of funding in 2015-16 to UK Trade and Investment for its work to maximise trade and investment links with China. (15)

2.285 Support to the International Festival for Business in Liverpool – The government will provide £1.5 million of funding in 2015-16 to ensure that the UK maximises the potential benefits of the Festival, including attracting Foreign Direct Investment. (15)

2.286 Northern powerhouse trade missions – The government will provide £3.5 million of funding in 2015-16 to deliver a series of overseas trade and investment missions in key sectors, focusing on the north. (15)

2.287 Extending the Skills Investment Fund – The government will provide £4 million to extend the existing Skills Investment Fund for a further two years, providing match funding for training and development in film, television, visual effects, video games and animation.

2.288 Video Games Prototype Fund – The government will commit £4 million over four years to a new Video Games Prototype Fund, aiding access to finance and business support and targeting games development talent.

Culture and heritage

2.289 Protecting vulnerable people from nuisance calls – The government will provide a £3.5 million package to explore ways of protecting vulnerable people from nuisance calls. This will include trialling the development and provision of innovative call blocking technology, research and a campaign to raise awareness of how to reduce and report nuisance calls. (19)

2.290 WiFi in public libraries in England – The government will provide £7.4 million funding to support libraries in England to provide internet access and WiFi. (19)

2.291 Church Roof Repair Fund – building on the £15 million fund announced at Autumn Statement 2014, the government will provide a further £40 million funding to the Listed Places of Worship – Roof Repair Fund to support vital roof repairs in 2015 to 2017.

2.292 Culture announcements in regional long-term economic plans – The government can confirm that £8.98 million funding was announced for culture, tourism and spending, investments as part of the government's regional long-term economic plans. (16)

A

Welfare cap

A.1 The level of the welfare cap is set out in Table 1.5.

A.2 Table A.1 sets out a full list of expenditure items within the scope of the welfare cap. The Treasury will seek the approval of the House of Commons for any changes to the list of items of expenditure which fall within the scope of the welfare cap, including where a new welfare cap level and/or margin are being set.

Table A.1: Benefits and tax credits in scope of the welfare cap

In scope	Not in scope
Attendance Allowance	Jobseeker's Allowance and its passported Housing Benefit
Bereavement benefits	
Carer's Allowance	Universal Credit payments to claimants subject to full conditionality and on zero income
Child Benefit ¹	State Pension (basic and additional)
Christmas Bonus	Transfers within government (e.g. over 75s TV licences)
Disability Living Allowance	Benefits paid from DEL ³
Employment and Support Allowance	
Financial Assistance Scheme	
Housing Benefit (except HB passported from JSA)	
Incapacity Benefit	
Income Support	
Industrial injuries benefits	
In Work Credit	
Maternity Allowance	
Pension Credit	
Personal Independence Payment	
Personal Tax Credits ²	
Return to Work Credit	
Severe Disablement Allowance	
Social Fund – Cold Weather Payments	
Statutory Adoption Pay	
Statutory Maternity Pay	
Statutory Paternity Pay	
Tax Free Childcare	
Universal Credit (except payments to jobseekers)	
Winter Fuel Payments	

¹ Includes Guardian's Allowance.

² The negative tax element of personal Tax Credits is included within the scope of the welfare cap.

³ These payments are subject to firm spending control through the usual DEL process.

B

Financing

B.1 This annex sets out details of the government's financing plans for 2015-16. Further details can be found in the 'Debt and reserves management report 2015-16', available at www.gov.uk.

Financing arithmetic

B.2 As set out in Chapter 4 of the Office for Budget Responsibility's (OBR) March 2015 'Economic and fiscal outlook' (EFO), the forecast for the 2015-16 central government net cash requirement (excluding NRAM plc, Bradford & Bingley and Network Rail) (CGNCR (ex NRAM, B&B and NR)) is £78.9 billion. This measure of the government's cash requirement is used in the financing arithmetic as it reflects the forecast cash requirement of the Exchequer. The relationship between public sector net borrowing and the CGNCR (ex NRAM, B&B and NR) is set out in the OBR's March 2015 EFO.

B.3 The financing arithmetic is adjusted in 2015-16 to reflect UKAR's deconsolidated liabilities that will transfer to the buyer of the Granite securitisation vehicle, if such a sale should go ahead. As a result of the sale of Granite, public sector net debt will fall by £10.9 billion, reflecting the assets at closing net of the cash earnings that would have accrued to the Exchequer should a sale not have taken place. The OBR's forecast for the CGNCR (ex NRAM, B&B and NR) assumes the full value of this sale would accrue to the Exchequer. However, the government's cash requirement will only fall by £4.2 billion due to the transfer of the £6.7 billion funding for the securitisation vehicle to the buyer.

B.4 The net financing requirement (NFR) normally comprises the CGNCR (ex NRAM, B&B and NR) plus any financing for gilt redemptions, planned financing for the Official Reserves and other adjustments, less the net contribution to financing from National Savings and Investments (NS&I) and any other in-year contributions to financing.

B.5 The NFR for 2015-16 is projected to be £140.4 billion, reflecting:

- the forecast for the CGNCR (ex NRAM, B&B and NR) of £78.9 billion
- additional financing of £6.7 billion to adjust for the Granite sale
- gilt redemptions of £70.2 billion, including £382 million for redemption of the 4 remaining undated gilts
- a planned short-term downward financing adjustment of £11.3 billion resulting from unanticipated overfunding in 2014-15
- £6.0 billion of financing for the Official Reserves, as announced at Autumn Statement 2014
- a £10.0 billion net contribution to financing from NS&I

B.6 As set out in Table B.1, the NFR for 2015-16 will be met by gilt sales of £133.4 billion and an increase in the stock of Treasury bills sold via tenders of £7.0 billion relative to the level projected at end-March 2015.

Gilt issuance by maturity, type and method

B.7 Decisions on the skew of gilt issuance are set annually with reference to the government's debt management objective, as set out in the 'Debt and reserves management report 2015-16'.

B.8 Auctions will remain the government's primary method of gilt issuance. It is anticipated that in 2015-16:

- £105.2 billion (78.9% of total issuance) will be issued by auction
- £24.2 billion (18.1% of total issuance) will be issued by syndication

B.9 Issuance by auction and syndication is planned to be split by maturity and type as follows:

- £33.9 billion of short conventional gilts (25.4% of total issuance)
- £26.7 billion of medium conventional gilts (20.0% of total issuance)
- £37.4 billion of long conventional gilts (28.0% of total issuance)
- £31.4 billion of index-linked gilts (23.5% of total issuance)

B.10 In addition, the Debt Management Office (DMO) plans to deliver gilt sales via either syndication or mini-tender of £4.0 billion (3.0% of total issuance). The DMO determines the maturities and types of gilts to be issued within this £4.0 billion in consultation with the market during the year.

Undated gilts

B.11 The government will redeem the 4 remaining undated gilts in the debt portfolio once the Finance Bill 2015 has received Royal Assent. These outstanding gilts total £382 million, comprising:

- £0.7 million of 2¾% Annuities
- £218.7 million of 2½% Treasury Stock
- £161.2 million of 2½% Consolidated Stock
- £0.9 million of 2½% Annuities

B.12 This follows the announcement at Autumn Statement 2014 that the government would adopt a strategy to remove all the undated gilts from the gilt portfolio where it is deemed value for money. This in part reflects the government's ongoing commitment to modernising the gilt market and to focussing its issuance on large, liquid benchmark gilts. Redemption of the 4 remaining undated gilts will deliver in full on this strategy.

B.13 The enabling legislation required to redeem 2¾% Annuities, 2½% Annuities and 2½% Consolidated Stock will be included in Finance Bill 2015. The government has previously announced the redemption of 4 other undated gilts including 3½% War Loan.

National Savings and Investments

B.14 NS&I will have a net financing target of £10.0 billion in 2015-16, within a range of £8.0 to £12.0 billion. This target accommodates the extension of NS&I's market-leading bonds for people aged 65 and over (the '65+ bond'), until 15 May 2015, as well as the increase in the Premium Bond limit from £40,000 to £50,000 from 1 June 2015.

Table B.1: Financing arithmetic in 2014-15 and 2015-16

£ billion	2014-15	2015-16
CGNCR (ex NRAM, B&B and NR)¹	96.2	78.9
UKAR adjustment	0.0	6.7
Gilt redemptions	64.5	70.2
Planned financing for the reserves	12.0	6.0
Gilt secondary market purchases	0.0	0.0
Financing adjustment carried forward from previous financial years	-30.2	-11.3
Gross financing requirement	142.4	150.6
<i>less:</i>		
Net contribution from National Savings and Investments	18.3	10.0
UK sovereign Sukuk	0.2	0.0
Renminbi denominated bond	0.3	0.0
Other financing ²	0.3	0.2
Net financing requirement (NFR) for Debt Management Office (DMO)	123.3	140.4
Financed by:		
Debt issuance by DMO		
a) Treasury bills (planned change in stock issued via tenders)	8.5	7.0
b) Gilt sales	126.1	133.4
<i>of which:</i>		
Short conventional	31.9	33.9
Medium conventional	27.9	26.7
Long conventional	34.1	37.4
Index-linked	32.3	31.4
Unallocated supplementary sales		4.0
Planned change in the level of Ways and Means	0.0	0.0
Total financing	134.6	140.4
Short-term debt/cash levels at end-financial year		
End-year Treasury bill stock via tenders (in market hands) ³	65.0	72.0
Ways and Means	0.4	0.4
DMO net cash position	11.8	0.5

Figures may not sum due to rounding.

¹ This excludes Network Rail's cash requirement, but includes HM Treasury's requirement for financing lending to Network Rail. This was presented as a separate item in the financing arithmetic at April 2014.

² From Autumn Statement 2014 onwards, the financing arithmetic has included provision for small sources of additional financing. This includes non-governmental deposits, coinage and certificates of tax deposit. Prior to publication of the end-year outturn in April each year, this financing item will only comprise estimated revenue from coinage.

³ The DMO has operational flexibility to vary the end-financial year stock by a maximum of £5 billion relative to the planning assumption, to offset any anticipated net Exchequer cash surplus or deficit towards year-end.

Illustrative future gross financing requirement

B.15 Table B.2 sets out the illustrative gross financing requirement for 2016-17 to 2019-20, using the OBR March 2015 forecast for the CGNCR (ex NRAM, B&B and NR) and current planned gilt redemptions.

Table B.2: Illustrative gross financing requirement

£ billion	2016-17	2017-18	2018-19	2019-20
CGNCR (ex NRAM, B&B and NR)	72	38	17	17
Gilt redemptions	70	79	67	93
Financing for the Official Reserves	6	6	6	6
Illustrative gross financing requirement	148	124	90	116

Figures may not sum due to rounding.



OBR's Economic and fiscal outlook: selected tables

C.1 The Office for Budget Responsibility (OBR) has published its March 2015 'Economic and fiscal outlook' alongside Budget 2015. This annex reproduces the OBR's key projections for the economy and public finances. Further detail and explanation can be found in the OBR's report.

Table C.1: Detailed summary of OBR central economic forecast

	Percentage change on a year earlier, unless otherwise stated						
	Outturn	Forecast					
	2013	2014	2015	2016	2017	2018	2019
UK economy							
Gross domestic product (GDP)	1.7	2.6	2.5	2.3	2.3	2.3	2.4
GDP level (2013=100)	100.0	102.6	105.1	107.6	110.1	112.7	115.3
Nominal GDP	3.5	4.4	4.1	3.5	3.8	4.3	5.0
Output gap (per cent of potential output)	-2.2	-1.0	-0.4	-0.2	-0.1	0.0	0.0
Expenditure components of GDP							
Domestic demand	1.8	2.9	2.6	2.6	2.4	2.5	2.5
Household consumption ¹	1.7	2.0	2.6	2.7	2.5	2.3	2.2
General government consumption	-0.3	1.5	0.8	-0.7	-0.9	-0.2	1.5
Fixed investment	3.4	6.8	4.3	6.2	5.6	5.7	4.4
Business	5.3	6.8	5.1	7.5	6.5	6.4	4.4
General government ²	-8.1	7.3	2.3	1.9	1.6	1.5	2.8
Private dwellings ²	6.2	6.6	3.5	5.4	5.5	6.2	5.2
Change in inventories ³	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Exports of goods and services	1.5	0.4	3.9	4.0	4.5	4.4	4.3
Imports of goods and services	1.4	1.8	4.0	4.8	4.6	4.6	4.4
Balance of payments current account							
Per cent of GDP	-4.5	-5.4	-4.3	-3.2	-2.6	-2.4	-2.3
Inflation							
CPI	2.6	1.5	0.2	1.2	1.7	1.9	2.0
RPI	3.0	2.4	1.0	2.1	2.8	3.1	3.1
GDP deflator at market prices	1.8	1.8	1.6	1.1	1.5	1.9	2.5
Labour market							
Employment (millions)	30.0	30.7	31.1	31.4	31.5	31.7	31.9
Wages and salaries	2.9	3.8	4.0	3.9	4.1	4.5	4.9
Average earnings ⁴	1.6	2.2	2.3	3.1	3.7	4.0	4.4
LFS unemployment (% rate)	7.6	6.2	5.3	5.2	5.3	5.3	5.3
Claimant count (millions)	1.4	1.0	0.8	0.7	0.8	0.8	0.8
Household sector							
Real household disposable income	0.1	1.4	3.7	2.1	2.2	2.1	2.0
Saving ratio (level, per cent)	6.4	6.7	7.4	7.3	7.2	7.2	7.2
House prices	3.5	10.0	5.9	4.9	6.4	6.9	6.4
World economy							
World GDP at purchasing power parity	3.3	3.3	3.5	3.6	3.9	4.0	4.0
Euro area GDP	-0.4	0.9	1.2	1.4	1.6	1.6	1.6
World trade in goods and services	3.4	3.1	4.0	4.9	5.3	5.4	5.4
UK export markets ⁵	2.5	3.1	3.7	4.7	5.1	5.2	5.2

¹ Includes households and non-profit institutions serving households.

² Includes transfer costs of non-produced assets.

³ Contribution to GDP growth, percentage points.

⁴ Wages and salaries divided by employees.

⁵ Other countries' imports of goods and services weighted according to the importance of those countries in the UK's total exports.

Table C.2: Determinants of the OBR central fiscal forecast

	Percentage change on previous year unless, otherwise stated						
	Outturn	Forecast					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
GDP and its components							
Real GDP	2.1	2.6	2.4	2.3	2.4	2.3	2.4
Nominal GDP ¹	4.0	4.5	3.8	3.5	4.0	4.4	5.0
Nominal GDP (£ billion) ^{1,2}	1731.1	1809.1	1877.7	1943.5	2021.8	2111.1	2217.6
Nominal GDP centred end-March (£ bn) ^{1,3}	1772.9	1840.1	1910.2	1980.8	2063.7	2162.7	2271.9
Wages and salaries ⁴	2.8	4.1	3.8	3.8	4.3	4.5	5.0
Non-oil PNFC profits ^{4,5}	2.6	6.8	6.0	3.5	3.8	4.3	5.0
Non-oil PNFC net taxable income ^{4,5}	-1.0	5.6	4.6	1.1	1.0	1.9	3.1
Consumer spending ^{4,5}	3.6	3.6	3.7	4.2	4.5	4.6	4.5
Prices and earnings							
GDP deflator	2.1	1.7	1.4	1.2	1.6	2.1	2.6
RPI (September)	3.2	2.3	0.9	2.2	3.0	3.2	3.1
CPI (September)	2.7	1.2	0.2	1.2	1.7	1.9	2.0
Average earnings ⁶	1.6	2.3	2.3	3.1	3.8	4.0	4.4
'Triple-lock' guarantee (September)	2.7	2.5	2.5	3.1	3.6	3.9	4.4
Key fiscal determinants							
Claimant count (millions)	1.33	0.95	0.75	0.74	0.76	0.77	0.78
Employment (millions)	30.2	30.8	31.2	31.4	31.6	31.7	31.9
VAT gap (%)	10.8	10.0	9.9	9.9	9.9	9.9	9.9
Output gap (% of potential output)	-2.0	-0.8	-0.4	-0.2	0.0	0.0	0.0
Financial and property sectors							
Equity prices (FTSE All-share index)	3475	3594	3803	3937	4094	4275	4491
HMRC financial sector profits ^{1,5,7}	4.0	4.5	3.8	3.5	4.0	4.4	5.0
Financial sector net taxable income ^{1,5}	4.4	-2.1	-8.7	3.5	4.2	3.8	3.9
Residential property prices ⁸	5.0	10.1	4.9	5.3	6.7	6.9	6.2
Residential property transactions ('000's) ⁹	1140	1195	1129	1211	1308	1386	1425
Commercial property prices ⁹	17.3	17.9	1.0	1.0	1.8	3.0	4.5
Commercial property transactions ⁹	8.4	9.0	6.7	2.7	2.7	2.6	2.8
Volume of stampable share transactions	13.6	4.4	-0.8	-0.8	-0.8	-0.8	-0.8
Oil and gas							
Oil prices (\$ per barrel) ⁵	108.8	98.9	62.1	69.2	71.4	71.4	71.4
Oil prices (£ per barrel) ⁵	69.6	60.0	40.3	44.9	46.1	45.9	45.7
Gas prices (p/therm) ⁵	66.9	50.2	47.8	50.3	50.3	50.3	50.3
Oil production (million tonnes) ^{5,10}	40.6	39.7	38.3	36.7	34.9	33.4	30.9
Gas production (billion therms) ^{5,10}	12.8	13.1	12.6	11.9	11.4	10.9	10.3
Interest rates and exchange rates							
Market short-term interest rates (%) ¹¹	0.5	0.6	0.7	1.2	1.6	1.8	1.9
Market gilt rates (%) ¹²	2.5	2.3	2.1	2.3	2.4	2.5	2.6
Euro/Sterling exchange rate (€/£)	1.19	1.27	1.37	1.36	1.34	1.33	1.31

¹ Not seasonally adjusted.

² Denominator for receipts, spending and deficit forecasts as a % of GDP.

³ Denominator for net debt as a % of GDP.

⁴ Nominal.

⁵ Calendar year.

⁶ Wages and salaries divided by employees.

⁷ HMRC Gross Case 1 trading profits.

⁸ Outturn data from ONS House Price Index.

⁹ Outturn data from HMRC information on stamp duty land tax.

¹⁰ Department of Energy and Climate Change (DECC) forecasts available at www.gov.uk/oil-and-gas-uk-field-data

¹¹ 3-month sterling interbank rate (LIBOR)

¹² Weighted-average interest rate on conventional gilts.

Table C.3: Current Receipts: OBR forecast

	£ billion						
	Outturn			Forecast			
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Income tax (gross of tax credits) ¹	157.7	162.6	170.5	182.0	192.7	202.8	216.5
of which: Pay as you earn	135.5	138.6	143.9	153.6	163.7	173.5	185.9
Self assessment	20.9	23.4	26.2	29.3	30.3	31.1	32.4
National insurance contributions	107.3	108.7	113.2	123.9	129.2	135.4	142.7
Value added tax	106.5	110.8	114.3	117.7	121.4	125.9	131.1
Corporation tax ²	40.3	42.4	43.0	43.6	44.6	45.6	46.6
of which: Onshore	36.7	40.3	42.3	42.9	44.0	44.8	46.0
Offshore	3.6	2.1	0.7	0.7	0.7	0.8	0.7
Corporation tax credits ³	-1.0	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0
Petroleum revenue tax	1.1	0.5	0.0	-0.1	0.0	0.0	0.0
Fuel duties	26.9	27.2	27.0	27.2	27.6	28.2	28.8
Business rates	26.8	27.3	28.0	29.0	29.5	30.7	32.0
Council tax	27.5	27.9	28.3	28.8	29.5	30.2	31.1
VAT refunds	13.8	13.9	13.9	13.2	12.7	12.7	13.4
Capital gains tax	3.9	5.7	6.5	7.3	8.0	8.8	9.8
Inheritance tax	3.4	3.8	4.2	4.6	5.1	5.7	6.4
Stamp duty land tax ⁵	9.4	10.9	10.4	11.8	13.8	16.0	18.0
Stamp taxes on shares	3.1	3.0	3.3	3.4	3.5	3.6	3.9
Tobacco duties	9.6	9.4	9.1	9.0	9.1	9.2	9.3
Spirits duties	2.9	3.2	3.2	3.3	3.5	3.6	3.7
Wine duties	3.7	3.9	3.9	4.1	4.4	4.6	4.9
Beer and cider duties	3.7	3.7	3.4	3.4	3.6	3.6	3.6
Air passenger duty	3.0	3.2	3.1	3.2	3.4	3.5	3.7
Insurance premium tax	3.0	3.0	3.0	3.1	3.1	3.2	3.2
Climate change levy	1.2	1.7	2.0	2.0	1.8	1.7	1.6
Other HMRC taxes ^{5,6}	6.5	6.5	6.8	6.6	6.9	7.1	7.3
Vehicle excise duties	6.1	6.1	5.8	5.6	5.5	5.3	5.1
Bank levy	2.3	2.8	3.6	3.8	3.7	3.7	3.7
Licence fee receipts	3.1	3.1	3.1	3.1	3.1	3.2	3.3
Environmental levies	3.1	4.8	5.9	6.8	7.3	8.7	9.4
EU ETS auction receipts	0.4	0.3	0.3	0.3	0.4	0.4	0.6
Scottish taxes ⁶	0.0	0.0	0.5	0.6	0.7	0.8	0.9
Diverted profits tax	0.0	0.0	0.0	0.3	0.4	0.3	0.4
Other taxes	7.3	7.2	6.5	6.1	6.0	5.9	6.0
National Accounts taxes	582.6	602.4	622.1	652.7	679.4	709.5	746.2
Less own resources contribution to EU	-2.9	-2.9	-2.6	-2.2	-2.3	-2.4	-2.6
Interest and dividends	5.9	6.4	6.7	7.5	9.2	10.7	11.9
Gross operating surplus	36.7	38.2	39.6	41.4	43.2	45.1	47.2
Other receipts	1.8	2.9	1.5	1.5	1.6	1.6	1.6
Current receipts	624.1	646.9	667.4	700.9	731.2	764.5	804.3
<i>Memo: UK oil and gas revenues⁷</i>	<i>4.7</i>	<i>2.6</i>	<i>0.7</i>	<i>0.6</i>	<i>0.7</i>	<i>0.8</i>	<i>0.7</i>

¹ Includes PAYE, self assessment, tax on savings income and other minor components.

² National Accounts measure, gross of reduced liability tax credits.

³ Includes reduced liability company tax credits.

⁴ Consists of landfill tax, aggregates levy, betting and gaming duties and customs duties and levies.

⁵ Forecasts for SDLT, landfill tax and aggregates levy are for England, Wales and Northern Ireland.

⁶ Consists of Scottish LBTT, landfill tax and aggregates levy but not the Scottish rate of income tax.

⁷ Consists of offshore corporation tax and petroleum revenue tax.

Table C.4: Total Managed Expenditure: OBR forecast

	£ billion						
	Outturn			Forecast			
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Public sector current expenditure (PSCE)							
PSCE in RDEL¹	317.5	316.5	316.4	301.6	289.7	287.9	308.2
PSCE in AME²	342.8	352.8	357.9	369.3	383.7	397.7	411.9
<i>of which:</i>							
Welfare spending ²	209.4	214.5	216.9	219.5	223.6	229.3	235.1
<i>of which:</i>							
Inside welfare cap ²	116.1	119.4	120.6	121.0	121.8	124.0	126.5
Outside welfare cap	93.3	95.1	96.3	98.5	101.8	105.2	108.6
Company and other tax credits	1.6	2.1	2.3	2.5	2.7	2.8	2.9
Net public service pension payments	10.9	12.5	11.1	11.2	11.9	12.7	13.8
National lottery current grants	1.2	1.4	1.3	1.3	1.4	1.4	1.4
BBC domestic services current expenditure	3.2	3.9	3.9	3.8	3.7	3.8	3.9
Network Rail other current expenditure ³	0.4	0.9	1.0	0.7	0.4	-0.2	-0.3
Other PSCE items in departmental AME	1.4	1.2	1.1	1.1	1.2	1.2	1.2
Expenditure transfers to EU institutions	11.1	11.0	11.2	9.4	9.5	10.5	11.0
Locally-financed current expenditure	33.2	35.8	37.6	40.0	41.9	43.6	45.0
Central government debt interest, net of APF	36.1	33.6	33.7	40.4	46.5	49.0	51.1
<i>of which:</i>							
Central government gross debt interest	48.7	45.7	46.0	50.7	55.2	56.3	57.4
Reductions in debt interest due to APF	-12.6	-12.1	-12.3	-10.4	-8.7	-7.2	-6.2
Depreciation	26.9	28.6	29.9	31.2	32.7	34.3	36.0
Current VAT refunds	11.6	11.8	11.8	10.9	10.5	10.5	11.1
R&D expenditure	-7.1	-7.8	-8.2	-8.5	-8.8	-9.2	-9.6
Single use military expenditure	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Environmental levies	3.6	4.4	5.6	6.7	7.6	9.3	10.3
Local authority imputed pensions	1.9	1.9	2.0	2.1	2.2	2.3	2.4
Other National Accounts adjustments	-2.9	-3.2	-3.4	-3.5	-3.5	-3.6	-3.7
Total public sector current expenditure	660.3	669.3	674.3	670.9	673.4	685.6	720.1
Public sector gross investment (PSGI)							
PSGI in CDEL¹	38.4	42.1	42.0	42.4	43.6	47.2	50.5
PSGI in AME	22.8	25.7	26.4	27.0	26.9	26.5	26.8
<i>of which:</i>							
National lottery capital grants	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Network Rail capital expenditure	3.1	2.2	2.4	1.5	1.4	1.8	1.4
Other PSGI items in departmental AME	-0.5	0.6	-0.1	0.4	0.6	0.8	1.0
Locally-financed capital expenditure	7.0	7.1	7.0	8.1	7.7	6.1	6.1
Public corporations capital expenditure	7.2	7.8	7.9	7.7	7.8	7.7	7.6
R&D expenditure	7.1	7.8	8.2	8.5	8.8	9.2	9.6
Other National Accounts adjustments	-1.6	-0.2	0.6	0.3	0.0	0.4	0.6
Total public sector gross investment	61.2	67.8	68.3	69.4	70.5	73.6	77.2
Less depreciation	-35.4	-37.4	-38.8	-40.2	-41.9	-43.7	-45.5
Public sector net investment	25.8	30.4	29.5	29.2	28.6	30.0	31.8
Total managed expenditure	721.5	737.1	742.6	740.3	743.9	759.2	797.3

¹ Implied DEL numbers for 2016-17 to 2019-20. Calculated as the difference between PSCE and PSCE in AME in the case of PSCE in RDEL, and between PSGI and PSGI in AME in the case of PSGI in CDEL.

² 2013-14 outturn figures now include the negative tax credit element of tax credit spending, in line with ESA10 changes. This element was excluded for 2013-14 outturn at Autumn Statement 2014 as the change had not yet been made by the ONS.

³ Other than debt interest and depreciation, which are included in totals shown separately in this table.

Table C.5: OBR forecast of the headline fiscal aggregates

	Per cent of GDP						
	Outturn	Forecast					
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Receipts and expenditure							
Public sector current receipts (a)	36.1	35.8	35.5	36.1	36.2	36.2	36.3
Total managed expenditure (b)	41.7	40.7	39.6	38.1	36.8	36.0	36.0
<i>of which:</i>							
Public sector current expenditure (c)	38.1	37.0	35.9	34.5	33.3	32.5	32.5
Public sector net investment (d)	1.5	1.7	1.6	1.5	1.4	1.4	1.4
Depreciation (e)	2.0	2.1	2.1	2.1	2.1	2.1	2.1
Deficit							
Public sector net borrowing (b-a)	5.6	5.0	4.0	2.0	0.6	-0.2	-0.3
Current budget deficit (c+e-a)	4.1	3.3	2.4	0.5	-0.8	-1.7	-1.7
Cyclically-adjusted net borrowing	4.1	4.2	3.7	1.9	0.6	-0.3	-0.3
Primary balance	-3.8	-3.4	-2.5	-0.3	1.3	2.1	2.1
Cyclically-adjusted primary balance	-2.3	-2.7	-2.2	-0.1	1.3	2.1	2.1
Fiscal mandate and supplementary target							
Cyclically-adjusted deficit on current budget	2.6	2.5	2.1	0.4	-0.8	-1.7	-1.7
Public sector net debt ¹	79.1	80.4	80.2	79.8	77.8	74.8	71.6
Financing							
Central government net cash requirement	4.5	4.9	3.7	3.1	1.6	0.5	0.5
Public sector net cash requirement	3.7	4.7	3.4	3.0	1.4	0.3	0.2
Stability and Growth Pact							
Treaty deficit ²	5.8	5.2	4.3	2.2	0.8	0.0	-0.1
Cyclically-adjusted Treaty deficit	4.2	4.4	4.0	2.0	0.8	0.0	-0.1
Treaty debt ratio ³	87.9	88.4	89.7	89.7	88.2	85.7	82.8
£ billion							
Public sector net borrowing	97.3	90.2	75.3	39.4	12.8	-5.2	-7.0
Current budget deficit	71.6	59.8	45.7	10.2	-15.8	-35.2	-38.7
Cyclically-adjusted net borrowing	70.4	76.2	68.8	36.3	11.8	-5.4	-7.0
Cyclically-adjusted deficit on current budget	44.6	45.8	39.3	7.1	-16.8	-35.3	-38.8
Public sector net debt	1402	1479	1533	1580	1606	1617	1627
<i>Memo: Output gap (per cent of GDP)</i>	-2.0	-0.8	-0.4	-0.2	0.0	0.0	0.0

¹ Debt at end March; GDP centred on end March.

² General government net borrowing on a Maastricht basis.

³ General government gross debt on a Maastricht basis.

Table C.6: Changes to the cyclically adjusted current budget since December 2014

	Per cent of GDP						
	Outturn	Forecast					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
December forecast	2.6	2.7	2.2	0.5	-0.7	-1.5	-2.3
March forecast	2.6	2.5	2.1	0.4	-0.8	-1.7	-1.7
Change	0.0	-0.2	-0.1	-0.1	-0.2	-0.2	0.5
<i>of which:</i>							
Budget measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other receipts	0.0	-0.3	0.0	0.1	0.0	0.0	0.0
Other non-departmental spending	0.0	0.0	-0.2	-0.5	-0.4	-0.6	-0.7
Other departmental spending	0.0	0.1	0.1	0.3	0.2	0.3	1.3
<i>of which:</i>							
Before new spending assumption	0.0	0.1	0.1	0.4	0.3	0.4	0.4
Baseline spending assumption	0.0	0.0	0.0	-0.1	-0.1	-0.1	0.9

Table C.7: Changes to public sector net debt since December 2014

	Per cent of GDP						
	Outturn	Forecast					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
December forecast	78.8	80.4	81.1	80.7	78.8	76.2	72.8
March forecast	79.1	80.4	80.2	79.8	77.8	74.8	71.6
Change	0.3	0.0	-0.9	-0.9	-1.0	-1.4	-1.2
<i>of which:</i>							
Change in nominal GDP ¹	0.3	0.6	0.4	0.6	0.6	0.2	-0.3
Change in cash level of net debt	0.0	-0.5	-1.3	-1.5	-1.6	-1.6	-0.9
	£ billion						
December forecast	1402	1489	1558	1610	1638	1652	1648
March forecast	1402	1479	1533	1580	1606	1617	1627
Change in cash level of net debt	0	-10	-25	-30	-32	-34	-21
<i>of which:</i>							
Borrowing changes	0	-1	-2	-3	-5	-6	10
UK Asset Resolution	0	-3	-8	-7	-5	-3	-1
Lloyds Banking Group share sales	0	-1	-10	-10	-10	-10	-10
Gilt premia	0	-2	0	-2	-3	-3	-5
Other factors	0	-3	-5	-7	-9	-12	-15

¹ Non-seasonally-adjusted GDP centred end-March.

Table C.8: Changes to the OBR's forecast of public sector net borrowing

	£ billion					
	2014-15	2015-16	Forecast			
			2016-17	2017-18	2018-19	2019-20
December forecast	91.3	75.9	40.9	14.5	-4.0	-23.1
March forecast	90.2	75.3	39.4	12.8	-5.2	-7.0
Change	-1.1	-0.7	-1.5	-1.8	-1.2	16.1
Underlying OBR forecast changes						
Total	-1.1	0.1	0.5	0.4	-0.1	-4.6
<i>of which:</i>						
Changes in the receipts forecast	-1.1	3.3	4.9	5.8	4.0	-1.9
<i>of which:</i>						
Inflation	0.1	0.7	0.7	0.4	0.8	1.0
Other oil price effects	-0.1	0.7	0.7	1.0	1.1	1.1
Interest rates	0.0	0.3	0.5	0.6	0.5	0.6
Housing market	0.2	1.5	2.1	1.8	0.9	-0.1
Other	-0.5	1.0	1.8	2.8	1.6	-3.4
Classification changes	-0.8	-0.9	-0.9	-0.9	-0.9	-1.0
Changes in the spending forecast	0.0	-3.3				
Effect of applying Autumn Statement spending policy assumptions post 2015-16			-4.4	-5.4	-4.1	-2.8
<i>of which:</i>						
Inflation	-2.2	-4.2	-4.7	-5.6	-6.5	-6.9
Interest rates	-0.3	-1.2	-2.1	-3.0	-3.9	-4.5
Capital spending ¹	1.0	2.0	2.0	2.0	2.3	2.9
Other spending	-0.3	-1.8	-6.5	-5.0	-5.3	-5.0
Classification changes	2.1	2.2	2.2	2.2	2.3	2.3
RDEL	-0.3	-0.4				
Implied RDEL			4.6	4.0	7.0	8.3
Changes due to Government decisions						
Budget policy measures	0.0	-0.7	0.0	-0.2	0.9	0.6
Effect of applying new Budget spending policy assumptions post 2015-16			-1.9	-1.9	-2.0	20.2

¹Excluding classification changes

Note: this table uses the convention that a negative figure means an improvement in PSNB.

List of abbreviations

AIIB	Asian Infrastructure Investment Bank
AME	Annually Managed Expenditure
APD	Air Passenger Duty
API	Application Payment Interface
ATED	Annual Tax on Enveloped Dwellings
AWRC	Advanced Wellbeing Research Centre
B&B	Bradford and Bingley plc
BESN	Big Energy Saving Network
BIS	Department for Business, Innovation and Skills
BSP	Bereavement Support Payment
CAMHS	Child and Adolescent Mental Health Services
CBT	Cognitive Behavioural Therapy
CCL	Climate Change Levy
CCS	Crown Commercial Service
CCT	Company Car Tax
CfD	Contract for Difference
CGE	Computable General Equilibrium
CGNCR	Central government net cash requirement
CGT	Capital gains tax
CHP	Combined heat and power
CMA	Competition and Markets Authority
CML	Council of Mortgage Lenders
CoACS	Co-ownership Authorised Contractual Scheme
CPI	Consumer Prices Index
CPS	Carbon Price Support
CTA 2010	Corporation Tax Act 2010
CYP IAPT	Children and Young People's Increasing Access to Psychological Therapies
DBS	Disclosure and Barring Service
DCLG	Department for Communities and Local Government
DCMS	Department for Culture, Media and Sport
DECC	Department of Energy and Climate Change
DEL	Departmental Expenditure Limit
DfE	Department for Education
DfT	Department for Transport
DMO	Debt Management Office
DOTAS	Disclosure of Tax Avoidance Scheme
DPT	Diverted Profits Tax
DWP	Department for Work and Pensions
ECA	Enhanced capital allowance
EEA	European Economic Area
EFO	Economic and fiscal outlook

EIS	Enterprise Investment Scheme
EPSRC	Engineering and Physical Sciences Research Council
ER	Entrepreneurs Relief
EU	European Union
FBC	Fuel Benefit Charge
FCA	Financial Conduct Authority
FCERM	Flood and Coastal Erosion Risk Management
FCO	Foreign and Commonwealth Office
FITs	Feed in tariffs
FLS	Funding for Lending Scheme
FPC	Financial Policy Committee
FTSE	Financial Times Stock Exchange
G7	A group of 7 major industrial nations (comprising: Canada, France, Germany, Italy, Japan, UK and US)
G20	A group of 20 finance ministers and central bank governors representing 19 countries plus the European Union
GAAR	General Anti-Abuse Rule
GASDS	Gift Aid Small Donations Scheme
GDP	Gross Domestic Product
GLA	Greater London Authority
GNI	Gross National Income
HCA	Homes and Communities Agency
HEFCE	Higher Education Funding Council for England
HGV	Heavy Goods Vehicle
HMRC	Her Majesty's Revenue & Customs
HMT	Her Majesty's Treasury
HS2	High Speed 2
HS3	High Speed 3
IAPT	Improving Access to Psychological Therapies
IFS	Institute for Fiscal Studies
IHT	Inheritance Tax
IMF	International Monetary Fund
ILO	International Labour Organization
ISA	Individual savings account
JSA	Job Seeker's Allowance
LCF	Landfill Communities Fund
LEP	Local Enterprise Partnership
LESA	Landlord's Energy Saving Allowance
LLC	London Land Commission
LOI	Loss on Ignition
LTEP	Long Term Economic Plan
MPC	Monetary Policy Committee
NFR	Net Financing Requirement
NICs	National Insurance contributions
NMW	National Minimum Wage
NR	Network Rail
NRAM	Northern Rock Asset Management
NS&I	National Savings and Investments

OBR	Office for Budget Responsibility
OECD	Organisation for Economic Co-operation and Development
OGA	Oil and Gas Authority
ONS	Office for National Statistics
OTS	Office of Tax Simplification
P2P	Peer to Peer
PAIF	Property Authorised Investment Fund
POTAS	Promoters of Tax Avoidance Schemes
PPL	Pence per litre
PRA	Prudential Regulation Authority
PRR	Private Residence Relief
PRT	Petroleum Revenue Tax
PSCE	Public Sector Current Expenditure
PSF	Public Sector Finances
PSGI	Public Sector Gross Investment
PSNB	Public Sector Net Borrowing
PSND	Public Sector Net Debt
PSR	Payment System Regulator
R&D	Research and development
RBS	Royal Bank of Scotland
RFES	Ring Fence Expenditure Supplement
RHDI	Real Household Disposable Income
RPI	Retail Prices Index
RPMS	Residential Property Management Services
SDLT	Stamp Duty Land Tax
SEIS	Seed Enterprise Investment Scheme
SGP	Stability and Growth Pact
SITR	Social Investment Tax Relief
SME	Small and medium-sized enterprise
TfL	Transport for London
TfN	Transport for the North
TME	Total Managed Expenditure
UDC	Urban Development Corporation
UKAR	UK Asset Resolution Ltd
UKCRIC	UK Collaboratorium for Research in Infrastructure and Cities
UKCS	UK Continental Shelf
UKEF	UK Export Finance
UKTI	UK Trade and Investment
VAT	Value Added Tax
VBC	Van Benefit Charge
VCT	Venture Capital Trust
VED	Vehicle Excise Duty
VFX	Visual effects
WTC	Working Tax Credit

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