

BUDGET 2010



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Summary by Roy Lilley

The Chancellor opened his budget with an extended narrative to demonstrate Labour got the key decisions right. Ahead of an election; what would you expect?

He said; "The record shows the right calls were made". Recession has not become depression, unemployment is lower than feared, "but the recovery is still in its infancy" and the task now is to find a way to bring down borrowing without killing it off altogether.

Making sure we all understood he was tough on the banks Darling said; "...the government was right to bail them out and those that are state-supported are starting to turn things around. He says the Treasury has already received more than £8bn from them in return for the support it gave. Income tax receipts are stronger and borrowing 11bn lower.

Mr Darling claimed; debt as % of GDP is lower here than anywhere other than Canada. On the country's borrowing, Mr Darling says it will be £167bn this year - £11bn lower than the earlier forecast of £178bn

Here are the main highlights:

- Everyone guaranteed access to a bank account.
- Default retirement age of 65yrs scrapped
- Guarantee of training for under 24 yrs who are unemployed for over 6 months
- Help for first time buyers; double stamp duty allowance from £125k to £250k for this year and next. Paid for from an increase of stamp duty for properties over £1m. *The Tories sat in silence for this one!*
- The ISA limit will be raised from £7,200 to £10,200 and will increase each year after that in line with inflation.
- Next month's planned 3p increase in fuel duty will be staged; up by 1p in April, another 1p in October and a final 1p in January 2011.
- If you like a drink you are going to pay more. Alcohol duty will rise; cider will go up by 10% from midnight tonight; tobacco duty will increase by 1% immediately, then 2% in subsequent years.
- Inheritance tax frozen to help with care of the elderly – *expect an announcement from Andy Burnham next week*

Turning to the future the Chancellor said he intended to protect public spending and promised front line services would be protected. However, the 2011 settlement was likely to be the toughest for decades.

will be reduced for senior civil servants and reforms will be made to cut the pensions bill. Staff will also be relocated from "expensive London offices" to elsewhere in the country - some 15,000 posts within the next five years.

Public sector pay increases would be held at 1% from 2011. Mr Darling said; the pay bill

More Key Points:

- There will be £94bn in new business loans from Lloyds and RSB with at least half to small and medium-sized firms.
- Business rates are to be cut for a year from October, meaning a tax reduction for 500,000 small firms in England.
- The annual investment allowance will also be doubled to help new companies get off the ground, with increasing relief on capital gains tax for entrepreneurs, leaving the main rate of capital gains tax unchanged for the rest of us. The 100k investment allowance doubled to help small business and special help for the computer games industry
- Following the snow damage there is an extra £100m to pay for repairs to local roads and £285m for motorway improvements and expansion projects, such as allowing hard-shoulder running in busy times.
- The Green Bank was confirmed; an investment bank controlling £2bn of equity which will focus on investing in greener, cleaner energy and transport - focusing first on wind turbines.
- There is to be a £35m university enterprise capital fund to support innovation and help start-up companies set up by new graduates to get going.
- If you sell to the public sector you will be pleased to know 80% of invoices must be paid in 5 days.
- Pensions are up to £132.60 and cold weather payments will stay at £250 for another year.

Mr Darling said; "universities must make efficiency savings", but despite this they're going to get a one-off £270m to help them create 20,000 more places for students to study subjects like math's, science or engineering.

For families, those with one and two-year-olds will get an extra £4 a week in child tax credits, regardless of whether the recipients are single parents, cohabiting or

married. The pensioners' higher winter fuel payment, brought in during the worst weather this winter, will also continue into next year.

Tax evasion and avoidance? Mr Darling says agreements are going to be made with three additional countries. These are Dominica, Grenada and Belize - the third of those, Belize, caused much hilarity and cheering in the Commons, although presumably not from the Tories. Their controversial non-dom donor and deputy chairman Lord Ashcroft makes much of his money in Belize.

[So, we are more knowledgeable but are we any wiser?](#)

Undoubtedly there will be an immediate impact on the Spring housing market. But, the sums don't add up. A quick look at the figures in the [Budget Red Book](#), it seems the measure will cost the Treasury £230m in 2010-11 and £290m in 2011-12. Raising the rate on homes worth more than £1m will not raise enough to plug that hole - raising an estimated £90m in 2010-11 and £70m in 2011-12.

So, is it with any justification the Tories are saying there is a £30bn hole in Labour's plans? Whoever wins the election will have to deal with the public sector funding cycle from 2011 and none of the political parties are prepared to tell us what they will do.

We will have to wait and see what happens to NHS funding until after the election!

But we do know, you might have to move to the Outer Hebrides, stop drinking Cider, work until you are 90 years old and give up fags. On the other had you'll be able to drive to work on the hard-shoulder of the motorway buy a house with a first-time buyer and start a computer games business. See, it's not all bad!

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