

# News story: Spring Statement 2019: what you need to know

The UK economy continues to grow, with wages increasing and unemployment at historic lows, providing a solid foundation on which to build Britain's economic future, the Chancellor said today (13 March 2019) in his Spring Statement.

With borrowing and debt both forecast to be lower in every year than at last year's Budget, the Chancellor set out further investments in infrastructure, technology, housing, skills, and clean growth, so that the UK can capitalise on the post-EU exit opportunities that lie ahead.

The Chancellor also confirmed that the government will hold a Spending Review which will conclude alongside the Budget. This will set departmental budgets, including 3 year budgets for resource spending, if an EU exit deal is agreed. Ahead of that the Chancellor announced extra funding to tackle serious violence and knife crime, with £100 million available to police forces in the worst affected areas in England and Wales

The Spring Statement is an opportunity for the Chancellor to update on the overall health of the economy and the Office for Budget Responsibility's (OBR) forecasts for the growth and the public finances. He also updates on progress made since [Budget 2018](#), and launches consultations on possible future changes for the public and business to comment on. The Spring Statement doesn't include major tax or spending changes – these are made once a year at the Budget.

## **Economy**

The government's efforts to build a stronger, fairer economy are paying off. The economy remains resilient, and is forecast to continue growing:

- there have been nine consecutive years of growth, and the OBR has forecast further growth every year for the next 5 years
- since 2010, the economy has grown faster than France, Italy and Japan
- the OBR expects inflation to stay close to or on target for the duration of the forecast
- business investment is forecast to start growing again from next year, once businesses have the certainty they need to invest

## And employment continues to break records

- since 2010 there are over 3.5 million more people in work, and the OBR forecast employment will increase by a further 600,000 by 2023
- the unemployment rate of 4.0% is the lowest rate since 1975. The OBR forecast it will remain near historic lows over the next five years
- wages are increasing at their fastest pace in over a decade, and are forecast to continue growing faster than inflation, which means more money in people's pockets
- since 2010, there are a million fewer workless households and every region and nation of the UK has higher employment and lower unemployment

## Public finances

Thanks to the government's fiscal responsibility, and the hard work of the British public, the public finances have reached a turning point:

- borrowing has already been reduced by four-fifths since 2009-10 and debt has begun its first sustained fall in a generation
- debt fell last year, and is forecast to fall continuously, to 73.0% of GDP in 2023-24, compared to the peak of 85.1% in 2016-17
- the public finances have continued to improve since the autumn. Borrowing and debt are lower in every year of the Spring Statement 2019 forecast than at Budget 2018
- the government is focused on keeping debt falling so as to not burden the next generation. The government is taking a balanced approach, reducing borrowing and debt, while supporting public services, investing in the economy and infrastructure, and keeping taxes low

## Tech and the new economy

Budget 2018 included significant additional support for cutting-edge science and technologies that will transform the economy, create highly skilled jobs, and boost living standards across the UK. Today the Chancellor:

- welcomed the Furman review, [an independent review of competition in the digital economy](#), which has found that tech giants have become increasingly dominant. The Chancellor announced that the government will

respond later in the year to the review's calls to update competition rules for the digital age – to open the market up and increase choice and innovation for consumers

- has [written to the Competition and Markets Authority](#) (CMA) asking them to carry out a market study of the digital advertising market as soon as is possible. This was a recommendation of the Furman Review
- committed to funding the Joint European Torus programme in Oxfordshire as a wholly UK asset in the event the Commission does not renew the contract, giving the world-leading experts working at the facility certainty to continue their ground-breaking fusion energy research
- invested £81 million in Extreme Photonics (state-of-the-art laser technology) at the UK's cutting-edge facility in Oxfordshire
- boosted the UK's genomics industry with £45 million for Bioinformatics research in Cambridge
- announced £79 million funding for a new supercomputer in Edinburgh – five times faster than existing capabilities – whose processing power will contribute to discoveries in medicine, climate science and aerospace, and build on previous British breakthroughs including targeted treatments for arthritis and HIV

## **Open and competitive UK**

As the UK leaves the EU, it is vital that the world knows the UK is open for business and attractive to international visitors. At the Spring Statement it was announced that:

- from June 2019, citizens of the US, Canada, New Zealand, Australia, Japan, Singapore and South Korea will be permitted to use e-gates at UK airports and at Eurostar terminals. This will significantly reduce queues and improve the flow of passengers and the overall experience at the UK border
- landing cards will also begin to be abolished from June 2019. This will reduce bureaucracy for travellers and speed up the processing of passengers on arrival in the UK
- research institutes and innovating businesses will benefit from an exemption for PhD-level occupations from the cap on high-skilled visas from this autumn. Overseas research activity will also count as residence in the UK for the purpose of applying for settlement, meaning

researchers will no longer be unfairly penalised for time spent overseas conducting vital fieldwork

## Clean growth

The Budget 2018 set out how the government is accelerating the shift to a clean economy, building on the Industrial Strategy, Clean Growth Strategy, and 25 Year Environment Plan. The Spring Statement builds on this commitment:

- to help smaller businesses reduce their energy bills and carbon emissions, the government is launching a [call for evidence on a Business energy efficiency scheme](#) to explore how it can support investment in energy efficiency measures
- to ensure that wildlife isn't compromised in delivering necessary infrastructure and housing, the government will Mandate net gains for biodiversity on new developments in England to deliver an overall increase in biodiversity
- to help meet climate targets, the government will advance the decarbonisation of gas supplies by increasing the proportion of green gas in the grid, helping to reduce dependence on burning natural gas in homes and businesses
- to help ensure consumer energy bills are low and homes are better for the environment, the government will introduce a Future Homes Standard by 2025, so that new build homes are future-proofed with low carbon heating and world-leading levels of energy efficiency
- to explore ways to enhance the natural environment and deliver prosperity, the government will launch a global review into the Economics of Biodiversity
- to give people the option to travel 'zero carbon', the government will launch a call for evidence on Offsetting Transport Emissions to explore consumer understanding of the emissions from their journeys and their options to offset them. This will also look into whether travel providers should be required to offer carbon offsets to their customers
- to help protect critical habitats, the government will support the call from the Ascension Island Council to designate 443,000 square kilometres of its waters as a Marine Protected Area

## Education and skills

Ensuring people have the skills that employers need is vital to creating the workforce of the future. The Budget set out steps to equip people with the skills to succeed in the modern economy, and today the Chancellor announced:

- updates to apprenticeship reforms announced at Budget that mean from April 1st employers will see the co-investment rate they pay cut by a half from 10% to 5%, at the same time as levy-paying employers are able to share more levy funds across their supply chains, with the maximum amount rising from 10% to 25%
- to tackle period poverty in schools, the Department for Education will lead work to develop a national scheme in England to provide free sanitary products to girls in secondary schools
- the government has appointed Professor Arindrajit Dube to undertake a [review of the latest international evidence on the impact of minimum wages](#), to inform future National Living Wage policy after 2020

## Investing in the future – housing and infrastructure

The government is determined to fix the broken housing market. Building more homes in the right places is critical to unlocking productivity growth and makes housing more affordable. At [Autumn Budget 2017](#), the government set out a comprehensive package of new policies to raise housing supply by the end of this Parliament to its highest level since 1970, on track to reach 300,000 a year on average. The Spring Statement set out further steps to deliver this ambition:

- published a [consultation on Infrastructure Finance](#), seeking views on how the government can best support private infrastructure investment in the context of the UK's changing relationship with the European Investment Bank
- reiterated the government's commitment to publishing a comprehensive National Infrastructure Strategy – the first of its kind – setting out the government's priorities for economic infrastructure and responding to recommendations in the National Infrastructure Commission's National Infrastructure Assessment
- £717 million from the £5.5 billion Housing Infrastructure Fund to unlock up to 37,000 homes at sites including Old Oak Common in London, the Oxford-Cambridge Arc and Cheshire.
- through the Affordable Homes Guarantee Scheme, the government will

guarantee up to £3 billion of borrowing by housing associations in England to support delivery of around 30,000 affordable homes

- further progress on delivering growth in the Oxford-Cambridge Arc including £445 million from the Housing Infrastructure Fund to unlock over 22,000 homes, and a [joint declaration with local partners](#), affirming our shared vision for the Arc
- up to £260 million for the Borderlands Growth Deal, which on top of the £102 million announced recently for Carlisle from the Housing Infrastructure Fund means up to £362 million UK Government funding into the Borderlands area

## **Spending Review**

The Chancellor also confirmed that the government will hold a Spending Review which will conclude alongside the Budget. This will set departmental budgets, including 3 year budgets for resource spending, if an EU exit deal is agreed. As at the past three Spending Reviews, the government will run a Zero-Based Review of capital spending where each programme or project will be scrutinised from the bottom up, ensuring the maximum return for the country. The Spending Review will also have a renewed focus on the outcomes achieved for the money invested – supporting a high-growth economy with public services that work for everyone.