

Costings Document

The Conservative and Unionist Party
Manifesto 2019



FOREWORD

The choice at this election is clear: between economic success and economic chaos.

A Conservative Government that will get Brexit done, keep taxes low and bring debt down. Or a Labour Government that will extend the Brexit uncertainty, increase taxes and let debt spiral out of control.

We will invest in the people's priorities – in our NHS, schools, police and our environment. That's why, over this government's first hundred days, I was proud to announce 20,000 new police officers on our streets, 20 hospital upgrades, £14 billion in extra school funding and an extra £1 billion for social care. We will invest in our future – in the rail, road and digital infrastructure we all rely on.

But we won't gamble with taxpayers' money or this country's economic future. That is why we have set out clear rules that will keep borrowing and debt under control. As you can see in this document, our plans are responsible and fully costed.

The same cannot be said about Labour, whose reckless plans and ideological experiments would cost the country £1.2 trillion over the next Parliament. Debt would soar as a result. Taxes would go up by £2,400 per person every year to pay for it. Businesses and investors would flee these shores. That's not a risk our country can afford.

A handwritten signature in black ink, appearing to read 'S. Javid' with a stylized flourish at the end.

Rt Hon Sajid Javid
Chancellor of the Exchequer

Introduction

Since coming to office in July, this Government has announced the fastest planned increase in day-to-day departmental spending for 15 years.

Our commitments include delivering on the people's priorities:

- Health: a cash increase for the NHS of £33.9 billion a year by 2023–24 compared to 2018–19 budgets, and an extra £1 billion a year for social care, to be delivered in every year of this parliament.
- Crime: £750 million to begin delivery of the government's commitment to recruit 20,000 additional police officers, and funding to begin delivery of the government's £2.5 billion commitment to create an additional 10,000 prison places.
- Schools: a £14 billion package giving every secondary school a minimum of £5,000 per pupil by 2020–21, and every primary school £4,000 per pupil by 2021–22, with over £700 million extra funding to support children and young people with special educational needs, and £400 million to train and teach more than a million 16 to 19-year olds in Further Education the skills they need to succeed in the modern economy.
- Defence: £2.2 billion in additional funding for our Armed Forces, to ensure they can continue to modernise and meet the ever-changing threats to our national security.
- Infrastructure: plans to invest £100 billion in transforming the UK's infrastructure, including Northern Powerhouse Rail, the Midlands Rail Hub, better local roads, buses and trains, and supporting the rollout of gigabit-capable broadband to every home. Our National Infrastructure Strategy, to be published with the next Budget, will set out further details of how this sum will be divided up.

This document sets out the additional spending commitments and tax cuts set out in our manifesto today and explains how they will be paid for. Previous spending commitments have been set out in other financial statements, for example the most recent Budget and Spending Round.

Figures are derived from official costings received by ministers in the course of normal government business prior to commencement of the pre-election period on 6 November 2019. The term "Fund" denotes Conservative Party policy decision.

Forecasts are shown over a four-year period beginning with 2020–21, the fiscal year commencing shortly after the return of Parliament, and concluding with 2023–24, being the fiscal year concluding shortly before the likely date of the next general election and also the final year of the Office of Budget Responsibility's most recent forecast horizon.

All figures are inclusive of Barnett consequentialities where applicable. Over the four-year period, these amount to:

£ million	Revenue	Capital	Total
Scotland	954	2,174	3,128
Wales	551	1,256	1,807
Northern Ireland	328	748	1,076

If returned to office, a Conservative government would align new EU nationals' access to non-contributory benefits with that of non-EU nationals and take steps to reduce the incidence of "health tourism". We err on the side of caution and make no allowance for those savings here.

Figures are stated in nominal terms.

All of our plans are consistent with the new fiscal rules unveiled by the Chancellor on 7 November. These are: to have the current budget in balance no later than the third year of the forecast period; to limit public sector net investment to 3pc of GDP; and to reassess plans in the event of a pronounced rise in interest rates taking interest costs above 6pc of government revenue.

The following tables show how our manifesto commitments square with our commitment to fiscal discipline, and in particular with our policy of keeping the current budget in balance – that is, borrowing only to invest, not for day-to-day spending. Accordingly, the first two tables show the additional day-to-day spending that we propose. The second two tables show how our policies would affect tax receipts. The fifth table draws the results together and estimates the yearly current budget balances that would result. They are in surplus in each year of the forecast, thereby meeting our fiscal rules.

Table 1: Resource Spending

This table sets out the resource spending commitments made since the election was called, and in our manifesto today.

£ million	Footnotes	2020-21	2021-22	2022-23	2023-24
NHS: nurse recruitment, training & retention		759	819	862	879
NHS: 50m more appointments in GP surgeries		399	642	690	695
Hospital car parking	1	93	95	97	99
National Skills Fund		0	600	612	624
Flexible Childcare Fund	2	0	250	255	260
Arts Premium	3	0	107	109	111
Physical education		12	32	33	34
South West Water Rebate		40	0	0	0
PIP: extend time to reassessment	4	75	76	78	80
Learning, Disability & Autism Fund		24	25	25	0
Unpaid Carers Leave	5	0	25	25	25
Neonatal Leave	6	0	10	10	10
Community Sentencing	7	77	79	80	82
Crown Prosecution Service	8	11	11	11	12
Victim Support	9	6	6	6	7
Domestic Abuse Courts pilot		6	6	6	7
Royal Commission on CJS		3	0	0	0
Voter ID administration costs		0	11	9	14
		1,505	2,794	2,908	2,938

Footnotes

- 1 Funding for concessionary groups as per NHS parking guidelines
- 2 Capital component shown in Table 5 below
- 3 Secondary schools
- 4 Minimum award length for Personal Independence Payment of 18 months
- 5 Extra welfare AME from one week unpaid carers leave
- 6 Two weeks neonatal leave
- 7 GPS and sobriety tagging and extra costs to probation service
- 8 Increased resource for tackling sexual violence
- 9 Support for rape victims

In addition to the resource commitments set out above, our manifesto also includes some commitments that will be funded from within existing departmental budget allocations. They do not therefore impose new burdens on the public finances. These are shown in the table below.

Table 2: Commitments funded from existing departmental budget allocations

Bolster National Crime Agency

“Coast to coast” path across the North

Constitution, Democracy & Rights Commission

Extend Cancer Drugs Fund into ‘Innovative Medicines Fund’

Health tourism enforcement

Improve employment opportunities for ex-offenders

Implement Glover Review

International LGBT conference

NHS Visa

Set up Office for Environmental Protection; legal targets for air quality

Strengthen Troubled Families programme; Family Hubs to serve vulnerable families with intensive support

Use new air traffic control technology to cut the time aircraft spend waiting to land; build on Britain’s pioneering work in electric and low-carbon flight

Veterans’ Railcard

Wraparound childcare for military personnel

Table 3: Tax Cuts

The table below sets out the tax cuts that our manifesto offers for people and businesses. These would reduce the government's tax receipts.

£ million	Footnotes	2020-21	2021-22	2022-23	2023-24
NICs: threshold increase	1	2,170	2,180	2,340	2,500
Employment Allowance	2	470	480	490	500
Business Rates	3	320	10	10	10
Structures and Buildings Allowance	4	130	205	260	315
R&D Tax Relief	5	85	235	265	275
Tampon Tax	6	0	15	15	15
Employer NICs for Veterans	7	20	25	25	25
		3,195	3,150	3,405	3,640

Footnotes

- 1 Increase to £9,500 in April 2020. Our ultimate ambition is to raise to £12,500.
- 2 Raise from £3,000 to £4,000.
- 3 Includes one year boost to retail discount, extension of discount to music venues and cinemas and pubs relief.
- 4 Increasing rate from 2pc to 3pc.
- 5 Increasing rate from 12pc to 13pc.
- 6 Removing VAT from female sanitary products.
- 7 One-year employer NICs holiday for employers that hire people up to one year after they have left the armed forces.

Table 4: Sources of Revenue

This table sets out our policies for adding to government revenue – principally the decision to keep the corporation tax rate unchanged next year, rather than reduce it.

£ million	Footnotes	2020-21	2021-22	2022-23	2023-24
Corporation tax: maintain at 19pc	1	3,000	5,200	6,000	6,300
Health Immigration Surcharge: increase & extend	2	320	530	554	578
Plastic packaging tax	3	0	0	330	310
Tax avoidance & evasion measures	4	0	50	150	200
		3,320	5,780	7,034	7,388

Footnotes

- 1 Increases revenue relative to existing baseline predicated on reduction to 17pc.
- 2 Increase to £625; expand to EEA nationals.
- 3 Applicable where recycled content below 30pc at £200 per tonne.
- 4 Tackling Construction Industry Scheme abuse; tightening “notification of uncertain tax treatment” requirements; combatting tobacco smuggling; and other measures.
The increase in SDLT for non-residents is not shown here because the proceeds will go directly to the budget for tackling rough sleeping. By the fourth year of the period, this is expected to be £120 million a year.

Table 5: Overall Net Position

This table draws together the totals from the three preceding tables and shows their net overall effect on the current budget. In the first two years, the effect is negative but the current budget remains in surplus. In the second two years, the effect is positive. Over the period, the cumulative effect is close to zero.

£ million	Footnotes	2020-21	2021-22	2022-23	2023-24
Sources of revenue		3,320	5,780	7,034	7,388
Resource spending		(1,505)	(2,794)	(2,908)	(2,938)
Tax cuts		(3,195)	(3,150)	(3,405)	(3,640)
Saving / (cost)		(1,380)	(164)	721	810

Estimated current budget surplus					
Before manifesto measures	1	3,500	3,900	4,600	4,400
After manifesto measures	2	2,120	3,736	5,321	5,210

Footnotes

- 1 Conservative Party estimates based on the most recent Office of Budget Responsibility forecast in March 2019, taking into account developments since, most notably:
 - ONS reclassifications and corrections, particularly in respect of student loans;
 - Government spending commitments, most notably those made at the Spending Round in September and the party conference in October.

Spending Round measures included the allocation of £1 billion to social care in 2020-21. The Prime Minister has recently confirmed that this funding will be maintained throughout the Parliament, and that commitment is taken into account in arriving at these estimates.

- 2 Conservative Party estimates, adding the net effect of manifesto measures as set out above.

Table 6: Capital Spending

The new fiscal rules announced by the Chancellor of the Exchequer on 7 November permit “public sector net investment” to go up to three per cent of GDP, averaged over the standard five-year forecast horizon, provided that interest rates do not rise significantly.

Accordingly, these new rules make possible approximately £80 billion in additional capital spending over the next four years, 2020-24 (and £100 billion over five), not all of which has yet been allocated to specific projects. The capital spending set out below totals approximately £22 billion and will be accommodated within that envelope. Further detail will be set out by the Chancellor at Budget.

£ million	Footnotes	2020-21	2021-22	2022-23	2023-24
Transport: reversing Beeching fund	1	500	0	0	0
NHS: car parking	2	257	0	0	0
Transport: cycling	3	70	70	70	70
Community sentencing	4	3	0	0	0
Further education: upgrade estate	5	0	194	241	348
Potholes Fund	6	500	500	500	500
Social Housing Decarbonisation Fund	7	0	60	240	410
Homes Upgrade Grants	8	150	260	370	590
Public Sector Decarbonisation Scheme	9	170	640	660	690
CCS Infrastructure Fund	10	0	0	100	300
Nature for Climate Fund	11	60	110	150	160
Intra-city transport settlements	12	0	0	840	840
Industrial Energy Transformation Fund	13	30	30	70	90
Electric Vehicle Infrastructure	14	70	110	110	110
Flexible Childcare Fund	15	0	250	0	0
R&D	16	800	1,300	2,000	3,200
New Flood Defence Programme	17	680	790	810	840
		3,290	4,314	6,161	8,148

Footnotes

- 1 £250 million of this money would come via Network Rail from its CPC6 allocation.
- 2 Car park extensions to meet expected increase in demand.
- 3 Totals £350 million over five-year period.
- 4 Tags & tagging systems.
- 5 Totals £1.8 billion over five-year period.
- 6 Local Roads Maintenance – includes pothole filling and investment to reduce new potholes.

- 7 Totals £3.8 billion over ten-year period.
- 8 Totals £2.5 billion over five-year period.
- 9 Totals £2.9 billion over five-year period.
- 10 Totals £800 million over three-year period.
- 11 Totals £640 million over five-year period. Includes rural trees, urban trees and peat-land.
- 12 Totals £4.2 billion over five year period.
- 13 Totals £500 million over eight-year period.
- 14 Totals £600 million over six-year period of support for electric vehicle infrastructure. This comes on top of recent £400m fund to help develop rapid charging infrastructure points for electric vehicles.
- 15 Includes capital funding for schools and other providers.
- 16 Includes dementia funding, EU funding guarantee and other items.
- 17 Totals £4 billion over five-year period.

