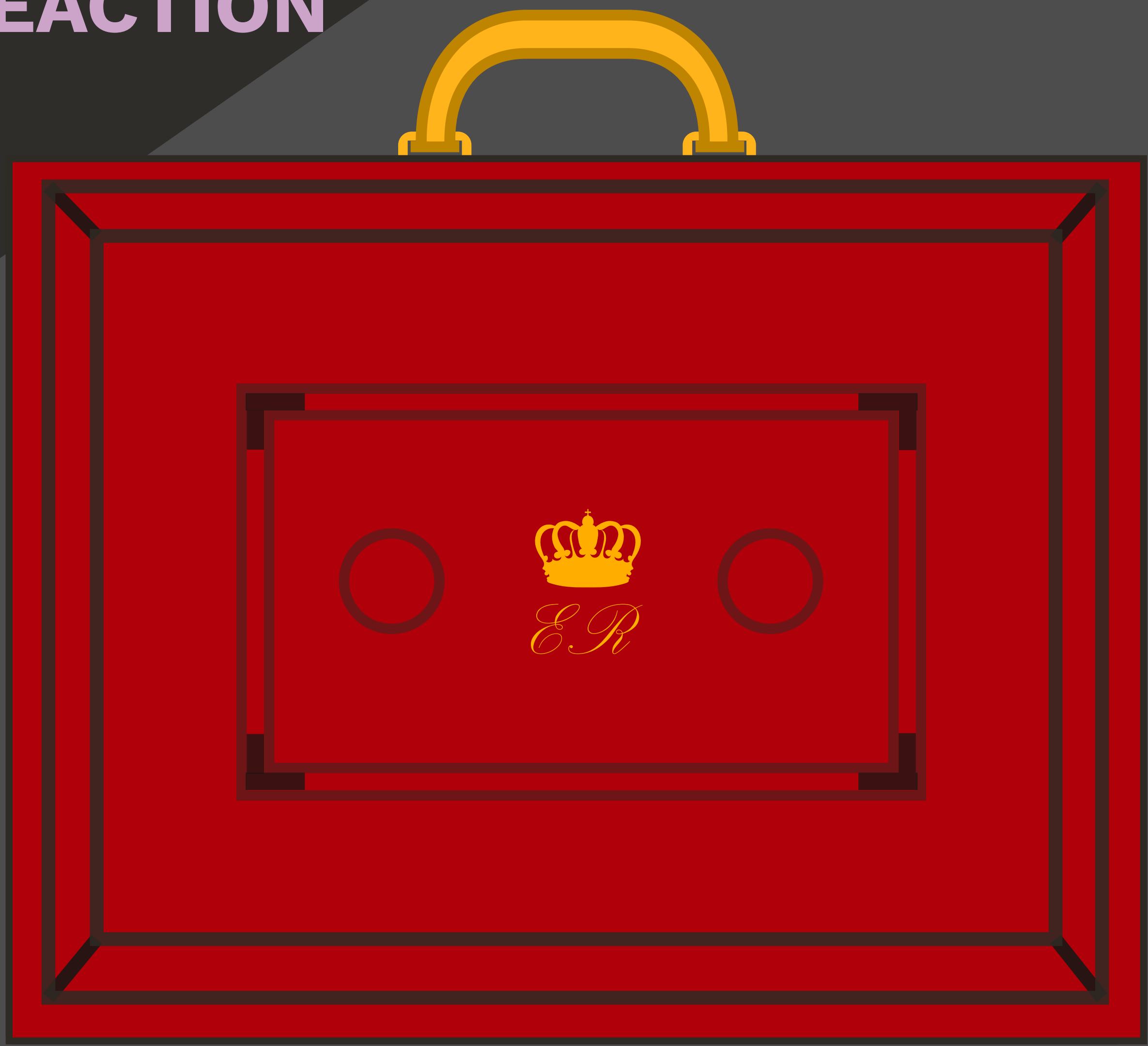
AUTUMN BUDGET 2018

SUMMARY & STAKEHOLDER REACTION



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Introduction

Before what was going to be the first budget to be held on a Monday since 1962, the Chancellor, Philip Hammond, seemed to have had most of his work done for him by the Prime Minister. However, Hammond still managed to make headlines of his own, including that debt will continue to fall across the next five years despite more spending.

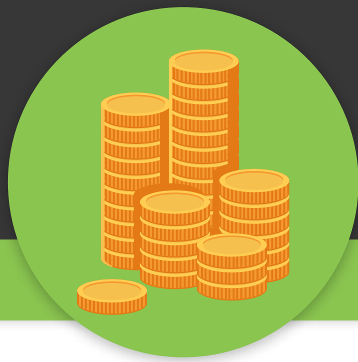
Hammond attempted to tackle the thorn in the Government's side of the last few weeks by investing heavily in Universal Credit – work allowances for Universal Credit will be increased by £1.7bn. The Chancellor also sent a message to critics of the system by saying it is staying for the long-haul.

The spending continued with the Chancellor giving an extra £500m to the Housing Infrastructure Fund, an extra £500m for Brexit preparations and another billion pounds to go into the Defence budget.

The speculation around a potential digital tax was answered; from April 2020 there will be a 2% digital services tax on UK revenues of the biggest tech companies, showing that Hammond has listened to criticism that these companies do not pay enough in tax. The extra funding for the NHS was also confirmed, with an extra £2bn for mental health services and extra funding for social care.

Spending that had already been predicted in the last few days was the £30bn of spending on roads that would help to tackle problems on the country's motorways and get rid of potholes.

Economy & Taxation



Economic context
Since 2010, there are 3.3 million more people in work.

The unemployment rate is at 4.0%, the lowest since 1975.

The Government is taking steps to improve productivity with public investment set to average 2.2% of Gross Domestic Product (GDP) over the next five years.

The OBR expects the UK economy to continue to grow in every year of the forecast.

The level of employment is expected to be higher in every year of the forecast compared with Spring Statement 2018.

The OBR has postponed the point at which EU exit affects imports and exports to 2021.

Global economy
Global growth remained solid in the first half of 2018, with G20 GDP growth of 1.0% in Q2 2018, up from 0.9% in the previous two quarters.

Momentum in the US economy remains strong, but growth in the euro area has moderated, and developments in emerging economies have been mixed.

The OBR forecasts that global growth will be 3.7% in 2018 and in 2019, 0.2 percentage points lower in both years than at Spring Statement 2018. This is due to an increase in trade tensions and a tightening of financial conditions in emerging countries.

UK economy
The Office for National Statistics (ONS) estimates that the UK economy grew by 1.7% in real terms in 2017.

Growth slowed to 0.1% in Q1 2018.

Growth increased to 0.4% in Q2 2018.

The OBR forecasts that GDP will grow by 0.5% in Q3 2018 and 0.4% in Q4 2018.

The OBR expects annual GDP growth of 1.3% in 2018 and 1.6% in 2019. GDP growth dips slightly to 1.4% in 2020 and 2021, and then increases to 1.6% by 2023.

Household consumption growth was 1.8% in 2017.

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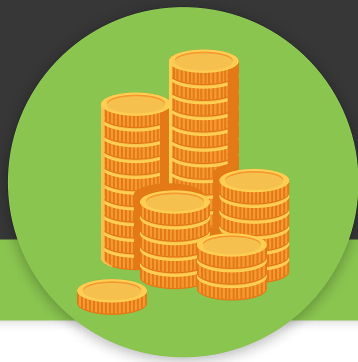

In the first six months of 2018 household consumption grew by 0.8%.

Consumption growth is expected to dip slightly from 1.3% in 2018 to 1.2% in 2019 and 2020, before rising gradually to 1.5% in 2023.

Business investment grew by 1.8% in 2017, but fell by 0.5% in Q1 2018 and by 0.7% in Q2 2018.

The OBR expects business investment to grow by 0.5% in 2018, before rising by 2.3% in 2019. After that, business investment is forecast to grow by around 2.1% a year.

In 2017, export and import volumes grew by 5.7% and 3.2% respectively.

In the first half of 2018, both export and import volumes declined.

The OBR expects trade to make a positive contribution to GDP growth in 2018 of 0.2 percentage points.

The OBR expects net trade to subtract 0.1 percentage points from GDP growth in 2019 and 2020.

The OBR expects net trade to make no contribution to GDP growth in 2021 and 2022, and then subtract 0.1 percentage points from GDP growth in 2023.

Consumer Prices Index (CPI) inflation was 2.4% in September, a decrease from August's figure of 2.7%.

CPI inflation fell at the start of 2018; was steady from April to June at 2.4%; increased in July and August.

The OBR forecasts CPI inflation to be 2.6% in 2018 and it is then expected to be around 2.0% for the rest of the forecast period.

Productivity, labour markets and earnings
UK labour productivity grew by 0.8% in 2017.

Productivity fell in the first quarter of 2018 and rose in Q2 2018.

Productivity grew by 1.4% in the year to Q2 2018.

The OBR forecasts productivity growth of 0.8% in 2018 and 2019.

Over the medium term, productivity growth is expected to increase to 0.9% in 2020, and then to 1.2% in 2023.

Employment levels have continued to increase in 2018.

Employment was 32.4 million in the three months to August 2018, close to its highest ever level.

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The unemployment rate now stands at 4.0%, the lowest since 1975.

The OBR expects a higher level of employment in every year of the forecast, reaching 33.2 million by 2023.

The OBR has revised down the unemployment rate in every year of the forecast, which is expected to be 4.0% in 2018 and to remain at this rate or lower until the end of the forecast period.

The OBR forecasts average earnings to grow by 2.6% in 2018 and 2.5% in 2019, before rising to 2.8% in 2020. Average earnings growth is forecast to increase further to 3.2% in 2023.

The ONS estimates that real household disposable income (RHDI) per head is 4.0% higher in Q2 2018 than at the start of 2010.

In 2016-17, income inequality was lower than it was in 2010, and close to its lowest point since 1986.

The OBR expects RHDI per head to increase 3.2% by the end of 2023.

Current account
In 2017, the current account balance declined to a deficit of 3.7% of GDP from 5.2% in 2016.

In Q2 2018, the current account deficit widened to 3.9% of GDP from 3.0% of GDP in Q1 2018.

The OBR expects the current account deficit to narrow to 3.5% in 2018 and to widen to 3.8% in 2019. The current account deficit then narrows to 3.2% in 2023.

Monetary policy
In September 2018, the Monetary Policy Committee voted to maintain its policy rate at 0.75%, having increased it from 0.5% in August.

The Government confirms that the Asset Purchase Facility will remain in place for the financial years 2018-19 and 2019-20.

Public finances
The deficit has been reduced from 9.9% of GDP in 2009-10 to 1.9% in 2017-18.

Debt currently stands at over 80% of GDP - around £65,000 per household.

The fiscal rules approved by Parliament in January 2017 commit the government to reducing the cyclically-adjusted deficit to below 2% of GDP by 2020-21 and having debt as a share of GDP falling in 2020-21.

Borrowing and debt are now forecast to be lower in every year than at Spring Statement.

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The fiscal outlook
Public sector net debt peaked as a share of GDP at 85.2% in 2016-17 and fell to 83.7% this year.

Compared with Spring Statement, borrowing is lower in every year of the forecast and falls as a share of GDP from 1.4% in 2019-20 to 0.8% of GDP in 2023-24.

Compared with Spring Statement, debt is lower in every year of the forecast as a share of GDP. Debt peaked at over 85% of GDP in 2016-17 and is forecast to fall in every year of the forecast, reaching 74.1% of GDP in 2023-24.

Public sector net debt excluding the Bank of England is forecast to decline in every year from 76.0% of GDP last year, to 72.0% of GDP in 2023-24.

Performance against the fiscal rules
The OBR's 'Economic and fiscal outlook' shows that the government is forecast to have met the 2% cyclically-adjusted deficit rule three years early in 2017-18, with cyclically-adjusted borrowing at 1.3% of GDP in the target year of 2020-21.

Debt continues to fall as a share of GDP in every year of the forecast with £73.3 billion of headroom in 2020-21.

The OBR judges that on current policy, welfare spending within scope is forecast to be within the welfare cap and margin in every year of the forecast.

The Government confirms the £20.5 billion a year increase for the NHS England budget by 2023-24.

The Government has made provision for NHS pension costs until 2023-24, which will be adjusted in line with the confirmed Superannuation Contributions Adjusted for Past Experience rate change.

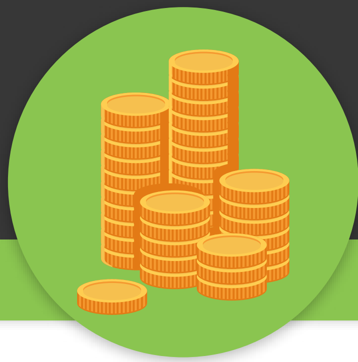
From 2019-20 to 2023-24, Departmental resource totals spending, including the NHS settlement, will grow at an average of 1.2% per year in real terms.

From 2018-19 to 2023-24, capital spending will grow at an average of 3.4% a year in real terms.

The Government will conduct a zero-based review of capital spending at the Spending Review.

Public sector net investment will average 2.2% of GDP from 2019-20 to 2023-24.

Economy & Taxation



The average real growth rate of Total Managed Expenditure will be 1.4% between 2018-19 and 2023-24.

The Government has allocated £2.2bn to departments and devolved administrations to prepare for Brexit. The Budget confirms an additional £500m of funding from the reserve for 2019-20, meaning the Government will have invested over £4bn in preparing for EU exit since 2016.

The Government will no longer use PF2 for new projects. A new centre of best practice in the Department of Health and Social Care (DHSC) will improve the management of existing PFI contracts.

The Government will reduce its inflation exposure by reducing the proportion of index-linked gilt issuance in a measured fashion over the medium term. Index-linked Savings Certificates will receive interest based on CPI rather than RPI.

The Government is launching its first ever geo-spatial Digital National Asset Register to enable better management and commercialisation of its £420 billion of property assets, and the Whitehall estate will be brought onto a single balance sheet within five years.

The Government will continue its performance management measures to improve recovery of overdue debt owed to the Government.

Stricter disclosure requirements will be introduced for asset sales, as well as revised budgetary treatment for financial transactions (e.g. loans).

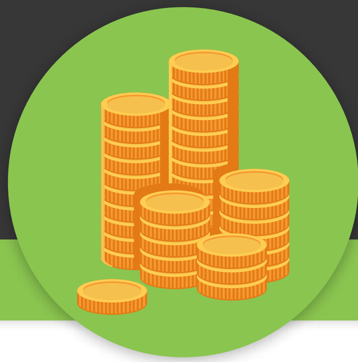
The Government remains committed to returning RBS to the private sector by 2023-24 by undertaking a full disposal of the RBS shareholding.

The Government will continue in its programme of selling the student loan book by a further year, increasing total proceeds to £15 billion.

The Budget confirms a reduction of the discount rate for calculating employer contributions in unfunded public service pension schemes, to 2.4% plus CPI.

The Treasury has made provision for NHS pension costs until 2023-24.
For state schools, the Department of Education are proposing to provide more funding to cover pension costs for the rest of this Spending Review period.

Economy & Taxation



Income Tax & National Insurance
The Government will meet its commitment to raise the Personal Allowance to £12,500 from April 2019– a year earlier than planned. This will be frozen for one year and then rise by CPI thereafter, taking 1.74m taxpayers out of income tax since 2015-16. Similarly, HRT will increase to £50,000 from the same date. As a result 32m people will see their tax bill reduced.

Off-payroll working rules (IR35) are to be reformed for the private sector, in line with the public sector, from April 2020. Small organisations will be exempt; others will be provided support by HMRC.

Following consultation, changes to tax relief for self-funded work-related training and the 'shared occupancy test' for rent-a-room relief will not be introduced.

The Employment Allowance will be targeted at smaller businesses, so access will be restricted to employers with National Insurance contributions below £100,000 from April 2020.

Class 2 National Insurance contributions will not be abolished, as previously announced, but the other measures in the same legislation: reform to treatment of termination payments and income from sporting testimonials will still be legislated for from April 2020.

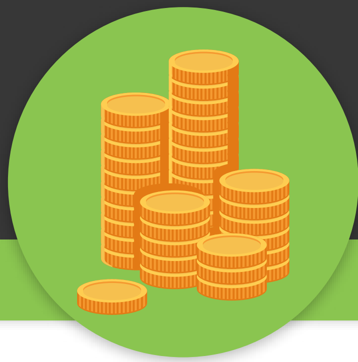
Legislation will be introduced on the income tax treatment of nine new social security benefits.

Eligibility for the Short Term Business Visitors Pay As You Earn special arrangement is to be widened, with extended deadlines, from April 2020.

A consultation on trust taxation promised at the previous Budget will be published.

Taxes on charities
A number of measures to reduce admin for charities will be introduced, including higher limits for trading without incurring a tax liability, allowing charity shops to send letters to donors under the gift aid scheme every three years when goods raise under £20 a year, and increasing the individual donation limit under the Gift Aid Small Donations Scheme to £30.

Economy & Taxation



Pensions and saving tax
Lifetime allowance for pension savings to increase with CPI to £1,055,000.

0% starting rate for savings to be held at the current level (£5,000).

Adult ISA annual subscription limit to be held at £20,000; that for Junior ISAs will grow by CPI to £4,368.

A consultation will be published in 2019 on regulations for maturing Child Trust Fund accounts. The annual subscription limit for these will grow by CPI to £4,368.

Enterprise & corporate tax
The Annual Investment Allowance will be increased to £1m.

New non-residential structures and buildings will get a 3% capital allowance (so long as all the physical construction contracts are entered after 29 October 2018).

The capital allowances special rate will be reduced from 8% to 6%.

The minimum qualifying period for Entrepreneurs' Relief will be extended to two years from one.

A new Digital Services Tax will be introduced from April 2020. It will be set at 2% of revenues generated from search engines, social media platforms and online marketplaces, which are linked to UK users (subject to a £25m/year allowance), only apply to groups with revenues globally of over £500m a year and exempt loss-makers and have a reduced rate for low-margin businesses. It will only apply until a long-term solution is in place.

The tax treatment of corporate capital losses will be brought in line with incomes losses. A consultation on the detailed design of the change will be carried out, with legislation in the Finance Bill 2019-20. However, anti-avoidance rules will be introduced immediately.

Amendments are to be made to loss relief legislation to make sure that it works as intended.

Targeted relief will be introduced for the cost of goodwill in the acquisition of businesses with eligible intellectual property from April 2019.

Economy & Taxation

New rules for tax on hybrid capital instruments are to be introduced.

Income from intangible property held in low-tax institutions which is referable to UK sales will be taxed from April 2019. Offshore entities will be directly taxed, embedded royalties will be included, a sales threshold of £10m introduced, and anti-avoidance provisions will apply from 29 October 2018.

Property tax
Business rates for retail properties with a rateable value under £51,000 will be cut by a third for two years from April 2019 as part of 'Our Plan for the High Street'. 100% business rates relief for public lavatories has been announced. Local newspapers will continue to benefit from their £1500 business rates discount. Councils will be compensated for the loss of income as a result of these measures. A consultation on when self-catering and holiday lets become subject to business rates rather than council tax will be launched.

First-time buyers relief in England and Northern Ireland will be extended so that qualifying shared ownership buyers can receive it, whether or not they've paid Stamp Duty Land Tax. This move will be backdated to 22 November 2017.

A consultation on a 1% surcharge on non-residents buying residential property in England and Northern Ireland will be published in January 2019.

From April 2020, lettings relief will only apply where the owner and the tenant have shared occupancy.

Transport tax
Fuel duty will be frozen for a ninth year. The difference between alternative and main road fuel duty rates will be maintained until 2032.

A review of the Worldwide harmonised Light vehicles Test Procedure on Vehicle Excise Duty and Company Car Tax will report in the Spring.

Vehicle Excise Duty (VED) is increased in line with RPI, but Heavy Goods Vehicle VED will be frozen in 2019-20. A summary of the consultation on VED reform on vans will be published soon with environmental incentives introduced from April 2021. Purpose-built bikes operated by Blood Bikes will be exempt by April 2020.

Fuel benefit charges for company vehicles will increase with RPI from April 2019 and the van benefit charge will increase with CPI.

Economy & Taxation

Short-haul Air Passenger Duty (APD) rates won't rise in 2020-21. Long-haul rates will increase with RPI.

Energy tax
The Carbon Price Support rate will be frozen for 2020-21 and will be reduced thereafter if the Total Carbon Price stays high. If the UK leaves the EU's Emissions Trading System in April 2019, a Carbon Emissions Tax will be introduced from April 2019.

The electricity rate of the Climate Change Levy will be lowered in 2020-21 and 2021-22, and the gas rate will rise to reach 60% of the electricity rate by 2021-22. Other fuels will be aligned with gas.

Enhanced Capital Allowances and First Year Tax Credits for technologies on the Energy Technology List and Water Technology List will end in April 2020. The savings will be invested in an Industrial Energy Transformation Fund. Enhanced Capital Allowances for electric vehicle charge points will be extended to March 2023.

Environmental tax
A tax on the production and import of plastic packaging which does not contain at least 30% recycled plastic will be introduced from April 2022. The Packaging Producer Responsibility System will be reformed to increase responsibility for the costs of packaging waste. There will be a joint consultation on these measures. The Government will consider a tax on waste incineration if recycling does not increase. A levy on disposable cups will not be introduced as the Government believes it would not effectively encourage reuse.

The Aggregates Levy rates will be frozen in 2019-20 but will be index-linked in future.

Alcohol, tobacco & gaming
Duty rates on beer, most cider and spirits will be frozen, but that on most wine can high strength cider will rise from 2019. A new duty band on still cider and perry to target white ciders will be introduced. Post duty point dilution will be banned from April 2020.

Tobacco duty rates will increase by 2%, with hand rolling tobacco increasing by an additional 1%. A UK-wide Anti-Illicit Trade Group will be created. The Minimum Excise Tax for cigarettes will increase and a new duty rate for tobacco for heating will be introduced.

Changes to gaming duty accounting periods will be introduced. Remote Gaming Duty will increase to 21% allowing the implementation of the £2 maximum stake on fixed-odds betting terminals from October 2019.

Economy & Taxation

VAT
The VAT threshold will stay at the current level until April 2022 and the possibility of a smoothing mechanism after Brexit will be considered.

EU legislation on ensuring the correct amount of VAT is paid when vouchers is used will be introduced.

Legislation will be introduced to prevent VAT losses through the ‘Missing Trader’ fraud from October 2019.

VAT law will be amended to enable bodies registered with the Office for Students to exempt education supplies.

To reduce online VAT fraud by third country sellers the Government is considering a split payment model.

Avoidance & evasion
Reforms are to be made to Entrepreneurs’ Relief and R&D tax relief to prevent abuses.

Targeted legislation to prevent profit fragmentation will be introduced.

A consultation on reforming the consideration rules of Stamp Duty and Stamp Duty Reserve Tax will be introduced.

Reforms will also be made to various elements of VAT to prevent a number of identified issues.

A call for evidence on electronic sales suppression will be issued.

Reforms for taxes held by businesses in administration on behalf of other taxpayers will be introduced so that more go to public services rather than creditors.

A tax registration check linked to the renewal of some public sector licences may be introduced.

New legislation on international disclosure of offshore structures will be introduced.

An updated offshore tax compliance strategy will be published.

Productivity
Public investment will average 2.2% of GDP over the next five years.

The National Productivity Investment Fund is extended by a year to 2023-24 and will grow to £37bn. Another £1.6bn of research and development funding has also been announced.

Economy & Taxation

The Government will launch a consultation on how to encourage innovation in the utilities sectors. The UK Regulators Network will publish a plan in spring 2019 addressing collaboration between regulators.

The Budget announces that UK Export Finance (UKEF) will make a one-off increase to their Direct Lending Facility of up to £2bn over 2020-21 and 2021-22.

In 2019, the Government will open up e-passport gates at UK ports to citizens from the United States, Canada, New Zealand, Australia and Japan.

The Budget funds new local programmes to address barriers to productivity. These include:

- £770 million to extend the Transforming Cities Fund
- £675 million for a new Future High Streets Fund, which forms part of Our Plan for the High Street
- £420 million for local roads maintenance including potholes
- £200 million to pilot innovative approaches to deploying full fibre internet in rural locations
- £150 million for small road improvement projects
- £120 million for the Strength in Places Fund to support areas of R&D excellence across the UK
- £20 million to support local peer-to-peer networks focused on business improvement
- £10 million to generate proposals for new business-backed Development Corporations and similar delivery bodies
- £5 million to support new University Enterprise Zones

The Budget announces an extra £37m to support the Development of Northern Powerhouse Rail, and will publish an updated Northern Powerhouse Strategy next year.

The Budget outlines the Barnett consequentials for the devolved administrations:

- The Scottish Government budget will increase by over £950m through to 2020-21
- The Welsh Government budget will increase by over £550m through to 2020-21
- The budget for a Northern Ireland Executive will increase by over £320m through to 2020-21

The Government commits £150m to allow a Tays Cities Deal to be agreed, will provide £120m for a North Wales Growth Deal to be agreed, and will give £350m for a Belfast City Region Deal that can be spent in absence of a Northern Ireland Executive.

Housing

The Budget allocates £291m from the Housing Infrastructure Fund to unlock 18,000 new homes in East London, £653m in 2021-22 for strategic partnerships with nine housing associations, and £75m from the Home Building Fund for St Modwen plc to fund infrastructure for over 13,000 homes. This will be supported by a five-year strategic business plan for Homes England, which will be published on 30 October 2018.

The Budget announces that the Housing Infrastructure Fund will increase by £500m to a total of £5.5bn, unlocking up to 650,000 new homes. The Government will also make £10m of funding available for housing deals with authorities in areas of high housing demand.

Digital & Culture

£35 million for the first wave of the Contestable Fund, this will go towards providing new TV and radio content for children.

The Budget sets out the next steps to achieve nationwide full fibre network by 2033. It allocates £200m from the NPIF to pilot innovative approaches in deploying full fibre internet in rural locations. The Government has also announced consultations to mandate gigabit-capable connections to build new homes and speed up the delivery of upgraded connections. Suffolk is the first area to be awarded £5.9m of funding from the Local Full Fibre Networks challenge fund.

The Government will produce a National Infrastructure Strategy in 2019.

The Government has confirmed £115m to extend funding for the Digital Catapult, building on the £1bn of long-term funding already committed to the broader network of Catapult centres.

The Cryptoassets Taskforce report will be published alongside the Budget, and will set out the UK's approach to cryptoassests and distributed ledger technologies in financial services.

Education & Training

The Budget allocates £1.6bn to strengthen the UK's global leadership in science and innovation. As part of this investment into research and development, the Government will increase the Industrial Strategy Challenge Fund by £1.1bn, including up to £121m for Made Smarter to support manufacturing, and up to £78m for the Stephenson Challenge to support innovation in electric motor technology.

The Government will invest a further £235 in quantum technologies, including £70m from the Industrial Strategy Challenge Fund and £35m for a new national quantum computing centre. This will take overall funding for the National Quantum Technology Programme to £315m.

The Budget allocates an additional £20m in 2019-20 for the UK Atomic Energy Agency to accelerate work on nuclear fusion technology.

The Government will invest up to £50m in new Turing AI Fellowships and £100m in an international fellowship scheme.

The Budget announces a new £50m yearly fund for joint programmes between Government and industry focusing on science and innovation.

Alongside this the Government will invest an extra £120m through the Strength in Places Fund, supporting science and innovation excellence across the UK.

The Government will create a Small Business Leadership Programme in partnership with business schools and businesses across England, comprising of 2,000 places in 2019-20, but with an ambition to train 10,000 people a year by 2025. Up to £25m will also be invested to boost productivity through the Knowledge Transfer Partnerships scheme, and £20m will be invested in 2019-20 to support local networks focused on business improvement and leadership.

The Budget commits to extending the British Business Bank's Start-Up Loans Programme to 2021. The Government will ensure, that in the case of no future relationship being agreed with the European Investment Bank Group (EIBG), resources will be available for the British Business Bank to make up to £200m of additional investment in UK venture capital and growth finance in 2019-20.

Education & Training

The Government will introduce a package of reforms for apprenticeships, making up to £450m available for levy-paying employers to transfer up to 25% of their funds to pay for apprenticeship training. The Government will also provide £240m to halve co-investment rate for apprenticeship training, and £5m for the Institute for Apprenticeships and National Apprenticeship Service in 2019-20.

The Budget allocates £100m for the first phase of the National Retraining Scheme, as well as £20m of funding for skills pilots in Greater Manchester and £38m of capital funding for T levels in 2020 across 52 providers.

Energy & Environment

The Government will set up an Industrial Energy Transformation Fund, with £315m worth of investment support to help businesses with high energy use transition to a low carbon future. £20m in additional funding will be provided to help local authorities meet air quality obligations, and £13m will be allocated to tackle risks from floods and climate change.

The Government will also provide £20m to tackle plastic and boost recycling, will give up to £10m to the Environment Agency to clear the worst abandoned waste sites, and will provide £10m funding between 2019-20 and 2022-23 for community and urban trees.

The Government will amend Petroleum Revenue Tax rules on retained decommissioning costs to simplify the way older fields can be sold. The Government will also launch a call for evidence and will work with the Oil and Gas Authority to identify what more should be done to strengthen the UK's position as a global hub for decommissioning.

Justice

£160 million of extra funding for counter-terrorism policing in 2019-20.

£200m towards the Youth Endowment Fund, this builds on the Serious Violence Strategy to steer young people away from crime.

The funding of the construction of HMP Glen Parva is accounted for in the Budget.

The prison estate will get an additional £30m of funding and the justice system more widely will get an extra £21.5m.

Defence

£1 billion of extra funding for Ministry of Defence up until 2020.

£10 million to support veterans with mental health needs.

Health

An increase in funding of £20.5 billion a year for the NHS in real terms by 2023-24, meaning the NHS budget will increase from £114.6 billion in 2018-19 to £147.8 billion in 2023-24.

£250 million a year by 2023-24 into new mental health crisis services, this includes 24/7 support via NHS 111 and more mental health specialist ambulances.

The Budget gives an extra £240 million in 2018-19 and £240 million in 2019-20 for adult social care.

£410 million in 2019-20 for adults and children's social care.

In 2018-19 the Disabled Facilities Grant will get an extra £55 billion of funding, this will assist households on low incomes who need adaptions to their homes

Transport

By the end of 2018 a new 26-30 railcard will be introduced.

Vehicle Excise Duty will be hypothecated to roads spending, delivering a National Roads Fund (NRF) of £28.8bn from 2020 to 2025. The Roads Investment Strategy 2 has been announced at a cost of £25.3bn from the NRF.

£420m will be given to local authorities in 2018-19 to repair potholes, damaged roads and bridges. £150m further will be available for small improvements.

The Transforming Cities Fund is extended to 2022-23, giving an extra £240m to the six metro mayors. £440m will be made available as competitive funding for ten city regions. £90m from the National Productivity Investment Fund will be given to the Transforming Cities Fund to create Future Mobility Zones to trial transport innovations, with £20m of this for the West Midlands.

Work & Welfare

From April 2019, the amount a household with either children or a disability can earn before their Universal Credit award begins to be withdrawn will increase by £1000

The Government will delay the transfer of rent support from Housing Benefit to Pension Credit by 3 years, this is so it aligns with the implementation of Universal Credit

An entitlement to any parent who suffers the death of a child under 18, or a stillbirth after 24 weeks of pregnancy to two weeks of paid leave

The National Living Wage will rise from £7.83 to £8.21 from April 2019

The National Minimum Wage will rise by April 2019 in the following ways:

- increasing the rate for 21 to 24 year olds by 4.3% from £7.38 to £7.70 per hour;
- increasing the rate for 18 to 20 year olds by 4.2% from £5.90 to £6.15 per hour;
- increasing the rate for 16 to 17 year olds by 3.6% from £4.20 to £4.35 per hour;
- increasing the rate for apprentices by 5.4% from £3.70 to £3.90 per hour.

Stakeholder Reaction

'This was a rock-solid budget, bringing more treats than tricks for business. It recognises the enormous contribution enterprise has made to balancing the UK's books through jobs, pay and tax and responds to many of the recommendations that firms have made. But while the Chancellor has reduced some of biggest barriers to growth, he has missed some opportunities. That said, the new investment in broadband, research, housing and infrastructure will help tackle the UK's glaring regional equalities head on.'

Carolyn Fairbairn, Director-General of the CBI

'The chancellor was right that 'ending austerity' should not mean tax hikes, and mostly resisted the temptation to squeeze families and businesses for even more. Increases in the personal allowance and higher rate income tax thresholds, with freezes to taxes on beer, cider, fuel and short-haul flights, will give much-needed breathing space to hard-pressed taxpayers. That said, the tax burden overall will be still be increasing. And to truly seize the opportunities afforded by Brexit, we should be looking at a much more serious and overdue reform of the tax code.'

John O'Connell, Chief Executive of the TaxPayers' Alliance

'Children's services are reaching breaking point, so we welcome this much needed cash injection in today's Budget. But children and families desperately need support much earlier – to prevent them going into the care system. We are working with government, local authorities and others to develop long-term strategic partnerships around the country, co-designing and co-delivering services, so that young people get the help they need when they need it.'

Javed Khan , Chief Executive at Barnardo's

Stakeholder Reaction

'It was encouraging to see the Chancellor highlight research as one of the most important drivers of future UK prosperity and improved productivity. Russell Group universities are keen to play their part in building a strong future economy. In order to do so, and to realise the ambitions set out by Government today, we need sustainable funding for higher education and a good Brexit deal which supports continued collaboration with our European partners and maintains a dynamic flow of people and ideas.'

Dr Tim Bradshaw, Chief Executive of the Russell Group

'Greater investment in further education will need to wait until next year's Spending Review – we all need to make sure the government's declared 'end of austerity' applies to FE and learning. Increased expectations for earnings growth means the apprenticeship levy is now expected to raise £11.4 billion by early 2021 – a significant increase of £700 million, though still £200 million short of initial estimates and dependent on earnings hitting those forecasts. We now need to ensure that employers are encouraged and supported to spend this well, on high quality opportunities to develop skills and build careers.'

Dr Fiona Aldridge, interim director of policy and research at Learning and Work Institute

'There was no new money announced for frontline policing with the only reference to the service being a £160m investment to maintain specialist counter terrorism provision - less than half of the £420m the Government has allocated to deal with pot holes.'

Police Federation

Stakeholder Reaction

'The Chancellor's announcements on housing today are not the wholesale changes needed to fix our broken housing market. We desperately need tens of thousands more social homes to be built every year, which is why we are disappointed that the Government has missed a real opportunity to overhaul how land is sold. The current set up means last year landowners pocketed more than the global profits of Amazon, McDonald's and Coca Cola combined, raising the cost of land and making it almost impossible for organisations who want to buy land for social housing to afford it. More of this profit must be used for building social housing. [...] It's good to see the Government address some of the problems with Universal Credit. Housing associations have been saying for a long time that for many it is not working. [...] many people in social housing are being pushed in to financial and emotional distress, debt and arrears under Universal Credit due to the five week gap before the first payment, delays in receiving their monthly payments, mistakes made by the system and a lack of information. People on Universal Credit are more than twice as likely to be in debt compared to all other social housing tenants. This promised £1bn cash injection must be used to urgently resolve as many of these problems as it can.'

Kate Henderson, Chief Executive of the National Housing Federation

'It's disappointing to see landlords being targeted again with the reduction in lettings relief on Capital Gains tax, particularly when there was an opportunity to incentivise landlords through CGT relief as outlined in our Budget submission. However, we're glad the Chancellor didn't seek to increase stamp duty or further reduce income tax relief for private landlords. The changes to the 40 percent tax band salary level should benefit landlords by reducing the effects of section 24. We will have to do some analysis to see what the impact of these changes will be for those affected. We will also be watching with interest to see what package of support the Government provides those receiving Universal Credit. Any help that can be provided is a positive, as this has the potential to go some way to reducing the amount of rent arrears Universal Credit tenants find themselves in. How successful this is, however, remains to be seen.'

Meera Chindooroy, Policy and Public Affairs Manager at the National Landlords Association

Stakeholder Reaction

'It is important that the Chancellor has recognised the importance of investing in our high streets. He has announced a £675 million Future High Streets Fund to allow councils to rejuvenate town centres. It is estimated that as many as 300,000 to 400,000 new homes alone could be created by making use of empty spaces above shops on our high streets.[...] The Government should be applauded for its ambition to safeguard the life of our high streets. [...] We are also pleased that the Chancellor has today announced £1bn to guarantee capacity to support lending to the SME housebuilding sector. This will be implemented by the British Business Bank, working with Homes England. Many small-scale house builders continue to experience real difficulty in accessing the finance they need to build homes, and it is often the smallest scale builders that experience the greatest problems.'

Brian Berry, Chief Executive of the Federation of Master Builders

'Three weeks after the IPCC's landmark report highlighted the urgent need to tackle climate change and the subsequent ambitions announced by the Minister for Energy and Clean Growth, this budget is notable by the absence of any substantial clean growth measures. Indeed, a number of important policies have been hit, with the scrapping of Enhanced Capital Allowances, making it harder for companies to invest in energy efficiency improvements, and the Chancellor signalling his intention to weaken Carbon Price Support. This is at odds with the scale of the climate challenge and the urgency with which it needs to be tackled.'

Julie Hirigoyen, chief executive at UKGBC

'The world's leading climate change experts recently estimated that we only have 12 years to limit the worst effects of climate change, but the Government is continuing to favour grey infrastructure over green investment. The prioritisation of investment in road infrastructure over sustainable forms of transport and the wider environment, coupled with the government's support for fracking, is completely at odds with the urgent need to tackle climate change and safeguard our countryside for the next generation.'

Campaign to Protect Rural England

Stakeholder Reaction

'Today's Budget shows the Government has started to listen to the LGA's call for desperately-needed investment in our under-pressure local services, but falls short of what we need in the long-term. Councils were at the front of the queue when austerity started so local services should be at the front of the queue if it is coming to an end [...] Local government in England continues to face significant funding gaps and rising demand for adult social care, children's services and homelessness support will continue to threaten other services our communities rely on, like running libraries, cleaning streets and maintaining park spaces. Councils also continue to face huge uncertainty about how they will pay for local services into the next decade and beyond.'

Lord Porter, Chairman of the Local Government Association

'£650m to prop up the broken social care system only just staves off total collapse. It does nothing for people with dementia who are footing the bill themselves, while people with other diseases are getting free support through the NHS. We're told austerity is over, but people living with dementia have been forgotten, and the Budget was a missed opportunity to end this injustice. Now the pressure is on for the Government to create a properly funded and joined-up system that can deliver high quality dementia care.'

Jeremy Hughes, Chief Executive of the Alzheimer's Society

'The social care system cannot continue to get by on last-minute, piecemeal funding announcements. Adult social care in England needs at least £1.5 billion more per year simply to cope with demand, meaning that the funding announced today – which will also need to cover children's social care – falls far short. This highlights the need for a long-term plan for how social care will be funded and structured so that it can meet increasing demand. Successive governments have dodged tough decisions on social care and the forthcoming Green Paper must now ensure social care gets the long-term plan it so desperately needs.'

Richard Murray, Director of Policy at The King's Fund

Stakeholder Reaction

'World scientists warn we are hurtling towards runaway climate chaos, yet the Chancellor has kept oil and gas tax breaks, boosted road-building and frozen fuel duty. Astonishing.'

Liz Hutchins, director of campaigns at Friends of the Earth

'We will look closely at the detail of the announcement today and engage with the government constructively in the weeks and months ahead. However, we urge caution when it comes to demanding a particular level of recycled content in packaging products — as we must ensure the UK has the recycling infrastructure to meet demand. It is important that revenue raised by the new tax is invested in developing the UK's recycling infrastructure to help the UK to remain competitive and meet the growing demand for recycled content.'

Philip Law, Director General of the British Plastics Federation

'There are some welcome announcements in the Budget, including further funding for the industrial strategy, in particular the Stephenson Challenge and investment into infrastructure. Amid continuing Brexit uncertainty, however, the automotive industry was looking for a stimulus to boost a flagging new car market. We wanted to see more incentives for consumers to purchase the latest, most environmentally friendly vehicles.'

Mike Hawes, Chief Executive of the Society of Motor Manufacturers and Traders

Stakeholder Reaction

'This money covers what we had asked Government for to further develop Northern Powerhouse Rail during the next financial year as it moves closer to transforming lives in the North. This is the biggest and most important rail project in the North of England for generations. This December we will be submitting a Strategic Outline Business Case to Government, which will outline the costs and shape of the network and how it will boost connectivity and the economy of the North.'

Barry White, Chief Executive of Transport for the North

'We welcome the Chancellor's recognition of the importance of infrastructure investment in all parts of the UK, and there are a number of measures announced today that will be good both for industry, the taxpayer, and the economy as a whole. In his last Budget before the UK leaves the European Union, the Chancellor has sensibly sought to bolster the economy by targeted investment in transport infrastructure and support for apprenticeships.'

Marie-Claude Hemming , Director of External Affairs for the Civil Engineering Contractors Association

Journalists' Tweets

Laura Kuenssberg @bbclaurak · 17h

1. Now #Budget2018 settling a bit a few quick thoughts - Hammond trying to have it all - cut taxes, spend a bit more, allow borrowing to keep rolling on a bit, and give impression of big political switch away from years where paying down deficit + debt seemed Tory be and end all

39 52 91

Show this thread

Andrew Neil @afneil · 21h

Red Book: Government will spend £30bn more by 2023/24 as a result of decisions announced in today's Budget. Chancellor has used improving fiscal position to raise spending rather than cut taxes.

31 53 139

Isabel Hardman @IsabelHardman · 21h

Hammond creates a mash-up of his and May's apparently competing conference slogans: "austerity is coming to an end but discipline will remain."

1 6

Paul Waugh @paulwaugh · 20h

Wine duty to rise (but beer, spirits frozen). Wine and Spirits Trade Association says it's a "hammer blow to this great British industry...actively undermines a sector that has been hardest hit since the Brexit referendum"
33m Brits make win UK's most popular alcoholic drink.

7 20 35

Journalists’ Tweets

Tim Shipman @ShippersUnbound · 22h

Refurbished village halls. Potholes. BUILD SOME BLOODY HOUSES

29 182 648

Chris Cook @xtophercook · 22h

"Established tech giants" to be taxed under Digital Services Tax. Possibly to punish them for inspiring this tweet by the Chief Secretary:

> **Liz Truss** @trussliz
>
> This generation are #Uber-riding #Airbnb-ing #Deliveroo-eating #freedomfighters
>
> Show this thread

1 13 36

Sam Coates Times @SamCoatesTimes · 18h

Today Philip Hammond spend £103 billion over 5 years, in an extraordinarily wide ranging budget designed to

- bind cabinet and Tory MP rebels on side
- Give incentives to for colleagues to back May's brexit deal
- fix problems on UC & elsewhere
- Keep DUP on board

Will it work?

44 46 46

Journalists' Tweets

George Eaton @georgeeaton · 16h
It's remarkable how little attention the terrible growth forecasts are getting - anaemic economy accepted as new normal. #Budget2018

42 412 626

Iain Dale @IainDale · 22h
If I didn't know better I'd think an election was just around the corner. #Budget2018

70 95 456

James O'Brien @mrjamesob · 22h
From pot holes to UC, the good stuff in this budget effectively undoes or addresses the effects of the Conservatives' own austerity policies. In future, they could announce awful policies they were *thinking* of & then demand applause for deciding not to implement them after all.

51 390 1.4K

Guido Fawkes @GuidoFawkes · 21h
Reminder: despite all the cheering of #budget2018, the government is still over-spending by some £800 million-a-week. Going in the right direction, not quite there yet.

6 32 63

About Vuelio

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