

# A stronger economy for the British people

Delivering the Budget and Spending Review, Rishi Sunak set out a plan to invest in stronger public services, with total departmental spending growing by £150 billion a year in cash terms by 2024-25, a £90 billion real-terms increase, which is the largest real-terms increase in overall departmental spending for any Parliament this century.

He also outlined how the government would create jobs, improve skills, tackle NHS backlogs, put more police on the streets, and build new homes, hospitals, and schools.

On top of this, Mr Sunak announced new fiscal rules to ensure the public finances remain on a sustainable path and lay the foundations for a strong economy for generations to come.

Delivering the Budget and Spending Review in Parliament, Chancellor of the Exchequer Rishi Sunak said:

Today's Budget delivers a stronger economy for the British people: stronger growth, with the UK economy recovering faster than our major competitors. Stronger public finances, with our national debt finally under control. Stronger employment, with fewer people out of work and more people in work.

Growth up, jobs up, and debt down: let there be no doubt – our plan is working.

It comes as latest figures show that the economy is on track to reach pre-pandemic levels by early next year, with unemployment peaking at less than half what was initially predicted.

## **Strong and innovative public services:**

The Budget and Spending Review sets out how delivering real-world improvements to the UK's day-to-day public services is at the heart of building a strong future economy.

In addition to the historic set of spending commitments already announced for the NHS, which mean NHS England's day-to-day budget is set to grow by 3.8% on average in real terms each year over the SR21 period, Mr Sunak announced £5.9 billion to tackle the NHS backlog of non-emergency tests and procedures, modernise digital technology and ensure there are at least 100 community diagnostic centres to help people across England get health checks, scans and tests closer to their homes.

To support pupils and teachers, an additional £4.7 billion will be invested

in the core schools budget in England, over and above the SR19 settlement for schools in 2022-23 – in addition to £1.8 billion of new money for education recovery and catch-up over the next three years.

An investment of £11.5 billion will help build up to 180,000 affordable homes – with 65% of the funding for homes outside London.

### **Supporting people and businesses:**

Building on the success of the Plan for Jobs, the Budget and Spending Review will continue supporting people into work with over £6 billion of funding for the Department for Work and Pensions (DWP) over the next three years to help people earn more and gain the right skills.

To boost wages and prospects for all, skills funding will increase by a total over the parliament of £3.8 billion compared to 2019-20. This will quadruple the number of places on Skills Bootcamps, expand the offer on free Level 3 qualifications and launch the new Multiply scheme to improve numeracy skills across the UK for up to 500,000 adults.

To ensure that work pays, the government is increasing the National Living Wage to £9.50 from April 2022, cutting the Universal Credit taper rate from 63p to 55p and increasing Universal Credit work allowances by £500 per year.

Freezing fuel duty and duty rates on alcohol will help hard-working people to keep more of what they earn, while the alcohol duty system will be overhauled to make it fairer and more straightforward.

To support parents, £302 million will fund new early years programmes including bespoke breastfeeding services and parent-infant mental support, and funding to rollout Family Hubs across England.

And to help up to 300,000 more families facing multiple needs, there will be an extra £200 million invested in the Supporting Families programme.

To help high streets to adapt and recover, there will be a new temporary business rates relief for eligible retail, hospitality and leisure properties in England and the government is freezing the business rates multiplier for a further year, a tax cut worth £4.6 billion over five years.

### **Levelling Up the UK:**

To deliver on the commitment to level up the whole UK and help ensure people's opportunities in life are not determined by where they live, today's announcement includes £5.7 billion for London-style transport settlements in English city regions over five years including Greater Manchester, Liverpool City Region and the West Midlands.

The Spending Review confirms £2.6 billion between 2020-2025 for a long-term pipeline of over 50 local roads upgrades, over £5 billion for local roads maintenance; and funding for buses, cycling and walking totalling more than £5 billion in England over the Parliament.

The allocation of the first round of the UK-wide Levelling Up Fund sees £1.7 billion of local investment in local areas, while the launch of the over £2.6 billion UK Shared Prosperity Fund focussed on funding programmes to help people into jobs and get on in life.

On top of this the first 21 projects will receive funding from the £150 million Community Ownership Fund, helping communities across the UK protect and take ownership of their most treasured local community assets.

### **Investing in growth:**

To spread opportunity across all of the UK, the government is putting its Plan for Growth into action with significant investment in innovation and skills.

To create the high-wage, high-skilled jobs of the future, public R&D investment will increase to record levels of £20 billion by 2024-25. Combined with R&D tax reliefs – which are going to be modernised and refocused – total UK Government R&D support as a proportion of GDP is forecasted to increase from 0.7% in 2018 to 1.1% in 2024-25 – well above the 2018 OECD average of 0.7%.

A new UK Global Talent Network will work with businesses and research institutes to identify and attract the best global talent in key science and tech sectors.

### **Building back greener:**

Building on the £26 billion of capital investment announced for the Net Zero Strategy just last week, this Budget and Spending Review brings the total committed by the government since March 2021 for a green industrial revolution in the UK up to £30 billion.

It includes £380 million for our world-leading offshore wind sector and £6.1 billion to deliver the Transport Decarbonisation Plan by boosting the number of zero emission vehicles, helping to develop greener planes and ships, and encouraging more trips by bus, bicycle and foot.

£3.9 billion will decarbonise buildings, including £1.8 billion to support tens of thousands of low-income households to make the transition to net zero while reducing their energy bills.

### **Seizing the opportunities of Brexit & advancing Global Britain:**

This Budget and Spending Review enables us to do things differently now we have left the EU.

A new £1.4 billion Global Britain Investment Fund will provide grants to encourage internationally mobile companies to invest in the UK's critical and most innovative industries, including life sciences and automotive.

The cost of Air Passenger Duty on domestic flights will support greater air connectivity within the Union and reforms will modernise the UK's tonnage tax

regime to ensure that the British shipping industry remains highly competitive.

Today's commitments ensure that the UK will remain a development superpower and one of the largest ODA donors in the G7. Due to the government's careful stewardship of the public finances and the strength of our economic recovery, today's forecasts show that we are scheduled to return to 0.7% in 2024-25 – before the end of the Parliament.

### **Delivering for all parts of the UK:**

The government will make levelling up a reality across Scotland, Wales and Northern Ireland by providing UK-wide support in critical areas, while also targeting action to meet local needs.

Many of today's announcements will directly benefit people across the UK. This Spending Review also provides an additional £8.7 billion per year to the devolved administrations through the Barnett formula – leading to the highest annual funding settlements since devolution in 1998:

- the Scottish Government will benefit from a £4.6 billion per year funding boost
- the Welsh Government a £2.5 billion per year funding boost
- the Northern Ireland Executive a £1.6 billion per year funding boost

### **Further information**

Further measures announced by the Chancellor can be found in [this factsheet](#).