

**CLEAR PLAN**  
**BOLD ACTION**  
**SECURE FUTURE**

# Costings Document

## **INTRODUCTION**

The fiscal implications of the new policy commitments in our manifesto are shown in the tables below. They cover the five-year forecast period commencing in the fiscal year beginning next April, which is the period that will be used in the first fiscal event of the new Parliament.

Across the forecast period, the measures in the manifesto are fully funded. In 2029-30, which will be the target year for the fiscal mandate and the supplementary target (commonly referred to as the “fiscal rules”) in the first fiscal event of the new parliament, the manifesto reduces borrowing.

These tables do not include the positive indirect effects which are likely to accrue from the measures in the manifesto, for example the cuts to National Insurance which the OBR have previously scored as having a positive impact on growth.

## Table 1: Tax Cuts

The table below sets out the tax cuts that our manifesto offers for working people, including working parents and the self-employed, and pensioners.

£ million	Footnotes	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Tax measures</b>						
Employee NICs: halve	1, 2	4,650	4,750	9,700	10,000	10,300
Self-employed NICs: abolish	1, 3	417	883	1,250	1,667	2,600
Triple Lock Plus	1, 4	800	1,400	2,000	2,200	2,400
HICBC: end the single-earner penalty	1, 5	0	954	1,063	1,179	1,316
Stamp duty for first-time buyers: abolish	1, 6	320	400	475	555	590
CGT on sales to tenants: suspend	1, 7	20	20	0	0	0
		6,207	8,407	14,488	15,601	17,206

1 Conservative Party estimates based on Treasury costings.

2 Reduce from 8% to 7% effective April 2025, and to 6% effective April 2027. See also HMRC, Direct Effects of Illustrative Tax Changes, January 2024. This compares with 12% at the start of the year.

3 Reduce from 6% to 5% in April 2025; to 4% in April 2026; to 3% in April 2027; and to 2% in April 2028. Full abolition in April 2029. See also HMRC, Direct Effects of Illustrative Tax Changes, January 2024.

4 Introduce a new age-related allowance for those at or above state pension age and increase it in line with the higher of inflation, earnings or 2.5%.

5 Move to a combined household income threshold of £120,000 from April 2026.

6 Permanently abolish SDLT for first time buyers up to £425,000.

7 Two-year exemption for capital gains on sales of residential property to tenants.

## Table 2: Welfare Reform and Tackling the Tax Gap

The table below sets out the taxpayer money that we would save by reforming the welfare system and cracking down on tax avoidance and evasion.

£ million	Footnotes	2025-26	2026-27	2027-28	2028-29	2029-30
Welfare reform	1	4,000	8,000	10,000	11,000	12,000
Tackling tax gap	2	2,000	3,000	4,000	5,000	6,000
		<u>6,000</u>	<u>11,000</u>	<u>14,000</u>	<u>16,000</u>	<u>18,000</u>

1 On 8 June 2024, the Conservative Party set out its plans to deliver £12 billion a year of welfare savings by the end of the Parliament. Key measures include:

- Reforming the disability benefits system to halt the unsustainable rise in claims
- Tightening up how the benefits system assesses capability for work
- Overhauling the fit note process so that people are not being signed off sick as a default
- Introducing tougher sanctions so people who refuse to take up suitable jobs after 12 months on benefits can have their cases closed and their benefits removed entirely
- Accelerating the rollout of Universal Credit

- Continuing to clamp down on fraud, building on the cumulative scored savings of £7.7 billion since 2019 through measures we have taken to tackle fraud in the welfare system.

£12 billion is a reasonable estimate. If we brought the number of working age people claiming benefits for a health condition or disability back to the level it was before the pandemic, by the end of the decade we would spend £34.6 billion less than currently forecast. Even if we simply maintained the overall number of working age people claiming benefits for a health condition or disability at its current level, spending would be more than £14 billion lower by the end of the decade than currently forecast.

2 On 25 May 2024, the Conservative Party set out its plans to raise £6 billion a year by the end of the Parliament by tackling tax avoidance and evasion. Key measures include hiring additional HMRC staff, investing in labour-saving technology such as AI, and focusing particularly on problem issues like umbrella companies and regulation of the tax advice market.

This number is consistent with the Conservative government's record on tackling tax avoidance and evasion. Since 2010, the OBR has scored £94.8 billion of revenue raisers through Tackling the Tax Gap measures at fiscal events, averaging £6.7 billion for each of the 14 years.

## Table 3: Spending Measures

The table below sets out the cost of our manifesto spending measures, together with some offsetting cost savings. The net increase in spending across the period is approximately £1 billion.

£ million	Footnotes	2025-26	2026-27	2027-28	2028-29	2029-30
Defence to 2.5% GDP by 2030	1, 2	1,400	2,300	3,400	4,500	5,700
Of which: R&D	1, 2	(1,000)	(1,200)	(1,400)	(1,600)	(1,800)
Less: Civil Service headcount	1, 2	(400)	(1,100)	(2,000)	(2,900)	(3,900)
Help to Buy	1	665	940	0	0	0
250 new/modernised GP surgeries	1	118	123	153	183	180
50 new CDCs	1	28	76	144	372	580
Pharmacy First	1	20	49	250	250	250
Mental health	1	246	329	462	595	729
Less: savings on consultancy spend	1	(598)	(607)	(618)	(630)	(640)
Less: 5,500 fewer NHS managers	1	(110)	(220)	(330)	(440)	(550)
100k young apprenticeships	1	232	396	560	722	886
Less: savings on low value degrees	1	(204)	(504)	(806)	(903)	(910)
8,000 additional police officers	1, 3	435	561	764	779	818
Less: visa charges	1, 4	(600)	(500)	(400)	(380)	(360)
National Service	1, 5	300	300	300	500	1,000
Farming budget: indexation	1, 6	120	185	251	330	411
Less: quango efficiencies	1, 7	(172)	(491)	(810)	(1,129)	(1,274)
Other measures	1, 8	349	(1)	(435)	(635)	(615)
		827	635	(517)	(385)	505

**Table 3: Spending Measures  
Additional Notes**

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|--|--|---|
| <p>1 Conservative Party estimates based on Treasury costings and publicly-available information.</p> <p>2 See also Cabinet Office Policy Paper, Defending Britain, 23 April 2024 and Statement to House of Commons by the Secretary of State for Defence, Hansard 24 April 2024, vol 748 col 939.</p> <p>3 Assuming recruitment of 2,000 officers in Year 1 and each of the three subsequent years. Takes into account non-salary costs including recruitment costs.</p> | <p>4 Approximately £200 million of the gain is accounted for by the additional student Immigration Health Surcharge in each year. Other gains assumed to diminish over time as immigration levels fall.</p> <p>5 Net of funding from the UK Shared Prosperity Fund.</p> <p>6 UK-wide.</p> <p>7 Targeted savings quantum proportionate to ambitions already set in relation to the Civil Service.</p> <p>8 Includes continuation of the £2 bus fare cap (over £300 million per annum); a £100 million law &amp; order package including expanding offender electronic monitoring, match funding for</p> | <p>criminal law pupillages and licensing police officers for specialist roles; extending the Plan for Towns to 30 more towns at an annual cost of £60 million; creation of 15 new special free schools (approximately £250 million within the forecast period); and extending the PE and Sport Premium to secondary schools and funding School Games Organisers at a combined annual cost of approximately £125 million; and extending Family Hubs to all local authorities (approximately £120 million per annum). These costs are offset by delivery of the savings identified in the Shapps-Williams rail reform plan.</p> |
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## Table 4: Overall Summary

The table below draws together the conclusions of the tables above and illustrates the net Exchequer impact. There is a cost in the first year but subsequent years are all positive. Over the period, the cumulative reduction in borrowing is slightly in excess of £2 billion, demonstrating that this is a prudent and fully costed programme.

£ million	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Exchequer gains / (costs)</b>					
Tax reductions	(6,207)	(8,407)	(14,488)	(15,601)	(17,206)
Welfare & Tax Gap	6,000	11,000	14,000	16,000	18,000
Spending measures, net	(827)	(635)	517	385	(505)
	<u>(1,034)</u>	<u>1,957</u>	<u>29</u>	<u>785</u>	<u>289</u>

### Additional Notes

The figures set out here are stated in nominal terms, following standard practice in Treasury fiscal publications. References to “Treasury costings” denote official costings received by ministers in the course of normal government business prior to the dissolution of parliament and commencement of the pre-election period on 30 May.

The Barnett formula has been applied where relevant, using the population percentages employed in the Treasury’s Statement of Funding Policy, Tenth Edition, November 2023.

See also House of Commons Library Note CBP7386, The Barnett Formula and Fiscal Devolution, 29 May 2024. The result is Barnett consequentials worth £2.4 billion across the forecast period, divided between the devolved governments as follows:

- £1.2 billion for Scotland;
- £0.7 billion for Wales; and
- £0.4 billion for Northern Ireland.

The manifesto contains some ambitions, such as the abolition of National Insurance Contributions, which are long-term in nature and

wholly subject to fiscal circumstances. These are explicitly described and set out in the manifesto as long-term ambitions. They do not represent spending commitments and so are not included in these costings. Where commitments relate to existing government programmes, it is assumed that these are funded from within existing departmental baselines.



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