

FleishmanHillard Insight Special – Budget 2015

Coining It In

Yesterday, the Treasury unveiled a significant redesign of the one pound coin, in a PR coup that saw the Chancellor himself telephone the Midlands teenager who had drawn the design. Not only was this great heart-warming stuff (come on, be kind), but it also gave Osborne an opportunity to promote the coin as “the most secure” in the world, as part of his bid to combat fraud. So, good news for teenagers from Walsall and bad news for forgers, but how will voters – in this age of authenticity and cynicism – treat Osborne’s final pre-election Budget? There’s no use tackling minted fraud if the policies behind the pounds are perceived to be equally as dubious.



Minted

So today’s Budget had to deliver on several fronts to ensure Osborne’s credibility and the possibility of a future Conservative majority. The first and most important was *consistency*.

This had to be a “**business as usual**” statement on the underlying policy of the last five years - austerity. This was very much the case. He confirmed that the policy would continue through the next Parliament, but added a sweetener that the end-game is now in sight (specifically, 2019) with the statement that the UK was “*one more step from austerity to prosperity*”.

However, while one more step for George Osborne is a full four years, this may feel more like one giant leap for an electorate who are yet to feel the benefits of economic recovery, something Labour will undoubtedly seize upon in the coming weeks. But what Osborne is saying is *better the devil you know* – we’ve gone this far, don’t change course now - and this will form one of his key messages during the General Election. The other aim was to show actual progress, and the Chancellor reeled off numerous positives suggesting that his stock of pound coins might not only be redesigned, but on the rise – including revised GDP forecasts.

Secondly, he needed to draw a **sizeable dividing line** between the Conservatives and the Liberal Democrats, without embarrassing the nice chap sat next to him (Danny Alexander MP, the Lib Dem’s Treasury Minister). Talk this morning of “**Two Budgets**” is likely to be realized, as there were few pointers to yellow contributions in today’s speech, with the Chancellor heckled by a Labour MP:

“what about the Liberal Democrats?”

As political columnist and journalist **Isabel Oakeshott** exclusively told FleishmanHillard this afternoon,

CCHQ Press Office ‘We inherited a deficit which was out of control. It’s now down by more than a half as a share of the economy [#Budget2015](#)’

Robert Halfon MP ‘More women in work than ever before, lowest number of JSA claimants since 1975, 1.9 million jobs gained since 2010 [#Budget2015](#)’

James Ball, *The Guardian* ‘2016-2019 each forecast to have (slightly) lower growth than this year, at 2.3% or 2.4’

Fraser Nelson, *The Speculator* ‘Is it rude to point out that Osborne’s new debt plan still way above the Darling plan he once denounced? [#Budget2015](#)’

Evan Davis, *Newsnight* ‘I simply don’t get this idea of the “Britain as most prosperous major nation”. What basis for thinking we can do that? [#budget2015](#)’

Caroline Lucas MP ‘Poverty wages mean people in work need housing benefit. No. of in-work claimants up 68% this parl to over 1m ppl [#Budget2015](#) [#livingwage](#)’

Ian Katz, *BBC Newsnight* ‘Thank god we can celebrate the Battle of Agincourt and Choose the Future at the same time [#Budget2015](#)’

“even if the direst predictions come true and the Lib Dems are left with just 20 MPs, that will still be far more than UKIP or the DUP can boast. They may yet play a key part in the composition of the next government”.

Cue LibDem busting announcements on North Sea oil taxation, a review of Inheritance Tax through the use of deeds of variation and cancelling the proposed increase in fuel duty with the catchy “Tories in Your Tank”. Cue also key Liberal Democrat **Julian Huppert MP** (Cambridge) tweeting immediately after the Budget:

“we’ll publish our alternative future perspective shortly”.

We hope Mr Alexander’s HM Treasury officials know about this.

Keep the Change

“Change we can believe in” was the last great political message from a leader-in-waiting in our time. Unfortunately, it was in America. Britain could be changing its Prime Minister in just 49 days’ time, so the third piece today had to be a message to the country about perceived Labour recklessness and instability.

With opinion polls suggesting that the Conservatives and Labour are neck-to-neck, the Tories sense that with Ed Miliband, the electorate might not want to keep the change. One major part of the Chancellor’s strategy for this was with his announcement on debt. As **James Lyons**, Deputy Political Editor at the Sunday Times exclusively told FleishmanHillard:

“Osborne sought to boost Conservative election prospects by slashing the £23bn budget surplus he planned to run by the end of the next Parliament to just £7bn, neutralising Labour claims that he would take public spending back to the level of the 1930s”.

Finally, Osborne will have had one eye on the potential eventuality of being back in Opposition and the opportunities this might bring. This statement was a self-assured tour de force, reminiscent of Gordon Brown when he was on top of his game, courting Prudence.

As FH London Head of Public Affairs **Nick Williams** says in PR Week today:

“In office, he has earned grudging respect for sticking to his guns and riding out the storm, with the makings of a vision for the longer-term. Look at the Northern Powerhouse idea, which takes Conservative-led regeneration/infrastructure regeneration into parts of the country where the Conservatives have not reached for 25 years”.

New Currency

Labour immediately responded by seizing on the fact that Osborne did not mention the NHS, with further attacks on the Government’s record on home building, taxation (citing 24 tax rises since 2010) and an attack on Osborne’s ambitions in the North of England by pointing out that it had been this Government that introduced 75% budget cuts to local Government in the North.

Responding to a Budget is a difficult task for even the best Opposition Leaders and he won’t be judged in the country for his performance today. That will be left for the TV studios later.

James Meadway, Senior Economist at NEF ‘I’d be *very* interested to see this projection that living standards higher than 2010 cos IFS definitely say otherwise **#Budget2015’**

British Chambers of Commerce ‘It is excellent to see lots of focus on business and the economy **#Budget2015’**

Jane Merrick, Independent on Sunday ‘I’d love to hear a politician say “we choose the past” **#budget2015’**

Evan Davis, Newsnight ‘Today is really a contest between those seeing a glass half full and those seeing it half empty. **#budget2015’**

Michael White, The Guardian **#Budget2015** Agincourt celebrations get £1 mn plus Ed baiting joke about Henry V’s “band of brothers”

John Kenchington, Financial Times ‘Chancellor: Tax support for embattled local newspapers. That’s got to be worth a few positive front-page splashes right? **#Budget2015’**

Doug Parr Greenpeace ‘£1.3bn of tax support to N Sea oil and gas for an industry w no long term future. How much confirmed for clean tech so far? £0 **#Budget2015’**



Interest Rise?

So how interested were the punters in the twittersphere? Our social media analytics experts analyzed all the tweets that commented in the UK on the Budget. They found that tweets were initially negative about the Conservatives, giving them a score of **-54%**. However, as the speech progressed, this turned into a very positive score of **+58%**, a huge turn around.

When Ed Miliband MP gave his response, sentiment was very much against him. He started with a core of **-68%**, and the sentiment towards him and Labour did not improve much as the speech went on, ending on **-60%**.

The Top Dollar

The coin the Chancellor unveiled yesterday is almost a metaphor for his rallying call today of “one United Kingdom, the Comeback Country”. It won due to its simple inclusion of symbols relating to the four corners of the United Kingdom. Whether he can take the whole country with him as he progresses his economic policies toward the Conservative Manifesto remains to be seen.

KEY BUDGET ANNOUNCEMENTS

- Increase UKTI resources – double support to UK exports to China
- Allow National Farmers Union to average their incomes for tax purposes over five years
- From 2018, index the Pensions Tax Relief Lifetime Allowance.

Tax avoidance

- Legislate for new Common Reporting Standard
- Diverted Profits Tax will legislate for it next week and bring it into effect at the start of next month.
- Close loopholes to make sure Entrepreneurs Relief is only available to those selling genuine stakes in businesses.
- Stop employment intermediaries exploiting the tax system to reduce their own costs by clamping down on the agencies and umbrella companies who abuse tax reliefs on travel and subsistence.
- Conduct a review on the avoidance of inheritance tax through the use of deeds of variation. It will report by the autumn

Banking tax

- Raise rate of the bank levy to 0.21 per cent, starting today.
- Stop banks from deducting from corporation tax the compensation they make to customers for products they have been mis-sold, like PPI.

Charities

- Provide £25 million to help our eldest veterans, including nuclear test veterans.
- Refund VAT of blood bank charities
- Set aside £1 million to help buy defibrillators for public places, including schools, and support training in their use to save more lives.
- Treble Church Roof Fund to £40 million.

Rebecca Keating, BBC Westminster ‘As much work appears to have gone into @George_Osborne's [#Budget2015](#) jokes as the actual measures. He's clearly very confident & very upbeat’

Duncan Weldon, BBC Newsnight ‘Help to Buy ISA - a policy aimed at savers which will actually not disproportionately help older people (as many do). [#Budget2015](#)’

John McDermott, FT ‘Personal allowance and higher rate threshold changes helps middle income earners the most. Not progressive but that not the pt. [#budget2015](#)’

Chris Cook, BBC Newsnight ‘Help to Buy ISA doesn't tackle constrained housing supply. It makes it easier to sustain high house prices.’

ITV News ‘Chancellor fails to mention NHS in budget speech ‘

Rachel Reeves, Labour MP ‘According to Osborne everyone is better off than they were in 2010. Reality is low pay up 44% & average worker £1600 worse off under Tories.’

Lucy Powell, Labour MP ‘What ridiculous claims about living standards [#budget](#) People are worse off now than in 2010.’



- Allow charities to claim automatic gift-aid on donations – increasing it from the first £5,000 they raise to £8,000.

National Recovery

- Provide new investment in transport; regeneration from Brent Cross to Croydon; new powers for the Mayor over skills and planning; and new funding for the London Land Commission to help address the acute housing shortage in the capital
- Allow Greater Manchester to keep 100% of the additional growth in local business rates as we build up the Northern Powerhouse. Offer the same business rates deal to Cambridge and the surrounding councils.
- Give the go-ahead to a £60 million investment in the new Energy Research Accelerator and the new national energy catapult will be in Birmingham.

Science and Innovation

- Back the automotive industry by investing £100 million to stay ahead in the race to driverless technology.
- To encourage a new generation of low emission vehicles, will increase their company car tax more slowly than previously planned, while increasing other rates by 3% in 2019-20.
- Create a new rail franchise which will bring new intercity express trains and greatly improved rail services from South West.
- Reduce toll rates from 2018, and abolish the higher band for small vans and buses.
- Introduce from next month a single, simple and generous tax allowance to stimulate investment at all stages of the industry.
- Invest in new seismic surveys in under-explored areas of the UK Continental Shelf.
- Cut Petroleum Revenue Tax from 50% to 35% to support continued production in older fields in 2016.
- Cut the Supplementary Charge from 30% to 20% with immediate effect, and backdating it to the beginning of January.
- Launch a consultation on how we can provide local newspapers with tax support.
- Add to the financial support for postgraduates, with new support for PhDs and research-based masters degrees.
- Invest in the Internet of Things
- Use up to £600 million to clear new spectrum bands for further auction.
- Provide funding for Wi-Fi in our public libraries, and expand broadband vouchers to many more cities.

Small Business

- In two weeks' time, cut corporation tax to 20%, one of the lowest rates of any major economy in the world.
- Abolish National Insurance for employing under 21s in April 201.

UKIP '5 Tory years: failed to wipe out deficit, as promised. And doubled national debt. Took Labour 13 years! #Budget2015'

Steven Woolfe MEP, UKIP Spokesman 'Osborne says wants to help low paid but can't stop wage lowering mass EU immigration to UK because he supports EU membership! #Budget2015'

Joe Murphy, Evening Standard 'Growth figures not that great. Downgrades in 2014 and 2017.'

Tim Montgomerie, The Times 'Chancellor still missing point on housing market. The big problem is lack of supply, not demand. Head bangs table. #Budget2015'

James Kirkup, The Telegraph 'George Osborne's northern powerhouse could redefine British politics'

Patrick Wintour, The Guardian 'Tory wins: living standards higher in 2015 than 2010, Labour loses £600m to fund tuition fees, £900m for child care, spend higher than 30s.'

Jim Pickard, FT "If Osborne wanted to raise the roof with a knockout giveaway for "hard-working families" he would consider a 1p cut in income tax."





- Abolish National Insurance for employing a young apprentice in April 2016.
- From this April we're also extending our small business rate relief and our help for the high street.
- Abolish the annual tax return altogether

Duties

- Cut beer duty by taking another penny off a pint.
- Cut cider duty by 2% .
- Cut duty on Scotch whisky and other spirits by 2% as well.
- Freeze wine duty.

Fuel

- Cancel the fuel duty increase scheduled for September 2015

Personal Allowance

- The personal tax-free allowance will rise to £10,800 in 2016 – and then to £11,000 in 2017

Savings

- Give five million pensioners access to their annuity
- Introduce a radically more Flexible ISA.
- Create a new Help to Buy ISA.
- New Personal Savings Allowance that will take 95% of taxpayers out of savings tax altogether. From April next year the first £1,000 of the interest on all of your savings will be completely tax-free.

FleishmanHillard London

Governments play an increasingly powerful role in the global economy, and organisations cannot remain indifferent to their reputation with policymakers.

FleishmanHillard London's public affairs and corporate communications specialists offer the expertise of a dedicated team of policy experts, backed by the firm's global communications network. Our people come from a wide range of disciplines that work in and around governments, including former senior government officials, journalists, campaign pros, corporate officials and staff of nongovernmental organisations.

The team provides in-depth analysis of policy and political issues, builds reputations with government audiences and advocates on behalf of issues, anywhere across the globe.

For more information about our work, please contact Nick Williams, Head of Public Affairs & Corporate Communications, at nick.williams@fleishmaneuropa.com

Nigel Morris, The Independent "G.Osb anxious to dismiss accusation spending will fall to 30s levels - says by 2020 it'll be same as early Blair years #Budget2015 #esibud"

David Kern, BCC Chief Economist 'The latest OBR forecast is good news for the British economy'

