



Autumn Budget 2017

Building the new economy

- **To ensure that the next generation can look forward to a better future than the one before it, the Budget: backs innovators who deliver growth; helps businesses create better, higher paying jobs and makes sure everyone has the skills they need to succeed in the new economy.**
1. Raising UK productivity is the only sustainable way to raise wages and living standards. However, UK productivity growth has stalled over the past decade.
 2. The benefits of increasing productivity are clear. If we were to increase the productivity of our five biggest city regions outside of London so that they matched the UK average, UK GDP would rise by £31 billion a year.

To build the new economy, the Budget announces:

- **the National Productivity Investment Fund (NPIF), introduced last year, will be extended to 2022-23 and increased to £31 billion.** This increase will support jobs and growth by investing in housing, transport, R&D and digital communications across the UK. Excluding the exceptional years following the financial crisis, overall public investment will reach its highest level in 30 years by 2020-21 (as a percentage of GDP)
- **a Transforming Cities Fund will invest almost £1.7 billion to improve local transport and tackle congestion.** Half will be allocated via competition and half will be allocated to the six areas with elected metro-mayors: £74 million for Cambridgeshire and Peterborough, £243 million for Greater Manchester, £134 million for Liverpool City Region, £80 million for West of England, £250 million for West Midlands and £59 million for Tees Valley
- **the largest boost to R&D support for 40 years.** Government spending on R&D will increase by a further £2.3 billion in 2021-22, taking total spend on R&D in that year to £12.5 billion. The industrial strategy white paper will provide further detail on what this funding will support
- **the R&D Expenditure Credit (RDEC) will be made more generous,** increasing support for businesses investing in R&D, with the rate increasing from 11% to 12% from 1 January 2018. Combined with other spending, this demonstrates clear progress towards the government's ambition to raise investment in R&D in the economy to 2.4% of GDP by 2027
- that **the government wants to see fully self-driving cars, without a human safety operator, on UK roads by 2021.** Therefore, the government will make world leading changes to the regulatory framework, such as setting out how driverless cars can be tested without a human safety operator

- the government will take action to ensure the UK is a **world leader in electric cars**, including:
 - £200 million government investment, matched by the private sector, in a new £400 million fund to support the growth of chargepoint companies across the UK
 - an extra £100 million of NPIF funding for the Plug-In Car Grant to help consumers with the upfront cost of battery electric cars
 - regulatory measures to accelerate the deployment of charging infrastructure
- £385 million from the NPIF will fund the **development of next generation 5G mobile, full fibre broadband networks** and improve mobile and internet connectivity for train passengers
- the government will **unlock over £20 billion of new investment to finance growth in innovative firms**. The 10-year action plan includes:
 - a new Investment Fund within the British Business Bank
 - extending and re-directing investment through the Enterprise Investment Scheme
 - removing barriers to growth within Entrepreneur's Relief
 - supporting long-term investment by pension funds and other investors
- another £261 million will be invested in maths and computer science education. This will include **tripling the number of fully-qualified computer science** teachers to 12,000 and providing £600 to schools and colleges for each additional 16 year-old pupil who decides to study Maths A Level or Core Maths
- the government announced **T Levels** at Spring Budget 2017. As implementation gets underway, the government will invest up to £20 million to help teachers prepare for this change
- to develop the **National Retraining Scheme**, the government will enter into a formal skills partnership with the Trades Union Congress and the Confederation of British Industry. As a first step, we will invest £64 million in digital and construction training
- a new Centre for Data Ethics and Innovation, a world-first advisory body to enable and ensure safe, ethical innovation in artificial intelligence and data-driven technologies
- a new Geospatial Commission that will start by establishing how to open up Ordnance Survey mapping data to UK-based small businesses, committing £80 million over the next two years