



National Assembly for **Wales**
Cynulliad Cenedlaethol **Cymru**

The Chancellor's Budget 2006

On Wednesday 22 March 2006, the Chancellor of the Exchequer, Gordon Brown, issued the Budget Report for 2006.

This paper brings together a range of information, analysis and commentary on the Chancellor's Budget Report 2006, including an overview of its impact on Wales, together with a range of Stakeholders' views and media coverage.

March 2006



The Chancellor's Budget 2006

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Executive Summary

On Wednesday 22 March 2006, the Chancellor of the Exchequer, Gordon Brown, issued the 2006 Budget, entitled "*A strong and strengthening economy: Investing in Britain's future*". This is the Chancellor's 10th Budget since 1997.

This paper brings together a range of information, analysis and commentary on the Chancellor's 2006 Budget, including an overview of its impact on Wales, together with a range of Stakeholders' views and media coverage.

Section 1 describes the role of the Chancellor's Budget in the Spending Review Cycle.

Section 2 begins with a Treasury summary of the key points in Budget 2006. This section also contains two useful extracts from the BBC Budget 2006 coverage: the key points from the Chancellor's Speech and the Conservative and Liberal Democrat's Leader's responses; and an overview of the impact of the key Budget measures on personal finances (in Q&A format).

Section 3 illustrates the distribution of taxes and expenditure in the budget, together with per capita trends in public expenditure in Wales.

Section 4 identifies the impact of the Budget measures for Wales, and includes press releases from the political parties in Wales, together with selected press notices from the local media.

Section 5 presents a summary of the news coverage of Budget 2006 in the national press.

Section 6 presents a summary of responses to Budget 2006 from a range of Stakeholders.

The paper concludes with links to sources of further information on the Chancellor's Budget 2006.

Contents

1	About the Chancellor's Budget	1
2	Key Points from Budget 2006	2
3	Budgets Charts & Graphs.....	11
4	Impact on Wales	13
5	Chancellor's Budget 2006 – Selected Press Notices.....	26
6	Selected Stakeholder Views by Topic.....	28
7	Further Information	42

The Chancellor's Budget 2006

On Wednesday 22 March 2006, the Chancellor of the Exchequer, Gordon Brown, issued the 2006 Budget, entitled "A strong and strengthening economy: Investing in Britain's future"

1 About the Chancellor's Budget

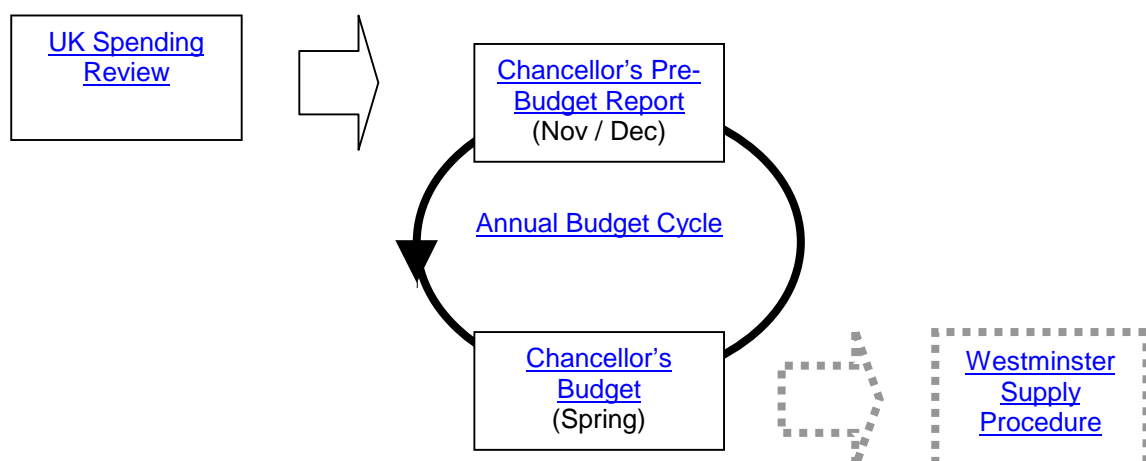
The Budget is the major financial and economic statement made each year by the Chancellor of the Exchequer to Parliament and the nation. The Budget information is published in two main sections - the [Economic and Fiscal Strategy Report \(EFSR\)](#) and the [Financial Statement and Budget Report \(FSBR\)](#).

The role of the Budget is to:

- provide an update on the state of the economy and public finances and to present new forecasts for each;
- set out the Government's economic and fiscal objectives;
- report on the progress the Government has made towards achieving its objectives;
- set out the further steps the Government is taking to meet them.

Since 1998, the Chancellor has presented the Budget in the Spring.

Figure 1: The Budget Process at Westminster



Within the context of the UK Spending Review cycle, the Chancellor's Budget is the key stage in the annual budget process. Following the publication of the Chancellor's Budget, the Main Estimates are prepared providing Parliamentary authority for expenditure through the Supply Procedure (including grants to fund the devolved administrations).

This paper brings together a range of information, analysis and commentary on the Chancellor's Budget 2006.



2 Key Points from Budget 2006

Budget Report 2006 – Chapter 1 Overview

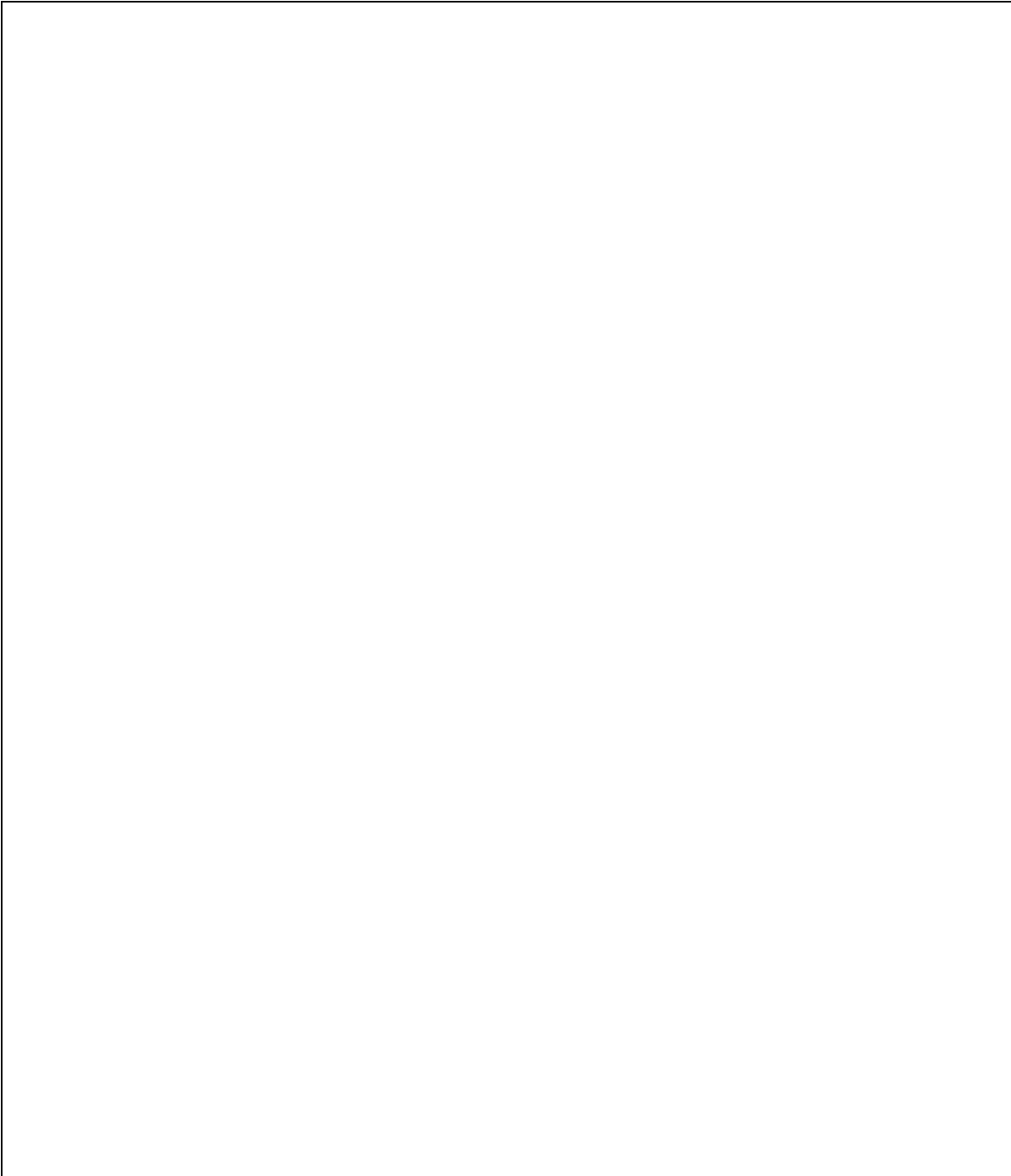
Source: HM Treasury
Date: 22 March 2006
Reference: Publication
Link: http://www.hm-treasury.gov.uk/media/20E/8D/bud06_ch1_149.pdf

Extract:

Members' Research Service: Research Paper
Gwasanaeth Ymchwil yr Aelodau: Papur Ymchwil



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales





The Government's economic objective is to build a strong economy and a fair society, where there is opportunity and security for all. Budget 2006, *A strong and strengthening economy: Investing in Britain's future*, presents updated assessments and forecasts of the economy and public finances, and reports on how the Government's policies are helping to deliver its long-term goals. The Budget:

- shows that the economy is stable and growing and that the Government is meeting its strict fiscal rules for the public finances;
- announces further measures to help families and children, including a commitment to increase the child element of the Child Tax Credit in line with average earnings to the end of this Parliament;
- announces that the payments into Child Trust Fund accounts at age 7 will be £250 for all children, with £500 for children from lower-income families;
- takes further steps to extend employment opportunity for all, through measures which focus help and support on those who face the greatest barriers to work;
- announces that from April 2008 every pensioner and disabled person will have free off-peak national bus travel in England;
- announces £585 million of additional resources over 2006-07 and 2007-08 to provide further support for personalised learning in schools in England;
- announces further measures to boost productivity and growth, to build on the UK's position as a leading location for inward investment, advance the science and innovation ten-year framework, and to reduce further the burden of regulation on business;
- provides £100 million to accelerate the recruitment of Police Community Support Officers;
- commits funding, in partnership with commercial sponsorship, to support the most talented British athletes to prepare for the 2012 Olympics;
- takes steps to tackle the global challenge of climate change, including reforms to vehicle excise duty and measures to encourage energy efficiency in the household and business sectors;
- introduces measures to modernise the tax system, and to tackle tax fraud and avoidance; and
- defers the inflation-based increase in main road fuel duties to 1 September 2006.

The Budget Point by Point

Source: BBC News
Date: 22 March 2006
Reference: Press Article
Link: http://news.bbc.co.uk/1/hi/uk_politics/4832848.stm

Extract:

Here are key points from Chancellor Gordon Brown's 10th Budget.

Economic growth

Inflation was now 2% and on target and economic growth was 2.5% - again on target, said Mr Brown

Even with economic crises around the world, Britain's economy had proved "resilient, robust and prudent"

Mr Brown said in future official statistics would be published by an independent board

Public pay would on average rise 2.25% in the next year, showing financial discipline

Economic growth was 2.5% in the latest quarter and would be 2.75%-3.25% for 2007/8

Borrowing

The chancellor said he had met his "golden rule" on public borrowing and was on course for a £16bn surplus over the economic cycle ending in 2010-11

Net debt was now 36.4% of national income - and would rise to 38%

Net borrowing would be £37bn, £36bn next year, then £30bn and to £25bn, £24bn and £23bn in the years to 2010-11

Innovation

Mr Brown promised a comprehensive programme for recruiting and retaining staff, including signing up 3,000 science teachers and funding after-school science clubs in 250 schools.

Productivity was growing 2.3% - higher than at any time since the 1960s - said Mr Brown

Mr Brown said he was extending the research and development tax credit by doubling from 250 to 500 employees the size of companies able to claim higher credit

There would be new summer schools for entrepreneurs

Employment

There were now 170,000 more people in work than there were at the time of last year's Budget

Mr Brown promised to double training for women with low skills and addressing pay discrimination

Homes

He said 160,000 new homes had been built in the last year

Deputy Prime Minister John Prescott would give details of plans for £970m for shared equity schemes to help 35,000 people get onto the housing ladder

The exemption on stamp duty would be raised £125,000 and the level at which inheritance tax begins to be paid would rise to from £275,000 to £325,000



Environment

Mr Brown said he rejected calls for the abolition of the climate change levy and instead would index the charge in line with inflation from 2007 to cut CO2 emissions further

He would propose a World Bank scheme to help developed economies to invest in new forms of energy in developing nations

A new £1bn energy and environmental research institute was being set up, funded by government and private industry

To make homes more environmentally friendly, Mr Brown promised new incentives for piloting "smart metering" and a new labelling scheme for energy efficient goods to make homes greener

A quarter of a million extra homes would be insulated over the next two years

Cars with the lowest rate of emissions would pay no vehicle excise duty but the 1% of most polluting cars would pay £210

Mr Brown postponed the usual annual inflation increase in fuel duty until 1 September

Families

The personal tax allowance would rise from £4,895 to £5,035

The child element of the child tax credit to rise by 14% over the next few years

Child Trust Funds to get an extra £250, or £750 when the children reached seven-years-old

Child care vouchers to increase by £5 a week by £55

Drink and tobacco

Duty on cigarettes will rise 9p,

Tax rises 4p on wine and 1p on beer in line with inflation

Duty on spirits, sparkling wine and cider is frozen

Bombing memorial

Funds would go to a memorial for the victims of the 7 July bombings in London and £1m would go to Britons injured in terrorist attacks at home and abroad

There would be £200m extra given to promote international peacekeeping and an extra £800,000 for the armed forces

Sports

There would be £600m available to fund world-class British athletes

There would be an annual schools Olympics, held in a different city every year until 2012

There would be a new national sports foundation, with £34m from the government and other funding from private companies

There would be another £2m for evening sports clubs for young people in a scheme run by police, Premier League football clubs and community groups

Education

The first £6bn in government efficiency savings had now been made, with cuts in civil service posts, said Mr Brown

Ahead of next year's comprehensive spending review, Mr Brown said the most important investment in the future would be in education and Britain could not afford wasted potential



Further education would be free of charge for the first time up to the age of 25, with adult learning grants to help with the cost of living
Resources would be redirected from "failing" college courses to the ones which employers wanted to see

Mr Brown said he wanted to raise the amount spent on each state school pupil to the level seen in private schools now to £8,000
Over five years, investment in schools would rise from £5.6bn now to £8bn a year
£30bn of government assets, including the Tote, would be sold off

Crime and transport

By April next year, the number of community support officers will more than double from 6,000 to 16,000
There will be free off-peak national bus travel for pensioners and disabled people from April 2008

Conservative reaction

Tory leader David Cameron branded Mr Brown as a "politician stuck in the past"
The chancellor had failed to deliver a truly "green Budget", saying: "In a carbon conscious world, we got a fossil fuel chancellor"
Business investment was at a record low, said Mr Cameron and the tax burden was at its highest level ever
The government was borrowing £175bn over six years, said Mr Cameron, arguing: "This chancellor is mortgaging this country's future"
Labour MPs might see Mr Brown as the "salvation from the mess they are in this week" but he was the architect of failing policies, argued Mr Cameron
The Tory leader concluded: "He is an analogue politician in a digital age. He is the past"

Liberal Democrat response

Lib Dem leader Sir Menzies Campbell accused Mr Brown of complacency over the environment and of presiding over a Treasury which could not even manage its own tax credits system
Sir Menzies said there was no council tax rebate this year - leaving some of the most vulnerable people to suffer
The Budget had missed an opportunity to tackle unfair taxes, face up to the pension crisis and tackle personal debt, he added

The full record of the Budget debate, including contributions from all opposition parties, is available here

http://www.publications.parliament.uk/pa/cm200506/cmhansrd/cm060322/debtext/60322-05.htm#60322-05_spm1

Key Budget measures and what they mean for Personal Finances

Source: BBC
Date: 22 March 2006
Reference: Press Article
Link: <http://news.bbc.co.uk/1/hi/business/4829226.stm>

Extract:

I have children. Is there any help for me?

The chancellor has confirmed that a payment of £250 will be made into child trust funds (CTF) for all children aged seven; children from poorer homes will receive £500.

Last December the chancellor announced that tax credits would be more generous in 2006, rising in line with earnings.

In the Budget the chancellor went a bit further, raising the child element of the child tax credit over the next three years by 14%.

The value of childcare vouchers will increase from £50 to £55 a week and grants will be made available to small and medium sized firms to help cover the costs of workplace childcare provision.

I have bought a new car. Will I be paying more tax?

It depends on which type of car you have bought.

Very low polluting vehicles will, for the first time, be exempt from road tax.

But at the other end of the scale heavy polluting cars, such as some four-by-four vehicles, will be taxed at a new higher rate of road tax, at £210 a year.

Against a backdrop of rising world oil prices the chancellor decided to freeze petrol duty again.

My parents have a large home which I am set to inherit. What has happened to inheritance tax (IHT)?

In the 2005 Budget the chancellor announced a series of inflation busting increases to the IHT threshold.

Current rules mean that 40% tax must be paid on any estate worth more than £275,000 - although not on anything left between husbands and wives.

This threshold will rise to £285,000 from April and then £300,000 by the 2007/2008 tax year.

This time around, the chancellor pledged that the IHT threshold would rise to £325,000 within four years.

There has been a noisy national newspaper campaign to reform IHT.

People are concerned that as house prices rise, more estates will eventually be subject to IHT.

The chancellor also made it clear that IHT would be levied on pension fund cash held by people over age 75 when they die.

But if people leave this pension fund cash to a spouse or charity then it will be exempt from IHT.



My daughter is buying her first home, is there any help available?

The starting point for Stamp Duty Land Tax is to rise from £120,000 to £125,000. Duty will now be paid at 1% on properties worth between £125,000 and £250,000. In a bid to increase the supply of land the chancellor said he would make more public sector land available for housebuilding. In addition, nearly £1bn is being pumped into shared equity schemes to help 35,000 new homeowners get on the property ladder.

I am a saver and investor, is there any help for me?

The chancellor announced that the tax break for investing in Venture Capital Trusts (VCT) would continue.

VCTs invest in unquoted companies (and firms quoted on the AIM and OFEX indexes) which can be some of the most dynamic and fastest-growing companies in the UK. But the amount of tax relief given for investment in a VCT has been cut from 40% to 30%.

Rules governing what people can do with a pension saving lump sum were clarified. From 6 April, people who have taken a tax free lump sum out of their pension scheme can reinvest up to 30% of this money into another pension scheme and receive tax relief. In effect, this opens the door to some pension savers receiving what has been dubbed "double dip" tax relief.

What about booze and fags?

If you are a smoker, you will be hit by the now-traditional increase in duty.

Duty on cigarettes rises by 9p a packet.

There is good news for spirits drinkers once again. For the ninth Budget in a row, the chancellor has frozen duty on spirits.

Duties on cider and sparkling wine have also been kept the same again.

The chancellor is adding another penny on the price of a pint and 4p on a bottle of wine.

Is there anything else?

Air Passenger Duty and Insurance Premium Tax were both frozen.

Legislation to allow the setting up of Real Estate Investment Trusts (Reits), with the aim of boosting investment in house building, is to be introduced.

Reits are tax-efficient vehicles designed to allow small investors to take direct stakes in high-profile developments - such as Canary Wharf or Bluewater - without them being too expensive.

The Treasury is to impose a charge on property companies that want to convert to Reits.

This charge will be equivalent to 2% of the value of the property owned by the company.

Reits should be up and running from January 2007.

I am an employee. Will I be paying more tax?

It depends.

One surprise in the Budget is that tax relief on computers loaned to employees is being abolished from 6 April.

This has the potential to increase tax bills for workers, as employees will be taxed at 20% of the cost the computer.

For example, an employee loaned a computer worth £2,000 will be deemed to have extra taxable income of £400.



In addition, employees will only be able to receive one mobile phone from their employers tax-free.

If more than one phone is provided there will be a tax charge.

"This will increase red tape for employers," Anne Redstone, fellow of Chartered Institute of Taxation, told BBC News.

"When this type of thing was tried before, under the Conservatives, it proved to be a nightmare to track the supply of phones to employees."

In his pre-Budget report, the chancellor outlined a 3% increase in personal allowances - the amount of money you can earn before income tax becomes payable.

The threshold at which National Insurance Contributions become payable will rise by a similar percentage.

Income Tax Personal Allowances

- People under the age of 65: up from £4,895 to £5,035
- People age 65-74: up from £7,090 to £7,280
- People age 75 and over: up from £7,220 to £7,420
- Married couples' allowance: up from £5,905 to £6,065
- Married couples' allowance age 75 or over: up from £5,975 to £6,135

Source: HM Treasury

These increases in allowances have now been confirmed.

However, the increase in personal allowances is just below the average rise in wages.

As a result, taxpayers will continue to suffer what economists call "fiscal drag".

In other words, as wages escalate away from tax allowances a greater proportion of your income ends up being taxed - or falling into a higher tax bracket.



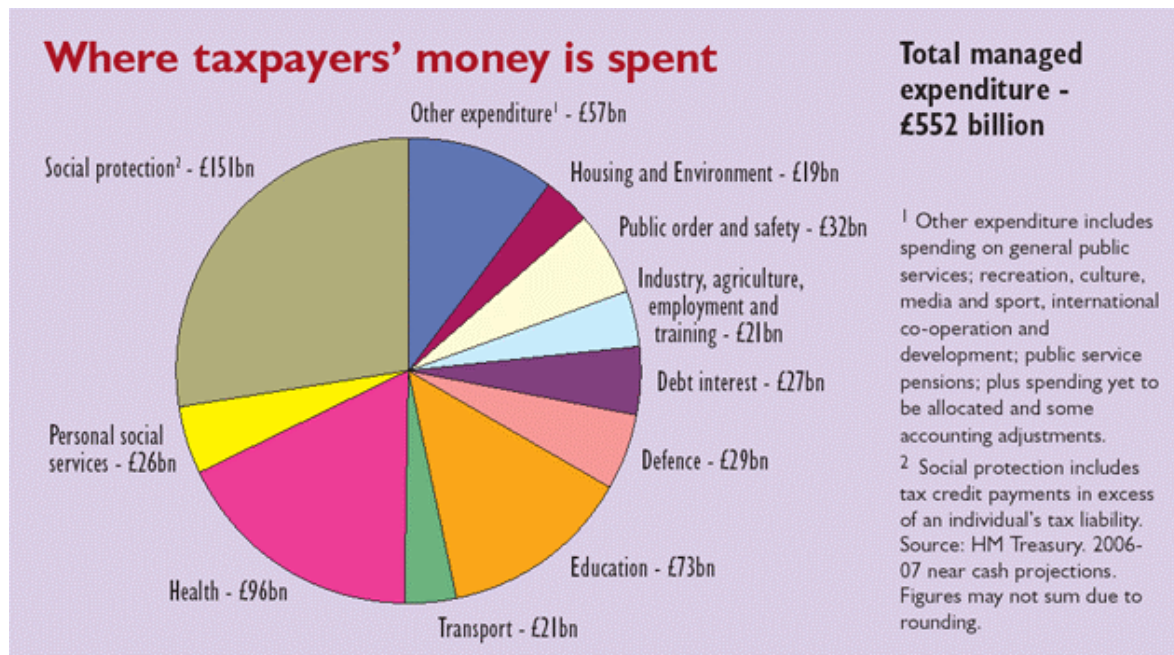
3 Budgets Charts & Graphs

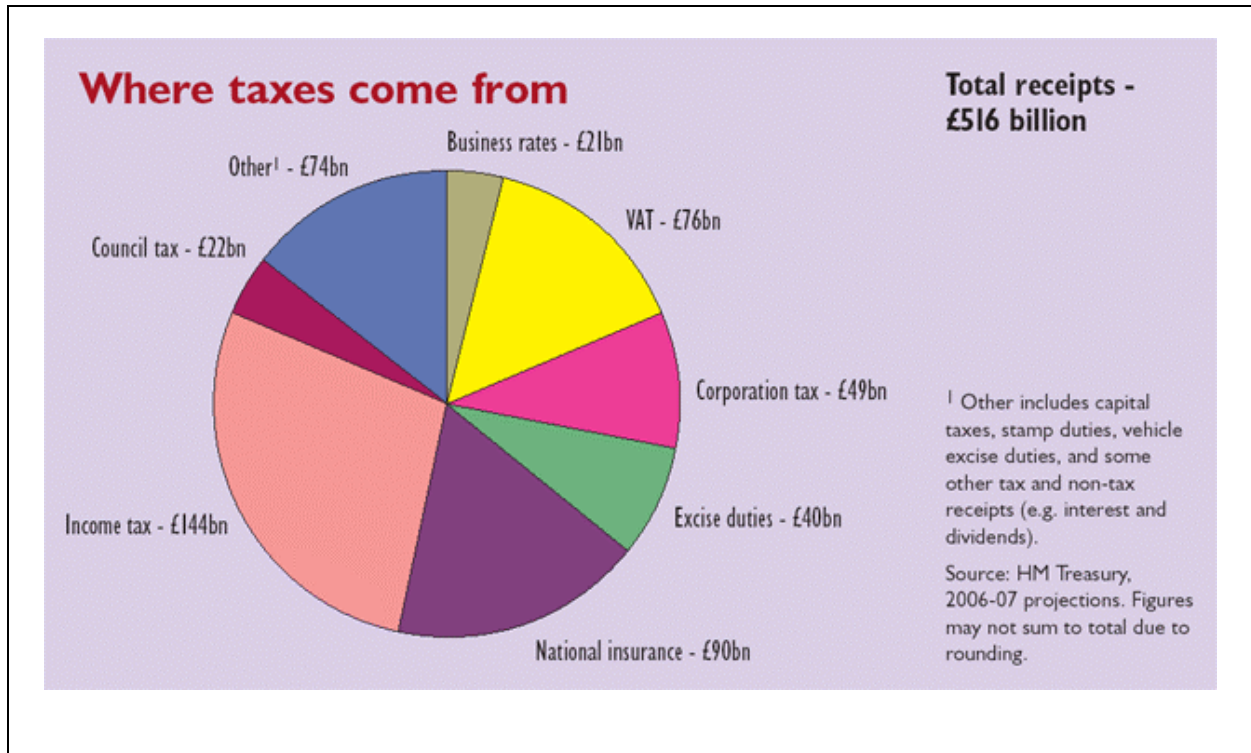
Source: HMT
Date: 22 March 2006
Reference: Summary Leaflet
Link: http://budget2006.treasury.gov.uk/page_09.html

Extract:

Where taxpayers' money is spent

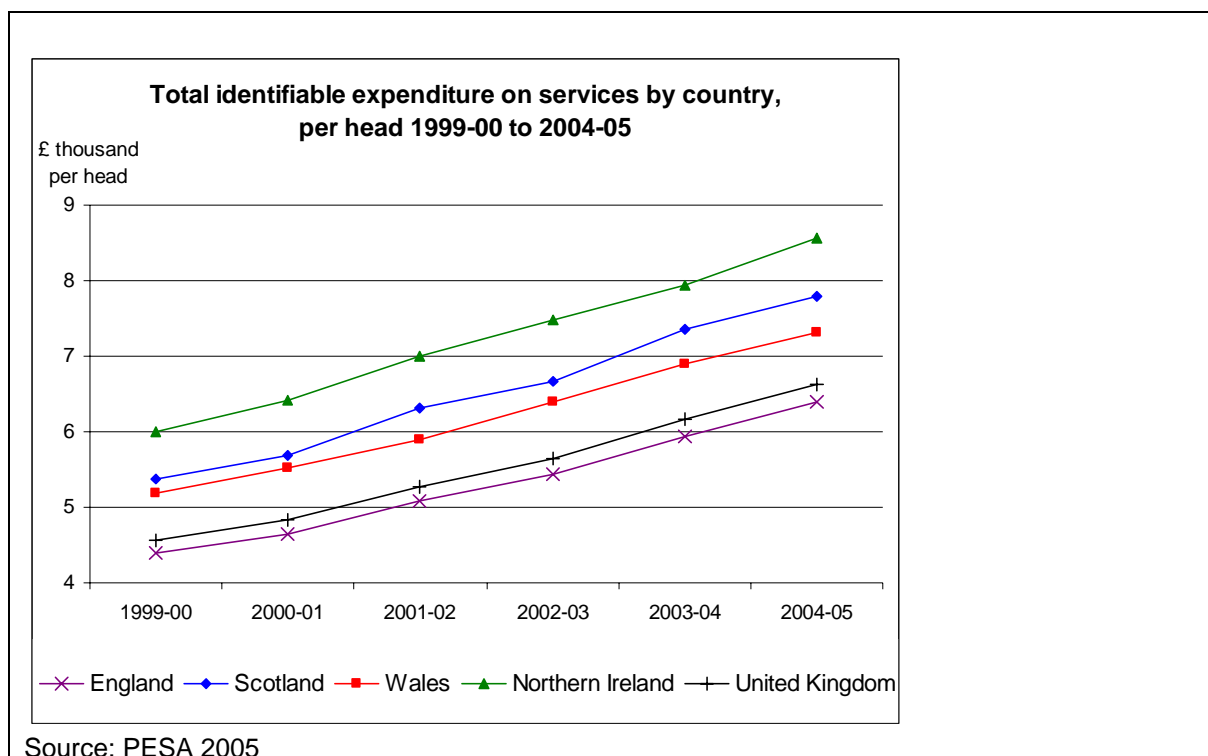
Total public spending is expected to be around £552 billion for the coming year, around £9,200 for every man, woman and child in the UK. It is set to rise to £583 billion in 2007-08 and projected to rise to £610 billion in 2008-09.





Trends in per capita public expenditure across the United Kingdom

Source: Members' Research Service
Date: 22 March 2006
Reference: Chart
Link: Members' Research Service

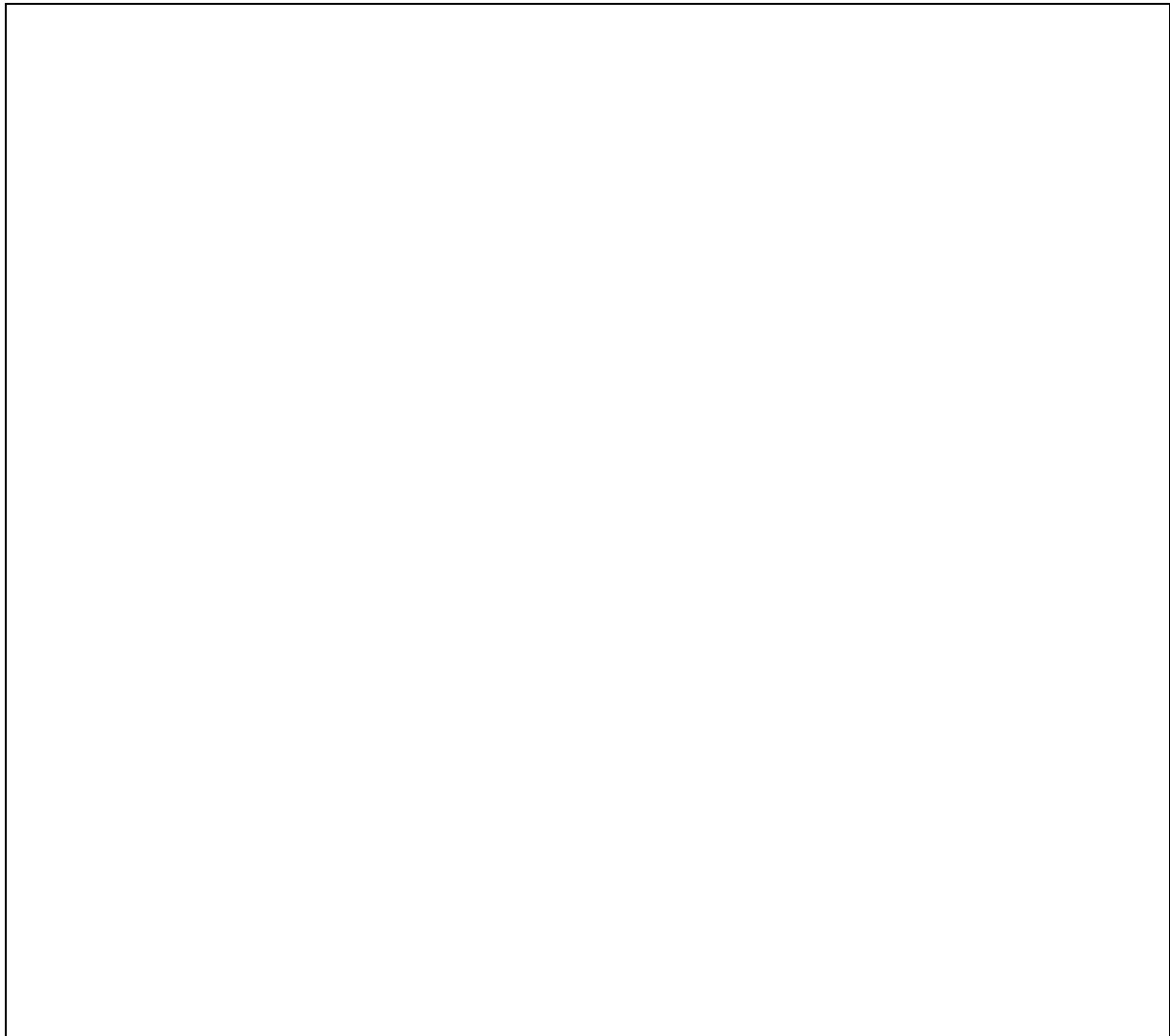




4 Impact on Wales

Source: HMT
Date: 22 March 2006
Reference: Regional Press Notice
Link: http://www.hm-treasury.gov.uk/media/21E/68/bud06_regpn_wales.pdf

Extract:





Measures announced today which are particularly relevant to individuals and businesses in Wales include:

- an additional £45 million for the Welsh Assembly Government as a consequence of spending increases announced in the Budget for Government departments.
- the launch of a consultation document, *The Science and Innovation Investment Framework 2004-2014: Next Steps*, which proposes further actions to take forward the Government's ten-year strategy for science and innovation. The document invites consultation responses on new measures to create a more effective science and innovation system in the UK, and maximise the impact of public investment in research on the economy;
- publishing a new strategy before the summer to create a step change in the Government's drive to market the UK economy internationally. To deliver the strategy, UKTI will undertake a programme of organisational change, allocate further resources to increasing trade with emerging markets and implementing an international R&D strategy;
- an intention to extend additional support to firms with between 250 and 500 employees that are above the current SME research & development tax credit threshold. This will build on the £228 million of R&D investment already carried out by firms in Wales;
- updating on progress towards the Government's target to relocate 20,000 public sector posts out of London and the South East. Posts have been relocated to every nation and region including over 1500 to Wales;



- an HM Revenue & Customs announcement on its plans to reduce the administrative burden of the tax system. Other Government departments will set out the ways in which they are implementing the Hampton Review and reducing regulatory burdens;
- highlighting the proposals published in the Welfare Reform Green Paper in January 2006, including the national roll out of the successful Pathways to Work pilot projects for incapacity benefit claimants and replacing the current incapacity benefits with a new Employment and Support Allowance;
- funding for more frequent work focused interviews for lone parents. 31,500 lone parents in Wales will be affected by this measure;
- confirming the rise in the adult rate of the National Minimum Wage to £5.35 in October 2006, affecting 80,000 people in Wales;
- refocusing the Fortnightly Job Review from June 2006 to ensure that only those who are able to demonstrate that they have met their jobseeking responsibilities will be able to continue their benefit claim. This potentially affects the 44,100 people in Wales currently claiming jobseeker's allowance;
- an announcement that the Child Trust Fund, which became operational in April 2005, will be extended so that all children will receive an additional payment at age 7 of £250 and children from lower-income families will receive £500, potentially benefiting 30,000 children in Wales;
- a commitment to increase the child element of the Child Tax Credit at least in line with average earnings up to and including 2009-10, potentially benefiting 242,600 families in Wales;
- freezing of spirits duties for the ninth successive Budget; and
- an inflation based increase for main fuel duties that will be deferred until September 2006 because of continuing high oil market volatility
- funding so that every area will benefit from neighbourhood policing by April 2007, bringing the total number of Police Community Support

Officers (PCSO) in England and Wales to 16,000 by April 2007, meaning around 244 more PCSO's for Wales.

Source: Western Mail

Date: 23 March 2006

Reference: Press Article

Link:

http://icwales.icnetwork.co.uk/0100news/0200wales/tm_objectid=16850850%26method=full%26siteid=50082%26headline=what%2dthe%2dbudget%2dmeans%2dfor%2dwales-name_page.html

Extract:

What the budget means for Wales

Madeline Brindley & Tomos Livingstone

FAMILIES were given a sweetener from Gordon Brown's Budget yesterday as the Prime Minister-in-waiting announced a range of child-friendly policies.

In a speech where he set out "my vision" for the future - with a heavy emphasis on education - the Chancellor said the child tax credit would rise in line with inflation, benefiting more than 240,000 Welsh families. The credit will be worth £88 a week to a two-child family by 2009, Mr Brown said, and put more money in parents' pockets than a straight cut in income tax.

The Chancellor, whose wife Sarah is expecting their third child later this year, also announced child benefit would rise to £17.45 from April 10. The children who are eligible for child trust funds, so-called baby bonds - an estimated 30,000 in Wales - will also receive a boost, with the Government to offer an extra payment of £250 to the savings fund when the child reaches seven. Those in lower-income families will receive £500.

New help was also announced for working women who want a wider range of career choices offering higher earnings. There was also a boost for first-time buyers, with the news that the Government was allocating £970m to help people get on to the property ladder. Mr Brown said the money would help 35,000 people buy their first home through its new shared equity scheme.

At the same time Mr Brown increased to £125,000 the level at which stamp duty on property purchases is payable - the second rise in two years. Family cars will now be taxed according to their emissions, with a gas-guzzling 4x4 paying as much as £210, but the greenest cars will pay no excise duty at all. How the Budget affects families like lawyer Jason Smith, lecturer wife Kath and son Cai, below, is explained in our Budget pullout.

The Chancellor also gave a big cash injection to English schools - putting pressure on his friend Rhodri Morgan to do the same for Wales. Gordon Brown gave a hint of his priorities if, as expected, he becomes Prime Minister, with education the big winner. His spending plans - worth £34bn over five years for England's schools - will mean £45m for Mr Morgan over the next two years. He may choose to spend the cash on education, or to use it elsewhere.



Welsh Secretary Peter Hain refused to be drawn on how the Assembly Government should spend the funds but said in his other role, as Secretary of State for Northern Ireland, that he had ensured the money went straight to the schools.

"This really is a matter for the Assembly," he said. "What's clear is that this is a huge extra sum for the Assembly to spend as it chooses. I know skills will be high on their agenda because I discussed it with Rhodri this morning."

Assembly Finance Minister Sue Essex said the Budget was "good news" for Wales and its seat of power in Cardiff Bay, below.

"Our aim would be to spend that money in a way that makes the most difference to frontline services," she said. Ms Essex said the Cabinet would give "urgent consideration" to how to get the money allocated.

Mr Brown announced a new annual Schools Olympics with pupils from across the UK competing against each other. The first will be in Glasgow, but Mr Hain said he hoped Wales could host the event in future, possibly in Cardiff or Swansea, but he may also put Belfast forward as a venue. "Wales comes first, because Wales is ready to host an event like this now," said the Welsh Secretary.

Source: Daily Post
Date: 23 March 2006
Reference: Press Article
Link:

http://icnorthwales.icnetwork.co.uk/news/regionalnews/tm_objectid=16852774%26method=full%26siteid=50142%26headline=gordon%2dhands%2dout%2d%2dpound%2d45m%2dcash%2dboost%2dto%2dassembly%2d-name_page.html

Extract:

Gordon hands out £45m cash boost to Assembly

CHANCELLOR Gordon Brown yesterday handed Wales a £45m cash boost. The extra spending power over two years will be added to the Assembly's £13.5bn budget.

Teachers' leaders in Wales last night demanded early talks urging the Assembly Government to honour the chancellor's commitment to children and education.

NUT Wales secretary Gethin Lewis said:



"On its journey from the Treasury the money must not be siphoned off either at Assembly level or at local government level for other purposes. It does devolution no good if schools in Wales feel that they are poor relations to their counterparts over the border, especially with the pressure currently on school budgets."

With its focus on the devolved issue of education Mr Brown's tenth Budget speech was widely seen as setting the stage for his expected premiership when Tony Blair stands down.

He announced a substantial "green" package including a new £210 top rate of road tax for the worst "gas guzzling" cars. But Mr Brown also announced that for the fourth year in succession fuel duty would be frozen - at least until September - while air passenger tax would also remain unchanged.

On the traditional "sin taxes" Mr Brown put 9p on a packet of cigarettes, 4p on a bottle of wine and 1p on a pint of beer while duties on whisky, spirits and cider will be frozen. There will also be no increase on champagne or British sparkling wines.

In other measures there were increases in child tax credit, £1bn for the armed forces for overseas operations, £100m for 10,000 new community support officers and £300m to develop new Olympic athletes.

There were also funds for a memorial for the victims of the July 7 London Tube attacks and £1m to set up a charitable fund for Britons injured in terrorist attacks abroad.

The Chancellor shored up his coffers with the announcement of a new £30bn sell-off of public assets and a fresh round of Whitehall efficiency cuts. He told a packed House that it was

"a Budget for Britain's future to secure fairness for each child by investing in every child". But Tory leader David Cameron derided Mr Brown as a "fossil-fuel Chancellor" in a carbon-conscious world. And Lib Dem leader Sir Menzies Campbell said the Budget was a missed opportunity.

On the environment, Mr Brown announced an increase in the climate change levy on industry, help for insulating an additional 250,000 homes and the creation of a new energy and environmental research institute as well as the changes to road tax.

While the worst polluting new 4x4's and other big "gas guzzlers" will face a new top rate of £210, drivers with cleaner engines will have their duty cut from £75 to £40. A small number of the "greenest" vehicles will pay nothing at all.

The threshold for inheritance tax is to rise in stages over the next four years from £275,000 to £325,000, while there will be an immediate increase in the stamp duty threshold to £125,000.



The Chancellor boasted that under his stewardship the economy had seen an unprecedented 10th year of consecutive growth.

"The British economy is strong and strengthening," he said.

Welcoming the boost, Assembly finance minister Sue Essex said: "Our aim will be to get this money in to our front line services in Wales and to get the money working for those most in need as soon and effectively as possible."

She said funding for an extra 244 Police Community Support Officers in Wales meant every area would benefit from neighbourhood policing by April 2007.

The National Union of Teachers in Wales highlighted proposals in England to increase direct payment to schools and to boost schools investment by £34bn over five years. NUT Wales secretary Mr Lewis said:

"Gordon Brown recognises the benefit of education to the health and prosperity of the nation. In Wales we shall be seeking early talks to make sure schools in Wales get their rightful share of that extra money. We want the Welsh Assembly Government and Welsh local authorities to do everything in their power to make sure that the money Gordon Brown has announced for schools gets to schools in Wales."

Employers organisations in North Wales last night attacked Gordon Brown for doing nothing to ease the tax burden on business. CBI North Wales chairman David Catherall said the Budget was:

"much ado about nothing. While there were no shocks he could have done a lot more. It's a Budget of missed opportunities which has totally ignored the fact that this country is becoming less and less competitive."

The government is pledging extra help to boost jobs and growth in smaller firms.

Source: Western Mail
Date: 23 March 2006
Reference: Press Article – Budget Special
Link: <http://icwales.icnetwork.co.uk/0300business/0100news/>

Source: Assembly Government

Date: 22 March 2006

Reference: Press Release

Link:

http://www.wales.gov.uk/servlet/PressReleaseBySubject?area_code=37D3E11600063A42000004B900000000&document_code=N000000000000000000000000042696&p_arch=null&module=dynamicpages&month_year=null

Extract:

A budget for Public Services in Wales

The Chancellor of the Exchequer, Gordon Brown, announced an extra £45 million for the two years 2006-07 and 2007-08 for devolved public services in Wales in his budget today.

The Assembly Government's Finance Minister, Sue Essex said "This additional money provides us with even higher spending power and is testament to the successful economic management of Gordon Brown in securing a low inflation, sustained growth economy.

" In line with the Assembly's normal procedures the Cabinet will now be giving urgent consideration to how to allocate the additional money. Our aim will be to get this money in to our front line services in Wales and to get the money working for those most in need as soon and effectively as possible.

" In addition to the extra funding for devolved services, the budget also brings a range of other benefits for people in Wales. The extension of the Child Trust Fund to give an additional payment at age 7 will benefit 30,000 children and the increase in line with average earning to the child element of the Child Tax Credit will benefit more than 242,000 working families.

" Funding for an additional work focused interviews for 31,500 lone parents will help more people into the workplace and the increase in the minimum wage will affect 80,000 people's wages in Wales.

" The extra funding for a further 244 Police Community Support Officers in Wales means that every area will benefit from neighbourhood policing by April 2007.

" This budget is closely aligned with the Assembly Government's agenda of helping the most vulnerable while at the same time demonstrating a real commitment to a stable and prosperous economy. The measures in this budget will develop skills and provide real help families and the elderly.

" The people of Wales will benefit from this budget. It shows what can be achieved by Governments in Whitehall and Wales working in partnership together."

Source: Plaid Cymru
Date: 22 March 2006
Reference: Press Release
Link:

Extract:

Wales gains nothing from London-centric Budget - Plaid

Plaid's economics spokesman **Adam Price MP** today said that Gordon Brown's budget offered nothing to the people of Wales, and reflected both a Government and a Chancellor who have run out of steam and out of ideas. He claimed the stand-still budget offers nothing to the people of Wales who need to see prosperity and a more progressive future.

Speaking in Westminster today, **Adam Price** said:

"After nine years it's clear that New Labour isn't working. Regional and individual wealth inequalities across the UK are at record level. Under Labour, the economy of Wales has been dismissed, as they are preoccupied with winning Tory votes in the South East of England. Year after year, the wealth of the people of Wales compared to the UK average has fallen dramatically. It is appalling that North Wales, West Wales and the Valleys continue to qualify for the highest level of European aid, even within the new 25 member state EU, while Gordon Brown pays £600m to fund mainly English athletes."

Turning to the Chancellor's failure to provide the additional funding required in compensation for the former Allied Steel and Wire (ASW) workers who lost their pensions when their company went bust, **Mr Price** said:

"Disgracefully, this Labour Government has ignored a report by the Independent Parliamentary Ombudsman which found the Government guilty on three counts of maladministration in relation to the pensions of workers whose companies went bust. The report fully vindicates the campaign fought by Plaid. We will continue to put pressure on the Government till justice is done and the ex-employees of ASW are fully compensated and can claim what is rightfully theirs."

"It is typical New Labour hypocrisy that Gordon Brown now says that he allocates a further £200m to promote international peacekeeping, when it was his Government that spent over £5.5bn on fighting an illegal war in Iraq."

Commenting on the Chancellor's decision to raise the stamp duty threshold to £125,000, Plaid's Parliamentary Leader, **Elfyn Llwyd MP** said:

"This budget has been a lost opportunity to do something about the problems facing first time buyers in Wales. Raising the threshold by £5,000 is nonsensical and made even worse when, after failing to assist these people, the Chancellor



then stated that he is raising inheritance tax by £10,000 - i.e. assisting those who have far more means, at the other end of the scale.

"Despite that 72,000 jobs have been lost in manufacturing since Labour came to power, there was no word about manufacturing in today's budget, apart from sending people to study in America. There is nothing in the budget to assist the agriculture sector.

"Frankly everything positive in this budget is to do with England. Money to English schools, a report on finance services sector - London, a report on English regions, and a concentration on the South East of England which is the richest part of Europe. This budget has more to do with marking Gordon Brown as a future leader than anything else."

Janet Ryder AM, Plaid's Education spokesperson added:

"This year's budget will see huge rises in education spending in England and will leave our education spend in Wales lagging even further behind. I have yet to speak to any teacher in Wales who does not look on with envy on the money spent in England on education and now this spending is set to rise even further to £800 per pupil. That will leave our schools way behind and this low level of funding will continue to have a detrimental effect in Wales.

"While it is not always a good idea to make comparisons with England, this budget highlights one thing for sure - our schools are under increasing financial pressure and if we are to avoid teacher redundancies we must see an increase in school budgets in Wales."

Source: Welsh Conservatives

Date: 22 March 2006

Reference: Press Release

Link:

http://www.conservatives.com/tile.do?def=wales.news.story.page&obj_id=128716

Extract:

Brown taking Wales for granted

Shadow Welsh Secretary Cheryl Gillan has accused Gordon Brown of taking Wales for granted after he delivered the Budget in the House of Commons.

Speaking after the Chancellor's statement at Westminster, Mrs Gillan said: "Wales is clearly little more than an afterthought to Gordon Brown.



"As with Labour politicians for the last few years it seems he is content to continue taking the votes of Welsh people for granted.

"Gordon Brown should be asking himself why, after his tenth budget, Wales is still officially the poorest part of the UK, with a quarter of children living in poverty, and why homelessness in Wales has almost doubled since 2000.

"This budget was the Chancellor's chance to change direction from the failed policies of the past and deliver real benefits for the people of Wales.

"But he didn't take the opportunity because he's stuck in the past - the roadblock to reform.

"Hard-working families are increasingly worse off under this Chancellor. And with higher and higher taxes, the people of Wales will continue to ask: Where is the delivery?"

Source: Welsh Liberal Democrats
Date: 22 March 2006
Reference: Press Release
Link: http://www.welshlibdems.org.uk/news_e_detail.asp?newsNo=1526

Extract:

Brown Dodging the Big Issues

Commenting on Gordon brown's budget, Lembit Öpik, MP for Montgomeryshire and Leader of the Welsh Liberal Democrats, said today: "Brown's budget doesn't tackle the biggest problems: soaring personal debt, unfair taxation, and our unsustainable pensions system.

The Chancellor does deserve credit for continued economic stability economy and his ongoing investment in schools. But that economic stability is dependent on a fundamentally unstable personal debt mountain which threatens to unbalance the whole economy. The British public now pay £1 million every ten minutes in interest on personal debt. This budget ignores that fact.

"On taxation, the Chancellor tinkers when we need radical reform. The wealthiest 1% of society own a quarter of all the UK's assets – more than in 1997 when Labour came to power! Meanwhile, half the population own 6% of our assets – less than 1997. So under Labour the UK has become more unequal than it was under the Tories!

"Worse still, the richest people in Britain pay a smaller proportion of income in tax than the poorest. And instead of scrapping the grossly unfair Council Tax and replacing it with a fairer Local Income Tax, we get more increasingly complex and confusing tax credits.



“Brown hasn’t even tried to fix the old fashioned way money is allocated to Wales - the Barnett formula - a system so outdated and unfair that even its inventor, Lord Barnett says it should be scrapped.

“As for pensions, Gordon Brown is marching us towards a precipice, like a sleep-walker mumbling ‘means-testing, means-testing’... The Turner report published before Christmas was meant to be a wake-up call, but Brown has slept through the alarm. We’re facing a pensions crisis. Lord Turner offered a blueprint for a sustainable pensions system. But Brown won’t listen and won’t act. He is fiddling while our future burns.

“On the environment we welcome the money that Brown’s putting towards micro-generation of energy, and the other minor initiatives. But there’s not much action on environmental tax. Ultimately this is a Brown budget, not a green one.

“And as for health: the Chancellor’s answer to the NHS’s cash crisis is not to mention it. Ostrich thinking won’t make the problem go away- instead of sticking his head in the sand the Chancellor needs to take a long hard look at NHS deficits.

“A Lib Dem budget would face the problems of inequality, pensions and personal debt. And we’d build the environment into the heart of our policies. Once again, the government has run shy of these difficult choices. It leaves us at the mercy of a personal debt time bomb, and global warming. We really just haven’t got the time to sit around and hope “it will all be ok.”

5 Chancellor's Budget 2006 – Selected Press Notices

Source: ePolitix
Date: 23 March 2006
Reference: Press Review
Link:

<http://www.epolitix.com/EN/Bulletins/PressReview/fullpressreview.htm?bulletindate=23-Mar-2006#Budget+2006%3a+Fleet+Street+responds>

Extract:

Budget 2006: Fleet Street responds

The papers respond to yesterday's 10th Budget statement by chancellor Gordon Brown.

Telegraph

Mr Brown was like a performer who does his turn in front of the curtain and does not allow us to see what is happening on the main body of the stage. He distracted his audience with gimmicks, and decisions about relatively small sums of money. But behind the curtain, he kept obscured what is really going on.

Independent

He is justified in his boast that he brought an end to "boom and bust". He is justified, too, in drawing attention to the way in which the British economy has withstood successive international economic shocks, and in comparing the country's economic performance during his tenure favourably with that of many other economies, including those of the Eurozone. If this is Mr Brown's legacy as chancellor and the foundation for his premiership, then it is fair to say that he could have done a great deal worse.

Guardian

This was the first public outing for Britain's new political counterpoint: Brown against Cameron. The Tory leader presented the budget as delusional, a barrage of plans paid for with borrowed money by a man whose moment had gone. But his short, shrill attack gave Labour its first chance to point to a difference between the parties on spending. In truth, Mr Brown's strategy of trying to improve Britain's long-term skills base while easing the working poor back to work is the right course.

Times

We have... seen the medium-term future of British politics. Faced with the rough terrain of the Budget response, it was a relief to discover that David Cameron's oratorical 4x4 has a fifth gear. The snarl is not so pretty but the torque was impressive. However, in a strange personality swap, it was Mr Brown, normally a machine-gunning Bradley fighting vehicle, who swooped gracefully around vertiginous bends with the family-friendliness of an Audi advert.



Mail

In Mr Brown Labour MPs had a glimpse of something more uplifting: Gordon, the man who abolished the economic cycle, Gordon the educator, Gordon the champion of science, Gordon the environmentalist, Gordon the pensioner's friend, Gordon the man of the future.

This speech was a world away from the sordid embarrassments about hedge funds, tax dodges, vast mortgages and peerages for sale that taint Mr Blair. To many - probably most - Labour MPs, this is a vision of the party as it should be, presented by the leader it should have.

Express

Yesterday's performance made clear the grandiose nature of his ambitions. In his scope, his project is the most significant political intervention since the Thatcher premiership. The difference is that the Iron Lady took Britain in a fruitful direction; cutting taxes, restoring incentives for work and taming the unions. Brown is doing the opposite. He is wedded to monolithic public services which do not give people value for money.

Sun

Gordon Brown looked the part yesterday. He exuded the confidence of a man who knows he is destined to be the next prime minister. In his record-breaking 10th budget, the chancellor proudly claimed credit for nine years of economic growth. He scoffed at our European partners. And he boasted Britain as now second only to America as the most prosperous country in the west. This was not merely a pitch for Tony Blair's job. Mr Brown was out to show there is no one else in the Labour Party to touch him.

Mirror

Gordon Brown wrested back the political initiative for the government with a masterful despatch box performance yesterday. The chancellor of the exchequer, and eager premier-in-waiting, used his 10th - and possibly cleverest - Budget to map out a personal route to a fairer, more prosperous Britain. Whatever the political woes of the past few weeks it is clear Mr Brown's eyes have been on the bigger picture. The battleground he staked out is natural Labour territory and David Cameron's near-hysterical response exposed yet again how the Tories lack any cogent policies at all.

6 Selected Stakeholder Views by Topic

Source: ePolitix
Date: 22 March 2006
Reference: Selected Stakeholder Views by Topic
Link: <http://www.epolitix.com/EN/>

Extract:

▪ Business

Stakeholder Response: Federation of Small Businesses

Carol Undy, FSB national chairman, said: "Previous Budgets have made the tax system complicated, so a year with few changes like this one is of some relief to our members, who will not have to deal with many more tax alterations.

"We would, however, have welcomed some mention of positive measures for hardworking small business owners.

"The chancellor's statements on employer involvement in further education are welcome.

"Small businesses need employees that have basic levels of education as well as valuable business skills.

"It remains to be seen whether the contents of the Budget speech are actually translated into practical improvements in skill levels.

"We welcome the freeze on fuel duty, but we would like to see it extended beyond September.

"We are concerned with the increase in the climate change levy from 2007, which is seen by our members as a straight tax, which does little to tackle climate change.

"Energy prices for small businesses have rocketed recently, so the promise to press for liberalisation of the European energy market is welcome.

"We will await the results with interest."

Stakeholder Response: Institute of Directors

Miles Templeman, director general of the IoD, said: "The competitive advantages the UK once enjoyed with a 30 per cent rate of corporation tax have been eroded away.

"We need to reduce the rate of corporation tax in order to boost our competitiveness."



Stakeholder Response: Association of Chartered Certified Accountants

Chas Roy-Chowdhury, head of tax at ACCA, said: "Gordon Brown confirmed these allowances in last year's pre-Budget report, so there are no surprises here.

"The family-friendly aspect of the Budget is still strong, with a commitment to increasing child tax credits and child benefit.

"But what has to be remembered is that working UK residents are now one of the most heavily tax in the EU – with the average taxpayer now paying approximately 48 per cent of their wages into the chancellor's pockets.

"We generally welcome his announcements on Child Tax Credits to raise the child element of the credit by 14 per cent over the next few years, but the chancellor has not addressed the complexity of the system."

Stakeholder Response: ICAEW

Eric Anstee, chief executive of the Institute of Chartered Accountants in England and Wales, said: "We were looking for a reforming budget but instead, the chancellor has taken a short term view by putting sticking plaster over those areas where more fundamental reform is long overdue.

"This budget does nothing to end uncertainty for businesses over their medium and long term tax obligations.

"In 1997, the current chancellor started his term in office by introducing reforms that have underpinned economic prosperity over the last 9 years.

"This budget has missed the opportunity to secure that legacy."

Stakeholder Response: The Chartered Management Institute

Petra Cook, head of public affairs, said: "Given that 80 per cent of the workforce of 2015 is already in employment, it is disappointing that there are no additional incentives for higher-level adult skills.

"Demographic change, new age discrimination regulations and pension reforms all point towards the extension of working life – so government support for skills must extend to all ages.

"The Institute looks forward to seeing the flesh of policy put on the bones of the Budget statement in the forthcoming further education white paper on 27 March.

"The Institute believes that the new further education reforms, together with the final report of the Leitch review of skills, will be a crucial test of how seriously the government is facing up to the need for better management skills to help drive UK productivity."



Stakeholder Response: The Association of Convenience Stores

Association of Convenience Stores public affairs and communications manager James Lowman said: "Neighbourhood retailers are concerned about the increasing burdens of regulation such as the rise in the national minimum wage and the potential compulsory employer pension contribution, costs which retailers struggle to absorb.

"It is also disappointing that the Budget did not include measures to reduce business taxes and improve rate relief.

"ACS will continue to call for these measures to be implemented by working with the government to ensure that the views of convenience store retailers are heard."

"Convenience retailers will be relieved that the announcement on increases in tobacco duty is in line with inflation, with freezes on duty on spirits and sparkling wine.

"The government has announced in the Budget, additional measures to reinforce their strategy on tackling smuggling of tobacco products.

"Whilst we are looking at the proposals, we still believe that every penny the chancellor increases is another penny going into the bootleggers pockets.

"He is continuing to make them the supplier of choice throughout communities up and down the country."

Stakeholder Response: Professional Contractors Group

PCG chairman Simon Juden said: "This offers a clear opportunity to address the unfair and inconsistent intermediaries legislation, known as IR35, as well as the enormous complexity of the taxation of freelance consultants and contractors.

"We look forward to engaging positively with government on these issues, as we have long campaigned for consistency, clarity and common sense in the taxation of freelancers.

"We also welcome, in principle, discussions about aligning the income tax and national insurance systems. This represents an opportunity to remove distinctions which are meaningless in practice."

Stakeholder Response: Association of British Insurers

Helen McCarthy, ABI head of pensions development, said: "The government's announcement on how IHT will apply to the new alternatively secured pensions is a victory for common sense.

"We are pleased the government has listened to the industry and will maintain existing IHT exemptions where death occurs before the age of 75 and that further exemptions will apply in relation to spouses or civil partners, other dependants and charities where death occurs after age 75".



Stephen Haddrill, ABI director general, said:

"I'm pleased to see climate change rising up the chancellor's agenda.

"Insurers see the consequences in claims for flood and storm damage and we are doing some pioneering work on future costs.

"We will need to go beyond the welcome measures on vehicle tax and energy use and also look at the costs of adaptation."

▪ Older People

Stakeholder Response: Help the Aged

Mervyn Kohler, head of public affairs at Help the Aged, said: "It is a disgrace that the chancellor served up this year's Budget with no extra help for pensioners.

"Our country's older people are already battered by fuel price rises and growing bills for Council Tax and water, but the government which found a pre-election bribe for older pensioners last year cannot renew it for 2006.

"This exposes a shameful level of political expediency.

"Handouts are not the answer to pensioner poverty, but they help.

"Structural reform and improvement of the state pension arrangements is desperately overdue, but in his wide-ranging Budget speech which presented a vision for a successful Britain, the chancellor found nothing to say at all to say on this urgent issue.

"By not re-investing the £3.8bn in unclaimed means-tested benefits from poorer older people, Gordon Brown has presented an Ebenezer Scrooge Budget that will do precious little to address the scar of pensioner poverty."

Stakeholder Response: Age Concern

Gordon Lishman, Age Concern's director general, said: "This is a terrible 10th Budget for today's and tomorrow's pensioners.

"The chancellor has missed yet another opportunity to meet the needs of our ageing population."

No help with Council Tax

"It beggars belief that the chancellor has denied pensioners any extra help this year with their Council Tax bills, just as a new round of bills is set to cause anxiety for millions.

"Council Tax is a huge financial burden for many pensioners who are living on a low, fixed income.



"We urgently need a fairer system of taxation in place of Council Tax which is linked to people's ability to pay."

Pensions

"It is hugely worrying that the chancellor failed to set out government support for Turner's recommendations on pensions reform.

"A bold white paper which addresses the needs of women, carers, low paid workers and those without access to a second pension is desperately needed.

"At the heart of this, there should be a basic state pension of at least £114 per week which is available to all."

Fuel bills

"The continuation of the Winter Fuel Payment and help with insulation are welcome, but more needs to be done to help older people meet the huge hikes in energy bills.

"Spiralling household costs are causing widespread anxiety."

Free bus travel

"Introducing a national system of free bus travel will be very popular with pensioners and will help many to stay in touch with friends and family. But 2008 is too long to wait."

Stakeholder Response: Local Government Association

The chairman of the Local Government Association, Sir Sandy Bruce Lockhart, said: "It will be with dismay that hard pressed pensioners will look at the chancellor's failure to renew his commitment to the £200 council tax pensioner payment.

"Local authorities have done everything in their power to keep rises as low as possible but know that pensioners and low income families face real difficulties in meeting their council tax bills on top of the rising bills for gas and electricity."

▪ **Health and social care**

Stakeholder Response: Ensuring Positive Futures

Lisa Power, head of policy at Terrence Higgins Trust, a member of the Ensuring Positive Futures Partnership, said: "We're absolutely delighted that the government have seen sense and reduced VAT on condoms.

"It's fantastic to get a positive result for this campaign which we have been working on for several years.

"A normal rate of VAT is charged on luxury items, yet condoms are not a luxury.

"If we are to reduce the ever increasing rates of HIV and sexually transmitted infections in the UK, they are a necessity."



Stakeholder Response: The Alzheimer's Society

A spokesperson for the Alzheimer's Society told ePolitix.com: "The Alzheimer's Society is extremely disappointed that this Budget does not commit resources to support carers.

"This is despite a range of initiatives set out in the government's health and social care white paper, 'Our health, our care, our say', to support carers, such as emergency respite for carers and a carers helpline service.

"The key question that the government needs to address is how will their policies for helping carers be funded? Carers save the economy an estimated £57bn each year.

"This Budget ignores the immensely important contribution that carers make to society and the economy.

"The Alzheimer's Society is also concerned that the chancellor continues to ignore the plight of thousands of people with dementia who are being charged for essential personal care.

"It is wrong that people with dementia are being charged for care, such as help with washing, eating and using the toilet.

"Meanwhile the Scottish executive remains committed to its policy of free personal care and thousands have benefited.

"We hope that the Wanless review of Social care recognises this injustice when it publishes its long awaited report on the subject later this month."

▪ **Sport**

Stakeholder Response: CCPR

Brigid Simmonds, Central Council for Physical Recreation (CCPR) chairman, said:

"There's no question that elite athletes really need more cash if the UK is going to make a push up the medals table in 2012.

"But where's the extra investment for grass roots sport and the champions of 2020?"

"Whilst we're relieved that this is the outcome of the chancellor's deliberations over UK Sports' proposals, the government also has to look at the bigger picture.

"As Gordon Brown acknowledged, London 2012 isn't just about getting athletes on the podium - it's about getting Britain active again and making the most of the wider opportunity.

"The funding principle is exactly the same.

"Just as our best athletes need more money to make the most of 2012, grassroots sport and recreation needs extra investment to cope with the extra demand the Games will generate.



"What the chancellor has outlined for the National Sports Foundation etc is a step in the right direction but doesn't go far enough.

"The 2012 Olympics is this country's greatest opportunity in generations to get more of us involved in sport and recreation. What we want now is action, rather than words, to make that happen.

"When we won the Games there was plenty of talk around government about legacy but so far that's all we've seen – talk.

"If ministers are serious about making the most out of 2012, 150,000 local clubs need to know in rather more detail how they intend to do it."

▪ **Equality**

Stakeholder Response: EOC

Jenny Watson, chair of the Equal Opportunities Commission, said: "If Gordon Brown wants a stronger and productive economy, he needs to address the inequality which costs us dearly.

"It's not only individuals who suffer: employers and the entire economy lose out when the talents of Britain's workforce are wasted and the gender pay gap is so wide.

"The chancellor's announcements on childcare, and on better training for low-skilled women, are a welcome step in the right direction, but we need more investment in better careers information and advice when young people make job choices.

"Government itself needs to encourage better access to flexible and part-time working at senior levels.

"Our polling proves that support for parents and carers is an important political battleground amongst voters. It's the key to the kingdom for whichever party gets it right."

▪ **Science**

Stakeholder Response: NESTA

Jonathan Kestenbaum, chief executive of NESTA, said: "We welcome the chancellor's expansion of R&D tax credits to medium size companies and the other announcements that will encourage investment in the UK economy.

"Chancellor Brown has been talking a lot about the need for the UK to build a culture of innovation in order to retain its global competitiveness, and it is encouraging to see that the current budget is capitalising on that with measures that incentivise innovation.

"In particular, we are delighted that the government is setting out radical new plans for investment in scientific education and discovery.



"Science education is crucial to the UK's future capacity for innovation. Our overall scientific research base and public science literacy depend on a strong foundation at school level."

▪ **The Environment**

Stakeholder Response: The Woodland Trust

Ed Pomfret, head of campaigns at the Woodland Trust, said: "The chancellor has taken some welcome steps in the right direction but missed an opportunity to mark his 10th budget in style, by failing to deliver a 'carbon budget' and put climate change at the forefront of Britain's economic agenda.

"The Woodland Trust welcomes the strengthening the climate change levy and moves towards improving energy efficiency.

"But it is hoped the government will now tackle environmental issues head on when it launches the long-awaited climate change programme review next week.

"Climate change is the greatest threat that people and the natural world face, and we need politicians who are prepared to act.

"The chancellor announced that plans for an annual carbon report will be launched next week.

"We want to see the government go further and implement a carbon budget at the earliest possible opportunity.

"Tinkering with road tax may make some limited difference, but the government needs to shift the UK's economy onto an environmental track.

"Individuals across the country are taking personal action to reduce their own carbon emissions - we now need clearer leadership, ambition and individual responsibility from the very top.

"We hoped to see:

Substantial and sustained annual reductions in UK greenhouse gas emissions by creating a deliverable 'carbon budget' – the chancellor announced plans for an annual report on carbon emissions which isn't necessarily the same thing.

Action on reaching a 60 per cent, or greater, cut in emissions by 2050 – the Government will announce more details of its plans for this when the climate change programme review is launched.

More investment in energy efficiency and product substitution – the chancellor today made some moves towards this.

More investment in renewable energy – the Budget included some action on micro-generation.

Tackling the impact of aviation on levels of greenhouse gas emissions – Gordon Brown did not address this issue and instead froze air passenger duty"



▪ Children, Families and Education

Stakeholder Response: National Union of Teachers

Steve Sinnott, general secretary of the National Union of Teachers, said: "Gordon Brown is to be congratulated for announcing an education budget.

"His commitment to increase investment in education is precisely the boost schools need.

"By targeting high class sizes and the invidious gap between state and private school spending he has shown that he understands the needs of school communities.

"It is exactly the kind of vision we want from this government

"I welcome also his commitment to increase the number of science teachers. Britain's future depends on a healthy science base".

Stakeholder Response: Institute of Education

Angela Hall, director of the Science Learning Centre London at the Institute of Education said: "This announcement will be welcomed by the science education community.

"It will be interesting to hear more details of how the chancellor hopes to attract the 3,000 new teachers into the profession.

"Financial incentives, along with the other measures suggested will certainly enhance the status of science in schools, and help science teaching compete with other professions open to science graduates.

"The timing of these measures, along with exciting developments in the curriculum at Key stage 4 from September 2006, shows a genuine commitment to addressing the problem with uptake of science post-16.

"The government invested in professional development of science teachers and technicians by setting up the National Network of Science Learning Centres which opened in autumn 2004.

"Professional development in science is one factor which can contribute to revitalising science in schools, but barriers to professional development remain.

"If training more science teachers eases the shortage in some schools, these schools may be more likely to release teachers for the in-service training which is particularly important for science teachers.

"It would be good to hear that the 'streamlined funding system' for University researchers will acknowledge engagement with schools as contributing to the research assessment exercise, encouraging more researchers to bring live science into science education."



Stakeholder Response: Ufi, Learn Direct

Helen Milner, Ufi group director for strategic business development, said: "We are particularly pleased to see the extension of the right to free learning up to A Level standard to the age of 25, enabling more people to progress to higher levels of learning.

"There is also a substantial challenge to attract more adults of all ages with lower skills into learning for the full benefit of today's proposal to be felt.

"Tackling the low levels of literacy and numeracy skills of the UK workforce remains a pressing issue and we need to ensure it remains a priority.

"Ufi hopes to see in Lord Leitch's forthcoming report proposals to ensure that skills and employment policy complement each other more effectively.

"The labour market continues to demand flexibility.

"The ability to routinely update existing skills or learn new skills is crucial for national productivity and individual employability.

"The provision of skills training needs to be equally flexible and responsive to the needs of business.

"Employers are more and more concerned about whether a person has the skills and attributes which equip them for the workplace.

"Qualifications are not necessarily an indicator of this.

"Reforms in further education and training provision which encourage greater employer involvement should mean a fresh approach to workplace training.

"Providing employers with the training they need for their businesses may mean focussing more on skills development and not just the attainment of qualifications."

Stakeholder Response: 4Children

Anne Longfield, chief executive of 4Children, said: "We warmly welcome today's Budget announcements.

"They again confirm that parents and children are firmly at the heart of this government's policies and Gordon Brown has understood the economic and social importance of the need to support families across the country.

"These policy announcements are key to reducing the poverty and inequalities that face many of today's families.

"They will benefit all families with targeted help for those that need it most including working mothers, lone parents and those on lowest wages."

"Government has again put children and childcare centre stage, helping to improve the lives of all children and their parents.



"But these announcements are just the start of the support needed.

"Good childcare offers the best start for children, helping parents to work and gain financial independence.

"We believe a doubling of investment in childcare by government over the next five years to £13 billion is imperative or all the progress made could be lost."

Stakeholder Response: Nationwide

Nationwide executive director Stuart Bernau said: "The chancellor has at last confirmed that he will top-up the Child Trust Fund with £250 or £500 at age seven.

"This is good news and, we hope, will encourage parents who have not yet invested their vouchers to do so.

"We want the government to do more to encourage parents to use their vouchers and open a Child Trust Fund, including announcing further top-ups for older children.

"We will also continue to lobby for equal tax treatment for the ten million children outside Child Trust Fund."

Stakeholder Response: The Institution of Electrical Engineers (IEE)

A spokesperson for the IEE said: "The government has taken on board the messages from the science and engineering community that we must invest more in science and technology in schools now to secure the future success of the UK.

"However, the IEE believes that the attraction and retention of good quality science and maths teachers is fundamental to achieving the government's objectives and needs to be addressed swiftly for the rest to fall into place.

"Over the past year the IEE has highlighted the need for more appropriately qualified science teachers and improvements to continued professional development for all.

"CPD programmes are crucial in a world of accelerating technological advancement.

"They re-invigorate and help retain good quality teachers and enable them to enthuse and inspire their students.

"The IEE already supports the electronic communications technology programme, which provides face-to-face training on delivering the ECT curriculum, enabling teachers to make their lessons relevant, interesting and engaging.

"The IEE would be willing to work with the government on developing similarly relevant and practical CPD for physics and maths teachers.

"The IEE also welcomes moves to recruit more maths and physics teachers into the profession but awaits details of the government's proposal."

Stakeholder Response: Local Government Association

Councillor Les Lawrence, chairman of the children and young people board at the Local Government Association, said: "Any extra money going to schools is a big help.

"But by pumping the cash directly into schools, the government must not forget all the other services that make up a child's environment.

"It is these services and organisations that must work closely with schools to deliver the Every Child Matters agenda."

Stakeholder Response: Association of Teachers and Lecturers

Dr Mary Bousted, general secretary of ATL, said: "ATL welcomes the much needed attention to further education with free education to the age of 25.

"However, we are sceptical about the capacity of employers to offer the leadership in further education envisaged by the chancellor.

"The boost in the school standards grant is good news, especially in the many schools where falling pupil rolls would lead to cuts.

"Any improvement in recruitment incentives is also welcome, but finding science teachers is a complex problem - they can't just be plucked out of thin air.

"In the long term, one of the most important announcements might be the scheme for a Youth National Community Service, potentially a crucial element of citizenship education if it can be made attractive."

Stakeholder Response: Association of School and College Leaders

ASCL general secretary John Dunford said: "This is very good news for schools and will help us to deliver the government's very challenging personalisation agenda.

"As I said in my speech on Sunday to ASCL annual conference, additional funding is essential for both urban and rural areas if schools are to be able to give adequate help to pupils who need it most.

"Increases in college funding are equally important and it is essential to bring the college funding level for 16-19 year olds up to that of schools."

Stakeholder Response: The Professional Association of Teachers

Professional Association of Teachers general secretary Philip Parkin said: "This is a substantial and significant investment that will be welcomed by teachers, childcarers, support staff and parents.

"The chancellor is to be congratulated for putting the money where the government's mouth is.



"We welcome the intention to recruit more science teachers but wonder where they will come from, given the recent closures of science departments in some universities and the fact that science teaching does not currently appear to be an attractive option for many science graduates.

"We look forward to seeing the details of the chancellor's proposals for education and childcare funding."

Stakeholder Response: NASUWT

Chris Keates, general secretary of NASUWT, said: "This is a budget that puts education first and is welcomed by NASUWT.

"NASUWT signed up as social partners in 2003 – a deal which gave the Union privileged access and influence to government thinking over education policies – and today this partnership, which has progressed the modernisation agenda bringing benefits to teachers, has paid off with continuing investment in schools.

"NASUWT will now work hard to ensure that this funding is used effectively to benefit pupils and staff.

"It will be essential to ensure that the considerable gains in teachers' pay are maintained as part of the government's ongoing commitment to investment in education.

"NASUWT will also want to work with the government and other social partners to make sure that the increases in funding going directly to schools, announced by the chancellor today, will be used to embed and sustain the improvements to teachers' working conditions that remodelling continues to deliver."

Stakeholder Response: CMU Universities group

Professor Michael Driscoll, chair of the CMU Universities group, said: "It is crucially important that future public funding research policy sustains research across the higher education sector and supports not only 'blue skies' research but also user-focused research and innovation which the chancellor has identified as being of vital importance to the international competitiveness of the UK."

▪ Housing

Stakeholder Response: Nationwide

Nationwide's Stuart Bernau said: "The stamp duty announcement is at least a step in the right direction but the size of the increase is disappointing.

"Taking into account the bunching around the stamp duty thresholds, we estimate only around 30,000 buyers will benefit from this change, which still leaves the average buyer paying stamp duty.



"Even first time buyers pay an average of more than £128,000 so will still be hit by this tax."

Stakeholder Response: Council of Mortgage Lenders

Peter Williams, CML deputy director general, said: "Although today gave us few dramatic new announcements, we welcome the chancellor's continued commitment to delivering shared-equity schemes and increased home-ownership.

"We await with interest the advent of Real Estate Investment Trusts.

"But these are unlikely to have any significant impact on the supply of rented housing.

"Although the stamp duty starting threshold has helpfully been raised, the number of buyers who would have escaped stamp duty last year as a result of the uprating is outweighed by those who became liable for stamp duty as a result of rising house prices."

Stakeholder Response: Local Government Association

Commenting on the announcement that local communities will retain more of the money raised by house building, Local Government Association chairman Sir Sandy Bruce Lockhart said: "This is a move in the right direction but much more needs to be done.

"Local government wants to make sure that people gain direct benefits from house building in the area where they live.

"The LGA still wants to make sure that all of the revenue raised from development will be retained locally and that none of the money will be transferred to Whitehall before being redistributed to the local area.

"Councils are determined to revitalise our town centres and create new homes and neighbourhoods that are attractive, safe and vibrant; places where people really want to live

"To do this, all the money raised locally must be kept local to plough back into schools, roads and other facilities for local people."

7 Further Information

Attached below are some useful links on the Budget Report 2006.

HMT – Link to Budget 2006 Micro site

<http://budget2006.treasury.gov.uk/>

HMT – Link to Budget Report 2006 (Full report and associated documents)

http://www.hm-treasury.gov.uk/budget/budget_06/budget_report/bud_bud06_repindex.cfm

HMT – Background information on the Budget (Including previous Budgets)

http://www.hm-treasury.gov.uk/budget/bud_index.cfm

HMT – Link to Budget 2006 Press Notices

http://www.hm-treasury.gov.uk/budget/budget_06/press_notices/bud_bud06_pressindex.cfm

BBC NEWS – Link to BBC articles and resources on Budget Report 2006

http://news.bbc.co.uk/1/hi/in_depth/business/2006/budget_2006/default.stm

Institute for Fiscal Studies – Budget 2006 Analysis

<http://www.ifs.org.uk/pr/budget06.pdf>

Institute for Fiscal Studies – Analysis and Commentary on Budget and Economic Performance

<http://www.ifs.org.uk/budgets/qb2006/index.php>

Institute for Public Policy Research – Press Release

<http://www.ippr.org.uk/pressreleases/?id=2024>

Members' Research Service Research Paper on the [Chancellor's Pre Budget Report 2005](#)