THE PROGRAMME

Paying for the Programme

What the programme adds to public spending, the taxes it cuts, the savings it makes and how the balance is funded.

November 2026

1 The position in brief

The figures below are annual amounts once each measure is fully in place, in today's prices. They are static estimates, which means they make no allowance for the growth the programme is designed to produce. Day-to-day spending and tax cuts must be met from revenue. Capital spending on assets that will serve the country for decades can be borrowed within a rule that debt falls as a share of national income.

	A YEAR, CENTRAL ESTIMATE
Additional day-to-day spending	£21.7 billion
Tax cuts	£12.7 billion
Total to be met from revenue	**£34.4 billion**
Additional capital spending, financed within the debt rule	£9.7 billion

The £34.4 billion is met from the savings in sections 4 and 5.

2 Additional spending

PROGRAMME	CENTRAL	RANGE	DAY-TO-DAY	CAPITAL	BASIS
National Skills Account	£13.5bn	£12.4–19.2bn	£13.5bn	None	Net cost for England if four in five use the entitlement, after the tuition-loan subsidy and Adult Skills Fund it replaces, plus the consequential funding for Scotland, Wales and Northern Ireland
Defence at about 3% of national income	£11.0bn	£10–12bn	£5.0bn	£6.0bn	The step from today's funded level of about 2.65% to the 3% the force plan is expected to require, with 3.5% held as a ceiling
AI, space and industry missions	£4.4bn	£3.25–5.5bn	£1.0bn	£3.4bn	The industry funding note's £9 billion a year gross, less existing budgets redirected and the share met within defence

PROGRAMME	CENTRAL	RANGE	DAY-TO-DAY	CAPITAL	BASIS
Industrial relief from the legacy renewable charge	£1.5bn	£1–2bn	£1.5bn	None	Extending relief for energy-intensive industry and manufacturers and funding it from taxation rather than other bill payers
Antarctica, NHS training and smaller items	£1.0bn	£0.8–1.2bn	£0.7bn	£0.3bn	NHS training beyond the skills entitlement, the first tier of the Antarctic programme and other measures
Total	**£31.4bn**	**£27.5–39.9bn**	**£21.7bn**	**£9.7bn**	

Nuclear construction beyond the £2.6 billion already allocated, new regulators and delivery bodies and the second tier of the Antarctic programme are not yet costed and would add to the total.

3 Tax cuts

TAX CHANGE	CENTRAL	RANGE	BASIS
Abolish stamp duty on shares	£4.3bn		Receipts in 2024-25
Replace the Emissions Trading Scheme with a £10 carbon tax	£2.5bn	£2–3bn	Trading scheme receipts of £3.4 billion in 2024-25, less about £0.9 billion from the carbon tax
Abolish the bank levy	£1.4bn		Forecast receipts for 2025-26
Abolish the bank surcharge	£1.2bn		Forecast receipts for 2025-26 at its normal rate of 3%
Abolish the remaining Climate Change Levy	£1.4bn	£1.4–1.5bn	Forecast combined receipts less the Carbon Price Support already due to be abolished in 2028
Capital gains exemption for long-held London-listed shares and sales to British owners	£1.3bn	£0.8–1.8bn	Gains by asset type in 2023-24, the share held for three years or more and the share of private sales made to British buyers
Dividend tax credit for pension funds	£0.6bn	£0.3–1.2bn	Pension holdings of UK shares, the dividend yield, the share of dividends paid from profits taxed in Britain and the rate of credit
Abolish the carbon border adjustment and reform North Sea taxation	Small		The border mechanism starts only in 2027 and North Sea receipts are forecast to be negligible by then
Total	**£12.7bn**	**£11.6–14.4bn**	

4 Savings

SAVING	CENTRAL	BASIS
A smaller civil service	£4.0bn	About 75,000 fewer non-frontline posts, returning to the 2016 level, at an average employment cost of £55,000 to £60,000 a post. The reduction is made over two Parliaments as people leave.

5 Funding the balance

After the £4 billion saved from a smaller civil service, the remaining £30.4 billion a year will be funded from three reforms to welfare, all in place by the end of the first Parliament. The estimates assume inflation of 3% a year, close to its present level, and earnings growth about one point faster.

REFORM	CENTRAL	RANGE	BASIS
Freeze working-age benefits in cash terms for a Parliament	£12.5bn	£10.5–14.5bn	Four annual upratings forgone on about £125 billion of uprated working-age benefits, with inflation of 2.5% to 3.5% a year, allowing for the overlap with the restriction below
Restrict working-age benefits to British and Irish citizens	£11bn	£9–14bn	Estimated working-age benefit spending on foreign nationals of about £16 billion, less households that include British members and those who become citizens
Replace the triple lock with uprating by inflation	£6bn	£4.5–8bn	Four upratings at inflation rather than earnings growth on state pension spending of about £165 billion, with earnings growing 0.75 to 1.25 points a year faster than prices
Total	**£29.5bn**	**£24–36.5bn**	

Irish citizens are included with British citizens because Britain and Ireland grant each other's citizens equal access to social security under the Common Travel Area.

6 How the figures were estimated

All figures are annual and in today's prices. Spending figures are the full cost once each programme is in place, which for skills and defence takes most of a decade. Savings are measured at the end of the first Parliament and continue to grow after it. The estimates are static and include no allowance for the higher growth the programme is intended to deliver, so any such growth would improve the position.

Classification between day-to-day and capital spending follows the official rules, under which research and development and military equipment count as capital. The final classification rests with the Office for National Statistics.

Sources

Receipts and forecasts are taken from HMRC statistics and the Office for Budget Responsibility's Economic and Fiscal Outlook. Programme costs are taken from the papers of this programme, where each estimate is set out in full. Capital gains by asset type are from HMRC's Capital Gains Tax statistics. Pension fund holdings of UK shares are from the Office for National Statistics' Ownership of UK Quoted Shares. Benefit spending on foreign nationals is from the Centre for Social Justice's State of Dependency, October 2026.