

Budget Spring 2017

In the March 2016 budget the government decided to increase total public spending from £681 bn last year, to £694bn this year and to £706 bn next year. For 2017-18 we are going to need a higher total, given the pressures on social care, the NHS and schools budgets.

The argument over the budget is less about the need for some more spending on priorities than on how this will be paid for. Some of us say that as the Treasury will be able to report stronger revenues than the Autumn Statement there is no need to hike individual tax rates or find new taxes to impose. Indeed, some selective cuts in rates on enterprise would be welcome, and likely to augment the revenues. Mr Osborne's Spring budget last year slashed property transactions with higher Stamp Duties. The revaluation of Business rates will damage some smaller businesses that face high increases with no small premises exemptions.

It is most important that the budget promotes growth, investment and more productive working, rather than taxing it more. Treasury officials are ever minded to look for new sources of income, but the Ministers are there to protect taxpayers and to be a voice of commonsense about how far we can go with increasing tax rates. The UK economy has done relatively well in 2016 and so far this year, but could do better. It will need substantial new investment in broadband, water, electricity, and transport to overcome obstacles to growth and to lift it further. Anything the budget can do to speed these ideas, the better.

With the USA planning major tax cuts and with places like Ireland and Luxembourg also offering an attractive tax package to investors and business, the UK must stay competitive.