Group Economics

Ulster Bank

An action-packed & politically charged Budget as Osborne overpromises & underdelivers on fiscal austerity

Contact: Richard Ramsey
Chief Economist, Northern Ireland
02890 276354 or 07881 930955

Richard.ramsey@ulsterbankcm.com
www.ulstereconomix.com
Twitter @UB_Economics

Summary

The 2015 general election was a speed camera for austerity, or so we thought. Given the content of the Budget back in March, the Chancellor had been expected to put his foot down on the austerity accelerator. Instead, however, he is set to keep the austerity drive in cruise control, with the pace to remain steady. The huge public expenditure cuts forecast in March for the next two years are now not going to be as steep as projected. Furthermore, the Chancellor has pushed back his objective of achieving a Budget surplus by one year to 2019/20. And, in fact, there is now £83billion more in departmental spending than was forecast in March. For perspective, this would be enough to fund Northern Ireland's entire public spending for almost four years. It should be noted though that this doesn't mean there is more public spending being made available; it is simply that the cuts will not be as severe as forecast. This is funded by welfare cuts, net tax increases and higher levels of borrowing.

There are some similarities between today's Budget and the emergency Budget of 2010. Back then, multi-year benefit and public sector pay caps / freezes, alongside significant welfare spending cuts featured prominently, and the same was true today. Osborne billed it a Budget for working people. In many respects this was the case, but perhaps not for those working in the public sector. Public sector workers will see pay rises capped at 1% for the next four years beginning in 2016, and they are therefore likely to face real-terms pay cuts in some of these years (i.e. increases below the rate of inflation). They are also likely to see changes in their terms and conditions in the autumn.

From 2016, most working-age benefits will be frozen for four years, and from April 2017, child tax credit will be limited to two children. The household benefit cap will be reduced from £26,000 to £20,000 per household for regions outside London and the South East of England. Overall, all the welfare spending announcements unveiled today will impact on Northern Ireland disproportionally more than elsewhere due to its reliance on welfare spending. In turn, this will have adverse effects on consumer spending, impacting, for instance on the retail sector. As a result, the Northern Ireland economy is expected to see sluggish economic growth in 2016.

One of the surprise announcements by the Chancellor was the introduction of a new national living wage (NLW) of £7.20 per hour for over 25s from next April. This is due to rise to over £9 per hour by 2020. This will be welcomed by employees in lower paid jobs, however it will represent a higher cost to employers in low wage sectors such as food, retail and hospitality. This measure will make under-25s more cost-competitive from an employer's perspective which could help alleviate Northern Ireland's high youth unemployment rate. Those on low pay will also welcome the increase in the tax free personal allowance to £11,000 in 2016, with the prospect of this rising to £12,500 by 2020.

When it comes to businesses, another surprise was the planned corporation tax cut to 19% in 2017 and to 18% by 2020. This will make the cost of a 12.5% corporation tax rate more affordable for Northern Ireland but it will dilute the benefit by reducing the rate's relative competitiveness. Businesses will welcome that the annual investment allowance has been raised and will be set permanently at £200,000 from January 2016. Meanwhile businesses will also have their employer national insurance bill cut by a further £1,000 from April next year. Large employers will also face a levy to fund apprenticeships, which will add to their costs but should help address skill shortages in some sectors. This initiative does not apply to Northern Ireland.

The Budget has significantly scaled back tax reliefs in certain areas, including reforming dividend tax, with tax rates on dividend income increasing. Tax relief on pension contributions for those with incomes over £150,000 is also being scaled back. Property landlords will soon only be able to off-set mortgage interest costs at 20%, rather than up to 40/45%. This will erode profitability in the buy-to-let sector and potentially provide another headache for those in negative equity.

As far as Budgets go, this was an action-packed fiscal affair, and very political, with the Chancellor effectively stealing the clothes of the centre left, and unveiling a Budget that surprised many. Indeed, more surprises are likely to be unveiled in the coming hours and days. As they always say, the devil will be in the detail.

Economic Outlook

It should be noted that the Office for Budget Responsibility (OBR) finalised its forecasts at the end of last week prior to Sunday's Greek referendum result. Indeed, the Chancellor acknowledged in his speech that the global economic risks are rising. The UK economy is expected to see economic growth (GDP) slow from 3.0% last year to 2.4% in 2015 and 2.3% next year. These forecasts are little changed relative to the March 2015 Budget and are broadly in line with the City consensus. Meanwhile Northern Ireland's economy is estimated to have expanded by 2% last year with growth expected to slow to 1.5% this year and to 0.7% in 2016. The UK's unemployment rate, currently 5.5% is expected to average 5.1% in 2016 before rising gradually in subsequent years. The OBR also expect another 1 million jobs to be created over the next five years.

Table 1.1: Summary of the OBR's central economic forecast[1]

	Percentage change on a year earlier, unless otherwise stated						
		Forecast					
	2014	2015	2016	2017	2018	2019	2020
GDP growth	**3.0**	**2.4**	**2.3**	**2.4**	**2.4**	**2.4**	**2.4**
Main components of GDP							
Household consumption[2]	2.5	3.0	2.5	2.4	2.4	2.3	2.0
General government consumption	1.6	1.2	0.5	0.3	0.1	0.3	2.6
Fixed investment	8.6	5.6	5.6	5.5	5.4	5.4	4.1
Business	8.0	6.0	7.2	6.9	6.6	6.5	4.7
General government[3]	3.4	2.4	-0.1	0.9	2.4	2.3	2.0
Private dwellings[3]	13.1	6.3	4.8	4.4	4.0	3.9	3.3
Change in inventories[4]	0.3	-0.2	0.0	0.0	0.0	0.0	0.0
Net trade[4]	-0.6	-0.5	-0.4	-0.2	-0.2	-0.2	-0.2
CPI inflation	**1.5**	**0.1**	**1.1**	**1.6**	**1.8**	**1.9**	**2.0**
Employment (millions)	**30.7**	**31.2**	**31.5**	**31.6**	**31.7**	**31.9**	**32.1**
ILO unemployment (% rate)[5]	**6.2**	**5.4**	**5.1**	**5.2**	**5.3**	**5.4**	**5.4**

[1] All figures in this table are rounded to the nearest decimal place. This is not intended to convey a degree of unwarranted accuracy. Components may not sum to total due to rounding and the statistical discrepancy.
[2] Includes households and non-profit institutions serving households.
[3] Includes transfer costs of non-produced assets.
[4] Contribution to GDP growth, percentage points.
[5] International Labour Organization.
Source: Office for Budget Responsibility, Office for National Statistics.

Public Finances

The 2015 general election was a speed camera for austerity, or so we thought. Given the content of the Budget back in March, the Chancellor had been expected to put his foot down on the austerity accelerator. Instead, however, he is set to keep the austerity drive in cruise control, with the pace to remain steady. The huge public expenditure cuts, the so called rollercoaster ride in public spending, forecast in March for the next two years are now not going to be as steep as projected. Furthermore, the Chancellor has pushed back his objective of achieving a Budget surplus by one year to 2019/20. And, in fact, there is now £83billion more in departmental spending than was forecast in March. For perspective, this would be enough to fund Northern Ireland's entire public spending for almost four years. It should be noted though that this doesn't mean there is more public spending being made available; it is simply that the cuts will not be as severe as forecast. This is

funded by welfare cuts, net tax increases and higher levels of borrowing. The Chancellor also pulled the tax raising lever with some £47bn of tax increases planned over the lifetime of this Parliament.

Table 1.2: Comparison of key fiscal aggregates to March Budget 2015

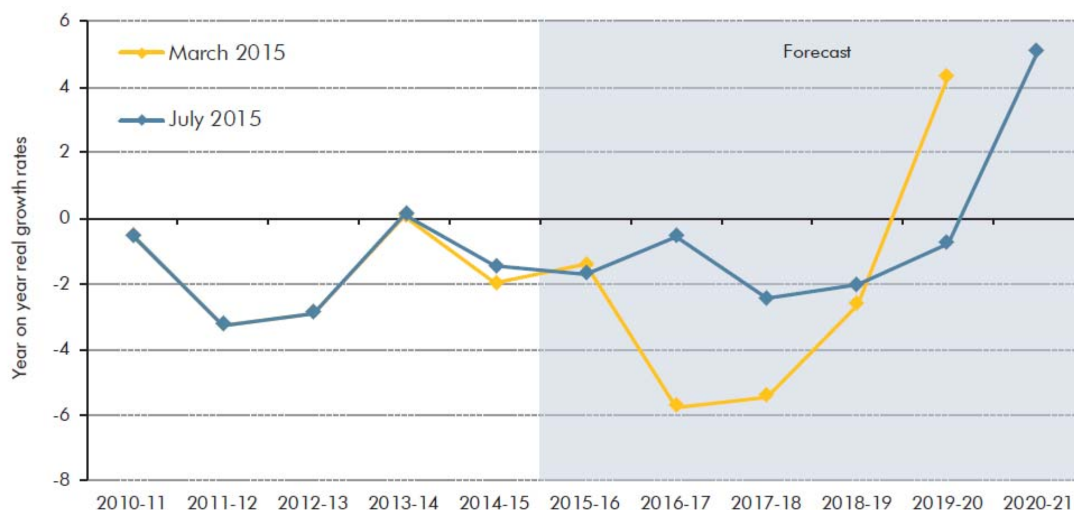
	Estimate	Forecast					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Public sector net borrowing (£ billion)							
Summer Budget 2015	89.2	69.5	43.1	24.3	6.4	-10.0	-11.6
March Budget 2015[1]	90.2	75.3	39.4	12.8	-5.2	-7.0	–
Change compared to March Budget 2015	-1.0	-5.8	3.7	11.5	11.6	-3.0	–
Public sector net borrowing (% GDP)							
Summer Budget 2015	4.9	3.7	2.2	1.2	0.3	-0.4	-0.5
March Budget 2015[1]	5.0	4.0	2.0	0.6	-0.2	-0.3	–
Change compared to March Budget 2015	-0.1	-0.3	0.2	0.6	0.5	-0.1	–
Public sector net debt (% GDP)							
Summer Budget 2015[2]	80.8	80.3	79.1	77.2	74.7	71.5	68.5
March Budget 2015[1]	80.4	80.2	79.8	77.8	74.8	71.6	–
Change compared to March Budget 2015	0.4	0.0	-0.6	-0.6	-0.1	-0.1	–

[1] Figures for 2014-15 were forecast at March Budget 2015.
[2] Debt at end March 2015 is outturn; GDP centred on end March 2015 reflects the latest GDP forecast from the OBR. Therefore, the figure differs from the June Public Sector Finances release.
Source: Office for Budget Responsibility.

Easing up on the austerity drive is the path that those on the left and the OECD urged Osborne to follow. He has followed that advice. As a result, with the exception of the current fiscal year (2015/16), the level of projected government borrowing will be higher than was projected in March. It is noted that in 2015/16 the UK government is still borrowing a whopping £69.5bn more than it raises in revenue. It should also be noted that yesterday's Budget does not represent the end of austerity. The fiscal plan set out today requires an overall fiscal adjustment of £37bn over the Parliament. The Summer Budget set out less than half of this with £17bn identified. The next instalment of fiscal austerity will be the autumn's Spending Review. This will identify the precise cuts in departmental spending and should account for the lion's share of the remaining £20bn of the required fiscal adjustment. In turn, this will influence the scale of the cut in Northern Ireland's Block Grant. Significantly, however, no year will see cuts as deep as those that occurred in 2011/12 and 2012/13. This represents a marked change in the pre-election fiscal narrative which flagged much deeper spending cuts in the next two years than had been experienced to date.

Resource Departmental Expenditure Limits (RDEL) – which cover day-to-day central government spending on public services – are £83.3bn higher in total over the current Parliament (2015/16 to 2019/20) than was assumed in March (see Chart below). Over the Parliament as a whole, public services' spending is set to fall in real terms by an average of 1.5% p.a. This compares with 1.6% p.a. in the last Parliament. Relative to the planned spending in 2015/16 the government will have to find cuts in public services spending of just £18bn by 2019/20 as opposed to the £42bn cut - required a year earlier by 2018/19 – that was implied in the Coalition's Budget in March.

Chart 1.4: Year-on-year real growth in resource DEL



Note: RDEL series excludes major historical switches with AME. Details are in the supplementary fiscal tables on our website.
Source: OBR

The Chancellor's speech notes that Whitehall has reduced administrative budgets by over 40% in real terms. Whilst Northern Ireland has achieved drastically less than this, it is not clear exactly what the comparative figure for Northern Ireland is.

The smoothing in public spending is due to four factors. First, tax receipts have come in stronger than expected in the first two months of the current fiscal year. Second, in-year efficiency savings of £2.6bn have already been made in 2015/16. Third, the government is accelerating its sale of state-owned assets to yield additional revenue. Indeed, 2015/16 is set to deliver the largest privatisation proceeds of all time and higher than the previous record in 1987. And fourth, the Chancellor has used increased taxation, a weapon he previously suggested he was reluctant to use.

Defence spending protected - The Ministry of Defence's budget will rise by 0.5% (above inflation) each year to 2020-21. Up to an additional £1.5 billion a year will also be available by 2020-21 to fund increased spending on the military and intelligence agencies. The government will meet the NATO pledge to spend 2% of national income on defence every year of this decade. Protecting defence will mean that other departments will face steeper cuts.

Public sector pay – In the last Parliament public sector pay restraint saved almost £8bn due to a multi-year pay cap. Once again, the Chancellor unveiled another multi-year pay cap of 1% for public sector workers for 4 years from 2016/17 onwards. The forthcoming Spending Review is also set to examine pay reforms and modernise the terms and conditions of public sector workers. This will include a renewed focus on reforming progression pay. It could also see changes in their contracts and other terms and conditions.

Student maintenance grants replaced with loans – The expansion of higher education requires funding to be put on a sustainable footing. From 2016/17 (academic year), cash support for new students from low and middle income backgrounds will be increased by £766 to £8,200 p.a. However, loans will replace the maintenance grants with the loans paid back when the student's earnings exceed £21k p.a. Northern Ireland will have to decide whether it will continue with the maintenance grants or follow the approach in England & Wales. In 2013/14 60% of students in Northern Ireland received a maintenance grant – 38% received a full grant (£3,475 p.a.) and 22% a partial grant. In 2012/13 the Department for Employment & Learning (DEL) spent £72m on maintenance grants. Choosing not to follow the approach in England & Wales will add new unfunded financial pressure on DEL's budget.

Welfare Reforms / Employment Support

Underpinning the government's approach is a commitment to reward work and back aspiration, while continuing to support the most vulnerable in society. The government also wants to move away from a low wage, high tax, high welfare society to a higher wage, lower tax, lower welfare society. The Chancellor's speech, inspired by a similar trio of statistics frequently used by the German Chancellor Angela Merkel, stated that "Britain is home to 1% of the world's population; generates 4% of the world's income; and yet pays out 7% of the world's welfare spending". Whilst UK welfare spending remains disproportionately high in a global and European context, Northern Ireland's welfare spending is disproportionately high within a UK context. Yesterday's Summer Budget announced a range of reforms that are expected to save £12bn from the annual welfare bill. It should be remembered that Northern Ireland still has not fully implemented the welfare reforms adopted in the rest of the UK.

Freezing working-age benefits – Most working-age benefits (i.e. non-pensioner benefits) will be frozen for 4 years from 2016/17. However, Maternity Allowance, maternity pay, paternity pay and sick pay are all excluded from this freeze. This measure is expected to save £4bn p.a. by 2019/20.

Social housing rent reductions – The government is set to reduce rents in social housing in England by 1% p.a. for 4 years. Meanwhile tenants on higher incomes in England (>£40k in London & over £30k outside London) will have to pay market rate, or near market rate, rents. These measures do not apply to Northern Ireland.

Tax credit thresholds lowered – Tax credit expenditure more than trebled in real terms between 1999/00 and 2010/11, with total expenditure in 2014/15 estimated to be around £30bn. This represents an increase of almost £10bn in real terms over the last decade. The Summer Budget notes that UK expenditure on family cash benefits is the highest in the OECD and double the OECD average in 2011. 9 out of 10 families with children were eligible for tax credits in 2010. Following reforms in the last Parliament this has fallen to 6 out of 10. From April 2016, the income threshold at which household tax credits and Universal Credits starts to be withdrawn will be lowered from £6,420 to £3,850. The government will also increase the rate at which a person's or household's tax credit award is reduced as they progress in work, by increasing the taper rate in tax credits from 41% to 48%.

Child Tax Credit support limited to 2 children – Support provided to families through tax credits will be limited to 2 children, so that any subsequent children born after April 2017 will not be eligible for support. An equivalent change will be made in Housing Benefit and this change will also apply in Universal Credit.

Regional benefits cap introduced – The government believes that those out of work should not receive more from benefits than many working families earn. The last Parliament introduced a household benefit cap of £26,000. This equated to an annual gross salary of £34,000. The Summer Budget has lowered this cap again to £23,000 for London and £20,000 for regions outside London *(including Northern Ireland)*. This new £20,000 cap equates to a gross annual salary of £25,000 which still compares favourably with Northern Ireland's median annual full-time wage of £24,000.

Support for Mortgage Interest scheme – Those in who receive benefits to help pay their mortgage interest payments are currently able to do so indefinitely and pay nothing back. Going forward this Support for Mortgage Interest scheme will change from a grant to a loan. So homeowners repay the financial support they receive.

New Youth Obligation for 18-21yr olds on Universal Credit – From April 2017, young people will have to participate in an intensive regime of support from day 1 of their benefit claim. After 6 months they will be expected to apply for an apprenticeship, gain work-based skills, or go on a mandatory work placement to give them the necessary skills to enter sustainable employment.

Housing Benefit support for 18-21yr olds withdrawn - From April 2017 the Budget will remove the automatic entitlement to housing support for new claims in Universal Credit from 18-21 yr olds who are out of work. There will be exceptions for vulnerable people. It had been feared that this entitlement would be removed for under-25s.

Introduction of a National Living Wage - Arguably the biggest surprise of today's Budget was the announcement by a Tory Chancellor to introduce a National Living Wage (NLW). This effectively rebrands the National Minimum Wage (NMW). From April 2016, a new National Living Wage of £7.20 an hour for the over 25s will be introduced which is 70p above the current National Minimum Wage rate. This will rise to £9 per hour by 2020 with the aim that this will be 60% of median earnings. This will be welcomed by employees in lower paid jobs; however it will represent a higher cost to employers in low wage sectors such as food, hospitality and retail. This measure will make under-25s more cost-competitive from an employer's perspective which could help alleviate Northern Ireland's high youth unemployment rate. It is noted that Northern Ireland's youth unemployment rate is the highest of all UK regions and currently stands at over 19%.

30 hours of free childcare for 3 & 4 year olds – From September 2017 working families will see their free childcare entitlement doubled from 15 hours to 30 hours a week for working parents of 3 and 4 year olds. This free childcare is worth around £5k p.a. per child. This measure grabbed the headlines but it is not available in Northern Ireland. Northern Ireland would have to fund its own scheme from its existing resources.

Personal Taxes

Income Tax Personal Allowance - The personal income tax allowance was raised from £6,475 in April 2010 to £10,600 from April 2015 under the Coalition. The planned increases outlined in March have been brought forward with the allowance now set to rise to £11,000 in 2016/17 as opposed to 2017/18 previously. This will benefit 700,000 people in Northern Ireland to the tune of £82 per year and will lift an additional 15,000 individuals out of income tax (but not National Insurance) altogether. The government has an ambition to raise the Personal Allowance to £12,500 by 2020, and a law will be introduced so that once it reaches this level, people working 30 hours a week on the National Minimum Wage won't pay any income tax at all.

Higher Rate Income Tax Threshold – The amount that people will have to earn before they pay the higher rate of income tax (40%) will increase from £42,385 in 2015/16 to £43,000 in 2016/17. The government pledges to raise this threshold to £50,000 by the end of this Parliament.

Rent-a-Room relief – The value of this income tax relief has been frozen at £4,250 p.a. since 1997. From April 2016 the relief will rise to £7,500.

Inheritance Tax Threshold (IHT) – Raising the inheritance tax threshold has been a longstanding Conservative Party manifesto pledge. Inheritance tax is currently charged at 40% on estates over the tax free allowance of £325k per person. Married couples and civil partners can transfer any unused allowance to one another. From April 2017, each individual will be offered a family home allowance so that they can pass their home onto their children or grandchildren tax-free after their death. This will be phased in after 2017/18 so that the total tax-free allowance will be £1m in 2020/21.

Pensions tax relief – While the Budget has increased tax relief in some quarters, this has been scaled back in other areas. The cost of introducing the new IHT threshold is more than offset by the scaling back of income tax relief on pension contributions for those earning more than £150k p.a. The pension tax annual allowance will be gradually reduced from £40k to £10k. This measure will raise almost £1.3bn p.a. by 2020/21.

Landlords tax relief – Buy-to-let landlords have recently come in for more scrutiny by the Bank of England. The Chancellor is now on their case too. Mortgage tax relief will be reduced from 40% / 45% to 20%, phased in over 4 years from April 2017. This will erode profitability in the buy-to-let sector and potentially provide another financial headache for those in Northern Ireland who are in negative equity. BTL landlords will also

see the automatic 10% deduction from their profit for wear and tear removed. Instead landlords will only be permitted to deduct the costs they actually incur.

Permanent non-dom status – Non-domiciled individuals (non-doms) live in the UK but consider their permanent home to be elsewhere for tax purposes. The UK rules allow non-doms to pay UK tax on their offshore income only when they bring it into the UK. Permanent non-dom status will be abolished from April 2017. From that date anyone who has been resident in the UK for 15 of the last 20 years will be considered UK-domiciled for tax purposes.

Reforming Dividend Tax Credit - The dividend tax credit (which reduces the amount of tax paid on income from shares) will be replaced by a new £5,000 tax-free dividend allowance for all taxpayers from April 2016. Tax rates on dividend income will be increased. This simpler system will mean that only those with significant dividend income will pay more tax. Investors with modest income from shares will see either a tax cut or no change in the amount of tax they owe. The new regime will reduce the incentive for people to receive income through dividends as opposed to a wage in order to reduce their tax liabilities. These reforms are expected to yield £2bn p.a. in increased revenues by 2020/21.

Business Taxes

Corporation Tax – In George Osborne's previous Budgets he slashed the main rate of corporation tax from 28% to 20% today. One of the biggest surprises was the Chancellor's decision to announce further reductions in the years ahead. The corporation tax rate will be lowered to 19% in 2017 and to 18% in 2020 and will narrow the differential between the UK *(& Northern Ireland)* and the Republic of Ireland (12.5%) to just 5½ percentage points. From a Northern Ireland perspective this is significant as it reduces the cost of a potential reduction to 12.5% to match the Republic of Ireland's headline rate. Instead of the Stormont Executive having to fund a 7½ percentage point cut (from 20%) the cost will be reduced to financing a 5½ percentage point cut. However, with all of the UK regions set to benefit from an 18% rate, this will also reduce the overall competitiveness of a 12.5% Northern Ireland rate and by extension the subsequent economic benefits. Furthermore, an 18% corporation tax rate also reduces the cost of a lower corporation tax rate for Scotland if, as expected, further fiscal powers are devolved to the Scottish Parliament.

Capital Allowances – The business community will be encouraged that the government will increase the Annual Investment Allowance (AIA) for all qualifying investment in plant & machinery to £200k per annum from 1 January 2016. This is the highest level that the AIA has ever been set at and was due to fall to just £25k at the end of this year. Furthermore, this allowance is to be made permanent and will therefore help businesses with their long-term investment planning.

Employment Allowance – Businesses (& Charities) will also benefit from the 50% increase in the Employment Allowance. Businesses will have their employer National Insurance bill cut by additional £1,000 to £3,000 from April 2016. From April 2016, companies where the director is the sole employee will be no longer able to claim this allowance.

Banking Levy – Yesterday's Budget set out a long-term roadmap for the taxation of banks. This involves three steps. First, there is to be a new tax on banking sector profit from 1 January 2016, set at a permanent rate of 8%. Second, in light of the new banking tax the existing levy will experience a phased reduction from its current rate of 0.21% to 0.1% by 2021. And thirdly, the bank levy's scope will be changed so that UK headquartered banks only have the levy applied on their UK balance sheet liabilities as opposed to their worldwide balance sheets.

Large Employers Levy – The government proposes to impose a levy on large UK employers to fund 3 million new apprenticeships. This appears to only target new apprenticeships in England and not Northern Ireland.

Climate Change Levy - The government is to remove the Climate Change Levy exemption for renewably sourced electricity from 1 August 2015.

Business tax roadmap – Businesses require certainty to plan long-term investments. To this end, the government will publish a business tax roadmap by April 2016 setting out plans for business taxes over the rest of the Parliament.

Indirect Taxes & Duties

Insurance premium tax (IPT) - There will be a steep hike in IPT from 1 November 2015 with the standard rate of IPT rising from 6% to 9.5%. This increase is expected to yield £1.6bn p.a. by 2020/21. Policies entered into before this date will have a 4-month concessionary rate of 6%. From 1 March 2016 all premiums received by insurers will be taxed at the new rate of 9.5%. Whilst the rise in IPT represents an increase in households' insurance prices, the Budget notes that these prices have been falling and the standard rate of IPT still compares favourably with many other EU countries. It should be noted that IPT only applies to one fifth of all policies.

Fuel Duty – Fuel duty will remain frozen this year. This is to be welcomed by motorists and businesses (from a transport cost perspective) given that the price of a litre of petrol has climbed from a low of 106 pence in February to around 117 pence today. Fuel duty remains a likely target for increasing revenue in the coming years particularly if the oil price falls.

Vehicle Excise Duty reform – The Budget announces reform of vehicle excise duty (VED) to create a new Roads Fund. It is unclear as to how such a fund would impact on Northern Ireland. VED will be reformed for cars registered from April 2017. The first year rate will vary according to CO_2 emissions but will vary from £0 - £2,000. Thereafter the standard rate for all cars will be £140 except those with zero emissions (£0). There is also a new supplement of £310 p.a. for the first 5 years for vehicles with a list price of over £40,000. The changes to VED are one of the biggest revenue generators in the Summer Budget and are expected to yield £1.43bn p.a. by 2020/21.

Devolution of Air Passenger Duty (APD) - Devolving APD to Wales and the English regions is discussed in the Summer Budget. This is one example of the acceleration in the devolution of powers to England. The late 1990s saw devolution of powers to Scotland, Wales and Northern Ireland and the setting up of regional Assemblies. English regions are now playing catch-up with a key theme in recent budgets being the devolution of powers to English regions and the concept of the Northern Powerhouse. As the Chancellor highlighted yesterday "in my view the devolution within England has only just begun".

In effect, something of a fiscal arms race in incentives for UK regions is developing with competition between the UK regions set to intensify. Whilst Northern Ireland's devolutionary model of government is stuttering, other parts of the UK are rapidly developing theirs and embracing new powers. As a result, Northern Ireland could quickly find that its form of government is potentially an obstacle to its economy's competitiveness rather than the catalyst that is emerging elsewhere in England.

Richard Ramsey

9th July 2015

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