



MANIFESTO COSTINGS SUMMARY

LIBERAL DEMOCRAT MANIFESTO 2017



Our plans mean that we will invest in the NHS, our schools and public services, and reverse the most brutal of the Conservatives' welfare cuts, while balancing the current budget. That means covering day-to-day spending with tax receipts, while allowing borrowing for capital spending.

The Liberal Democrats will finish the job that we set out to do in 2010 of dealing with the deficit. This means we will commit to eradicating the cyclically adjusted current budget by 2019/20. And we will ensure that debt continues to fall as a percentage of GDP.

We will, however, finish the job fairly and ensure that the NHS and our schools have the resources that they need. This means that to meet our 2019/20 target we will put a penny on income tax and return Corporation Tax to 20%. This will ensure that we protect the vulnerable in society and vital public services.

After 2019-20, we will be able to increase public spending roughly in line with the growth of the economy. That means we can protect our public services, while ensuring that debt as a proportion of GDP continues to fall.

We will follow two fiscal rules:

Rule 1

We will run a cyclically adjusted current budget from 2019-20, so that we are no longer borrowing for day-to-day spending, but are able to invest in our country's future by borrowing for capital spending.

This means that from 2019/20 all day-to-day public spending will be fully funded and we will only borrow for capital spending.

Rule 2

We will reduce national debt as a percentage of GDP year-on-year so that it reaches sustainable levels in the medium to long term.

This rule will ensure that the government follows an overriding objective to reduce the level of public indebtedness.

		£m	19/20
1	1p increase in income tax		6,345
2	Return Corporation Tax to 20%		3,615
3	Abolish the marriage allowance, £1m IHT threshold, reverse CGT cuts		2,055
4	Anti-Avoidance Measures		2,500
5	Cannabis Taxation		1,000
6	Limit Asylum Detention to 28 days, abolish PCCs, repeal ICRS		150
7	Other revenue raisers		270
8	Increase spending on Early Years, Schools and Colleges		- 5,755
9	Increase spending on NHS and care		- 6,345
10	Reintroduce maintenance grants and nursing bursaries		- 2,960
11	Lift 1% cap on public sector pay		- 2,715
12	Young people's bus pass		- 1,145
13	Reinstate Dubs programme/resettlement of refugees/increase community policing		- 615
14	Reversing cuts to Universal credit		- 3,665
15	Increase generosity of Carer's Allowance		- 365
16	Abolish Bedroom Tax, restore HB at 18, link LHA to average rent in area		- 1,055
17	Benefit uprating (JSA and UC for 18-24 in line with NMW, others with inflation)		- 3,290
18	Reverse two-child policy on family benefits and reverse ESA WRAG rates		- 1,335
19	Other Spending		- 805
TOTAL			-14,115



1. 1p increase in income tax: Increase income tax by 1p in the £1 on all taxable income, including dividends. *Source: HM Treasury Ready Reckoner*
2. Return Corporation Tax to 20%: We will not go ahead with planned cuts to 17%, instead we will increase Corporation Tax from the current 19% to 20%. This returns Corporation Tax to the same level as 2015/16. *Source: HM Treasury – Budget 2017*
3. Abolish the marriage allowance, £1m IHT threshold, reverse CGT cuts: Return CGT to 18% and 28%. *Source: HM Treasury – Budget 2016 and Budget 2017*
4. Anti-Avoidance Measures: Setting a target for HM Revenue and Customs to reduce the tax gap and support that by investing in staff to enable them to meet it.
5. Cannabis Taxation: Liberal Democrats will wrest control from the criminal gangs, take ‘skunk’ off the streets, and protect young people by introducing a legal, regulated market for cannabis. Costings from HM Treasury Internal Briefing (BBC *Newsnight*).
6. Limit Asylum Detention to 28 days, abolish PCCs, repeal ICRS: Limit Asylum detention to 28 days, Abolish Police and Crime Commissioners and Repeal internet connection records system. *Sources: Government migration statistics, IPA impact assessment*
7. Other revenue raisers: Abandon plans to open new grammar schools, Stop Right to Buy Pilots and Remove winter fuel payments from higher- and additional-rate taxpayers. *Sources: Budget 2017 (Grammar schools), Budget and Autumn Statement 2016 (RTB pilots), Costing from DWP Internal Briefing (winter fuel)*
8. Increase spending on Early Years, Schools and Colleges: Extend 15 hours’ childcare to all two-year-olds, 15 hours’ free childcare to all nine- to 24-month-olds, extend free school meals, triple early years Pupil Premium to £1,000, support for continuous professional development for teachers, protect schools’ per-pupil funding in real terms, protect FE per-pupil funding in real terms, increase floor to zero in fair-funding formula, protect pupil premium in real terms. *Sources: ONS, Government Impact Assessments, Internal DfE analysis, DfE pupil projections, IFS analysis*

9. Increase Spending on NHS and Care – proceeds of 1p income tax rise – additional investment into priority areas: social care, primary care (and other out-of-hospital care), mental health and public health, which we know represent the most efficient and effective ways of spending extra resource. *Source: Income from 1p*
10. Reintroduce maintenance grants and nursing bursaries: Almost every hospital in the UK is dangerously short of nurses, and abolishing nursing bursaries will only compound the problem. We would reverse this and also the Conservative decision to abolish maintenance grants that provide help with living costs for students from poor backgrounds. *Source: Nursing Bursaries IA and Budget 2015*
11. Lift 1% cap on public sector pay: We will end the 1% pay rise cap on the public sector and uprate wages in line with inflation. *Source: Summer Budget 2015*
12. Young people's bus pass: we will provide a two-thirds discount on bus travel for people aged 16-21. *Source: DfT Internal analysis*
13. Reinstate Dubs programme/resettlement of refugees: will reopen the Dubs scheme to welcome unaccompanied refugee children who are currently stranded in camps in Europe and vulnerable to traffickers and others who want to exploit them. We will also extend the Syrian Vulnerable Persons Resettlement Scheme to offer sanctuary to 50,000 vulnerable refugees over the lifetime of the next Parliament. We will increase police budgets in England and Wales by £267m a year. *Source: NAO The Syrian Vulnerable Persons Resettlement programme, House of Commons Library*
14. Reverse cuts to Universal Credit. *Source: Budget 2016, Resolution Foundation*
15. Increase generosity of Carer's Allowance: We will raise the amount you can earn before losing Carer's Allowance from £116 to £150 a week and reduce the number of hours of care per week that are needed to qualify. *Source: DWP Internal analysis and Quarterly Benefits Summary, January 2017*
16. Abolish Bedroom Tax, restore housing benefit to 18-year-olds, link LHA to average rent in area. *House of Commons Library, Budget 2017, DWP Benefit expenditure and caseload tables, 2017, Budget 2017*



- 17.** Benefit uprating (JSA and UC for 18-24 in line with NMW, others with inflation): Working-age benefits will return to uprating with CPI inflation, apart from JSA and UC for 18-24-year-olds, which will rise in line with the minimum wage. Budget 2016, Budget 2017
- 18.** Reverse two-child policy on family benefits and reverse ESA WRAG rates: Reverse cuts to Employment and Support Allowance to those in the Work-Related Activity Group and Abandon the two-child policy on family benefits, and abolish the Conservatives' 'Rape Clause', where a woman has to declare children that are born as a result of rape in order to access benefits. *Source: Budget 2017*
- 19.** Other Spending: This covers ending period poverty, funding cuts to ECO through general taxation, introducing a start-up allowance for entrepreneurs, introducing a fathers' 'use it or lose it' month, funding armed forces engineer recruitment and our 'Careers for Heroes' plan, a migration impact fund, increased public health budgets. *Source: DfE Pupil Characteristics. Spending Review 2015, others are fixed-funding commitments*

Our plans mean borrowing £5bn more than government plans in 2018-19 and £14bn more in 2019-20 for day-to-day spending. This leads to the cyclically adjusted current budget being in surplus by £9bn in 2019-20 compared to government plans of a surplus of £23bn.

Total borrowing under our plans is forecast to be £40bn in 2019-20 compared to government plans of £21bn. This difference is explained by £14bn additional borrowing on the current budget and an additional £5bn of capital spending in support of housing, energy and infrastructure.

Day-to-day spending on things like schools, the NHS and the police rises under our plans, from 15.7% of GDP to 15.8% of GDP, while under Tory plans it shrinks to 14.9% of GDP. As a result, Totally Managed Expenditure under our plans rises from 39.5% in 2017-18 to 39.8% in 2019-20, while under Tory plans it shrinks further to 38.2%.

Under these plans, tax receipts would rise to 37.9% of GDP compared to 37.2% of GDP under Tory plans. In terms of the profile of debt, under government plans, debt falls from 88.8% of GDP in 2017-18 to 86.9% of GDP in 2019-20, while it falls to 88% under our plans.

