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FOREWORD FROM THE CHANCELLOR 3
INTRODUCTION 4
Methodology 5
Spending commitment and revenue raiser tests 5
Reasonableness test 5
Costing by government officials 5
Treatment of Labour's 2030 decarbonisation commitment 5
THE SCORECARD 7
BREAKDOWN OF COMMITMENTS AND REVENUE RAISERS 8
Labour spending commitments 8
Policy: Two million more NHS appointments 8
Policy: 42 GP Hubs 8
Policy: Double NHS scanners 9
Policy: 700,000 extra dentist appointments 9
Policy: 8,500 mental health professionals 9
Policy: Bring back the family doctor 10
Policy: Free breakfast clubs – 1 hour at 50 per cent take up 10
Policy: £2,400 teacher retention payment 11
Policy: Ofsted regional improvement teams 11
Policy: Mandatory Qualified Teacher Status 12
Policy: Skills England 12
Policy: Mental health support teams 13
Policy: 300 new planners 13
Policy: 13,000 PCSOs 14
Policy: Bus service reform 14
Policy: Insourcing 15
Policy: Decarbonising the power grid by 2030 15
Policy: Fair Pay Agreement: Social Care 16
Policy: Ukraine support 16
Labour revenue raisers 17
Revenue: Halving consultancy spend 17
Revenue: Business Rates for private schools 17
Revenue: VAT on private school fees 18
Revenue: Carried Interest 18
Revenue: Non-resident SDLT at 4 per cent 18
Revenue: Tackling the Tax Gap paper 19
Revenue: Additional changes to non-domiciled status 19
Revenue: Energy Profit Levy changes 19

FOREWORD FROM THE CHANCELLOR

The last few years have not been easy. We have faced the legacy of Covid, and global instability with war in Ukraine and the Middle East.

In order to address these challenges, the Government has taken long-term and difficult decisions as part of our plan to get inflation down, grow the economy and control public debt.

As a result, we have been able to cut taxes, worth £900 a year to the average worker, without increasing borrowing or cutting public services. We have done this while meeting our fiscal rules to ensure debt is falling in the fifth year of the economic forecast.

This document shows that Labour cannot and will not take the tough and responsible decisions required to build an economy that supports working people up and down the country. It lays bare that despite what they say, Keir Starmer and Rachel Reeves are following the same old Labour playbook: higher public spending that will inevitably lead to higher taxes.

This detailed work, based on formal costings by HMT, and only including absolutely clear policy commitments made by Labour, shows that Keir Starmer and Rachel Reeves are making billions of pounds of unfunded spending commitments with no plan to pay for them. Whatever they say about these figures these are the numbers officials will present them with if they get into office.

The result of this economic failure is a black hole of over **£10 billion a year by 2028-29** or nearly **£38.5 billion over the next four years**. This means one of two things – either Labour will break their fiscal rules or they will have to put taxes up. It would be the height of irresponsibility to break the fiscal rules. It would take us back to square one. It would mean an increase to VAT, or National Insurance or Income Tax. This would be a hammer blow for families up and down the country.

The Labour Party owe it to the public to come clean – which taxes will they raise to pay for their unfunded spending pledges?

The choice for the British people is clear: stick with the plan under Rishi Sunak to deliver the long-term change our country needs or go back to square one with Keir Starmer and the Labour Party.

Jeremy Hunt

Chancellor of the Exchequer

INTRODUCTION

This new analysis shows that Labour's spending commitments would add up to over £16 billion a year by 2028-29 or £58.9 billion over the next four years.

Labour's revenue raisers would collect just £6.2 billion a year by 2028-29 or £20.4 billion over the next four years. This would mean a blackhole of £10 billion in 2028-29 and £38.5 billion over the next four years.

	2025-26	2026-27	2027-28	2028-29	Total
Spending Commitments	12,679.9	14,128.7	15,865.5	16,232.8	58,906.9
Revenue Raiser	3,398.0	4,802.0	6,008.0	6,170.0	20,378.0
Blackhole scenario	9,281.9	9,326.7	9,857.5	10,062.8	38,528.9

Without a plan to pay for their unfunded spending. Labour would be faced with two choices, increases borrowing, or raise taxes. It could mean an increase to VAT, or National Insurance or Income Tax.

- **The impact of £38.5 billion in unfunded spending would be equivalent to £2,094 per working household over the next four years.** There are 18.4 million working households in the UK where at least one person is in work (ONS, *Households by combined economic activity status of household members*, 30 August 2023)

Labour said they wouldn't make unfunded spending commitments.

- **Rachel Reeves said Labour 'won't put forward anything that's not fully costed and fully funded'.** *REEVES*: 'I've been very clear and so has Keir including today that we won't put forward anything that's not fully costed and fully funded and making unfunded commitments around tax' (*Sky News,* 23 February 2023).

Labour have set a series of fiscal rules which means no unfunded spending commitments:

- **Labour have set out two fiscal rules; no borrowing for day-to-day spending and to get debt, as a percentage of GDP, falling in the final year of the forecast.** Rachel Reeves said in her Mais Lecture that Labour would have a balanced budget, not borrow for day-to-day spending, and get debt falling as a share of GDP. *REEVES*: 'So let me be clear about the rules which will bind the next Labour government. That the current budget must move into balance, so that day-to-day costs are met by revenues. And that debt must be falling as a share of the economy by the fifth year of the forecast, creating the space to respond to future crises' (Rachel Reeves, *Mais Lecture*, 19 March 2023)

This document shows that Labour would fail to meet these pledges.

Methodology

This analysis of the Labour Party's fiscal commitments is a low estimate based on a strict set of tests. It does not contain every commitment made by Labour Party frontbenchers since 2019, even when there may be a reasonable assumption that a commitment to spend money has been made. The tests we have applied are as follows.

Spending commitment and revenue raiser tests

All the spending commitments and revenue raisers included in this document must meet the below tests:

- committed to by Keir Starmer, Rachel Reeves or another current member of the Shadow Cabinet whilst they have been in the Shadow Cabinet.
- committed to in official Labour Party documents.
- commitment made since 23 February 2023 (Five Missions Speech).

Reasonableness test

In addition, to these tests we have also applied a 'reasonableness test'. This test excludes any statement that could be perceived as an *off the cuff commitment* and takes into account what a member of the electorate would reasonably believe to be a commitment to spend money or raise revenue if Labour are elected.

Costing by government officials

Almost every costing contained here has been conducted by HM Treasury. The costing of opposition policies is a long-standing exercise in place for decades, utilised by governments of all colours. The role of officials is limited to providing factual information based on publicly available details of opposition policies.

Forecast period 2025-26 to 2028-29

All costings used within this document cover the full periods 2025-26 to 2028-29. In doing this we have chosen to exclude first year costs given the timing of a General Election in the second half of the year. This is despite the significant upfront costs of many of Labour's unfunded commitments.

Treatment of Labour's 2030 decarbonisation commitment

One of Labour's big fiscal commitments is the target to decarbonise the power grid by 2030. Independent assessments have said Labour's pledge is 'infeasible' and could cost as much as £116 billion a year.

- **A report from Aurora Energy Research said Labour's 2030 decarbonisation commitment would cost £116 billion.** Policy Exchange's 'Decarbonising the Power Grid' used 'state of the art modelling' conducted by Aurora Energy Research which estimated capital investment to reach net zero by 2030 and costed the promise at an additional £116

billion of investment over the next eleven years (Policy Exchange, *Decarbonising the Grid*, 25 March 2024).

- **Aurora Energy Research's report said that 'the interventions needed for net zero 2030 are likely impossible by 2030'.** 'Given lead times, skills shortages, and supply chain constraints, the interventions needed for NZ 30 are likely impossible by 2030' (Policy Exchange, *Decarbonising the Grid*, 25 March 2024).

- **Sir Dieter Helm, a Professor of Economic Policy, said that 'even with £28 billion 2030 is not going to be achieved' referencing Labours decarbonisation promise for the energy system.** 'Even with £28 billion 2030 is not going to be achieved but, without it, this will be even more difficult' (*The Daily Telegraph*, 10 February 2024).

Labour repeatedly said that decarbonisation of the power grid by 2030 would cost £28 billion a year until 2030. In June 2023, Labour retained the 2030 commitment but said it would be reached by ramping up spending to £28 billion a year by 2027-28. In January 2024, Labour recommitted to the 2030 policy but now claim that it would only cost £23.7 billion over a Parliament, or £4.7 billion a year.

- **In January 2024, Keir Starmer said £28 billion is needed every year to reach the 2030 decarbonisation target and Labour would 'put in' £28 billion.** *STARMER*: 'We hope to partner with how we achieve clean power by 2030…But yes, we need investment. And <u>we will put in investment, investment for the future</u>. <u>And that's where the £28 billion figure comes from</u>. That's subject to the fiscal rules, because economic stability is very, very important' (*Sky News*, 7 January 2024).

- **In June 2023, Rachel Reeves said Labour would spend £28 billion by 2027 to fund their 2030 decarbonisation target.** *REEVES*: 'We will ramp up to the £28 billion investment in the opportunities, the industries of the future and to reduce bills and to secure our economic security' (*BBC Radio 4 Today,* 9 June 2023).

- **In February 2024, Labour said they would spend £23.7 billion over the Parliament to fund their 2030 decarbonisation target.** 'The policies in the Green Prosperity Plan, representing £23.7 billion of investment over the course of the next parliament' (Labour, *Labour's Green Prosperity Plan: Briefing Note,* February 2024).

Labour have not explained why they repeatedly said Labour's 2030 commitment costed £28 billion a year, but now no longer do. However, for the purposes of this document, we have been fair to Labour and assumed the cost of the policy is as Labour set out formally on 8 February this year. This means we have included the £23.7 billion cost within our calculations but not the larger costs that in practice are more likely. This is set out on page 16.

Notation

All figures in red are negative values.

THE SCORECARD

Spending Commitment	2025-26	2026-27	2027-28	2028-29	Total
2 million more NHS appointments	938.0	954.0	970.0	989.0	3,851.0
42 GP Hubs	112.0	113.0	115.0	118.0	458.0
Double NHS scanners	1,035.0	1,457.0	1,895.0	1,679.0	6,066.0
700,000 dental appointments	41.0	41.2	41.7	42.0	165.9
8,500 Mental Health Professionals	390.0	380.0	584.0	542.0	1,896.0
Bring back the family doctor	950.0	950.0	950.0	950.0	3,800.0
Breakfast club 1 hour 50% take up	468.0	963.0	1,489.0	1,533.0	4,453.0
£2,400 teacher retention payment	91.0	91.0	91.0	91.0	364.0
Ofsted Regional Improvement Teams	15.2	15.0	15.2	15.0	60.4
Mandatory Qualified Teacher Status	26.1	26.1	26.1	26.1	104.4
Skills England	3.7	8.4	10.0	10.2	32.3
Mental Health Support Teams	480.0	540.0	604.0	671.0	2,295.0
300 planners	16.9	27.0	27.5	27.5	98.9
13,000 PCSOs	470.0	455.0	465.0	475.0	1,865.0
Bus service reform	895.0	895.0	895.0	895.0	3,580.0
Insourcing	908.0	1,373.0	1,847.0	2,329.0	6,457.0
Green Prosperity Plan	4,740.0	4,740.0	4,740.0	4,740.0	18,960.0
Fair Pay Agreement: Social Care	600.0	600.0	600.0	600.0	2,400.0
Ukraine support	500.0	500.0	500.0	500.0	2,000.0
Total	**12,679.9**	**14,128.7**	**15,865.5**	**16,232.8**	**58,906.9**
Revenue Raiser	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**Total**
Halving consultancy spend	598.0	607.0	618.0	630.0	2,453.0
Business Rates Private Schools	115.0	120.0	120.0	120.0	475.0
VAT Private Schools	900.0	950.0	950.0	1,000.0	3,800.0
Carried Interest	900.0	700.0	800.0	900.0	3,300.0
Non resident SDLT at 4%	15.0	25.0	20.0	20.0	50.0
Tax gap paper	700.0	2,400.0	3,700.0	3,900.0	10,700.0
Additional changes to non-domiciled status	700.0	100.0	100.0	100.0	1,000.0
Energy Profit Levy	1,300.0	1,300.0	1,300.0	1,300.0	5,200.0
Total	**3,398.0**	**4,802.0**	**6,008.0**	**6,170.0**	**20,378.0**

BREAKDOWN OF COMMITMENTS AND REVENUE RAISERS

Labour spending commitments

Policy: Two million more NHS appointments

- **Labour will deliver 'two million more appointments each year'.** *STREETING*: 'We'll provide an extra £1.1 billion to help the NHS beat the backlog, with extra clinics at evenings and weekends – providing two million more appointments each year' (Wes Streeting, *Labour Party Conference Speech* 2023, 11 October 2023).

- **Labour will deliver 'additional evening and weekend appointments' and to create 'two million more appointments a year to cut waiting lists'.** *STREETING*: 'Well Labour's plan which is to put 1.1 billion pounds into the pockets of hard-pressed NHS staff to fund additional evening and weekend appointments, two million more appointments a year to cut waiting lists would make a real difference' (*ITV Good Morning Britain*, 13 November 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	938.0	954.0	970.0	989.0	3,851.0

Policy: 42 GP Hubs

- **Labour would introduce 42 new 'GP Hubs'**. Streeting said: 'I want the future of the NHS to be as much a neighbourhood health service as a National Health Service. I think this is a model that will save patients' time, save taxpayers' money and fix the front door to the NHS'. The briefing to *The Daily Telegraph* confirmed 'Under the new policy, each of England's 42 "integrated care systems" – responsible for the running of local healthcare – would be asked to design a neighbourhood health centre, to meet the needs of specific communities.' (*The Daily Telegraph*, 1 December 2023).

- **It is reasonable to assume there would be at least one for each of the 42 Integrated Care Boards.** The Integrated Care Boards Order 2022 creates 42 ICBs with effect from 1 July 2022 (NHS England, *Integrated care boards in England,* 31 March 2023).

- **Wes Streeting said that Labour would introduce Neighbourhood Health Centres.** 'This week I saw first-hand the difference that the Australian Labor government is making in Australia – with urgent care clinics that relieve pressure on GPs and A&E departments. Keir Starmer's Labour government will adopt this approach with new Neighbourhood Health Centres' (Wes Streeting, *Twitter*, 2 December 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	112.0	113.0	115.0	118.0	458.0

Policy: Double NHS scanners

- **Labour would 'double the number of scanners' in the NHS.** *STREETING*: 'Our 'Fit For The Future Fund' will double the number of scanners in the NHS, so patients are diagnosed earlier, and treated faster' (Wes Streeting, *Labour Party Conference Speech 2023,* 11 October 2023)

- **Wes Streeting said Labour would double the number of CT and MRI scanners.** *STREETING*: 'We're going to ask non-doms who live in this country and earn their living here to pay their fair share of taxes and that will generate enough money for us to ...double the number of CT and MRI scanners' (*LBC*, 16 November 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	1,035.0	1,457.0	1,895.0	1,679.0	6,066.0

Policy: 700,000 extra dentist appointments

- **Labour will deliver '700,000 extra appointments each year, get more dentists into the communities that need them most'.** *STREETING*: 'Labour will deliver 700,000 extra appointments each year, get more dentists into the communities that need them most' (Wes Streeting, *Labour Party Conference Speech* 2023*,* 11 October 2023).

- **Labour will provide '700,000 more dentist appointments a year'.** 'Labour will provide 700,000 more appointments a year, recruit more dentists to areas that need it, and make sure children have access to dental care' (Keir Starmer, *Twitter*, 5 October 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	41.0	41.2	41.7	42.0	165.9

Policy: 8,500 mental health professionals

- **Labour will employ '8,500 more mental health professionals'.** 'Labour will ensure that the NHS plays an active role in the treatment and prevention of mental illness, with 8,500 more mental health professionals' (National Policy Forum, *Final Policy Documents*, 15 September 2023, p.73).

- **Labour would 'recruit 8,500 more mental health staff'.** *KENDALL*: 'I also think that we've seen a real collapse in mental health support across the country. That's why we're saying we need to recruit 8,500 more mental health staff' (*Times Radio*, 21 November 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	390.0	380.0	584.0	542.0	1,896.0

Policy: Bring back the family doctor

- **Labour would 'bring back the family doctor'.** 'Labour will bring back the family doctor by providing incentives for GP practices to improve their continuity of care offer for people who want and need this' (National Policy Forum, *Final Policy Documents*, 15 September 2023, p.71).

- **Labour said they would 'bring back the family doctor'.** 'Bring back the family doctor: For those who would benefit from seeing the same clinician regularly (for example those living with chronic illness), Labour will improve continuity of care, which is associated with better health outcomes and fewer hospital admissions' (The Labour Party, *Build an NHS fit for the future*, 22 May 2023).

- **Labour would bring back 'common-sense doctoring…that family-doctor relationship'.** *STREETING*: 'Bring back common-sense doctoring, put money into that continuity of care, that family-doctor relationship. Patients obviously value it and I think in a lot of cases, particularly if they are part of that generation that had that, they miss it' (*The Sun*, 10 May 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	950.0	950.0	950.0	950.0	3,800.0

Policy: Free breakfast clubs – 1 hour at 50 per cent take up

- **Labour would introduce 'fully-funded free breakfast clubs'.** 'We [Labour] will introduce fully-funded free breakfast clubs in every primary school, including making clubs accessible for children with SEND… this could save parents up to £50 a week on before-school childcare and ensure that every child is getting the best start to the day' (National Policy Forum, *Final Policy Documents*, 15 September 2023, p.79).

- **Labour would provide 'universal breakfast clubs for every primary school child in England'.** *PHILLIPSON*: 'I've been saying that I believe we should be providing universal breakfast clubs for every primary school child in England to make sure that all of our children get a great start to the day' (*BBC Radio 5 Live*, 19 April 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	468.0	963.0	1,489.0	1,533.0	4,453.0

Policy: £2,400 teacher retention payment

- **Labour announced a £2,400 retention payment scheme for teachers.** 'A Labour government would give £2,400 to teachers in the very early stages of their career in England to try to stop them leaving the profession...the pay boost would cost £50 million a year' (*BBC News,* 2 July 2023).

- **Labour would provide teacher retention payments of £2,400 per teacher.** *PHILLIPSON*: 'I think the best recruitment strategy is a really strong retention strategy so we'll introduce new payments for early career teachers when they complete their training…' *STUDIO*: 'So a one-off payment, how much is it again?' *PHILLIPSON*: 'In total, £50 million paid for by ending the tax breaks in private schools so £2,400 for the individual teacher' (*Sky News*, 2 July 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	91.0	91.0	91.0	91.0	364.0

Policy: Ofsted regional improvement teams

- **Labour will 'establish a new set of regional improvement teams' to improve schools Ofsted rating.** 'Labour will therefore establish a new set of regional improvement teams, to work as partners with schools in responding to areas of weakness identified in new Ofsted school report cards' (The Labour Party, *Mission breaking down barriers,* 6 July 2023).

- **Labour would use regional school improvement teams to oversee mentoring.** *PHILLIPSON*: 'What I've been setting out in terms of what we would do to tackle it…is giving young men the opportunity to become role models within their school communities, to mentor other young men that will be overseen by regional school improvement teams and staff would be supporting that alongside it' (*LBC*, 28 February 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	15.2	15.0	15.2	15.0	60.4

Policy: Mandatory Qualified Teacher Status

- **Labour would 'reinstate' the 'requirements for qualified teacher status'.** 'Reinstating the requirement for qualified teacher status is one step towards this, but we must go further, including learning from other professions on how they structure pay, progression and ongoing training to attract and retain their workforce' (The Labour Party, *Mission Breaking Down Barriers*, July 2023)

- **Labour want qualified teacher status for all teachers working in schools.** *PHILLIPSON*: 'I would want all teachers working in our schools to be moving towards a qualified teacher status over a period of time' (*LBC*, 10 January 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	26.1	26.1	26.1	26.1	104.4

Policy: Skills England

- **Labour would 'establish a new expert body – Skills England – to oversee the English national skills'.** 'Labour will establish a new expert body – Skills England – to oversee the English national skills effort of the coming decade, ensuring we have the skills we need for the challenges of the future, monitoring skills trends and approving the new training schemes the levy can be spent on' (National Policy Forum, *Final Policy Documents*, 15 September 2023, p.44).

- **Labour would set up 'Skills England' to train more people and give 'more power to regional leaders'.** *REEVES*: 'Alongside this, we will give more power to regional leaders to ensure the training provided in their area meets their local needs. They will work in coordination with a new expert body, Skills England, to make sure that across our nation we have the skills we need to thrive' (Labour Together, *A New Business Model for Britain*, 25 May 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	3.7	8.4	10.0	10.2	32.3

Policy: Mental health support teams

- **Labour will provide 'mental health support workers in schools' for 'children who are excluded or sent to Pupil Referral Units'.** 'Labour will be tough on crime and tough on the causes of crime… a prevention-first approach, including access to mental health support workers in schools and providing mentors for children who are excluded or sent to Pupil Referral Units to help them get back on track' (National Policy Forum, *Final Policy Documents,* 15 September 2023, p.53).

- **Labour would put 'mental health workers in schools', 'youth workers in custody suites' and 'mentors in our pupil referral units' to crack down on anti social behaviour.** *JONES:* 'And that's why Labour has said, we want to see youth workers in custody suites. We want to see mentors in our pupil referral units, we want to see mental health support workers in our schools. So that we can we can prevent kids from getting involved in this kind of activity in the first place' (*LBC*, 4 April 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	480.0	540.0	604.0	671.0	2,295.0

Policy: 300 new planners

- **Labour would 'hire more than 300 new planners across the public sector'.** 'Labour will strengthen planning capacity by hiring more than 300 new planners across the public sector to expedite decisions' (The Labour Party, *The beating heart of our economy: Labour's plan for small business*, 29 November 2023).

- **Labour would hire 300 more public sector planners.** 'Much of the speech was focused on how Labour would achieve growth in office, with Ms Reeves saying Labour would overhaul planning rules to speed up green energy, battery factories and 5G projects. Under plans announced on Monday, 300 new planners across the public sector would be hired and planning guidance to speed up the process rewritten' (*BBC News*, 9 October 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	16.9	27.0	27.5	27.5	98.9

Policy: 13,000 PCSOs

- **Labour would 'put 13,000 more neighbourhood police officers and PCSOs back on Britain's streets'.** 'Labour will put 13,000 more neighbourhood police officers and PCSOs back on Britain's streets – paid for with the clear and tangible savings that can be delivered from a shared procurement and efficiencies plan for all police forces' (National Policy Forum, *Final Policy Documents*, 15 September 2023, p.52).

- **Labour would fund 13,000 additional police officers.** *STUDIO*: '13,000 more neighbourhood police officers, what will that cost and where will that come from?' *COOPER*: 'So, the Police Foundation have set out a programme where they identified 700 million pounds of saving from requiring the 43 different police forces to work together to join their procurement together, they identified 700 million we were more cautious than that. So, we identified 360 million pounds as a result, and that would fund additional police officers and PCSOs' (*Yvette Cooper keynote speech at Institute for Government*, 16 February 2023)

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	470.0	455.0	465.0	475.0	1,865.0

Policy: Bus service reform

- **Labour would 'reform our broken bus system'.** 'Labour will reform our broken bus system and hand power and control over services to local communities…We will give communities the ability to take on powers to franchise local bus services... Labour will also lift the ban on and promote municipal bus ownership, building on the success of Labour-run councils like Nottingham and Reading' (National Policy Forum, *Final Policy Documents*, 15 September 2023, p.60).

- **Louise Haigh said Labour would 'overhaul' bus services and give local areas in England devolved powers over bus networks.** Louise Haigh said the reforms would be the most consequential in a generation for public transport relied on by millions – giving local areas in England devolved powers to reinstate cancelled routes and set prices and franchise bus services (*The Guardian*, 9 March 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	895.0	895.0	895.0	895.0	3,580.0

Policy: Insourcing

- **Labour would oversee the 'biggest wave of insourcing of public services in a generation'.** 'Labour will learn the lessons from the collapse of Carillion and bring about the biggest wave of insourcing of public services in a generation' (National Policy Forum, Final Policy Documents, 15 September 2023, p.33).

- **Labour would see the 'biggest wave of insourcing back into our public services for a generation'.** *RAYNER*: 'When Labour gets into power, our procurement policy will see the biggest wave of insourcing back into our public services for a generation' (Angela Rayner, *STUC Speech*, 18 April 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	908.0	1,373.0	1,847.0	2,329.0	6,457.0

Policy: Decarbonising the power grid by 2030

In the interest of reasonableness, even though we disagree with the scale of spending required to deliver this ambition, we have included Labour's most recent official cost of their plans within this dossier. This means we have included the £23.7 billion cost within our calculations.

- **Labour said they would spend £23.7 billion over the Parliament to fund their 2030 decarbonisation target.** 'The policies in the Green Prosperity Plan, representing £23.7 billion of investment over the course of the next parliament a large part of the funding is a proper windfall tax on oil and gas giants which continue to earn record profits. The remaining investment will be part-funded through borrowing to invest, within our fiscal rules' (Labour, *Labour's Green Prosperity Plan: Briefing Note*, February 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	4,740.0	4,740.0	4,740.0	4,740.0	18,960.0

Policy: Fair Pay Agreement: Social Care

- **Labour have pledged a 'Fair Pay Agreement' in adult social care to increase pay in the sector.** 'Labour will establish a Fair Pay Agreement in adult social care to negotiate fair pay and conditions, terms and training' (Labour, *National Policy Forum: Final Document*, September 2023).

- **Raising the minimum pay for adult social care workers by 65p could cost the taxpayer £600 million per year – <u>this is a considerable underestimate of the true cost</u>.** Official departmental costings estimate that raising the minimum pay in adult social care to the National Living Wage plus 65p would cost the taxpayer approximately £600 million per year. This estimate does not include the additional costs of higher pay which would be borne by the group of at least 221,000 'self-funders' in care homes and using community care who pay for their own care (Hansard, *WPQ14881*, 25 March 2024).

- **The IFS have said that Labour's policy could cost as much as £5 billion**. Ben Zaranko, Research Economist at the IFS said: 'A couple of pounds an hour more within a couple of years feels completely conceivable. That could be a cost of three, four, five billion pounds. That feels like a real possibility' (*The Daily Telegraph,* 7 April 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	600.0	600.0	600.0	600.0	2,400.0

Policy: Ukraine support

- **Labour have failed to meet our overall 2.5 per cent defence spending target.** 'Labour pledged only to raise spending to 2.5 per cent "as and when we can". Asked whether Labour would pursue the target "as and when" the party comes to power, Ms Thornberry told Sky News: "Not as and when we come to power, but as and when we can, so when circumstances allow' (*Sky News*, 24 April 2024).

- **Despite this, Labour have now committed to match our defence funding for Ukraine.** John Healey and David Lammy said: 'As [Vladimir] Putin seeks to divide the West, we visited Kyiv together to send a clear message that a change in government in the UK would mean no change in our military, diplomatic, financial and political support to Ukraine' (*The Daily Telegraph*, 14 May 2024).

- **Additional defence funding for Ukraine was £500 million as a result of the 2.5 per cent defence uplift.** When announcing the 2.5 per cent defence uplift, the government announced £500 million in additional funding and the Chancellor committed to funding Ukraine for 'as long as it takes'. If you assume the 2.5 per cent funding commitment means that funding for Ukraine goes up to £3 billion from £2.5 billion across the forecast period, this amounts to an unfunded additional £500 million per year commitment from Labour (PMO, *Press Release*, 22 April 2024; *Treasury Press Release*, 24 April 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	500.0	500.0	500.0	500.0	2,000.0

Labour revenue raisers

Revenue: Halving consultancy spend

- **Labour would 'slash consultancy spending'.** 'Second, we will slash government consultancy spending, which has almost quadrupled in just six years. Consultants can play an important role, but taxpayers must get value for money. So, we will introduce tough new rules. If a government department wants to bring in consultants, they must demonstrate the value for money case. And if they cannot, then that request will be denied' (Rachel Reeves, *Speech at Labour Conference 2023*, 9 October 2023).

- **Labour would slash consultancy spend in 'half' and create 'a full business case' where the Civil Service wanted to employ consultants**. 'Ms Reeves promised to halve the amount that government spends on hiring external consultants, saving £1.4 billion a year, by forcing Whitehall departments to make a full business case whenever they want to bring in a team from outside' (*iNews*, 9 October 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	598.0	607.0	618.0	630.0	2,453.0

Revenue: Business Rates for private schools

- **Labour would end business rates relief for private schools.** 'We [Labour] will levy VAT on private schools and end their business rates exemption' (The Labour Party, *Breaking down the barriers to opportunity*, July 2023).

- **Labour would charge private schools VAT and business rates.** *REEVES*: 'I have already announced a small number of targeted tax increases to provide an immediate injection of cash into public services. So it's why I've said, for example, that private schools should pay VAT and business rates' (*Sky News Sunday Morning with Trevor Phillips,* 10 March 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	115.0	120.0	120.0	120.0	475.0

Revenue: VAT on private school fees

- **Labour would levy VAT on private schools.** 'We [Labour] will levy VAT on private schools and end their business rates exemption' (The Labour Party, *Breaking down the barriers to opportunity*, July 2023).

- **Labour would charge VAT on private school fees.** *REEVES*: 'We've also said that under a Labour government that would be VAT on private school fees, and that money would go directly into our school to state schools where it's desperately needed' (*LBC,* 4 July 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total cost	900.0	950.0	950.0	1,000.0	3,800.0

Revenue: Carried Interest

- **Labour would increase 'carried interest' payments by private equity funds by 12 percentage points.** Labour's have promised to increase 'carried interest' payments by private equity funds by 12 percentage points (*The Telegraph,* 24 May 2023).

- **Labour would change 'the way in which carried interest for private equity firms are taxed'.** *REEVES:* 'The tax increases that we're proposing, there are three of them. Getting rid of the non dom tax status, having VAT on private school fees and changing the way in which carried interest for private equity firms are taxed' (*LBC*, 7 September 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total	900.0	700.0	800.0	900.0	3,300.0

Revenue: Non-resident SDLT at 4 per cent

- **Labour would 'raise the stamp duty surcharge on overseas buyers'.** *REEVES*: 'And because, conference, it is time we built the homes our young people need; We will raise the stamp duty surcharge on overseas buyers to get Britain building' (Rachel Reeves, *Speech to Labour Party Conference 2023*, 9 October 2023).

- **Labour committed to raising stamp duty for foreign buyers.** 'Labour will raise stamp duty paid by foreign individuals, trusts and companies when they buy UK residential property, helping to reduce speculative pressures in places like London and Manchester' (National Policy Forum, *Final Policy Documents*, 15 September 2023).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total	15.0	25.0	20.0	20.0	50.0

Revenue: Tackling the Tax Gap paper

- **Labour set out their profile for the money raised by 'Tackling the Tax Gap' – Labour's own costings have been used for this analysis.** Labour's costing derives from additional resources diverted to tax compliance, investment in technology and additional HMRC staffing. For the purpose of this exercise we have assumed that these revenues will be realised in full (Labour Party, *Labour's Plan to close the tax gap,* 9 April 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total	700.0	2,400.0	3,700.0	3,900.0	10,700.0

Revenue: Additional changes to non-domiciled status

- **Labour would end the 50 per cent discount on tax related foreign income in the first year of the new non-dom rules**. 'In addition, Labour would not give a 50 per cent discount in the first year of the new rules. Not doing this will raise £600 million' (Labour Party, *Labour's Plan to close non-dom loopholes*, 9 April 2024).
- **Labour would include all foreign assets held in a trust within UK inheritance tax – yet internal HM Treasury figures say this raises only £100 million a year.** Labour have said that they: 'will include all foreign assets held in a trust within UK inheritance tax…with approximately £430m in inheritance tax foregone a year'. However, instead of the £430 million they said it will raise, HMT figures show it raises a maximum of £100 million a year (Labour Party, *Labour's Plan to close non-dom loophole*s, 9 April 2024; *The Financial Times,* 14 May 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total	700.0	100.0	100.0	100.0	1,000.0

Revenue: Energy Profit Levy changes

- **Labour's would increase the rate of the Energy Profits Levy (EPL) to 78 per cent and 'end the loopholes' by removing the EPL's investment and decarbonisation allowances – Labour forecast this would raise £10.8 billion from 2024-5 over the following the five years.** Labour have set out they would increase 'the rate [of the EPL] to 78 per cent' and end 'the loopholes in the levy'. Reeves went further on allowances saying: 'We will extend the windfall tax, closing the fossil fuel investment loophole, and taxing oil and gas profits at the same rate as Norway' (*Sky News*, 21 January 2023).

- **An independent analyst note by Stifel states that these changes to the EPL would raise '£6.5bn of additional tax now to 2030' not £10.8 billion that Labour claim.** This note, published on 15 May 2024, also states that these changes will cost the taxpayer £11 billion in lost revenue between 2030 and 2035 and a total of £20 billion in lost receipts between now and 2050. In addition Labour's policy will result in the loss of 100,000 jobs in the North Sea (Stifel, *If UK Windfall Taxes go up again, will the last energy company to leave the North Sea please turn off the lights?*, 15 May 2024).

£m	2025-26	2026-27	2027-28	2028-29	Total
Total	1,300	1,300	1,300	1,300	5,200.0

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