

Impact of Budget 2008 on the public finances

Carl Emmerson
Institute for Fiscal Studies

2007–08 revenues and spending

- Receipts
 - £1.2bn weaker than forecast in PBR 2007
 - higher income tax and NICs from self-assessment more than offset by lower VAT, stamp duty and other receipts
- Current spending
 - £1.7bn lower than forecast in PBR 2007
 - £1.4bn of which is lower central government public service spending
- Capital spending
 - £1.2bn lower than forecast in PBR 2007
 - English NHS capital spending £0.9bn lower, despite Budget 2007 cutting allocation by £2.0bn

Current budget: total change

£billion	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Current budget PBR 2007	-8.3					
Tax announcements	0					
Spending announcements	0					
Total discretionary measures	0					
Revisions and forecasting changes	+0.4					
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Current budget Budget 2008	-7.9	-9.6	-4	+4	+11	+18

Budget measures

£billion	2008–09	2009–10	2010–11
Total	-0.1	+0.8	+1.9

Budget measures

£billion	2008–09	2009–10	2010–11
Child poverty	−0.0	−0.8	−1.0
‘Green’ measures	−0.6	+0.5	+1.8
Alcohol	+0.4	+0.5	+0.6
Anti-avoidance	+0.7	+0.6	+0.5
Other	+0.6	−0.0	−0.1
Total	−0.1	+0.8	+1.9

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Total discretionary measures	0	-0.1	+0.8	+1.9	+2½	+2½
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Spending announcements	0	-0.6	-0.4	-0.6	n/a	n/a
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Property markets	n/a	-2¼	n/a	n/a	n/a	n/a
Equity markets	n/a	-1¼	-2¼	n/a	n/a	n/a
Other	0	-2	n/a	n/a	n/a	n/a
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Underlying deterioration in current budget

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- Overall £7½bn weakening in public finances
 - Treasury has decided to tighten by £5½bn (£2½bn from Budget table measures, £4bn from reduction in current spending), and to be less cautious by £2bn

Capital Gains Tax reform

- Announcement of 18% rate, PBR 2007
 - estimated revenue raise £900 million
- Entrepreneurs relief concession, January 2008
 - estimated cost £200 million
- Total package, Budget 2008
 - estimated revenue raise £500 million
- One or more of these costings wrong