

Budget 2020 - Summary

On 11th March Rishi Sunak delivered his first Budget as Chancellor, and the first Budget of the Boris Johnson government since the election. This summary contains all the key information for how the Budget announcements will affect students.

Context

The Budget was meant to be an indication of the direction that this government would take and provide an opportunity to deliver on some of their manifesto promises. However much of the Budget was dominated by the COVID-19 outbreak and the necessary response from government. This was both to stem the outbreak, provide support for workers who will have to go in to self-isolation and protect the economy against potential for a recession caused by Coronavirus.

Despite this there were still significant investments measures introduced, which were funded by the Treasury relaxing fiscal rules that it had previously put in place. Much of this has been driven by the government's agenda to 'level-up' northern towns as a result of gaining many of these seats at the last election. This created an incentive to provide more investment in these regions to 'reward' voters for their support. The focus on skills and training can especially be seen through this lens.

Further Education funding

The Budget promised an extra £1.5 billion of funding for further education colleges, on top of the £400 million pound of funding that was announced in the Autumn Spending Round. The Budget document claims that this will "ensure that colleges have cutting-edge facilities to train people for jobs in the industries of the future, and is part of the government's plan to upgrade the nation's infrastructure" but it is

unlikely to raise the rate of per pupil funding to £4,760 for 16-18 year-olds as we have called for.

There was also confirmation of the manifesto promise of a £2.5 billion National Skills Fund with details of this to be released at the Comprehensive Spending Review (CSR) in the Autumn.

Nursing, Midwifery and Allied Healthcare bursaries

The Budget confirmed the reintroduction of bursaries for students studying nursing, midwifery or allied healthcare courses. Students starting from next academic year will receive at least £5,000 a year, with up to £3,000 further financial support available for eligible students with childcare responsibilities, as well as those studying in regions and specialisms where Trusts find it difficult to recruit nurses.

However the government have so far ignored our calls to combine this with tuition fee exemptions for these students, as well as compensation for the lost cohorts of 2017/18, 2018/19 and 2019/20 and a guarantee that students will not have benefit entitlements reduced if they receive the new bursary.

COVID-19

With much of the background of the Budget dominated by the coronavirus outbreak the Chancellor announced a raft of measures to try to combat the social and economic effects of the disease. It was announced that there would

be extra resources given to the NHS to deal with outbreak, including to recruit returning staff and carry out research for a vaccine.

The Chancellor reiterated previous commitments to extend statutory sick pay so that it will be paid from day 1 and will be available for all those who are advised to self-isolate. There were also plans announced for works to be able to obtain a sick note via the 111 NHS helpline.

It was announced that for the duration of the outbreak, the requirements of the minimum income floor in Universal Credit will be temporarily relaxed for those directly affected by COVID-19 or self-isolating according to government advice for duration of the outbreak, ensuring self-employed claimants will be compensated for losses in income.

The government will also create a £500 million Hardship Fund for local authorities to support economically vulnerable people and households in their local area. But it is unlikely that students will be eligible for this support.

Housing

There were few announcements regarding student accommodation made at this Budget however the government did extend support to improve building safety. The government confirmed an additional £1 billion to remove combustible cladding from all high-rise buildings. For this purpose, high-rise buildings are any over 18 metres tall, which we regard as an arbitrary definition that does not adequately take safety in to account, especially as the Cube in Bolton fell outside of this definition.

Tax

The Budget announced the removal of the tampon tax, something that many groups including NUS have been calling for.

There were also cancellations to the planned increases in beer, spirits, wine and cider duty meaning all of these will now be frozen. The Chancellor also increased the planned Business Rates discount for pubs with a rateable value

below £100,000 in England for one year from 1 April 2020 to £5,000.

The Budget commits to a target for the National Living Wage (NLW) to reach two-thirds of median earnings and extending this to workers aged 21 and over by 2024, but this is given the quantifier that economic conditions must allow for this.

Alongside this there was an increase in the National Insurance contributions Primary Threshold to £9,500 from April 2020.

Climate Change

HM Treasury announced that it will publish a review later this year into the economic costs and opportunities of reaching net zero. There were also pledges to freeze the levy on electricity but raise it on gas, in recognition that electricity has greener suppliers, and plans to introduce a new Plastic Packaging Tax from April 2022. The rate will be set at £200 per tonne of plastic packaging that contains less than 30% recycled plastic.

There will be £640 million investment in tree planting and peatland restoration in England, which the government say will increase the rate of tree planting by over 600%.

Transport

The Budget allocates over £1 billion from the Transforming Cities Fund to deliver a range of schemes by 2022-23, many of which will create greener transport solutions.

The government announced they will invest £50 million to improve accessibility at 12 stations, including Newtown in Powys, Beeston in Nottinghamshire, Eaglescliffe in County Durham, and Walkden in Greater Manchester.

We are pleased to see plans to invest £4.2 billion in the transport networks of eight city regions across England from 2022-23 which should allow more power and funding for metro mayors in these regions to improve transport.

NHS

The Budget announced £6 billion more funding for the NHS in England which the government claim will allow them to achieve their target of 50,000 more nurses in the NHS.

There will be an increase in the Immigration Health Surcharge for international students from £300 to £470.

The government will scrap hospital car parking fees in England for those in greatest need, including patients with a disability and/or terminal illness and their families, patients with regular appointments, parents of sick children staying overnight and NHS staff working night shifts.

Student finance

There were some positive changes to the student finance system including removing the three-year residence requirement for victims of domestic abuse from 2020/21.

The government also announced that they will not pursue additional sales of pre-2012 income-contingent student loans, which is a positive first step, but we would like them to commit to doing the same for post-2012 loans so that private companies will not benefit from the debts of students.

Research and Development

The Budget set out plans to increase public research and development (R&D) investment to £22 billion per year by 2024/25. There will be £300 million for experimental mathematical research which it is claimed will double funding for new PhDs over the next five years.

The government will increase funding for the UK's foremost specialist institutions by £80 million over the next five years, including the London School of Hygiene and Tropical Medicine and the Royal College of Art.

Nations

Whilst many of these decisions will not directly impact those living in the Scotland, Wales and

Northern Ireland the additional funding will be funnelled through to the devolved administrations through the Barnett formula. In total this will mean a block grant increase by 2020-21 of –

- £640 million for the Scottish Government
- £360 million for the Welsh Government
- £210 million for North Ireland's Executive

The Treasury confirmed that they will be moving civil service roles out of central London within the next decade and establishing representation in all nations of the UK, to build on the existing presence in Scotland.

More information

If you need any further information or support on any of these areas, please get in touch at policy@nus.org.uk