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Oral statement to Parliament

Autumn Budget 2017: Philip Hammond's speech

The Budget speech in full (check against delivery).

From: [HM Treasury \(/government/organisations/hm-treasury\)](/government/organisations/hm-treasury) and [The Rt Hon Philip Hammond \(/government/people/philip-hammond\)](/government/people/philip-hammond)

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Related content

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Mr Deputy Speaker.

I report today on an economy that continues to grow, continues to create more jobs than ever before and continues to confound those who seek to talk it down.

An economy set on a path to a new relationship with our European neighbours and a new future outside the European Union.

A future that will be full of change; full of new challenges and above all full of new opportunities.

And in this Budget, we express our resolve to look forwards not backwards.

To embrace that change, to meet those challenges head on and to seize those opportunities for Britain.

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The negotiations on our future relationship with the EU are in a critical phase.

My Right Honourable Friend the Prime Minister has been clear that we seek a deep and special partnership, based on free and frictionless trade in goods and services, close collaboration on security and strong mutual respect and friendship.

And as Chancellor, I am clear that one of the biggest boosts we can provide to businesses and families, one of the best ways to protect British jobs and prosperity as we build that new future, is to make early progress in delivering my Right Honourable Friend's vision.

With an implementation agreement that allows businesses to plan and invest with confidence.

And this government will make the pursuit of that progress a top priority in the weeks ahead.

But Mr Deputy Speaker,

While we work to achieve this deep and special partnership we are determined to ensure that the country is prepared for every possible outcome.

We have already invested almost £700 million in Brexit preparations.

And today I am setting aside over the next two years another £3 billion.

And I stand ready to allocate further sums if and when needed.

No one should doubt our resolve!

But this Budget is about much more than Brexit.

The world is on the brink of a technological revolution.

One that will change the way we work and live and transform our living standards for generations to come.

And we face a choice:

Either we embrace the future.

Seize the opportunities which lie within our grasp.

And build on Britain's great global success story.

Or [political content removed] reject change and turn inwards to the failed and irrelevant dogmas of the past.

Mr Deputy Speaker.

We have no doubts we choose the future.

We choose to run towards change, not away from it.

To prepare our people to meet the challenges ahead, not to hide from them.

And the prize will be enormous.

Because, for the first time in decades Britain is genuinely at the forefront of this technological revolution.

Not just in our Universities and research institutes.

But this time in the commercial development labs of our great companies.

And on factory floors and business parks across this land.

But we must invest to secure that bright future for Britain.

And at this Budget, that is what we choose to do.

But, Mr Deputy Speaker, we are listening.

And we understand the frustration of families where real incomes are under pressure.

So, at this Budget, we choose a balanced approach

Yes, maintaining fiscal responsibility, as we at last see our debt peaking.

Continuing to invest in the skills and infrastructure that will support the jobs of the future.

Building the homes that will make good on our promise to the next generation.

But crucially also helping families to cope with the cost of living.

Mr Deputy Speaker.

As we invest in our country's future I have a clear vision of what that Global Britain looks like:

A prosperous and inclusive economy where everybody has the opportunity to shine.

Wherever in these islands they live.

And whatever their background.

Where talent and hard work are rewarded.

Where the dream of home ownership is a reality for all generations.

A hub of enterprise and innovation.

A beacon of creativity.

A civilised and tolerant place that cares for the vulnerable and nurtures the talented.

An outward looking, free-trading nation.

A force for good in the world.

That is the Britain I want to leave to my children Mr Deputy Speaker.

A Britain we can be proud of.

A country fit for their future.

I know we will not build it overnight.

But in this Budget we will lay the foundations.

Economy and fiscal

My predecessor used something a little more exotic.

I will stick to plain water.

[Political content removed]

Mr Deputy Speaker.

I shall first report to the House on the economic forecasts of the independent OBR.

This is the bit with the “long, economicky words”.

Once again, I thank Robert Chote and his team for their hard work over the last few weeks.

Mr Deputy Speaker,

I believe passionately that the best way to improve the lives of people across the length and breadth of this country is to help them get into work.

And Mr Deputy Speaker, I am acutely aware that 1.4 million people out of work is 1.4 million too many.

So today, I welcome the OBR forecast that there will be another 600,000 people in work by 2022.

And I am immensely proud of this government's record in having created over 3 million new jobs since 2010.

[Political content removed]

But let nobody be in any doubt that this government will continue its relentless focus on getting more people into work.

Giving them the security and peace of mind of a regular wage.

But I also want work to be good quality, and well-paid.

And regrettably our productivity performance continues to disappoint.

The OBR has assumed at each of the last 16 fiscal events that productivity growth would return to its pre-crisis trend of about 2% a year, but it has remained stubbornly flat.

So today they revise down the outlook for productivity growth, business investment, and GDP growth across the forecast period.

The OBR now expects to see GDP grow 1.5% in 2017, 1.4% in 2018, 1.3 in both 2019 and 2020, before picking back up to 1.5, and finally 1.6% in 2022.

With inflation peaking at 3% in this quarter, before falling back towards target over the next year.

And today I reaffirm the remit for the independent Monetary Policy Committee, and its 2% CPI inflation target.

Mr Deputy Speaker.

We took over an economy with the highest budget deficit in our peacetime history.

Since then, thanks to the hard work of the British people, that deficit has been shrinking, and next year will be below 2%.

But our debt is still too high, and we need to get it down.

Not for some ideological reason.

But because excessive debt undermines our economic security, leaving us vulnerable to shocks.

Because it passes the burden unfairly to the next generation.

And because it cannot be right to spend more on our debt interest than we do on our police and our Armed Forces combined.

So I am pleased to tell the House that OBR expects debt to peak this year, and then gradually to fall as a share of GDP.

[Political content removed]

Mr Deputy Speaker.

I reaffirm our pledge of fiscal responsibility and our commitment to the fiscal rules I set out last Autumn.

But now I choose to use some of the headroom I established then.

So that as well as reducing debt, we can also invest in Britain's future.

Support our key public services.

Keep taxes low.

And provide a little help to families and businesses under pressure.

A balanced approach that will prepare Britain for the future, not seek to hide from it.

Today, the OBR confirm that we are on track to meet our fiscal rules:

Borrowing is forecast to be £49.9 billion this year; £8.4 billion lower than forecast at the Spring Budget.

And after taking account of all decisions since the Spring Budget, the OBR's GDP revision, and the measures I will announce today, borrowing will fall in every year of the forecast.

From £39.5 billion next year to £25.6 billion in 2022-23.

To reach its lowest level in 20 years.

As a percentage of our GDP it falls from 2.4% this year, to 1.9% next year; then 1.6%; 1.5%; 1.3%; and finally, 1.1% in 2022-23.

The OBR forecast the structural deficit to be 1.3% of GDP in 2020-21, giving £14.8 billion headroom against our 2% target.

Debt will peak at 86.5% of GDP this year; it will then fall to 86.4% next year; then 86.1; 83.1; 79.3, and finally 79.1% in 2022-23.

The first sustained decline in debt in 17 years.

[Political content removed]

Mr Deputy Speaker.

At the heart of a Global Britain must be a dynamic and innovative economy.

On Monday, the Prime Minister set out the key elements of our Modern Industrial Strategy.

A strategy to raise productivity and wages in all parts of our country.

And to guarantee the brighter future we have promised to the next generation.

My Right Honourable Friend the Business Secretary will present a White Paper to the House in the next few days.

But this is not just an economic plan.

It is a key part of our vision for a fairer Britain.

A Britain where every one of our citizens can contribute to, and share in, the benefits of prosperity.

The key to raising the wages of British workers is raising investment – public and private.

And Mr Deputy Speaker, we are investing in Britain's future:

Half a trillion pounds since 2010.

The biggest rail programme since Victorian times.

The largest road building programme since the 70s.

The biggest increase in science and innovation funding in four decades.

And the two largest infrastructure projects in Europe – Crossrail and HS2.

When I took this job I committed to make the battle to raise Britain's productivity.

And thus the nation's pay.

The central mission of the Treasury.

Last Autumn I launched the National Productivity Investment Fund, to provide an additional £23 billion of investment over five years.

To upgrade Britain's economic infrastructure for the 21st Century.

Today I can announce that I will extend this fund for a further year and expand it to over £31 billion.

Meaning that, public investment under this government will, on average, be £25 billion higher per year, in real terms than under the last Labour government.

We are allocating a further £2.3 billion for investment in R&D

And we'll increase the main R&D Tax credit to 12%.

Taking the first strides towards the ambition of our Industrial Strategy to drive up R&D investment across the economy to 2.4% of GDP.

Mr Deputy Speaker,

Britain is the world's sixth largest economy.

London is the number one international financial services centre.

We have some of the world's best companies.

And a commanding position in a raft of tech and digital industries that will form the backbone of the global economy of the future.

Those who underestimate Britain, do so at their peril.

Because we will harness this potential and turn it into the high paid, high productivity jobs of tomorrow.

Others may choose to reject the future.

We choose to embrace it.

A new tech business is founded in Britain every hour.

And I want that to be every half hour.

So today we invest over £500m in a range of initiatives from Artificial Intelligence, to 5G and full fibre broadband.

We support regulatory innovation with a new Regulators' Pioneer Fund.

And a new Geospatial Data Commission to develop a strategy for using the government's location data to support economic growth.

And to help our tech start-ups reach scale we asked Sir Damon Buffini to review the availability of patient capital, and I am grateful to him.

Today we're publishing our 'Action Plan', to unlock over £20 billion of new investment in UK scale-up businesses.

Including through a new fund in the British Business Bank, seeded with £2.5 billion of public money.

By facilitating pension fund access to long term investments.

And by doubling EIS investment limits for knowledge intensive companies, while ensuring that EIS is not used as a shelter for low-risk capital preservation schemes.

And we stand ready to step in to replace European Investment Fund lending if needed.

There is perhaps no technology as symbolic of the revolution gathering pace around us as driverless vehicles.

I know Jeremy Clarkson doesn't like them.

But there are many other good reasons to pursue this technology.

So today we step up our support for it.

Our future vehicles will be driverless, but they'll be electric first.

And that's a change that needs to come as soon as possible.

So we'll establish a new £400m charging infrastructure fund, invest an extra £100 million in Plug-In-Car Grant, and £40 million in charging R&D.

And I can confirm today that we will clarify the law so that people who charge their electric vehicles at work will not face a benefit-in-kind charge from next year.

The tax system can play an important role in protecting our environment.

We owe it to our children that the air they breathe is clean.

We published our Air Quality plan earlier this year

And we said then that we would fund it through taxes on new diesel cars

From April 2018 the first year VED rate for diesel cars that don't meet the latest standards will go up by one band.

And the existing diesel supplement in Company Car Tax will increase by 1%.

Drivers buying a new car will be able to avoid this charge as soon as manufacturers bring forward the next-generation cleaner diesels that we all want to see.

And we only apply the measures to cars.

So before the headline writers start limbering up let me be quite clear:

No white van man (or woman) will be hit by these measures.

This levy will fund a new £220 million Clean Air Fund to provide support the implementation of local air quality plans.

But air quality is, sadly, not our only environmental challenge.

Audiences across the country, glued to Blue Planet II, have been starkly reminded of the problems of plastics pollution.

The UK led the world on climate change agreements.

And is a pioneer in protecting marine environments.

Now I want us to become a world leader in tackling the scourge of plastic, littering our planet and our oceans.

With My Right Honourable Friend the Environment Secretary I will investigate how the tax system and charges on single-use plastic items can reduce waste.

Because we can't keep our promise to the next generation to build an economy fit for the future.

Unless we ensure our planet has a future.

Mr Deputy Speaker,

Meeting the challenge of change head on means giving our people the confidence to embrace it, and the skills to reap the rewards from it.

And we have a plan to do so.

We're delivering 3 million apprenticeship starts by 2020 thanks to our apprenticeship levy.

And I'll keep under review the flexibility that levy payers have to spend this money.

We're introducing T-levels.

And today I provide a further £20m to support FE colleges to prepare for them.

Knowledge of maths is key to the high-tech, cutting edge jobs in our digital economy.

But it is also useful in less glamorous roles.

Such as frontline politics.

So we'll expand the Teaching for Mastery of Maths programme, to a further 3000 schools.

We'll provide £40 million to train maths teachers across the country.

We'll introduce a £600 Maths Premium for schools, for every additional pupil who takes A level or Core maths.

And we'll invite proposals for new maths schools across England.

So highly talented young mathematicians can release their potential wherever they live and whatever their background.

More maths for everyone.

Don't let anyone say I don't know how to show the nation a good time.

Computer science is also at the heart of this revolution.

So we'll ensure that every secondary school pupil can study computing, by tripling the number of trained computer science teachers to 12,000.

And we'll work with industry to create a new National Centre for Computing.

But Mr Deputy Speaker, rapid technological change means we also need to help people to retrain during their working lives.

Ensuring that our workforce is equipped with the skills they will need for the workplace of the future.

Today, my Right Honourable Friend the Education Secretary and I are launching an historic partnership, between government, the CBI and the TUC – to set the strategic direction for a National Retraining Scheme.

Its first priority will be to boost digital skills and to support expansion of the construction sector.

And to make a start immediately, we will invest £30 million in the development of digital skills distance learning courses, so people can learn wherever they are, and whenever they want.

And I am pleased to be able to accept the representation I have received from the TUC to continue to fund UnionLearn, which I recognise as a valuable part of our support to workplace learning.

Mr Deputy Speaker.

Backing skills is key to unlocking growth nationally.

But far too much of our economic strength is concentrated in our capital city.

If we are truly to build an economy that is fit for the future

Then we have to get all parts of the UK firing on all cylinders.

That is what our modern industrial strategy is all about.

Today we back the Northern Powerhouse, the Midlands Engine and elected mayors across the UK.

With a new £1.7 billion Transforming Cities Fund.

Half to be shared by the six areas with elected metro mayors to give them the firepower to deliver on local transport priorities.

The remainder will be open to competition by other cities in England.

We're investing £300 million to ensure HS2 infrastructure can accommodate future Northern Powerhouse and Midlands Engine rail improvements.

I am also providing £30 million to trial new solutions to improve mobile and digital connectivity on trains, on the TransPennine route.

We're developing a local industrial strategy with Manchester.

And I'm pleased to announce a second devolution deal with Andy Street in the West Midlands.

We've agreed a new devolution deal with North of the Tyne.

And we'll fund the replacement of the 40-year-old rolling stock on the Tyne and Wear Metro at a total investment of £337million.

We'll invest £123 million in the Redcar Steelworks site to support the ambitious plans of our new Tees Valley Mayor, Ben Houchen, and my Honourable Friend for Middlesbrough South and East Cleveland who are leading the fight for prosperity in their area.

And we're piloting 100% business rates retention in London next year.

And continuing to work with TfL on the funding and financing of Crossrail 2.

We will also make over £1 billion of discounted lending available to local authorities across the country to support high-value infrastructure projects.

A Conservative government giving power back to the people of Britain.

And driving prosperity and greater fairness across our United Kingdom.

Mr Deputy Speaker.

The decisions taken in this Budget also mean £2 billion more for the Scottish Government, £1.2 billion more for the Welsh Government, and over £650 million more for a Northern Ireland Executive.

I can confirm that progress is being made on city deals for Tay Cities and Stirling, and on a growth deal for the Borderlands.

Mr Deputy Speaker.

I am getting used to the new experience of having my ear bent by my thirteen Scottish Conservative colleagues, most recently on the issue of Scottish Police and Fire VAT.

[Political content removed]

So we will legislate to allow VAT refunds from April 2018.

And in response to yet more representations from my HFs, aided and abetted by my HF for Waveney, from November 2018 we will introduce 'Transferable Tax History' for transfers of oil and gas fields in the North Sea.

An innovative tax policy that will encourage new entrants to bring fresh investment to a basin that still holds up to 20 billion barrels of oil.

We will begin negotiations towards growth deals for North Wales and Mid-Wales.

And we'll abolish tolls on the Severn Bridge, as promised, by the end of next year.

We'll deliver on our commitment to review the effect of VAT and APD on tourism in Northern Ireland, reporting at next year's Budget.

And we will open negotiations for a Belfast City Deal as part of our commitment to a comprehensive and ambitious set of city deals across Northern Ireland.

A Conservative government delivering for all parts of our United Kingdom.

Mr Deputy Speaker.

It is only by supporting our regions and nations – dealing with our debts and investing in skills and infrastructure for the long term – that we can build an economy fit for the future.

But I recognise that many people are feeling pressure on their budgets now.

And because we are all in politics to make peoples' lives better.

In the short term as well as the long.

We will take further measures in this budget to help families and businesses where we can.

Mr Deputy Speaker.

The switch to Universal Credit is a long overdue and necessary reform.

Replacing [political content removed] broken system that discouraged people from working more than 16 hours a week.

And trapped 1.4 million on out-of-work benefits for nearly a decade.

Universal Credit delivers a modern welfare system, where work always pays and people are supported to earn.

But I recognise the genuine concerns on both sides of the House about the operational delivery of this benefit.

Today we will act on those concerns.

First, we will remove the seven day waiting period applied at the beginning of a benefit claim so that entitlement to Universal Credit will start on the day of the claim.

We have looked at reducing the delay at the end of the first month assessment period.

But to do so would mean compromising the principle of payments being made on the same day of the month.

A key feature of the system which is very important for claimants in managing their budgets.

So to provide greater support during the waiting period we will change the advances system to ensure that any household that needs it can access a full month's payment within five days of applying.

We will make it possible to apply for an advance online.

And we will extend the repayment period for advances from 6 months to 12 months.

Any new Universal Credit claimant in receipt of Housing Benefit, will continue to receive it for two weeks.

This is a £1.5 billion package to address concerns about the delivery of the benefit.

My Right Honourable Friend the Secretary of State for Work and Pensions will give further details in a statement to the House tomorrow.

Mr Deputy Speaker.

We also want to help low-income households in areas where rents have been rising fastest.

In the long run, the answer lies in increasing the amount of housing available – a theme I shall return to.

But in the meantime, the best way to help them is by increasing the rate of support in those areas where rents are least affordable.

So we will increase Targeted Affordability funding by £125 million over the next two years, benefitting 140,000 people.

We will always listen to genuine concerns, and act where we can to help.

Mr Deputy Speaker.

Making work pay is core to the philosophy of this government.

That is why we introduced the National Living Wage in 2016.

From April, it will rise 4.4%, from £7.50 an hour to £7.83.

Handing full-time workers a further £600 pay increase.

And taking their total pay rise, since its introduction, to over £2000 a year.

We also accept the Low Pay Commission's recommendations on National Minimum Wage rates.

Supporting our young people with the largest increase in youth rates in ten years.

And delivering a pay rise for over 2 million minimum wage workers of all ages across the country.

Mr Deputy Speaker.

Today, income inequality is at its lowest level in 30 years.

The top 1% are paying a larger share of income tax than at any time under the last Labour government.

The poorest 10% have seen their real incomes grow faster since 2010 than the richest 10%.

And the proportion of full-time jobs that are low paid is at its lowest for 20 years.

A Conservative government delivering a fairer Britain.

But as well as making work pay, we want families to keep more of the money they earn.

When we came into office the personal allowance stood at £6,475.

From April, I will increase the personal allowance to £11,850.

And the higher rate threshold to £46,350.

Making progress towards our manifesto commitments.

The typical basic rate tax payer will be £1,075 a year better off compared to 2010.

And a full-time worker on the National Living Wage will take home more than £3,800 extra.

This Conservative government delivering for Britain's workers.

Mr Deputy Speaker.

I turn now to duties.

The tobacco duty escalator will continue at inflation plus 2%.

With an additional 1% duty on hand rolling tobacco this year.

And minimum excise duty on cigarettes will also rise.

Excessive alcohol consumption by the most vulnerable people is all too often through cheap, high strength, low quality products – especially so-called white ciders.

I want to pay tribute to the campaign led by my Honourable Friend for Congleton on this issue.

And so following our recent consultation we will legislate to increase duty on these products from 2019.

But recognising the pressure on household budgets.

And backing our Great British pubs.

Duties on other ciders, wines, spirits and on beer will be frozen.

This will mean a bottle of whisky will be £1.15 less in 2018 [political content removed]

And a pint of beer 12p less.

So, Merry Christmas, Mr Deputy Speaker.

The cost of travel is also an important factor for families and businesses.

From April 2019, I will again freeze short-haul Air Passenger Duty rates and I will also freeze long-haul economy rates.

Paid for by an increase on Premium class tickets, and on private jets.

Sorry Lewis.

For those who don't stretch to a private jet, I can announce a new railcard, for those aged 26-30.

Giving 4.5 million more young people a third off their rail fares.

And I will, once again, cancel the fuel duty rise for both petrol and diesel that is scheduled for April.

Since 2010, we will have saved the average car driver £850, and the average van driver over £2,100, compared to Labour's escalator plans.

Fuel duty has now been frozen for the longest period in 40 years, at a total cost to the Exchequer of £46 billion since 2010.

Mr Deputy Speaker.

Our NHS is one of our great institutions.

An essential part of what we are as a nation.

And a source of pride the length and breadth of the country.

Its values are the values of the British people, and we will always back it.

Dedicated NHS staff are handling the challenges of an ageing population and rapidly advancing technology with skill and commitment.

And, Mr Deputy Speaker, [political content removed]

The number of patients being treated is at record levels.

Cancer survival rates are at their highest ever level.

17 million people are now able to access GP appointments in the evenings and at weekends.

And public satisfaction amongst hospital inpatients is at its highest level in more than two decades.

It is central to this government's vision that everyone has access to our NHS, free at the point of need.

That is why we endorsed and funded the NHS's Five Year Forward View in 2014.

And met its funding ask – providing an extra £10 billion in real terms per year by 2020.

But even with this additional funding, we acknowledge that the service remains under pressure and today we respond.

First, we will deliver an additional £10 billion package of capital investment over the course of this Parliament.

To support the Sustainability and Transformation plans which will make our NHS more resilient.

Investing for an NHS which is fit for the future.

But we also recognise that the NHS is under pressure right now.

I am therefore exceptionally, and outside the Spending Review process, making an additional commitment of resource funding of £2.8 billion to the NHS in England.

£350 million immediately to allow trusts to plan for this winter

And £1.6 billion in 2018-19, with the balance in 19-20, taking the extra resource into the NHS next year to £3.75 billion in total.

Meaning that it will receive a £7.5 billion increase to its resource budget over this year and next year.

Mr Deputy Speaker.

Our nation's nurses provide invaluable support to us all in our time of greatest need and deserve our deepest gratitude for their tireless efforts.

My Rt Hon Friend the Health Secretary has already begun discussions with health unions on pay structure modernisation for Agenda for Change staff to improve recruitment and retention.

He will submit evidence to the independent Pay Review Body in due course.

But I want to assure NHS staff and patients, that if the Health Secretary's talks bear fruit, I will protect patient services by providing additional funding for such a settlement.

Mr Deputy Speaker.

Just as our public services must be fit for the future, so, too, must our tax system.

It must remain competitive to attract the brightest and the best to establish, and grow the businesses of the future.

It must raise the revenue we need to fund our public services.

And it must be robust against abuse so that it is fair to all.

[Political content removed]

It is this government that has clamped down on Avoidance and Evasion.

This government that has seen the tax gap cut by a quarter to a record low.

And this government that has raked in an extra £160 billion over seven years for our public services by collecting the taxes that are due.

So I will take no lectures, but I will take action.

This Budget continues the work of the last seven years.

With a package of measures that is forecast to raise £4.8 billion by 2022-23.

[Political content removed]

Mr Deputy Speaker.

Our long-term phased reduction of Corporation Tax has generated investment and jobs, and raised £20 billion extra for our public services.

We are committed to maintaining Britain's competitive Corporation Tax rates.

But there is a case now for removing the anomaly of the indexation allowance for capital gains – bringing the corporate system into line with personal capital gains tax.

I will therefore freeze this allowance so that companies receive relief for inflation up to January 2018, but not thereafter.

I am grateful to the Office for Tax Simplification for their recent report on the VAT registration threshold.

At £85,000 The UK's VAT threshold is by far the highest in the OECD.

By contrast, in Germany it is just £15,600.

I note the OTS conclusion that it distorts competition and disincentivises business growth.

I also note the Federation of Small Businesses' concerns about the cliff edge of the threshold.

But such a high threshold also has the benefit of keeping the majority of small businesses out of VAT altogether.

So I am not minded to reduce the threshold.

But I will consult on whether its design could better incentivise growth.

And in the meantime we will maintain it at its current level of £85,000 for the next two years.

Mr Deputy Speaker.

We can't build an economy fit for the future without supporting its backbone:

Our 5.5 million small businesses who are responsible for nearly half of our private sector jobs.

They give it extraordinary vibrancy and resilience.

But I recognise that many are feeling under pressure right now.

And I know what hard work it is to get a business off the ground; to get it to grow.

So today I want to do what we can to ease that pressure.

Mr Deputy Speaker, business rates represent a high fixed cost for small businesses.

At Budget 2016 we introduced a package of Business Rate relief worth almost £9 billion, with a further £435 million in the Spring Budget.

Today I go further.

We have listened to concerns about the potential costs of the annual uprating of business rates in April.

And today I will accept the representation of the British Chambers of Commerce, CBI and other business organisations and bring forward the planned switch from RPI to CPI by two years, to April 2018.

A move worth £2.3 billion to businesses over the next five years.

I've also listened to businesses affected by the so-called 'staircase tax'.

We will change the law to ensure that where a business has been impacted by the Supreme Court ruling it can have its original bill reinstated if it chooses, and backdated.

And I hope I can expect cross-party backing to speed that measure through?

Mr Deputy Speaker, three simple steps to solve the staircase tax.

To support the thousands of small pubs that are at the heart of so many of our communities.

We'll extend the £1,000 discount for pubs with a rateable value of less than £100,000 for one more year to March 2019.

And I have heard the concerns about the 5 yearly revaluation system.

Shorter revaluation periods will reduce the size of changes in valuations.

So I can announce today that after the next revaluation, future revaluations will take place every three years.

This Conservative government listening to our small businesses.

Mr Deputy Speaker.

There is a wider concern across this House and in the business community about the tax system in the digital age.

Along with the innovation and growth that it brings, digitalisation poses challenges for the sustainability and fairness of our tax system.

But this challenge can only be properly solved on an international basis.

And the UK is leading the charge in the OECD and the G20 to find solutions.

Today we publish a position paper on the tax challenge posed by the digital economy, setting out our emerging thinking about potential solutions.

But in the meantime, we will take what action we can:

Multinational digital businesses pay billions of pounds in royalties to jurisdictions where they are not taxed.

And some of these royalties relate to UK sales.

So from April 2019, and in accordance with our international obligations, we will apply income tax to royalties relating to UK sales, when those royalties are paid to a low tax jurisdiction.

Even if they do not fall to be taxed in the UK under our current rules.

Raising about £200 million a year.

This does not solve the problem, but it does send a signal of our determination.

And we will continue work in the international arena to find a sustainable and fair long-term solution that properly taxes the digital businesses that

operate in our cyberspace.

And following representations from a number of my Honourable Friends, we are also taking further action to address online VAT fraud which costs the taxpayer £1.2 billion per year.

By making all online marketplaces jointly liable for VAT.

Ensuring that sellers operating through them pay the right amount of VAT.

Just as we would expect traditional retailers to do.

Mr Deputy Speaker.

I want to turn to the challenge of the Housing Market.

But before I do, I want to touch on the aftermath of the appalling events at Grenfell Tower.

We have provided financial support for the victims of this terrible tragedy.

And today I can announce we will provide Kensington and Chelsea Council with a further £28m for mental health services, regeneration support for the surrounding areas and to provide a new community space for Grenfell United community group.

This tragedy should never have happened, and we must ensure that nothing like it ever happens again.

All Local Authorities and Housing Associations must carry out any identified necessary safety works as soon as possible.

If any local authority cannot access funding to pay for essential fire safety work, they should contact us immediately.

As I have said before, we will not let financial constraints get in the way of essential safety work.

Mr Deputy Speaker.

I want to address the issue of empty properties:

It can't be right to leave property empty when so many are desperate for a place to live.

So we will give Local Authorities the power to charge a 100% council tax premium on empty properties.

We will also launch a consultation on barriers to longer tenancies in the private rented sector, and how we might encourage landlords to offer them to those tenants who want the extra security.

And I want to say something about rough sleeping.

It is unacceptable that in 21st Century Britain there are people sleeping on the streets.

So we'll invest £28 million in three new "Housing First" Pilots in the West Midlands, Manchester and Liverpool.

And establish a homelessness taskforce.

As part of our commitment to halving rough sleeping by 2022, and eliminating it by 2027.

Mr Deputy Speaker.

I'd like to thank the many colleagues who submitted ideas on how to tackle the challenge of the Housing Market.

Including Honourable Friends for North East Hampshire, Eastleigh, and Weston-Super-Mare.

By continuing to invest in Britain's infrastructure, skills and R&D we will ensure the recovery in productivity growth that is the key to delivering our vision of a stronger, fairer, more balanced economy.

And the assurance to the next generation of their economic security.

But however successful we are in that endeavour, there is one area where young people today will, rightly, feel concern about their future prospects – and that is in the housing market.

House prices are increasingly out of reach for many.

It takes too long to save for a deposit.

And rents absorb too high a portion of monthly income.

So the number of 25-34 year olds owning their own home has dropped from 59% to just 38% over the last thirteen years.

Put simply, successive governments over decades, have failed to build enough homes to deliver the home-owning dream that this country has always been proud of.

Or, indeed, to meet the needs of those who rent.

In Manchester a few weeks ago, my Right Honourable Friend the Prime Minister made a pledge to Britain's younger generation that she would "... dedicate [her] premiership to fixing this problem".

Today we take the next steps to delivering on that pledge.

By choosing to build.

We send a message to the next generation that getting on the housing ladder is not just a dream of your parents' past.

But a reality for your future.

We've made a start with schemes like Help to Buy, which has helped over 320,000 people buy a home.

We've increased the supply of homes by more than 1.1 million since 2010.

Including nearly 350,000 affordable homes.

Housebuilding stands at its highest level since the crash, with the latest figures showing that over 217,000 net additional homes were added to the stock last year.

That is a remarkable achievement.

But we need to do better still if we are to see affordability improve.

This is a complex challenge.

There is no single magic bullet.

If we don't increase supply of land for new homes, more money will inflate prices, and make matters worse.

If we don't do more to support the growth of the SME housebuilding sector.

[Political content removed]

We will remain dependent on the major national housebuilders that dominate the industry.

And if we don't train the construction workers of tomorrow.

We may generate planning permissions, but we will not turn them into homes.

Solving this challenge will require money, planning reform and intervention.

So today we set out an ambitious plan to tackle the housing challenge.

Over the next five years we will commit a total of at least £44 billion of capital funding, loans and guarantees to support our housing market.

To boost the supply of skills, resources, and building land.

And to create the financial incentives necessary to deliver 300,000 net additional homes a year on average by the mid-2020s.

The biggest annual increase in housing supply since 1970.

New money for the Home Builders Fund to get SME housebuilders building again.

A £630 million small sites fund to unstick the delivery of 40,000 homes.

A further £2.7 billion to more than double the Housing Infrastructure Fund.

£400 million for estate regeneration.

A £1.1 billion fund to unlock strategic sites, including new settlements and urban regeneration schemes.

A lifting of HRA caps for councils in high demand areas to get them building again.

And £8 billion of new financial guarantees to support private housebuilding and the purpose-built private rented sector.

And because we need a workforce to build these new homes.

We are providing an additional £34m to develop construction skills across the country.

Mr Deputy Speaker.

Solving the housing challenge takes more than money.

It takes planning reform.

We will focus on the urban areas where people want to live and where most jobs are created.

Making best use of our urban land, and continuing the strong protection of our green belt.

In particular, building high quality, high density homes in city centres and around transport hubs.

And to put the needs of our young people first, we will ensure that councils in high demand areas permit more homes for local first time buyers and affordable renters.

My Right Honourable Friend the Communities Secretary will set out more detail in due course.

However, one thing is very clear: there is a significant gap between the number of planning permissions granted and the number of homes built.

In London alone, there are 270,000 residential planning permissions unbuilt.

We need to understand why.

So I am establishing an urgent Review to look at the gap between planning permissions and housing starts.

It will be chaired by my Right Honourable Friend for West Dorset.

And will deliver an interim report in time for the Spring Statement next year.

And if it finds that vitally needed land is being withheld from the market for commercial, rather than technical, reasons.

We will intervene to change the incentives to ensure such land is brought forward for development.

Using direct intervention compulsory purchase powers as necessary.

Mr Deputy Speaker, my Right Honourable Friend the Prime Minister has said we will fix this problem.

And no one should doubt this government's determination to do so.

But the solution will not deliver itself.

Local Authorities will need help and support.

Developers will need encouragement and persuasion.

Infrastructure to facilitate higher density development must be funded and delivered.

So the Homes and Communities Agency will expand to become “Homes England”.

Bringing together money, expertise, and planning & compulsory purchase powers.

With a clear remit to facilitate delivery of sufficient new homes, where they are most needed, to deliver a sustained improvement in affordability.

But Mr Deputy Speaker, the battle to achieve and sustain affordability will be a long-term one.

So we also need to look beyond this Parliament, to long-term measures.

We will use New Town Development Corporations to kick-start 5 new locally agreed Garden Towns in areas of demand pressure.

Delivered through public-private partnerships designed to attract long term capital investment from around the world.

Last week the National Infrastructure Commission published their report on the Cambridge-Milton Keynes-Oxford corridor.

Today we back their vision and commit to building up to 1 million homes by 2050.

Completing the road and rail infrastructure to support them.

And as a down-payment on this plan, we have agreed an ambitious Housing Deal with Oxfordshire to deliver 100,000 homes by 2031.

Capitalising on the global reputations of our two most famous universities.

And Britain's biggest new town,

To create a dynamic new growth corridor for the 21st Century.

Mr Deputy Speaker,

This is our plan to deliver on the pledge we have made to the next generation.

That the dream of home ownership will become a reality in this country once again.

But I also want to take action today to help young people who are saving to own a home.

One of the biggest challenges facing young first-time buyers is the cash required up front.

We have put £10 billion more money into Help to Buy equity loan to help those saving for a deposit.

But I want to do more still.

I've received representations for a temporary Stamp Duty holiday to first time buyers.

But that would only help those ready to purchase now.

And would offer nothing for the many who will need to save for years.

So, with effect from today, for all first-time buyer purchases up to £300,000, I am abolishing stamp duty altogether.

To ensure that this relief also helps first time buyers in very high price areas like London, it will also be available on the first £300,000 of the purchase price of properties up to £500,000.

Meaning an effective reduction of £5,000.

A stamp duty cut for 95% of all first-time buyers who pay stamp duty.

And no stamp duty at all for 80% of first time buyers from today.

Mr Deputy Speaker.

When we say we will revive the home-owning dream in Britain.

We mean it.

We do not underestimate the scale of the challenge

But today, we have made a substantial downpayment.

Mr Deputy Speaker.

One of the things I love most about this county is its sense of opportunity.

I have always felt it.

And I want young people today to grow up with that same sense of boundless opportunity.

In this Budget I have set out a vision for Britain's future, and our plan for delivering it.

By getting our debt down.

By supporting British families and businesses.

By investing in the technologies and the skills of the future.

By creating the homes and the infrastructure our country needs.

We are at a turning point in our history.

And we resolve to look forwards, not backwards.

To build on the strengths of the British economy.

To embrace change, not hide from it.

To seize the opportunities ahead of us.

And, together, build a Britain fit for the future.

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