



HM Treasury

2019-20 Convergence Programme for the United Kingdom:

submitted in line with the Stability
and Growth pact

April 2020



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Foreword

Since the publication of the Budget and the accompanying OBR forecast it has become clear that the UK, along with the rest of the world, is facing significant economic disruption in the wake of the Covid-19 pandemic. The government's careful management of the public finances means that it is well placed to deal with the challenges posed by Covid-19. The government has announced unprecedented support for businesses and workers to protect them against the current economic emergency caused by the Covid-19 outbreak.

The global economy has been hit hard by the spread of Covid-19 and the accompanying containment measures. Early data releases suggest the short-term impact of Covid-19 on the global economy may be significantly larger than that of the global financial crisis.

The UK is facing significant economic disruption, but the underlying causes of this disruption will pass. The spread of the virus means that growth in 2020 is going to be significantly below that of last year, though estimates are highly uncertain. This is why the government has acted to support people and businesses, to minimise deep and long-lasting impacts, and to support the economy through this difficult period. The economic support that is being offered is unprecedented. However, the consensus both in the government and among external economists is that not taking these steps would risk the effects of the Covid-19 virus leaving permanent scars on our economy. The independent OBR have said that "the costs of inaction would certainly have been higher".

Spring Budget 2020 was delivered to meet the following fiscal rules:

- to have the current budget at least in balance by the third year of the rolling, five-year forecast period
- to ensure that public sector net investment (PSNI) does not exceed 3% of GDP on average over the rolling five-year forecast period
- if the debt interest to revenue ratio is forecast to remain over 6% for a sustained period, the government will take action to ensure the debt-to-GDP ratio is falling

The Office for Budget Responsibility's (OBR) Budget forecast confirmed that the government delivered the budget within these fiscal rules.

The government made significant progress since 2010 in restoring the public finances to health; by 2018-19 the deficit had been reduced by four-fifths – from 10.2% of GDP to 1.8% – and debt brought back under control. The work of the last ten years in bringing borrowing and debt back under control has ensured the public finances are well placed to deal with the challenges posed by Covid-19.

However, it is clear that the impact on the economy as a result of Covid-19, and the government's necessary response to it, will lead to a significant increase in borrowing this year compared to the OBR's forecast. We expect this increase in borrowing to be

temporary. Under the OBR's Covid-19 reference scenario¹ borrowing is expected to rise sharply this year, but fall back quickly in 2021-22 as temporary policy costs end and the economy recovers. The OBR note that the government's policy response will have substantial direct fiscal costs, but that the measures taken should help limit the long-term damage to the economy and public finances – and the costs of inaction would have been higher.

¹ [Coronavirus reference scenario](#), OBR, April 2020

Chapter 1

Introduction

The Stability and Growth Pact (SGP) requires Member States to provide information on economic developments in their country for the purposes of the multilateral surveillance procedure under Articles 121 and 126 of the EU Treaty. Member States submit either annual Stability Programmes (euro area countries) or annual Convergence Programmes (non euro area countries) setting out their medium-term fiscal policies.

On 31 January 2020, the United Kingdom withdrew from the European Union. As set out in the Withdrawal Agreement, the United Kingdom will continue to apply the EU acquis, including in matters relating to the European Semester and the Stability and Growth Pact (SGP), for the duration of the transition. Therefore, during this period the government continues to submit its Convergence Programme.

The UK cannot face sanctions under the SGP. The UK's obligation under the SGP is to "endeavour to avoid an excessive government deficit" as a result of its Protocol to the EU Treaties (Protocol 15). The Convergence Programme sets out the UK's medium-term fiscal policies.

The Spring Budget 2020 has been the only major fiscal event since the last Convergence Programme. The Convergence Programme 2020 draws largely from the announcements of this publication.

The forecasts for the economy and public finances included in the UK's Convergence Programme are prepared by the independent Office for Budget Responsibility (OBR). Information on the OBR's mandate is set out in Chapter 4. The forecasts set out in the Convergence Programme are from the OBR's March 2020 Economic and Fiscal Outlook, which was published alongside Spring Budget 2020.

Under Section 5 of the European Communities (Amendment) Act 1993, Parliament is required to approve the government's assessment of the UK's medium-term economic and budgetary position. This forms the basis of the UK's Convergence Programme. The UK presents copies of assessments of its Convergence Programme to Parliament.

Structure of the Convergence Programme

The first five chapters of this Convergence Programme set out the government's policy on the fiscal position, sustainability of the public finances and the macro-economy, as required by the Stability and Growth Pact Code of Conduct.

Detail on the OBR's economic and fiscal forecasts is set out separately in Annex A of the Convergence Programme, drawing upon the OBR's March 2020 Economic and Fiscal Outlook Annex B provides details of the financial impact of Spring Budget 2020 policy decisions. Annex C provides supplementary data.

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Chapter 2

Overall policy framework and objectives

The government published a Budget on 11 March 2020. To fulfil their legal requirements to publish two forecasts per year, the Office for Budget Responsibility (OBR) also published a second supplementary forecast in March.

The following chapters are from the Budget 2020 document. Please note that where these chapters reference the OBR forecast, they refer to the 11 March 2020 forecast.

The public version of this section of the 2020 Convergence Programme will contain chapters 1 and 2 of the 2020 Budget. A copy of the Budget 2020 document can be found [here](#).

Chapter 3

Quality of public finances

The government's significant progress in restoring the public finances to health over the last decade means it can now afford to support the economy in the short-term while investing to support long-term growth.

At Spending Round 2019, the government increased departmental spending by 4.1% in real terms between 2019-20 and 2020-21 delivering the fastest planned growth in day-to-day departmental spending in 15 years.

Government spending as a share of GDP will rise from 39.8% in 2019-20 to 40.7% in 2024-25. The average annual real growth rate of Total Managed Expenditure (TME), the total amount of money that the government spends through departments, local authorities, other public bodies and social security, will be 1.9% between 2019-20 and 2024-25.

The following tables are taken directly from Spring Budget 2020. Table 3.A sets out the path for Total Managed Expenditure (TME) to 2024-25.

Total Managed Expenditure (in £ billion, unless otherwise stated)^{1,2}

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
CURRENT EXPENDITURE						
Resource AME	426.5	421.6	433.5	443.4	453.2	464.7
Resource DEL, excluding depreciation ²	330.4	360.6	384.6	400.7	417.6	435.5
Ring-fenced depreciation	30.8	33.6	35.9	37.4	39.0	40.6
Public Sector Current Expenditure	787.7	815.8	854.1	881.5	909.9	940.8
CAPITAL EXPENDITURE						
Capital AME	33.6	30.4	26.6	26.9	28.5	29.2
Capital DEL	65.5	81.6	96.7	102.3	106.5	110.2
Public Sector Gross Investment	99.1	111.9	123.3	129.2	135.0	139.4
TOTAL MANAGED EXPENDITURE	886.8	927.7	977.4	1010.7	1044.9	1080.2
Total Managed Expenditure (% GDP)	39.8%	40.3%	40.8%	40.8%	40.8%	40.7%

¹ Budgeting totals are shown including the Office for Budget Responsibility (OBR) forecast Allowance for Shortfall. Resource DEL excluding ring-fenced depreciation is the Treasury's primary control within resource budgets and is the basis on which departmental Spending Review settlements are agreed. The OBR publishes Public Sector Current Expenditure (PSCE) in DEL and AME, and PSGI in DEL and AME. A reconciliation is published by the OBR.

² From 2019-20 Transport DEL includes funding for expenditure by Network Rail. This was formerly part of Department for Transport's Annually Managed Expenditure (AME) budget.

Departmental Expenditure Limits

Tables 3.B and 3.C show the departmental resource and capital totals set at Spending Review 2015, Spending Round 2019 and adjusted to reflect subsequent announcements up to Budget 2020. The Budget also sets out the path of day-to-day spending by departments in aggregate for years beyond the current Spending Review period. From 2019-20 to 2024-25, RDEL spending will grow at an average of 3.3% per year in real terms.¹

From 2019-20 to 2024-25, capital spending will grow at an average of 7.1% a year in real terms. Ahead of the Spending Review, the government has rebased the path of capital spending to reflect the latest expected spending plans over the period to 2024-25. As a result of decisions taken by this Chancellor, in this Parliament, public sector net investment (PSNI) will be triple the average investment over the last 40 years.

Devolved administrations

The application of the Barnett formula to spending decisions taken by the UK government at the Budget will provide each of the devolved administrations with additional funding to be allocated according to their own priorities. The Scottish and Welsh governments' block grants will be further adjusted as set out in their respective fiscal frameworks.

Other information relevant to the quality of public finances is presented in Chapter 2:

- paragraphs 1.26 to 1.62 deal with the government's fiscal plan.
- paragraphs 3.6 to 3.75 deal with taxes for individuals and business.
- paragraphs 3.76 to 3.91 cover ensuring a fair contribution through the tax system

Departmental Resource Budgets (Resource DEL excluding depreciation)

	Plans	
	2019-20	2020-21
Resource DEL excluding depreciation ¹		
Defence	133.3	139.8
Single Intelligence Account ²	123.7	129.9
Home Office	63.8	67.8
Foreign and Commonwealth Office ³	44.4	47.6
International Development ^{3,4}	11.5	13.0
Health (inc. NHS)	7.8	8.3

¹ Growth rate adjusted for technical factors in 2019-20 to ensure consistency between years.

of which: NHS England	0.6	0.7
Work and Pensions	29.5	30.8
Education	2.4	2.1
Business, Energy and Industrial Strategy	2.4	1.1
Transport ⁵	8.0	9.6
Exiting the European Union	2.6	1.7
Digital, Culture, Media and Sport	5.2	8.2
DCLG Communities	3.8	4.2
DCLG Local Government	2.5	2.5
Scotland ⁶	1.6	1.7
Wales ⁷	2.1	3.9
Northern Ireland	0.5	0.5
Justice	5.7	5.8
Law Officers Departments	4.0	3.9
Environment, Food and Rural Affairs	0.4	0.2
HM Revenue and Customs	1.0	0.5
HM Treasury	16.9	21.1
Cabinet Office	12.1	12.8
International Trade	11.2	11.5
Small and Independent Bodies	1.5	2.2
Reserves ⁸	0.0	6.7
Adjustment for Budget Exchange ⁹	0.0	-0.1
Total Resource DEL excluding depreciation	330.4	360.6
OBR allowance for shortfall ¹⁰	-0.5	-3.2
OBR resource DEL excluding depreciation forecast	329.9	357.3

¹ Resource DEL excluding depreciation is the Treasury's primary control total within resource budgets and the basis on which Spending Review settlements were made.

² The SIA budget in 2017-18 includes transfers from other government departments, which have yet to be reflected in later years.

³ Figures for 2018-19 and beyond do not reflect all transfers which will be made from DFID to other government departments, as the cross-government funds have not been allocated for these years.

⁴ Figures reflect Budget 2018 adjustments made as a result of revised GNI forecasts, as well as previous adjustments made at Autumn Budget 2017 and Autumn Statement 2016.

⁵ From 2019-20 Transport DEL includes funding for expenditure by Network Rail. This was formerly part of Department for Transport's Annually Managed Expenditure (AME) budget.

⁶ The Scottish Government's resource DEL block grant has been adjusted from 2016-17 onwards as agreed in the Scottish Government's Fiscal Framework. In 2016-17 an adjustment of £5.5 billion reflected the devolution of Stamp Duty Land Tax and Landfill Tax and the creation of the Scottish Rate of Income Tax. In 2017-18 an adjustment of £12.5 billion reflects the devolution of further income tax powers and revenues from Scottish courts. In 2018-19 and 2019-20, adjustments of £13.1 billion and £13.4 billion also include the devolution of Air Passenger Duty. However, the UK and Scottish Governments have now agreed to delay the devolution of Air Passenger Duty. As a result, the Scottish Government's block grant for 2018-19 and 2019-20 will be re-calculated.

⁷ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. In 2018-19 an adjustment of £0.3 billion reflects the devolution of Stamp Duty Land Tax and Landfill Tax and in 2019-20 an adjustment of £2.3 billion reflects the devolution of the Welsh Rate of Income Tax.

⁸ The reserve in 2017-18 reflects allocations made at Main Estimates and Autumn Budget 2017.

⁹ Departmental budgets in 2017-18 include amounts carried forward from 2016-17 through Budget Exchange, which has been voted at Main Estimates. These increases will be offset at Supplementary Estimates, so are excluded from spending totals.

¹⁰ The OBR's forecast of underspends in resource DEL budgets.

Source: Autumn Budget 2018

Departmental Capital Budgets (Capital DEL, £ billion)

	Plans	
	2018-19	2019-20
Capital DEL		
Health and Social Care	7.1	8.2
Education	4.6	4.5
Home Office	0.7	0.8
Justice	0.5	0.7
Law Officers' Departments	0.0	0.0
Defence	10.5	10.6
Single Intelligence Account	0.6	0.8
Foreign and Commonwealth Office	0.1	0.1
International Development ¹	2.0	4.8
MHCLG Housing and Communities ²	8.4	13.1
MHCLG Local Government	0.0	0.0
Transport ³	14.6	17.6
Business, Energy and Industrial Strategy ⁴	11.2	12.3
Digital, Culture, Media and Sport	0.6	0.6
Environment, Food and Rural Affairs	0.8	0.9
International Trade	0.0	0.0
Work and Pensions	0.1	0.2
HM Revenue and Customs	0.3	0.4
HM Treasury	0.1	0.0
Cabinet Office	0.1	0.1
Scotland	4.4	5.5
Wales ⁵	2.3	2.4
Northern Ireland ⁶	1.4	1.7
Small and Independent Bodies	0.4	0.5
Reserves ⁷	0.0	3.4

Adjustment for Budget Exchange ⁸	0.0	-0.6
Total Capital DEL	71.1	88.5
Remove CDEL not in Public Sector Gross Investment ⁹	-11.2	-13.3
OBR Allowance for shortfall	0.0	-3.9
Public Sector Gross Investment in CDEL	59.9	71.2

¹ Figures for 2020-21 do not reflect all transfers which will be made from DfID to other government departments.

² MHCLG CDEL budget in 2020-21 includes technical adjustments along with Budget announcements since Budget 2018.

³ DfT's CDEL budget in 2020-21 includes a net reduction due to business rates retention pilots.

⁴ BEIS and other government departments' CDEL budgets increased in 2020-21 to account for the reclassification of R&D in the National Accounts,

⁵ This includes the 5% needs-based Barnett formula uplift.

⁶ This includes the 2.5% VAT abatement.

⁷ 2020-21 adjusted to account for a change in the accounting treatment of leases. This money will be allocated to departments through the Estimates process.

⁸ Departmental budgets in 2020-21 include amounts carried forward from 19-20 through Budget Exchange, which will be voted at Main Estimates. These increases will be offset at Supplementary Estimates in future years so are excluded from spending totals.

⁹ Capital DEL that does not form part of the public sector gross investment, including financial transactions in Capital DEL.

Source: Spring Budget 2020

Chapter 4

Institutional features of public finances

The fiscal policy framework

In recent years, many governments internationally have used fiscal targets as a tool to demonstrate political commitment to fiscal policy goals. Increasingly they have established independent fiscal institutions (IFIs) to assess compliance with these targets, and to increase trust in the forecasts and analysis on which such assessments are usually based.

In the case of the UK, the Office for Budget Responsibility (OBR) was established in 2010 to “ensure that policy is made on an unbiased view of future prospects, improving confidence in the fiscal forecasts”.¹

Office for Budget Responsibility

The government established the OBR on an interim basis on 17 May 2010. Since then the OBR has been placed on a permanent, statutory footing through the Budget Responsibility and National Audit Act 2011 (the Act), which received Royal Assent on 22 March 2011.

The OBR is comprised of the Chair of the OBR and 2 other members of the Budget Responsibility Committee (BRC), and 2 non-executive members. It is supported by a civil service staff.

There are three BRC members: Robert Chote (Chair of the OBR), Prof. Sir Charlie Bean and Andy King were appointed by the Chancellor with the approval of the Treasury Select Committee. Andy King was appointed in September 2018 and Prof. Sir Charlie Bean in September 2016. Robert Chote was re-appointed for a second term of office in September 2015, having first been appointed in October 2010. There are two non-executive members: Sir Christopher Kelly was appointed by the Chancellor in June 2017. Bronwyn Curtis OBE was appointed by the Chancellor in June 2018.

Remit of the OBR

The government’s fiscal policy decisions are based on the independent forecasts of the economy and public finances, prepared by the OBR. Since the general election in May 2010, the OBR has produced all the official forecasts of the economy and public finances, independently of ministers.

The Act sets out the main duty of the OBR; to examine and report on the sustainability of the public finances. This duty feeds directly into the Treasury’s fiscal objective to deliver sound and sustainable public finances.

As set out in the Act, the OBR’s responsibilities include:

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210667/press_01_10.pdf

- the production of at least 2 fiscal and economic forecasts each financial year, including independent scrutiny of the impact of policy measures and any resultant impact on the forecasts and the main risks and assumptions
- an assessment of the extent to which the fiscal and debt management objectives have been, and are likely to be, achieved alongside these forecasts
- an assessment of the accuracy of the previous fiscal and economic forecasts
- an analysis of the sustainability of the public finances

Operating framework

The Charter for Budget Responsibility provides guidance to the OBR in line with, and in support of, the provisions in the Act. This guidance helps to explain the role of the OBR within the fiscal framework and provide greater clarity as to the OBR's duty to independently examine and report on the sustainability of the public finances.

This guidance provides for the OBR to investigate the impact of trends and policies on the public finances from a multitude of angles including through forecasting, long-term projections and balance sheet analysis. The OBR must perform its duty objectively, transparently and impartially and on the basis of government policy. This protects the independence of the OBR and ensures a clear separation between analysis (which is the role of the OBR) and policy making (which is the responsibility of ministers). The OBR has complete discretion in the performance of its duty subject to its statutory obligations.

As set out in the Charter, the OBR has additional responsibilities including:

- the production of a fiscal risks statement setting out the main risks to the public finances, including macroeconomic risks and specific fiscal risks, to be produced at least once every 2 years. This requirement was included in amendments to the Charter in October 2015
- the assessment of spending against the welfare cap and margin at the first Budget or fiscal update of each new Parliament, coinciding with the incoming government's setting of a new cap. In addition, the OBR will monitor welfare spending against the pathway and margin at each Budget and fiscal update before the formal assessment against the cap

To ensure credibility of the fiscal framework and protect the independence of the OBR it is vital for there to be transparency in the responsibilities of the OBR. A Memorandum of Understanding established a transparent framework for cooperation between the OBR and the Treasury, as well as other parts of government that the OBR needs to work closely with to perform its forecasting and analytical duties.

The OBR is accountable to Parliament and the Chancellor for the analysis it produces and the way it uses public funds. A framework document sets out the broad governance and management framework within which the OBR operates.

The fiscal rules

Spring Budget 2020 was delivered within the government's fiscal rules:

- to have the current budget at least in balance by the third year of the rolling, five-year forecast period
- to ensure that public sector net investment (PSNI) does not exceed 3% of GDP on average over the rolling five-year forecast period
- if the debt interest to revenue ratio is forecast to remain over 6% for a sustained period, the government will take action to ensure the debt-to-GDP ratio is falling

The OBR's Budget forecast confirmed that the government delivered the budget within these fiscal rules.

Accounting and statistics

The independent Office for National Statistics (ONS) and HM Treasury compile monthly statistics for the public sector and sub-sectors, on both a cash and accrued basis. Reconciliation tables between these are produced. The production is guided by the UK's code of practice which is consistent with the United Nations Fundamental Principles of Official Statistics and the European Statistics Code of Practice.

Information on the UK's contingent liabilities is published for all central government departments. The publication of the audited 'Whole of Government Accounts' (WGA), based on International Financial Reporting Standards, extends the coverage across government, with the latest report covering the year ended 31 March 2017. A summary of publicly available information on contingent liabilities is also published in the OBR's 'Fiscal sustainability report'.

WGA is a full accruals based set of accounts covering the whole public sector and audited by the National Audit Office. WGA is a consolidation of the accounts of over 6,000 organisations across the public sector, including central government departments, local authorities, devolved administrations, the health service, and public corporations.

Annex A

OBR analysis

The public version of this Annex of the 2020 Convergence Programme will contain analysis prepared by the Office for Budget Responsibility (OBR).

The first three pieces of analysis included are Chapters 3, 4 and 5 of the OBR's March 2020 'Economic and fiscal outlook', which can be found [here](#). They cover, in turn, the economic outlook, the fiscal outlook, and the performance against the government's fiscal targets. The final part of this annex is the executive summary of the OBR's 2018 'Fiscal sustainability report', which can be found [here](#).

Annex B

Fiscal impact of policy decisions

The tables in this annex show the fiscal impact of policy decisions taken at Spring Budget 2020.

Table B.1: Spring Budget 2020 policy decisions (£ million) ¹

		2019	2020	2021	2022	2023	2024	
	Head ²	-20	-21	-22	-23	-24	-25	
Investing in excellent public services								
<i>Spending review</i>								
1	Spending Round 2019 and set resource envelope for the Comprehensive Spending Review 2020	Spend	-2,530	-	27,225	32,095	36,085	42,320
2	Delivering public service commitments including on health, schools, criminal justice system (resource spending) ³	Spend	0	-1,430	-2,685	-2,795	-2,825	-
3	EU contributions: benefit from contributions no longer paid and customs duties retained	Spend	0	+4,340	+4,990	+7,130	+11,250	+14,605
4	Farm Support: domestic direct payments ⁴	Spend	0	-2,710	-	-	-	-
<i>Delivering excellent services</i>								
5	National Health Service: 40 hospitals, diagnostics, operational capital ⁵	Spend	0	-1,065	-	-	-	-
6	Immigration Health Surcharge: increase to £624 with £470 rate for children and extend to EEA nationals	Tax	0	+150	+355	+355	+360	+355
7	Pensions: increase annual allowance taper threshold and adjusted income limit, reduce minimum annual allowance	Tax	0	-180	-315	-450	-560	-670
8	Prisons: maintenance ^{4,5}	Spend	0	-175	-	-	-	-
9	Policing: counter terrorism ⁴	Spend	0	-80	-	-	-	-
10	Safer Streets Fund: CCTV and street lighting ^{4,6}	Spend	0	-15	-	-	-	-
11	Public Works Loan Board: increase main rate, with reduced rates for social housing and infrastructure	Spend	+105	+60	+175	+205	+270	+325

Supporting people and families

Tax

12	National Insurance: increase Primary Threshold and Lower Profit Limit to £9,500 in April 2020	Tax	*	-2,110	-2,185	-2,360	-2,370	-2,370
13	Fuel duty: freeze for 2020-21	Tax	0	-525	-530	-540	-555	-560
14	Alcohol Duty: freeze all rates for 2020-21 ¹⁰	Tax	-40	-285	-295	-305	-310	-320
15	VAT: zero rate e-publications	Tax	0	-60	-175	-185	-190	-200
16	National Insurance: NICs holiday for employers of veterans in first year of civilian employment	Tax	0	0	-15	-20	-25	-25
17	VAT: abolish VAT for female sanitary products from January 2021	Tax	0	-5	-15	-15	-15	-15
18	Vehicle Excise Duty: change classification of new motorhomes from 12 March 2020	Tax	*	-15	-20	-25	-30	-35

Spending

19	Personal Independence Payments: reduce frequency of assessments	Spend	0	0	0	-55	-75	-90
20	Neonatal Leave: new entitlement to up to 12 weeks paid leave	Spend	0	0	0	0	-15	-15
21	Housing Benefit: further shared accommodation rate exemptions	Spend	0	0	0	0	-10	-15
22	Rough sleeping ^{4,5}	Spend	0	-60	-	-	-	-

Backing business

23	Capital Allowances: increase structures and buildings allowance rate to 3%	Tax	-15	-90	-165	-210	-260	-295
24	Research and Development Expenditure Credit: increase rate to 13%	Spend	0	*	-170	-275	-300	-310
25	Employment Allowance: increase from £3,000 to £4,000	Tax	0	-445	-455	-465	-470	-475
26	Business Rates: increase retail discount to 50%, and extend to cinemas and music venues for 2020-21	Tax	+10	-270	-15	0	0	0
27	Business Rates: £1,000 discount for pubs with rateable value of less than £100,000 for 2020-21	Tax	*	-20	*	0	0	0
28	Corporation Tax: relief for pre-2002 intangible fixed assets	Tax	-5	-25	-60	-95	-140	-185
29	Enterprise: business productivity and locally delivered business support	Spend	0	-20	-	-	-	-

Levelling up and getting Britain building

30	Spending Round 2019 and set capital envelope for the Comprehensive Spending Review 2020	Spend	0	-2,450	-	-	-	-
31	Delivering investment commitments including on transport, health, justice, education, R&D (capital spending) ⁷	Spend	0	-3,290	-4,315	-6,160	-8,150	-
32	Housing: building safety fund ^{4,5}	Spend	0	-1,215	-	-	-	-
33	Housing: brownfield housing fund ⁵	Spend	0	-95	-	-	-	-
34	Culture: cultural investment fund, parklife, national museums maintenance ^{4,5}	Spend	0	-95	-	-	-	-

Growing a greener economy

35	Ultra low emission vehicle grants ^{4,5}	Spend	0	-140	-	-	-	-
36	Air Quality ⁵	Spend	0	-175	-	-	-	-
37	Renewable Heat Incentive: extend	Spend	0	0	-10	-30	-35	-35
38	Plastic Packaging Tax: 30% recycled content threshold and £200 per tonne	Tax	0	0	0	+240	+235	+220
39	Red Diesel: remove relief for sectors other than rail, home heating and agriculture	Tax	0	0	+15	+1,575	+1,640	+1,645
40	Climate Change Levy: two year extension to climate change agreement scheme and open to new entrants	Tax	0	*	-5	-5	-190	-190
41	Climate Change Levy: increase gas rate in 2022-23 and 2023-24, freeze liquid petroleum gas and other commodities	Tax	0	0	0	+130	+260	+270
42	Capital Allowances for Business Cars: extend first year allowance on zero emission cars and raise eligibility criteria	Tax	0	*	-5	+10	+70	+110
43	Carbon Price Support: freeze for 2021-22	Tax	0	0	-20	-15	-15	-15
44	Vehicle Excise Duty: exempt zero emission vehicles from the expensive car supplement	Tax	0	-10	-15	-20	-30	-45

A fair and sustainable tax system

45	Corporation Tax: maintain at 19%	Tax	+930	+4,635	+6,120	+6,680	+7,075	+7,500
46	Capital Gains Tax: reduce the lifetime limit in entrepreneurs' relief to £1,000,000	Tax	+5	+215	+1,120	+1,470	+1,670	+1,820
47	Stamp Duty Land Tax: 2% non-UK resident surcharge	Tax	0	+250	-355	+35	+105	+105
48	Tobacco Duty: extend RPI plus 2ppt escalator and additional 4ppt for hand rolling tobacco in 2020-21	Tax	+5	+30	+35	+30	+15	+5

49	Income Tax: top slicing relief amendments	Tax	0	*	-15	-15	-15	-20
50	Digital Services Tax: technical changes	Tax	+65	-5	*	*	*	+70
51	Corporate Capital Loss Restriction: companies in liquidation	Tax	*	*	-5	-5	-5	-5
52	Aggregates Levy: freeze for 2020-21	Tax	0	-10	-10	-10	-10	-10
53	Heavy Goods Vehicle VED and Levy: freeze in 2020-21	Tax	0	-10	-10	-10	-10	-10
54	Car Fuel Benefit: increase by CPI in 2020-21	Tax	0	+5	+5	+5	+5	+5
55	Savings: maintain £20,000 limit for adult ISA in 2020-21	Tax	0	*	*	*	*	+5

Avoidance, evasion, and unfair outcomes

56	Notification of uncertain tax treatment	Tax	*	+10	+20	+40	+45	+45
57	Tackling abuse in the construction industry scheme	Tax	0	0	0	+20	+20	+15
58	Conditionality: hidden economy	Tax	0	0	+5	+35	+50	+65
59	Investment in HMRC to improve tax compliance	Tax	+55	+280	+855	+1,065	+1,075	+595
60	Research and Development PAYE Cap: delay by one year and updated design	Spend	0	0	-60	-130	-65	-35
61	Housing Benefit: investment in fraud detection by Local Authorities	Spend	0	+115	+140	+125	+105	+60

Financial transactions

62	Public sector net borrowing impact of financial transaction changes ⁸	Spend	+2,160	+2,530	+2,900	+3,155	+990	+985
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Previously announced policy decisions

63	Independent Loan Charge Review: implementation of the recommendations	Tax	-30	-305	-245	-70	-70	-25
64	Windrush: tax exemption for compensation payments	Tax	*	-5	-5	*	*	*
65	Protecting Your Taxes in Insolvency: delay start date to December and extend to Northern Ireland	Tax	-5	-30	-85	-35	+5	+5
66	Company Car Tax: temporary reduction for new cars registered from 6 April 2020	Tax	0	-50	-50	*	0	0
67	Stamp Tax on Shares: connected company transfers	Tax	0	+5	+5	+5	+5	+5
68	VAT: change start date for reverse charge for building and constructions services	Tax	-85	-60	+20	+15	0	0
69	Business Rates Retention Pilots: 2020-21 pilots in Devolution Deal	Spend	0	-150	+45	0	0	0

	areas and the Greater London Authority							
70	Negative Revenue Support Grant: eliminate in 2020-21	Spend	0	-65	0	0	0	0
71	Communities: youth investment fund ^{4,5}	Spend	0	-80	-	-	-	-
72	Welfare: restrict EEA migrants' access to non-contributory benefits for first five years in UK from January 2021	Spend	0	*	+5	+25	+50	+80
73	Child Benefit and Child Tax Credits: end exporting for children outside the UK from January 2021	Spend	0	*	*	*	+5	+5
74	Universal Credit: delay surplus earnings threshold reduction by one year	Spend	0	-75	0	0	0	0
75	Universal Credit: additional support for claimants transferring to pension credit	Spend	0	-5	-10	-10	-15	-25
76	Universal Credit: changes to severe disability premium regulations	Spend	-10	-5	-5	*	*	0
Total policy decisions⁹			+605	-	-	-	-	-
Total spending policy decisions⁹			-355	17,900	36,430	38,530	41,150	41,920
	<i>Of which current</i>		<i>-2,545</i>	<i>13,765</i>	<i>24,910</i>	<i>27,860</i>	<i>27,680</i>	<i>27,660</i>
	<i>Of which capital</i>		<i>+2,190</i>	<i>-5,490</i>	<i>15,275</i>	<i>17,775</i>	<i>21,100</i>	<i>21,780</i>
Total tax policy decisions⁹			+960	+1,355	+3,755	+7,110	+7,625	+7,520

* Negligible.

¹ Costings reflect the OBR's latest economic and fiscal determinants.

² Many measures have both tax and spend impacts. Measures are identified as tax or spend on the basis of their largest impact.

³ The overall spending level in 2024-25 has been adjusted for the costs of these measures. Settlements for 2024-25 will be set out at the Spending Review after the Comprehensive Spending Review 2020.

⁴ The overall resource spending envelope has been adjusted to include funding for this measure in future years. Settlements over the period 2020-21 to 2023-24 will be set out in full at the Comprehensive Spending Review 2020.

⁵ These costs are additional capital spending in 2020-21. Future profiles and total programme costs for some specific programmes are detailed elsewhere in the document. Settlements beyond 2020-21 will be set out in full at the Comprehensive Spending Review 2020.

⁶ Safer Streets Fund: There is a total of £25m in this Fund, of which £10m is funded from the Home Office settlement.

⁷ Departments have existing 2020-21 capital budgets. Some additions were made to 2020-21 capital budgets at the Spending Review 2019 and further additions are made at this Budget. Years beyond 2021-22 represent the overall capital envelope, which will be allocated to departments at the Comprehensive Spending Review 2020. Some specific capital allocations are set out throughout this document.

⁸ Further details on financial transactions is set out in the financial transaction table.

⁹ Totals may not sum due to rounding.

¹⁰ The modelling for this measure was corrected after this table was finalised. The accompanying published costing note contains the updated impacts on the public finances.

Source: Spring Budget 2020

Table B.2: Measures announced at Budget 2018 or earlier that will take effect from March 2020 or later (£ million)^a

		2019	2020	2021	2022	2023	2024	
	Head ²	-20	-21	-22	-23	-24	-25	
Measures announced at Budget 2018								
<i>Spending review</i>								
a	Universal Credit: additional support for transition	Spend	-90	-125	-140	-130	-165	-185
b	Universal Credit: revised implementation schedule	Spend	-95	+310	+750	+545	-30	-100
c	Industrial Injuries Disablement Benefit: include Dupuytren's contracture	Spend	0	-5	-5	-5	-5	-5
d	Business Rates: public lavatories relief from 2020-21	Tax	0	-5	-5	-5	-5	-5
e	Digital Services Tax	Tax	+5	+285	+390	+425	+460	+440
f	Off-payroll Working: extend reforms to private sector in 2020-21, excluding small businesses	Tax	-150	+1190	+705	+710	+800	+870
g	Corporation Tax: restrict use of carried forward capital losses from 2020-21	Tax	+30	+130	+170	+165	+150	+140
h	Private Residence Relief: reform lettings relief and final period exemption from 2020-21	Tax	+10	+55	+125	+140	+150	+155
i	VAT Registration Threshold: maintain at £85,000 for a further two years	Tax	0	+40	+95	+125	+135	+135
j	Employment Allowance: restrict to businesses below a £100,000 employer NICs threshold from 2020-21	Tax	0	+235	+270	+305	+340	+345
k	Climate Change Levy: move towards equalised gas and electricity rates	Tax	0	+40	+60	+65	+85	+90
l	Alcohol Duty: ban post duty point dilution	Tax	+60	-15	+65	+70	+70	+70
m	R&D Tax Credits: preventing abuse of the SME payable credit	Spend	0	0	+60	+165	+185	+175
n	Withheld Taxes: protecting your taxes in insolvency and tackling abuse	Tax	+10	+75	+185	+230	+225	+220
o	Capital Allowances: discontinue enhanced allowances for energy and water-efficient equipment	Tax	+10	+50	+85	+70	+65	+65

Measures announced Autumn Budget 2017

p	Non-resident property income: move from Income Tax to Corporation Tax	Tax	0	+760	-295	+5	0	+5
q	Capital Gains Tax payment window reduction: delay to April 2020	Tax	-985	+770	+190	+10	+5	0
<hr/>								
Measure announced Autumn Budget 2016								
r	Company Car Tax: reforms to incentivise ULEVs	Tax	0	-25	-65	-100	-160	-205
<hr/>								
Measure announced Spring Budget 2016								
s	Corporation Tax: reduce to 17% in April 2020 (relative to 18%)	Tax	-475	-2350	-3120	-3420	-3640	-3875
<hr/>								

* Negligible

¹ Costings reflect the OBR's latest economic and fiscal determinants.

² Many measures have both tax and spend impacts. Measures are identified as tax or spend on the basis of their largest impact.

Annex C

Supplementary data tables

Information in these tables these tables is consistent with the OBR's March 2020 'Economic and fiscal outlook' (EFO) and supplementary tables, unless otherwise noted. The OBR's supplementary tables are available [here](#).

Any HM Treasury calculations are derived from and consistent with published sources. Further details of outturn statistics drawn from Budget 2020 or EFO can be found in the data sources documents on the HMT and OBR websites respectively.

Table A.1: Macroeconomic Prospects

	Level ^a			Rate of Change			
	2019	2019	2020	2021	2022	2023	2024
Real GDP	2089.4	1.4	1.1	1.8	1.5	1.3	1.4
Nominal GDP	2214.9	3.3	3.1	3.8	3.7	3.4	3.5
Private consumption expenditure ^b	1366.1	1.3	1.1	1.2	1.2	1.4	1.4
Government consumption expenditure	397.9	3.6	3.7	2.8	2.1	1.9	2.2
Gross fixed capital formation	349.9	0.4	-0.8	3.4	2.9	2.0	1.8
Changes in inventories and net acquisition of valuables (% of GDP) ^c	-0.1	0.0	-0.1	0.1	0.0	0.0	0.0
Exports of goods and services	632.2	3.7	-0.6	-0.5	-0.6	-1.1	-1.0
Imports of goods and services	655.9	3.6	-0.2	0.4	0.2	0.2	0.2
Contributions to real GDP Growth							
Final domestic demand	-	1.5	1.3	1.9	1.7	1.6	1.7
Changes in inventories and net acquisition of valuables	-	0.0	-0.1	0.1	0.0	0.0	0.0
External balance of goods and services	-	0.0	-0.1	-0.3	-0.2	-0.4	-0.3

^a Pounds sterling, billion. (In 2016 prices for real GDP)

^b Includes households and non-profit institutions serving households.

^c Rate of change of changes in inventories and net acquisition of valuables is given as the percentage point year-on-year change.

Table A.2: Price Developments

	Level		Rate of Change				
	2019	2019	2020	2021	2022	2023	2024
GDP deflator	106.0	1.8	2.0	2.0	2.2	2.1	2.1
Private consumption deflator	105.4	1.3	1.2	1.8	2.1	2.1	2.0
HICP ^a	107.8	1.8	1.4	1.8	2.1	2.1	2.0
Public consumption deflator	105.0	1.8	2.5	2.9	2.1	1.9	1.9
Investment deflator	107.7	3.5	1.7	1.3	1.8	1.7	2.1
Export price deflator (goods and services)	109.0	1.2	-3.2	-1.2	0.2	0.4	0.5
Import price deflator (goods and services)	109.6	1.1	-2.8	-1.1	0.0	0.3	0.4

^a The UK's Harmonised Index of Consumer Prices (HICP) is the Consumer Price Index (CPI).

Table A.3: Labour Market Developments

	Level			Rate of Change			
	2019	2019	2020	2021	2022	2023	2024
Employment, persons (millions) ^a	32.8	1.1	0.5	0.4	0.4	0.3	0.3
Employment, hours worked ^b	1052.1	1.4	0.1	0.6	0.3	0.2	0.2
Unemployment rate (%) ^c	3.8	-0.3	0.0	0.0	0.1	0.1	0.1
Labour productivity, persons ^d	63703.7	0.3	0.5	1.4	1.1	1.0	1.1
Labour productivity, hours worked ^e	38.2	0.0	0.9	1.2	1.2	1.1	1.2
Compensation of employees ^f	1098.8	4.3	4.2	4.0	3.7	3.4	3.2
Compensation per employee ^g	39482.3	3.6	3.9	3.7	3.5	3.2	3.0

^a All aged 16 and over.

^b Millions per week.

^c ILO measure, all aged 16 and over. Rate of change is percentage point year on year change.

^d GDP per worker, pounds sterling.

^e GDP per hour, pounds sterling.

^f Pounds sterling, billion

^g Pounds per worker

Table A.4: Sectoral Balances

% of GDP	2018- 19	2019- 20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Net lending/borrowing vis-à-vis the rest of the world	4.8	3.1	3.9	4.0	4.0	4.1	4.1
<i>of which:</i>							
- Balance on goods and services	-2.2	-0.6	-1.6	-1.7	-1.8	-2.1	-2.2
- Balance of primary incomes and transfers	-2.6	-2.5	-2.2	-2.3	-2.1	-2.0	-1.8
- Capital account	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1

Table A.5: General government budgetary prospects

	£ billion				% of GDP			
	Outturn				Forecast			
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Net lending by subsector								
General government ^a	38.9	1.8	2.2	2.5	3.1	2.6	2.4	2.4
Central government	33.7	1.6	1.8	2.0	2.7	2.2	2.0	2.0
Local government	5.2	0.2	0.5	0.5	0.4	0.4	0.4	0.3
General government								
Total revenue	794.5	36.7	36.7	36.9	36.8	37.2	37.4	37.3
Total expenditure	833.4	38.5	38.9	39.3	39.9	39.8	39.8	39.6
Net borrowing ^a	38.9	1.8	2.2	2.5	3.1	2.6	2.4	2.4
Interest expenditure	49.5	2.3	2.2	2.0	2.0	1.9	1.8	1.7
Primary balance ^b	10.5	0.5	0.0	-0.5	-1.1	-0.6	-0.6	-0.6
Selected components of revenue								
Taxes on production and imports	281.4	13.0	13.0	12.9	13.0	13.1	13.0	13.0
Taxes on income and wealth	260.0	12.0	11.8	12.1	12.2	12.4	12.5	12.6
Capital taxes	5.5	0.3	0.2	0.2	0.2	0.3	0.3	0.3
Social contributions	137.3	6.3	6.5	6.5	6.6	6.6	6.6	6.7
Other	110.4	5.1	5.1	5.1	4.8	4.9	5.0	4.8
Total revenue	794.5	36.7	36.7	36.9	36.8	37.2	37.4	37.3
Selected components of expenditure								
Current expenditure	400.7	18.5	19.1	19.6	19.9	20.0	20.1	20.2

on goods and services								
Net social benefits	242.4	11.2	10.7	10.6	10.5	10.5	10.5	10.5
Interest expenditure	49.5	2.3	2.2	2.0	2.0	1.9	1.8	1.7
Subsidies	20.1	0.9	1.2	1.2	1.2	1.1	1.1	1.1
Gross fixed capital formation	57.4	2.6	2.7	2.8	3.0	3.1	3.1	3.1
Other	63.4	2.9	3.0	3.2	3.3	3.2	3.1	3.0
Total expenditure	833.4	38.5	38.9	39.3	39.9	39.8	39.8	39.6
a Treaty deficit								
b General government net borrowing less interest expenditure								

No-policy change projections and amounts to be excluded from the expenditure benchmark

	£billion				% of GDP			
	Outturn				Forecast			
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total revenue at unchanged policies ^a	794.5	38.1	37.6	37.9	38.1	38.4	38.6	38.6
Expenditure on EU programmes fully matched by EU fund revenue ^b	5.1	0.2	0.3	0.3				
Cyclical unemployment benefit expenditure ^c	1.7	0.1	0.0					
Discretionary revenue measures ^d	-	-	0.1	0.2	0.1	0.1	0.0	0.0

a General government total revenue less discretionary revenue measures between Budget 2014 and Spring Budget 2020 (consistent with the OBR's Economic and fiscal outlook).

b Expenditure on EU programmes fully matched by EU funds revenue is calculated as the 'Public sector receipts from the EU' row from the OBR's Table 2.26 in their March 2019 Economic and fiscal outlook supplementary fiscal tables. This only includes EU receipts that are administered by UK government bodies. (Excludes other private sector receipts that are not administered by UK government bodies.) The EU receipts that are administered by UK government bodies are not netted off current expenditure in the national accounts, because they are deemed to finance spending in the UK by the EU. This data has not been updated since March 2019 Economic and Fiscal Outlook

c Cyclical unemployment benefit expenditure is calculated as is defined as COFOG subfunction 10.5, central government own expenditure on unemployment divided by GDP, and is consistent with Public Expenditure Statistical Analyses 2018 Table 6.4 (which extends to 2019-20). Estimates used for plans data are subject to further revisions by departments. Universal credit additional costs that are not already included against other benefits are not included with the unemployment COFOG category.

d Sum of discretionary revenue measures taken between Budget 2014 and Spring Budget 2020

Central government expenditure by function^{a,b,c}

	% of GDP	
	2017-18	2019-20
General public services	3.5	3.2
Defence, public order and safety	2.6	2.7
Economic affairs	1.8	2.2
Environmental protection	0.2	0.2
Housing and community amenities	0.1	0.2
Health	6.9	7.1
Recreation, culture and religion	0.3	0.3
Education	2.0	2.0
Social protection	10.2	10.3
Total expenditure ^d	29.5	29.5

a Spending data used consistent with Public Expenditure Statistical Analyses (PESA) 2019, HM Treasury July 2019.

b Central government data taken from PESA 2019 Table 6.4 (which extends to 2019-20)

c Percentage of GDP calculations consistent with March 2020 EFO

d Total expenditure is more than just the sum of the functions, it also includes EU transactions and accounting adjustments

General government debt developments

	% of GDP						
	Outturn			Forecast			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Gross debt ^a	84.1	83.2	82.9	83.2	83.3	83.3	83.0
Change in gross debt ratio	-0.5	-0.9	-0.2	0.3	0.1	0.0	-0.3
Contributions to changes in gross debt							
Primary balance ^b	0.5	0.0	-0.5	-1.1	-0.6	-0.6	-0.6
Interest expenditure	2.3	2.2	2.0	2.0	1.9	1.8	1.7
Stock-flow adjustment ^c	-3.3	-3.1	-1.7	-0.7	-1.2	-1.3	-1.4
Implicit interest rate on debt ^d	2.8	2.7	2.5	2.5	2.4	2.3	2.2

a Treaty debt

b General government net borrowing less interest expenditure

c Change in Treaty debt less general government net borrowing

d Interest expenditure as a percentage of Treaty debt in previous year

Cyclical developments

	% of GDP						
	Outturn	Forecast					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Net borrowing of general government	1.8	2.2	2.5	3.1	2.6	2.4	2.4
Interest expenditure	2.3	2.2	2.0	2.0	1.9	1.8	1.7
Output gap	0.3	0.0	0.1	0.4	0.4	0.1	0.0
Cyclical budgetary component ^a	-0.1	0.0	0.0	-0.2	-0.3	-0.1	0.0
Cyclically-adjusted balance	-1.9	-2.3	-2.5	-3.3	-2.8	-2.5	-2.4
Cyclically-adjusted primary balance ^b	0.3	0.0	-0.5	-1.3	-0.9	-0.7	-0.6
	Outturn			Forecast			
	2018	2019	2020	2021	2022	2023	2024
Real GDP growth (%) ^c	1.9	1.3	1.4	1.1	1.8	1.5	1.3
Potential GDP growth (%) ^c	1.2	1.4	1.2	1.4	1.4	1.5	1.6

a Treaty deficit less cyclically adjusted treaty deficit

b Cyclically-adjusted treaty deficit less interest expenditure

c Growth in real GDP and growth in potential GDP are expressed in calendar rather than financial years and are calculated on a non-oil basis.

Divergence from previous update^a

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Real GDP growth (%)							
Previous update	1.4	1.2	1.5	1.6	1.6	1.6	
Current update	1.6	1.1	1.3	1.7	1.4	1.3	1.5
Difference	0.1	-0.1	-0.2	0.1	-0.2	-0.3	
Treaty Deficit^b							
Previous update	1.2	1.4	1.1	1.1	0.7	0.6	
Current update	1.8	2.2	2.5	3.1	2.6	2.4	2.4
Difference	0.6	0.8	1.4	2.0	1.8	1.8	
Treaty Debt (%)^c							
Previous update	85.5	83.8	82.9	82.2	81.1	80.0	
Current update	84.1	83.2	82.9	83.2	83.3	83.3	83.0
Difference	-1.4	-0.6	0.1	1.1	2.2	3.3	

a Previous update numbers correspond to the OBR's March 2019 Economic and fiscal outlook

b General government net borrowing on a Maastricht basis

c General government gross debt on a Maastricht basis

Long-term sustainability of public finances^a

	% of GDP						
	Projections						
	2018-19	2019-20	2020-21	2030-31	2040-41	2050-51	2060-61
Total expenditure	38.4	38.6	38.6	40.3	44.4	49.2	54.2
Of which: age-related expenditure s ^b	20.5	20.6	20.6	22.4	24.7	26.7	28.4
State pensions	5.0	5.0	4.9	5.3	6.0	6.5	6.8
Pensioner benefits	0.8	0.8	0.8	0.9	1.1	1.3	1.3
Public service pensions	2.0	2.1	2.1	2.0	1.8	1.6	1.6
Health	7.1	7.3	7.4	8.8	10.3	11.7	13.0
Long-term care	1.2	1.2	1.2	1.4	1.6	1.8	1.9
Education	4.3	4.2	4.2	4.0	3.8	3.8	3.8
Net interest	1.6	1.5	1.5	1.5	3.2	5.7	8.9
Total revenue	36.7	36.8	36.8	37.0	37.3	37.4	37.5

a Consistent with the central projection in the OBR's July 2018 Fiscal sustainability report

b Sum of pensions, pensioner benefits, public service pensions, health, long-term care and education

Contingent Liabilities^a

£ billion	2016-17	2017-18
Total quantifiable contingent liabilities	182.4	192.6
Of which: financial stability interventions	0.0	0.0

a Taken from Whole of Governments Accounts- year ended 31 March 2018, HM Treasury, 2019

Basic assumptions ^a

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Short-term interest rate (annual average) ^b	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Long-term interest rate (annual average) ^c	1.8	1.3	1.2	1.3	1.3	1.4	1.4
Nominal effective exchange rate ^d	78.4	78.6	82.8	82.6	82.4	82.2	82.1
Exchange rate vis-à-vis the € (annual average)	1.13	1.15	1.21	1.20	1.18	1.17	1.16
	2018	2019	2020	2021	2022	2023	2024
Oil prices (Brent, USD/barrel)	70.2	62.8	55.2	54.7	55.4	56.5	57.6
Euro area GDP growth	1.9	1.2	1.1	1.4	1.4	1.3	1.3
Growth of relevant foreign markets	2.2	1.5	2.2	3.3	3.3	3.5	3.4

a Consistent with March 2020 Economic and Fiscal Outlook

b 3 month sterling interbank rate (LIBOR)

c Weighted average interest rate on conventional gilts

d Trade-weighted sterling

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