**Subject:** **EMBARGOED: DAVID CAMERON: HALF A MILLION YOUNG PEOPLE OUT OF TAX UNDER A CONSERVATIVE GOVERNMENT**

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**DAVID CAMERON: HALF A MILLION YOUNG PEOPLE OUT OF TAX UNDER A CONSERVATIVE GOVERNMENT**

·         NEW FIGURES REVEAL CONSERVATIVE PERSONAL ALLOWANCE PLEDGE WILL LIFT HALF A MILLION UNDER 30S OUT OF INCOME TAX – A HIGHER PROPORTION THAN ANY OTHER AGE GROUP.

·         PM TO LAUNCH FIVE POINT GUARANTEE FOR YOUNG PEOPLE, CONFIRMING KEY POLICIES ON JOBS, TAX, EDUCATION, SAVINGS AND HOUSING WILL BE KEPT RIGHT ACROSS THE PARLIAMENT

·         HE WILL MAKE NEW COMMITMENTS ON ACCESS TO HIGHER EDUCATION AND YOUTH EMPLOYMENT

Half a million under 30s will be lifted out of income tax under a future Conservative government, new analysis has revealed.

The analysis, which comes as the PM launches his Five Point Guarantee for Young People, shows that a million young people have been lifted out of income tax altogether by our decision to raise the tax-free personal allowance to £10,600 over the last five years. Another half a million will be lifted out of income tax under our pledge to raise the threshold to £12,500 by 2020.

This means 7.6% of young people in work will be lifted out of tax when the personal allowance reaches £12,500 by 2020. This is the highest proportion of any age group. In comparison 4.9% of 30-50 years olds and 5% of 50-65 year olds will have been lifted out of income tax.

The new figures come on the day that more than 5 million young people have had their income tax cut on their pay packet – typically keeping £70 more of their monthly salary than in April 2010.

Underlining a future Conservative government’s commitment to young people, the Prime Minister will set out a goal that by 2020, disadvantaged young people will be twice as likely to enter higher education than under Labour. And he will set a long term ambition for the UK to join Canada as the G7 country with the highest youth employment rate.

Confirming that the Conservatives’ key policies to help young people get on will be kept for the duration of the next parliament, he will outline his Five Point Guarantee for Young People:

-          If you want to learn, we will deliver over 3 million new apprenticeships and keep university places uncapped.

-          If you want a job, we will continue with the Employment Allowance, always make sure there is no national insurance on jobs for people under 21, and abolish the jobs tax on apprentices under 25.

-          If you want to keep more of your own money, we will raise the personal allowance to £12,500.

-          If you want to save, we will introduce a Personal Savings Allowance so you pay no tax on your savings, and if you want to save for a home, we will introduce Help to Buy ISAs.

-          If you want your own home, we will build 200,000 Starter Homes and extend the Help to Buy Equity Loan scheme to 2020.

David Cameron said:

“If you’re young, want to work hard and want to get on, the Conservative Party is the party for you. If you put in, you’ll get out. If you want to work hard and make something of yourself, whether it’s through our apprenticeship programme, abolishing the jobs tax on young people, our income tax cuts or Help to Buy, we are the party of the first chance – the first job, the first paycheque, the first home; the party of every young person who wants get on life.”

**Notes to editors**

·         An estimated 499,890 under 30s will be lifted out of income tax under a future Conservative government by lifting the Personal Allowance from £10,600 to £12,500, based on data in the Family Resources Survey, compared to not uprating the Personal Allowance. At 7.6% of all in work people in this age group, this is the highest proportion of all age groups (under 30s, 30-50 years, 50-65s and 65+).

·         These estimates also show 5.077 million young people under 30 have had their income tax cut in this month’s pay packets – typically keeping £70 more of their monthly salary this month than in April 2010

·         The Prime Minister has set out a goal to continue the proportionate increase of disadvantaged young people going to university – so that by 2020, the most disadvantaged young people will proportionately be twice as likely to enter higher education than they were under Labour, up to 28% in 2020 from under 13.6% in 2009 and 18.2% in 2014. Applications from this group have reached a record high in 2015, with the latest data showing a 21% application rate.

·         The Prime Minister has set a long term ambition for the UK to join Canada as the G7 country with the best youth employment rate. The UK currently has the second highest rate of youth employment (48.6%) in the G7, behind only Canada (56.1%).

**Our record on young people and our commitment for the next five years:**

**Skills**

·         **2.2 million more apprenticeships have been started since 2010 – and we’ll create 3 million more in the next parliament.** We’re giving young people the skills they need to succeed in the global race – and get on in life (BIS, *Apprenticeships*, 16 April 2015, [link](https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships)).

·         **The number of UK university entrants passed 500,000 for the first time in 2014.** 512,400 people secured places in UK universities through Ucas applications in 2014, up nearly 17,000 – or 3.4 per cent (UCAS, *End of cycle data resources*, December 2014, [link](https://www.ucas.com/corporate/data-and-analysis/end-cycle-data-resources)).

·         **More people from disadvantaged backgrounds are now going to university.** In England, Wales and Northern Ireland, the entry rates for young people from disadvantaged backgrounds were at record levels in 2014. In England the entry rate has risen from 13.6 per cent in 2009 – Labour’s last full year in power - to 18.2 per cent in 2014 (UCAS, *2014 Application Cycle*, December 2014, [link](http://www.ucas.com/sites/default/files/2014-ucas-end-of-cycle-report.pdf)).

·         **We’ve removed the cap on higher education student numbers.** From 2015 if they get the grades for their course and the university has the capacity they will not be prevented taking it up. This means an estimated 60,000 more young people will be able to go to university every year (HM Treasury, *Autumn Statement 2013*, December 2013, [link](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf)).

·         **Labour’s tuition fees policy means they will have to reintroduce the cap.** Labour’s tuition fees policy means that the removal of the cap on student numbers would be unsustainable, which is why they have failed to commit not to reintroduce it. Nick Hillman, director of the Higher Education Policy Institute, has warned ‘Labour have, to date, refused to match the commitment to let universities recruit everyone they want to – and that may have just become a little harder for them to do’ (*Times Higher Education*, 27 February 2015, [link](http://www.timeshighereducation.co.uk/news/labour-pressed-to-reveal-plans-on-student-numbers/2018818.article)).

**Employment**

·         **Youth unemployment rose by 45 per cent under Labour.** In February to April 1997 there were 652,000 unemployed 16 to 24 year olds. By February to April 2010, this had risen by 287,000 to 939,000 (ONS, *Labour Market Statistics*,18 March 2015, [link](http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Labour+Market#tab-data-tables)).

·         **David Miliband blamed youth unemployment on the previous Government.** In an interview with *The Times*, David Miliband said that the present Government did not ‘invent the problem of youth unemployment’, conceding that it started to become an issue under Labour from about 2005 (*The Times*, 16 November 2011, [link](http://www.thetimes.co.uk/tto/news/politics/article3227799.ece)).

·         **Youth unemployment is down 151,000 over the past year.** Over the last year youth unemployment has seen a large fall, dropping to 742,000. It was 939,000 in February to April 2010, so is down 199,000 under this Government (ONS, *Labour Market Statistics*, April 2015, [link](http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-357108)).

·         **We have been helping businesses create work by cutting the jobs tax – and abolishing the jobs tax for under-21s.** We are reducing employer National Insurance contributions with a £2,000 Employment Allowance that means 450,000 small businesses will pay no jobs tax. We’ve also abolished the jobs tax on under 21s from April 2015, and will abolish it for apprentices under 25 from April 2016. This is helping businesses create the jobs that provide stability and security for families (HMT, *Budget 2013*, [link](https://www.gov.uk/government/topical-events/budget-2013) ; HMT, *Autumn Statement 2014*,[link](https://www.gov.uk/government/publications/autumn-statement-documents)).

·         **And announced a three year fund to create 50,000 apprenticeships for young unemployed people.** Over three years the fund will create a specific funding stream for 50,000 apprenticeships – or traineeships for those who need further preparation before an apprenticeship – for 22-24 years olds who have been unemployed for more than six months. This is in addition to the 3 million apprenticeships we will create for people of all ages in the next Parliament.

·         **This is part of our plan to abolish long-term youth unemployment over the next Parliament.** In our manifesto we committed that a Conservative government will:

o   **Deliver 3 million more quality apprenticeships over the next Parliament.** We will continue to replace lower level, classroom-based further education courses with high quality apprenticeships.

o   **Provide support to those 16 –17 year olds still not in education, employment or training or are at risk of falling into this category.** JobcentrePlus advisers will work with schools and colleges to supplement careers advice and provide routes into work experience and apprenticeships.

o   **Abolish access to Jobseeker’s Allowance for 18-21 year olds and replace it with a Youth Allowance.** This will be time-limited to six months, after which young people will have to take an apprenticeship, a traineeship that leads to an apprenticeship, or do daily community work for their benefits.

o   **Require some 18-21 year-olds to do community work as soon as they start claiming benefits.** 18-21 year olds who have not been in employment, education of training (NEETs) for six months prior to claiming benefits will be required to do community work from the start of their claim. There are around 50,000 new claims a year from young people who fall in this category, accounting for around 10 per cent of all claims.

**Tax cut**

·         **Labour doubled income tax for the poorest by abolishing the 10p tax band.** Every person paying tax at the 10p rate when Labour doubled it, will now be paying no income tax at all on that income (HM Treasury, *Budget 2014*, March 2014; HoC library, *Income tax*, 6 March 2013, [link](https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDEQFjAC&url=http%3A%2F%2Fwww.parliament.uk%2Fbriefing-papers%2FSN04685.pdf&ei=FJsiVNaCDsmRNtj0gogC&usg=AFQjCNHiXt0yR-sGrq7uNCZdJbXBxJj2EQ&sig2=b8Wmd6lXWFcVxiuRxZLeXQ&bvm=bv.75775273,d.ZGU&cad=rja)).

·         **We’ve cut income tax for over 26 million people.** In April 2015 we will have increased the tax-free personal allowance to £10,600, a typical tax cut of £825. Over 3 million people on the lowest incomes will pay no income tax (HM Treasury, *Budget 2015*, March 2015).

·         **And in the next parliament we’ll go further – raising the personal allowance to £12,500 – which will take more under 30s out of tax than any other age group.** Over the next parliament we will raise the personal allowance further to £12,500 - taking an estimated half a million young people out of income tax altogether, taking under 30s than any other age group. We’ll also increase the threshold at which people pay the higher rate to £50,000.

**Help for savers**

·         **We’ve introduced a new Personal Savings Allowance to abolish taxes for 17 million savers.** From 2016 basic rate taxpayers will be able to earn up to £1,000 in interest on savings completely tax free, with a £500 allowance for higher rate taxpayers. This will take around 95 per cent of people out of savings tax altogether.

·         **A new Flexible ISA to encourage saving by trusting people with their hard-earned money.** From the autumn, people will have complete freedom to take money out of an ISA and put it back in later in the year without losing their tax-free entitlement.

·         **And a Help to Buy ISA to help people save for their first home.** This new ISA will mean for every £200 a first time buyer saves, the government will give a bonus of £50, up to a £3,000 bonus. So if you save £12,000 for the deposit on your first home, then you will get £3,000. For a basic rate taxpayer it’s the equivalent of not paying any income tax on £15,000 savings towards a first home.

**Helping people who want to own their own home**

·         **Housebuilding under Labour fell to levels not seen since the 1920s.** Between June 2008 and June 2009 only 75,000 new homes were started, the lowest level of housebuilding in peacetime since the 1920s (DCLG, *House Building: September Quarter 2013 England*, 21 November 2013, [link](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259891/House_Building_Release_-_Sept_Qtr_2013.pdf)).

·         **Housebuilding is now at its highest since 2007.** Over 700,000 new homes, including over 217,000 affordable homes, were been delivered in the last Parliament with nearly 138,000 new housing starts in 2014, 10 per cent higher than in 2013. This is the highest level of house building since 2007 (*DCLG Press Release*, 19 February 2015, [link](https://www.gov.uk/government/news/housebuilding-continues-to-climb); *DCLG briefing,* March 2015).

·         **Over 88,000 families have brought their own home through Help to Buy.** Our Help to Buy schemes help people to access an affordable mortgage with only a five per cent deposit and have already helped over 88,000 families buy their own home, with over 80 per cent of sales going to first time buyers. The Equity Loan part of this scheme will now be extended to 2020, helping 120,000 more people (*DCLG Press Release*, 5 March 2015, [link](https://www.gov.uk/government/news/help-to-buy-helping-88000-buy-a-new-home)).

·         **We’ll build 200,000 new Starter Homes for first-time buyers.** We have already put in motion a programme to deliver 100,000 Starter Homes and now we are committing to extend this to build 200,000 homes. This scheme offers first-time buyers under 40 a brand new, purpose-built home at a 20 per cent discount off the normal asking price.

·         **Extend the Help to Buy: Equity Loan scheme to 2020.** Since April 2013 over 40,000 families have been able to get an affordable mortgage and buy their own home thanks to this scheme. To ensure more people can get on the housing ladder we will extend this scheme to at least 2020 (*DCLG Press Release*, 5 March 2015, [link](https://www.gov.uk/government/news/help-to-buy-helping-88000-buy-a-new-home)).

·         **And Continue with the Help to Buy: Mortgage Guarantee scheme.** This scheme has so far helped over 40,000 families across the UK to buy their own home. We are now committing to continue with this scheme until 2017, enabling more people to get a 95 per cent mortgage with an affordable deposit of five per cent.