

SPRING BUDGET 2017



The Chancellor of the Exchequer, Rt Hon Philip Hammond MP, has delivered his first Budget to the House of Commons. Twelve months ago the Conservatives were enjoying their first single-party majority since 1992 and David Cameron and George Osborne were riding high on their election success.

Since the UK's vote to leave the European Union, David Cameron has stepped down, Theresa May has stepped up, George Osborne was moved out and Philip Hammond was moved in.

A transformation in technical education has been revealed in the budget, backed up by £500m a year investment, and an aim to create 15 new "world class routes" of "equal value" to A Levels to prepare school and college leavers for the changing job market, plus, the introduction of maintenance loans for higher level qualifications.

The plans involve streamlining an estimated 13,000 technical qualifications down to just 15, and take a major step towards closing the startling "productivity gap" between the UK and many other leading developed nations, which the Chancellor Philip Hammond has warned is the "only sustainable way" to improve living standards.

The government intends to work with employers and colleges to design new sector-specific pathways, from construction to creative-based design professions, so that young people leave college with the skills, knowledge and expertise those employers want.

The reforms were first set out in Lord Sainsbury's review of Technical Education, which the government now intends to implement in full.

Peter Sherry, Skills for Security director general, said:

"This budget is a huge step forward in prioritising the link between skills and sustained economic growth, I particularly welcome the Chancellor acknowledging that the government's 3 million apprenticeships target remains a key plank of its skills policy".

IN SUMMARY:

- The National Living Wage will rise to £7.50 in April
- £5m of new funding to be made available to help people back into work who have taken career breaks
- The main rate of National Insurance contributions for the self-employed to increase from 9% to 10% in April 2018 and 11% in April 2019
- The Class 4 rate is levied on profits of more than £8,060 a year
- The increases, which will apply to earnings below £43,000, will raise £145m a year by 2021-22 at an average cost of 60p a week to those affected. All Class 4 earnings above £43,000 will be taxed at 2%
- Class 2 National Insurance, a separate flat rate contribution paid by self-employed workers making a profit of more than £5,965 a year, is to be scrapped as planned in April 2018
- No changes to National Insurance paid by the employed and employers or to income tax or VAT
- Personal tax-free allowance to rise as planned to £11,500 this year and to £12,500 by 2020. New T-Levels to be introduced to give parity of esteem for technical education
- Number of hours of training for technical students aged 16 to 19 increased by more than 50%, including a high-quality, three-month work placement.