

Conservatives — *for* — **BRITAIN**

The Conservatives for
Britain Brexit manifesto

SECTION THREE: Conservatives show how
first Brexit budget can end austerity

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CONSERVATIVES SHOW HOW FIRST BREXIT BUDGET CAN END AUSTERITY¹

On leaving the EU the UK will have at least **£10 billion** extra each year to spend on our priorities once we have cancelled our subscription to the EU and matched all current EU spending in the UK.

That's a gain of 0.6% on our GDP, to spend as we see fit. It also means an improvement of up to £12.3 billion in our balance of payments, as that's all money we have to send and spend abroad which we no longer have to.²

Since the Coalition sought to get our borrowing under control, the UK has had to pay more to Brussels than all the reductions in spending the Government has made. If we kept our own money we would have been spared those changes.

The Brexit budget is designed to make people on lower incomes better off by cutting fuel bills, promoting more and better paid jobs and providing more money for housing and social care assistance. The government must be dedicated to helping everyone's life's chances and opportunities, and making sure we spend enough on those who need most help. The high subscription to the EU has made it more difficult to find all the money we need for these purposes, given the need to cut deficits and start to tackle the debts.

The Conservatives for Britain spending suggestions for the first post-Brexit budget include:

- **£1.1 billion** more for disabled benefits to avoid reductions
- **£800 million** to train an extra 60,000 nurses a year to deal with shortages and excess agency staff
- **£250 million** a year to provide an additional 10,000 doctors a year to deal with doctor shortage and to staff the seven day NHS well
- **£200 million** to cancel hospital car parking charges
- **£400 million** for dearer treatments not currently licensed by NICE, for Cancer treatments including Proton Beam treatment, and for Meningitis vaccines
- **£1.9 billion** to abolish VAT on domestic energy, energy saving materials, on converting existing dwellings and on carry cots, children's car seats and safety seats
- **£900 million** to remove Stamp Duty on the £125,000 to £250,000 band of home purchase

It would be possible to offer a simple Brexit dividend to every adult in the country of £200 a year. We could pay such a Brexit dividend in the first year only, whilst putting in place spending priorities and tax reductions to spend the additional money in the following years.

¹The Conservatives for Britain Brexit Manifesto contains contributions from Conservative MPs outlining how a Conservative government could take advantage of the new freedoms granted to it by being outside the EU. Conservatives for Britain is proud to support the Vote Leave campaign. Vote Leave does not have any position on the policy issues discussed in the Manifesto.

²The UK's balance of payments deficit with the EU institutions is £12.3 billion. ONS, Pink Book, 2015, tab 9.1. Accessed at: http://www.ons.gov.uk/file?uri=/economy/nationalaccounts/balanceofpayments/compendium/unitedkingdombalanceofpaymentsthepinkbook/2015-10-30/unitedkingdombalanceofpaymentsthepinkbook/pinkbook2015chapter9_tcm77-422053.xls

The addition of £10 billion of extra spending and private spending following tax cuts will add 0.6% to national output in the first and every subsequent year. This in turn will bring in more tax revenue for the Treasury and strengthen the UK's financial position. The balance of payments will improve by up to £12.3 billion next year following Brexit, as the UK government will no longer have to pay Brussels.

Some will argue that the savings on EU contributions should all be used for deficit reduction. We disagree. The financial position of the UK will be more secure thanks to the cut in the balance of payments deficit. The UK deficit will be assisted by the increased revenue flowing from the extra £10 billion of activity that spending the windfall will allow. As the government is currently warning of less growth than previously forecast and highlighting the current global headwinds holding us back, an injection of an additional £10 billion will be welcome assistance. There is little sign of inflationary pressures to warn us off such action.

The programme for spending the money is based on a mixture of tax reductions and increased spending. Spending accounts for **£5.7 billion** and tax reductions **£4.3 billion**.

Spending increases (£5.7 billion)

Improved health care and relief of some of the pressures on the NHS are at the core of spending the Brexit dividend.

We need to recruit and retain more UK citizens as permanent staff, to reduce the NHS's expensive reliance on agency staff. It is not a good model to rely on dear temps, and on recruiting many people from overseas countries who need to retain their own nurses and doctors. We want to offer more good careers to people settled in the UK and fluent in English.

We should reverse the new system of loans for nurse training. At a cost of **£800 million** we can go back to grants for nurses' education.³

We should add an additional **£800 million** to train an extra 60,000 nurses a year to deal with shortages and excess agency staff.

It costs £25,000 per year to educate and provide a placement for a doctor. We could spend **£250 million** a year to provide an additional 10,000 doctors to deal with doctor shortage and to staff the seven day NHS well.

We should make it easier for friends and family to visit relatives in hospital by offering hospitals **£200 million** to cancel parking charges at their sites.

We should provide **£400 million** for dearer treatments not currently licensed by NICE, for Cancer

³The abolition of grants for nursing education was announced in the 2015 Autumn Statement

treatments including Proton Beam treatment, and for Meningitis vaccines.

Failure to provide a decent level of social care for elderly and disabled patients leads to bed blocking and problems with using our hospitals for their intended purposes. We should allocate an additional **£750 million** a year to offering better support for people in their own homes, and for more care home and respite care places.

£150 million should be allocated to dealing with difficult housing cases arising from recent changes to benefit rules, and to improve support for people with special needs for their housing.

£1.1 billion should be available to avoid cuts to disability benefits.

£500 million should be allocated to a local road fund to support local schemes to improve junction safety and flows, and to provide additional capacity and bypasses on busy roads in congested areas.

Taken together, these measures will improve NHS provision, help the most vulnerable in their own homes and care homes, add to the number of qualified good jobs for UK citizens, cut the costs of expensive agency arrangements for staff in the NHS, help people get to work and school in the morning peak and help disabled people.

Tax reductions (£4.3bn)

VAT is a EU tax. Under current rules we cannot take it off items that should not be taxed. Free of EU controls we should:

Abolish VAT on domestic energy. Bills are too high, and fuel poverty is a problem. Removing VAT would make it 5% cheaper to stay warm. **(EU's heating tax)**

Abolish VAT on energy saving materials including air source heat pumps, wood fuel boilers, central heating and water heating controls, draught stripping, ground source heat pumps, insulation materials, micro combined heat and power, solar panels and water and wind turbines, to make it cheaper and easier for people to invest in renewable and better heating technology **(EU's tax on being green)**

Abolish VAT on converting existing dwellings and renovating empty dwellings, to make it cheaper to create a home of your own out of a disused or run down property. **(EU's home ownership tax)**

Abolish VAT on carry cots, children's car seats and safety seats **(EU's child tax)**

The UK Treasury says it does not keep costings of how much revenue it receives from individual

items subject to VAT. However, these items are all taxed at 5%, not the general 20% rate. The Treasury does publish the costs of lower rates and reliefs.⁴ This produces a revenue figure of £1.732 billion for these items. Let's round it up to £1.9 billion to be safe, and include abolishing the tax on female sanitary products, given the Treasury's uncertainty about the figures.⁵

Remove Stamp Duty on the £125,000 to £250,000 band of home purchase. Buying a property is still too dear for many, and anything that can be done to lower the price will help. This change will cut the Stamp Duty cost of buying any property, but will proportionately help the lower priced properties most. This will cost **£900 million**.⁶

The government is currently assuming 2% increases in Council Tax to pay for social care. **£1.5 billion** should be applied to keeping Council Tax down by offering councils the money to pay for a discount on bills they issue.

The Devolved Nations

In terms of the impact the budget changes would have on the devolved nations, they will receive **£750 million** extra general grant from the UK government to spend as they like. We have worked the numbers on the assumption that they would wish to mirror England in spending the extra money on additional health, disability and social care programmes, but they have their own priorities and start with differing circumstances so they will choose how to spend their share of the money.

Conclusion

£10 billion. That's the huge amount of money we send to Brussels each year and do not get back because they spend it on rich continental countries. There is also the **£5 billion** we send which we do get back, as well as the UK rebate.

Conservatives for Britain can reassure any farmer, university, region or others currently receiving money from the EU that they can get it direct from the UK government once we have left, as it is all our money which we have sent to Brussels so they can afford to pay us.

Saving the £10 billion we don't get back will boost our national income by that amount.

This big change in our finances out of the EU will enable our UK government to spend more on our national priorities like the NHS, and to cut bad taxes that make our family budgets difficult to manage.

⁴Details of these costs can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487119/Dec15_expenditure_reliefs_Final.xlsx.pdf

⁵The 2016 Budget Red Book says that the 'Tampon Tax' raises £12 million which would be spent on charities

⁶Figures from HMRC's UK Stamp Tax statistics 2014 to 2015. Accessed at: <https://www.gov.uk/government/statistics/uk-stamp-tax-statistics>