

# Budget 2004

## REGIONAL PRESS NOTICE

17 March 2004

### **PRUDENCE FOR A PURPOSE: A UNITED KINGDOM OF STABILITY AND STRENGTH: NORTHERN IRELAND**

A series of measures that will promote greater prosperity, flexibility and fairness for all in Northern Ireland were announced by the Chancellor today.

Key Budget announcements include:

- confirmation that the economy continues to grow steadily and that the Government is on track to meet its strict fiscal rules for the public finances over the economic cycle;
- plans for public service efficiency savings and extra investment in education. In devolved areas these will be matters for the Northern Ireland Executive to decide;
- plans to boost long term productivity and growth;
- tackling child and pensioner poverty;
- taking further steps to extend employment opportunity for all;
- promoting fairness in the tax system; and
- a range of measures to improve the environment.

The Government underlined today its commitment to a strong devolved regional policy benefiting all regions and countries of the UK in *Devolving decision making: 2 – Meeting the regional economic challenge: Increasing regional and local flexibility*.

As a valuable contribution to the Government's commitment to achieving a greater regional balance of economic activity, Sir Michael Lyons published on Monday his final report, *Well Placed to Deliver? – Shaping the Pattern of Government Service*, which sets out a series of recommendations for

relocating civil servants and other public sector workers from London and the South East of England.

Measures which are particularly relevant to individuals and businesses in Northern Ireland include:

- further measures to tackle employability in enterprise areas, including the Business Premise Renovation Allowance. This will benefit the 237 most deprived wards in Northern Ireland;
- extending eligibility for the VAT cash and annual accounting schemes, which could benefit 400 eligible businesses in Northern Ireland;
- introducing a new definition of R&D from 1 April 2004, which will make it easier for up to 28 small and 30 large companies undertaking R&D in Northern Ireland to claim the credit, and extending the range of costs that qualify for the credit to include power, water, fuel and software costs;
- the Barker Review of housing supply, published today, concludes that house building must rise substantially to reduce house price inflation and increase the number of affordable homes. The Government agrees with the need for a significant increase in housing development over time. It intends to implement a programme of reform to planning and delivery of development as recommended in the Review and consider a package of measures to increase housing supply, including social housing investment, alongside a Planning-gain supplement by end of 2005;
- publication of a consultation document to inform the preparation of a ten-year investment framework for science and innovation as part of the 2004 Spending Review, committing to grow UK public investment in the science base faster than the trend rate of GDP growth over the next Spending Review period;
- from October 2004, an increase in the adult National Minimum Wage rate to £4.85 and the youth development rate to £4.10, benefiting at least 60,000 people in Northern Ireland;
- extra £100 help announced today with living expenses this year for households with someone aged 70 or over;

- raising the Pension Credit guarantee element to £105.45 for single pensioners and £160.95 for couples, from April 2004. 80,600 pensioner households in Northern Ireland are eligible to benefit;
- as announced in the 2003 Pre-Budget Report, an increase in the child element of the Child Tax Credit by £180 to £1,625 a year from April 2004, equivalent to a weekly increase of £3.50. 81,200 working families in Northern Ireland are eligible to benefit;
- a minimum wage for 16-17 year olds of £3 per hour from October 2004;
- an additional £60 million in 2006-07 and an additional £133 million in 2007-08 for the Northern Ireland Executive as a consequence of the spending increases announced for the Department for Education and Skills. The full 2004 Spending Review settlement for Northern Ireland will be announced in summer 2004. It will be for the Northern Ireland Executive to decide how to spend this allocation; and
- further details announced of the Northern Ireland aggregates levy relief.

The Treasury will be publishing a leaflet setting out more detail about the Budget and explaining what it means for Northern Ireland.

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## **NORTHERN IRELAND STATISTICS**

As a result of personal tax and benefit measures introduced since 1997, by October 2004 households in Northern Ireland will be, on average, £1,280 a year better off in real terms.

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## **NOTES FOR EDITORS**

The allocations announced today for the devolved administrations do not include increased local authority spending on education. It will be for the devolved administrations to decide what allocations to make to local authorities in the light of the overall 2004 Spending Review settlements for the devolved administrations in the summer, which will include the consequentials

of increased Office of Deputy Prime Minister funding for local authorities to be decided in Spending Review 2004.

Devolution to the Northern Ireland Assembly is currently suspended. The Secretary of State for Northern Ireland is responsible for spending allocations within the Northern Ireland block budget until devolution is restored.

Further details of Budget 2004 announcements can be found on the HM Treasury website: [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk). Copies of Inland Revenue and HM Customs and Excise Budget Notes can be found on their websites at [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk) and [www.hmce.gov.uk](http://www.hmce.gov.uk) respectively.

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### **GOVERNMENT DEPARTMENTS INTERNET SITES**

Further information and all published documents relating to Budget 2004 may be found on the Internet at the following addresses:

HM Treasury [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)

Inland Revenue [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)

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