

BUDGET 2009

22 April 2009

Budget 2009 for the North East

Today, the Chancellor has announced a package of measures to help business, families, and pensioners in these unprecedented economic times. These include:

- Support for business, including by extending the enhanced loss relief for an additional year and expanding HMRC's Business Payment Support Service, increasing capital allowances for new investment to 40 per cent for one year, and establishing a £750 million Strategic Investment Fund to support advanced industrial projects of strategic importance;
- An additional £1.7 billion will be set aside for the Department for Work and Pensions over the next two years to ensure Jobcentre Plus and Flexible New Deal capacity is in place to respond effectively to rising unemployment and additional support for the long term unemployed, building on the extra support now available to those unemployed for over 6 months. The package will offer a guaranteed job, training or placement to 18-24 years olds who have been unemployed for 12 months. In February 2009, there were over 27,000 people aged 18-24 claiming Jobseeker's Allowance in the North East.
- An additional payment of £100 to households with someone aged 80 or over and £50 to households with someone aged 60 or over, to be paid alongside the Winter Fuel Payment in 2009-10. In the North East, this will benefit 400,000 households, of which 90,000 households contain someone aged 80 or over.
- A £600 million fund to unlock stalled housing sites and provide a kick-start to house-building to deliver up to an additional 10,000 homes in England. As part of this, to stimulate housing development in the North East, funding will be made available to local authorities in the region for construction of new social homes to higher energy efficiency standards.
- £275 million over the next two years for energy and resource efficiency in business, public buildings and households. For the North East this package will mean that energy efficiency is improved in: 10,000 homes; an estimated 250 public buildings, including schools and hospitals; and through an estimated 150 loans to businesses.

This April, a number of important changes for families and individuals came into effect:

- 956,000 basic rate tax payers in the North East will be £145 better off;

- Increases to the child element of Child Tax Credit of £75 above indexation will benefit around 180,000 families in the North East;
- The introduction of the new £190 Health in Pregnancy grant will benefit the estimated 30,000 mothers to be in the North East this year; and
- The 5% increase in the basic State Pension, along with the £60 payment made at the beginning of the year, mean that the North East's 490,000 pensioners will be better off.

The Pre Budget Report announced changes to help the economy. And these are now delivering. For the North East, over 3,430 businesses have benefited from being able to spread payments of tax, and the enterprise finance guarantee scheme has ensured that viable SME's continue to access finance they require in the North East.

The Pre Budget Report also announced that £3 billion of capital expenditure would be brought forward to 2008/9 and 2009/10. Already this has meant that in the North East:

- over 2000 homes have received grants under the Warm Front programme to improve energy efficiency,
- 5 higher education institutions have benefited from further investment; and
- nearly 1800 homes have been improved under the decent homes programme.

Quotes:

Nick Brown, Regional Minister for the North East, said *"The Governments number one priority is to provide support and real help to people now. That is why we are focusing our support on jobs, homes and families, ensuring that we build for recovery and plan for the low carbon economy that we all want for Britain's future prosperity and growth."*

"No region will be left behind. That is why the Pre Budget Report announced a £20bn fiscal stimulus, including a reduction in the rate of VAT that benefits businesses and households in the North East, as well as bringing forward £3bn of capital spending that delivers investment in key public services."

Yvette Cooper, Chief Secretary to the Treasury, said *"This Budget is about jobs in the North East region, helping people and businesses right now. It also prepares the North East for the recovery - encouraging business investment, developing a low carbon economy and promoting a fairer society."*

Notes for Editors

For a breakdown of how the key Budget measures will impact on the North East, please visit the Treasury microsite at: <http://budget.treasury.gov.uk>. For media bids, please contact Jackie Woods 0119 202 3604.

HM TREASURY PRESS OFFICE

Press enquiries: 020 7270 5238
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Press enquiries: 020 7147 0798 / 2328 (Business Tax Desk)
020 7147 2318 / 2333 / 0051 / 0394 (Personal Tax Desk)

020 7147 2314 / 0052 (Law Enforcement Desk)
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GOVERNMENT DEPARTMENT INTERNET SITES

Further information and all published documents relating to Budget 2009 may be found on the Internet at the following addresses:

HM Treasury: <http://www.hm-treasury.gov.uk>
HM Revenue & Customs: <http://www.hmrc.gov.uk>