



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

The Chancellor's Pre-Budget Report 2006

Abstract

On Wednesday 6 December 2006, the Chancellor of the Exchequer, Gordon Brown, issued the 2006 pre-budget report entitled *Investing in Britain's Potential: Building our long-term future*.

This paper brings together a range of information, analysis and commentary on the latest Pre-Budget Report.

December 2006

Members' Research Service / Gwasanaeth Ymchwil yr Aelodau



The Chancellor's Pre-Budget Report 2006

Owen Lewis, Nia Jones & Zoe Banks

December 2006

Paper number: 06/081/ol

© Crown copyright 2006

Contents

1	About the Pre-Budget Report.....	1
2	Key Points from the Pre-Budget Report 2006	3
3	Impact on Wales	7
4	Pre-Budget Report 2006 – Selected Press Notices.....	12
5	Pre-Budget Report 2006 – Selected Stakeholder Views.....	17
6	Further Information.....	25

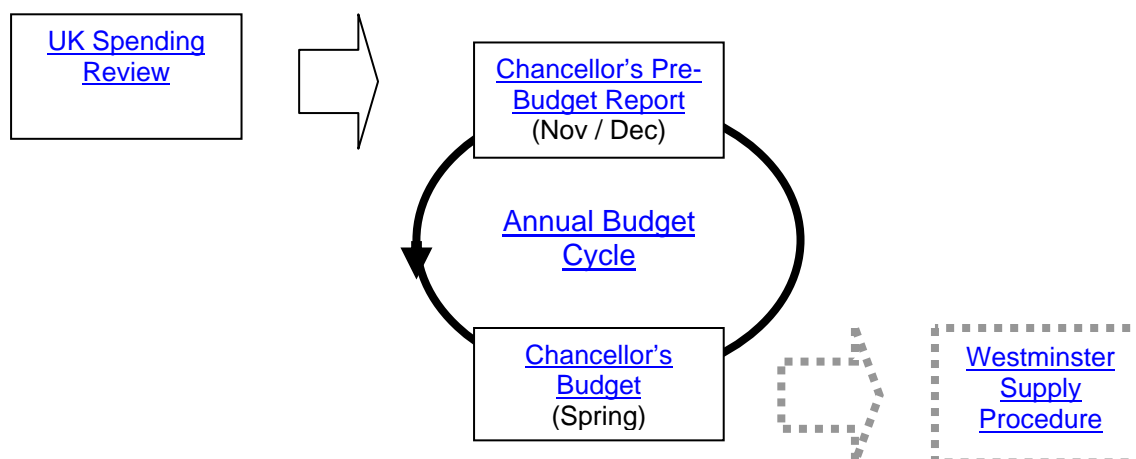
The Chancellor's Pre-Budget Report 2006

On Wednesday 6 December 2006, the Chancellor of the Exchequer, the Rt Hon Gordon Brown MP, issued the 2006 Pre-Budget Report, entitled *Investing in Britain's potential: Building our long-term future*. This paper brings together a range of information, analysis and commentary on this latest Pre-Budget Report.

1 About the Pre-Budget Report

The Pre-Budget Report (PBR) is a progress report from Government on what it has achieved, giving an update of the state of the economy and public finances, and setting out the direction of Government policy in the run up to the spring Budget. It is also a chance to highlight future policy initiatives, flag-up planned benefit and tax changes, and to provide time for consultation. It contains information on expected performance in the economy and the public finances that will be used by the Chancellor in developing Budget 2007.

Figure 1: The Budget Process at Westminster



The Chancellor launched the first Pre-Budget Report on 26 November 1997, with the aim to "help build the foundations of shared understanding and sense of national economic purpose between government, business, and individuals."¹

Within the context of the UK Spending Review cycle, the PBR is the first stage in the annual budget process, to be followed by the Chancellor's budget in spring 2006.

This Pre-Budget Report is also the last in the current Spending Review period (2005-08), with the results of Comprehensive Spending Review 2007 (CSR 07) expected in July 2007.²

¹ http://www.hm-treasury.gov.uk/pre_budget_report/prebud_index.cfm

² For more information on the Comprehensive Spending Review 2007 see http://www.hm-treasury.gov.uk/spending_review/spend_csr07/spend_csr07_index.cfm

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



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

The PBR is likely to be of interest to Assembly Members as it may give rise to Barnett consequential for Wales (see section 3 of this paper – Impact on Wales) from additional qualifying spending allocations to the Whitehall departments. This PBR may also contain some clues as to the tone of the forthcoming CSR 07, and the outlook for future levels of public expenditure in Wales and in the United Kingdom as a whole.

2 Key Points from the Pre-Budget Report 2006

Pre-budget Report 2006 – Chapter 1 Overview

Source: HM Treasury
Date: 6 December 2006
Reference: Overview
Link: http://www.hm-treasury.gov.uk/media/571/A5/pbr06_chapter1.pdf

Extract:

The Government's economic objective is to build a strong economy and a fair society, where there is opportunity and security for all. The 2006 Pre-Budget Report, Investing in Britain's potential: Building our long-term future, presents updated assessments and forecasts of the economy and public finances, reports on how the Government's policies are helping to deliver its long-term goals and describes the reforms the Government is considering ahead of Budget 2007 and on which it will be consulting in the months ahead.

The Pre-Budget Report:

- shows that the economy is stable and growing and that the Government is meeting its strict rules for the public finances;
- provides further help for families and children, including from April 2009 every mother-to-be will be eligible for Child Benefit from week 29 of their pregnancy;
- improves enforcement of the National Minimum Wage by increasing by 50 per cent the resources to tackle non-compliance;
- sets out a new ambition for the 2007 Comprehensive Spending Review of at least 3 per cent savings per year across central and local government, releasing further resources for the challenges ahead;
- makes a new commitment for capital investment in education to rise from £8.3 billion in 2007-08 to £10.2 billion in 2010-11;
- sets out a new ambition of world-class skills, taking forward the recommendations of the Leitch Review;
- sets out further measures to boost productivity and growth, to promote scientific research and reform planning and transport infrastructure;
- promotes fairness in the tax system, including action to tackle tax avoidance;
- takes further steps to tackle the global challenges of climate change, including an increase in all rates of air passenger duty with effect from 1 February 2007, in recognition of the environmental costs of flying; and
- announces an increase in line with inflation in the main road fuel duties, alongside measures to support the use of cleaner fuels.

Pre-budget report: Opposition response

Source: ePolitix
Date: 6 December 2006
Reference: Opposition response
Link: <http://www.epolitix.com/EN/News/200612/b85f48d1-4506-4145-a7b4-90ec8a1ffca7.htm>

Extract:



The shadow chancellor said Gordon Brown's pre-Budget report statement showed Britain was "moving further away from the direction in which we need to go".

George Osborne accused the chancellor of having "buried" the fact that he had downgraded his growth forecast for 2008, which would leave the UK with the largest structural deficit of any major European country.

And he told the Commons borrowing would be higher in every year than forecast in this year's Budget.

He said: "What this country needed was a report that prepares our economy for a future that is more competitive, more flexible, and more global than before, but that is not what we got today.

"With this pre-Budget report, like the nine pre-Budget reports before it, Britain is moving further from the direction we need to go."

The Liberal Democrats meanwhile, criticised Brown over increasing levels of personal debt and wasteful public spending during his time at Number 11.

Lib Dem Treasury spokesman Vince Cable said personal debt in the UK had risen by £765bn to £50,000 per household under this Labour government.

And he said research carried out for his party showed public spending was now exceeding £30,000 a minute.

"Gordon Brown's legacy may be to leave his successor with two enormous problems - personal debt and government waste," Cable said.

"Ten years of reasonable economic growth should not distract us from the storm clouds now gathering."

At-a-glance: Pre-budget Report

Source: BBC News

Date: 6 December 2006

Reference: Pre-budget report: point-by-point

Link: http://news.bbc.co.uk/2/hi/uk_news/politics/6213328.stm

Extract:

The main points from Chancellor Gordon Brown's pre-Budget speech in the House of Commons:

FUEL DUTY

From February, air passenger duty will rise from £5 to £10 for most flights.

There will be an inflation rise in fuel duty from midnight. The fuel duty escalator will not be restored. The rise will come to 1.25 pence a litre.

Tax discounts for biofuels will be extended.

CHILD BENEFITS

In April, benefit payments for the poorest children will rise to £64 a week.

Every mother will get additional child benefit in the last months of pregnancy from April 2009.



PENSIONS

Basic state pension to rise 3.6% in April and pension credit minimum guarantee to rise £5 for single people and £7.65 for couples.

EDUCATION

Capital investment in education next year will be £8.3bn.

Direct payments to schools will go up in April from £39,000 to £50,000 for primaries and £150,000 to £200,000 for secondaries.

Mr Brown said his goal was 12,000 new or completely refurbished schools - half of all primaries and 90% of secondaries - and 100 rebuilt colleges and 3,500 new children's centres.

By 2020, 90% of adults should achieve five GCSEs or equivalent, he added.

Former CBI director general Sir Digby Jones will take up a new role in boosting skills.

The government will consult on £2,000 bursaries to encourage young people in care to go to university.

New "summer universities", along with work experience and coaching, would be established to encourage people to stay on in education after 16.

Universities will receive £60m for applied research to help Britain "transform knowledge into successful products and new jobs".

HOMES AND PLANNING

From next year, most new carbon-zero homes will be exempt from stamp duty.

A further 300,000 households are to be offered free insulation and free central heating.

Planning decisions on major infrastructure projects are to be made by an independent planning body.

Another 160,000 families are to be helped onto the housing ladder through shared equity schemes.

COMMUNITIES

The normal budget period for funding voluntary and other groups will rise from one year to three years.

Councils will get £30m to encourage community ownership of community assets.

THE ECONOMY

Mr Brown said the government's aim was to "unleash" the economy.

Economic growth this year is expected to be 2.75%, rising to between 2.75% and 3% next year, he added.

By mid-2007 Mr Brown said he expected inflation to be at its 2% target.

He said 10 years ago, Britain was bottom of the G7 league for national income per head but was now second only to the US.

More than 16 million people have tax-free ISA accounts.

Britain will meet both its fiscal rules in this economic cycle and the next.

The overall surplus for this economic cycle is £8bn, meeting the "golden rule", while borrowing will fall from 2.3% of national income to 1.3% by 2011.

China and other economies were competing on skilled workers, so the UK's had to "out-innovate" competitors.

The "new priority" was "world-leading" investments in areas such as transport and education, Mr Brown said.

MINIMUM WAGE

The minimum wage is now £5.35 an hour and in January penalties for failing to pay it will rise, Mr Brown said.

There will be a 50% increase to £9m in the Budget to monitor and to police the minimum wage.



DEFENCE

An extra £600m will be provided for military operations in Iraq, Afghanistan and elsewhere and another £84m for intelligence.

ENTERTAINMENT INDUSTRY

New penalties will be introduced for film and music piracy, alongside greater rights to copy for personal use.

Next year will see the introduction of the new tax relief for film-making.

For the full text of the House of Commons debate on the pre-budget report, see HC Deb 6 December 2006 c305

<http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm061206/debtext/61206-0003.htm#06120652000002>

3 Impact on Wales

Pre Budget Report 2006 – Regional Press Notice: Wales

Source: HM Treasury
Date: 6 December 2006
Reference: Regional Press Notice
Link: http://www.hm-treasury.gov.uk/media/579/73/pbr06_regionalpnwalespdf.pdf

Extract:

The Chancellor today announced a series of measures to increase productivity, improve people's access to employment, build a fairer society, improve public services and protect the environment in Wales.

The Pre-Budget Report confirms that the Government is meeting its fiscal rules. The Government's macroeconomic framework has continued to deliver an unprecedented period of macroeconomic stability, with low inflation and sustained economic growth. Measures announced today which are particularly relevant to individuals and businesses in Wales include:

an additional £165 million for the Welsh Assembly Government as a result of spending increases announced in the PBR for Government Departments. It will be for the Welsh Assembly Government to decide how to allocate this increase;

investing in the growth of the UK's science and innovation system through a single health research fund of at least £1 billion, taking forward the recommendations of the Cooksey Review, and ensuring a more balanced, coherent and flexible regime for intellectual property, as set out in the Gowers Review. It will be for the Welsh Assembly to decide its own priorities in devolved policy areas;

increasing business flexibility by reducing unnecessary burdens on business – by creating certainty for business, by implementing the recommendations of the Varney Review of HMRC links with Large Business, and driving forward implementation of the Hampton Review's 2006 Pre-Budget Report risk-based approach to Regulation, and the Davidson Review's recommendations to reduce gold plating of EU legislation;

investing in a new ambition for world-class skills, increasing adult skills across all levels and strengthening employer voice in their provision - by taking forward the recommendations of the Leitch Review; enabling greater flexibility in the land use planning system to ensure it contributes to economic growth while delivering its wider sustainable development goals - by taking forward the Barker Review;

investing in transport infrastructure to maximise the return on investment in transport - by taking forward the recommendations of the Eddington Transport Study. It will be for the Welsh Assembly to decide its own priorities in devolved policy areas;

improving the Jobseeker's Allowance intervention regime by offering expert worksearch support at the new claim stage, and extending the Job Grant of £100 (£250 to claimants with children) to 18-24 year olds. 2,500 people are expected to benefit from the extension of Job Grant in Wales;

announcing that from April 2007 the value of the child element of Child Tax Credit will rise by £80 to £1,845 per year. Around 300,000 families in Wales are currently benefiting from tax credits;



raising the earnings disregard to Housing Benefit and Council Tax Benefit in line with indexation to £15.45 in April 2007, ensuring that claimants gain from increases in the rate of Working Tax Credits. This of potential benefit to those who are in work of the approximately 200,000 people in Wales currently receiving housing benefit;

making Individual Savings Accounts (ISAs) permanent, beyond 2010, to provide stability for savers and certainty for the industry. In addition, the introduction of a package of reforms to the ISA, designed to simplify the regime, will make it more flexible for savers and providers and promote further saving;

details of a £5.4 million campaign to assist financially excluded people to access mainstream banking and credit products. At least one stakeholder manager will be based in Wales to run the campaign.

an increase in all rates of air passenger duty, with effect from 1 February 2007 in recognition of the environmental costs of air travel; and

an inflation-based increase of 1.25 pence per litre (ppl) in the rate of road fuel duty, with effect from midnight; and the same increase of 1.25 ppl in duty for rebated fuels, maintaining the differential with main fuel duty rates.

£9m could break budget deadlock

Source: BBC

Date: 6 December 2006

Reference: News article

Link: http://news.bbc.co.uk/2/hi/uk_news/wales/6212060.stm

Extract:

An extra £9m for Wales from Chancellor Gordon Brown could break a stalemate between the assembly government and opposition over next year's budget.

Opposition parties in Cardiff Bay had said they would vote down Labour's £14bn spending plans unless £22m more was found for schools and universities.

But Tories suggested on Wednesday they would back the budget if enough of the Treasury's £9m went on education.

It is understood no new talks have yet been held to resolve the spending row.

The extra cash came as part of Mr Brown's 10th pre-Budget report.

He announced an extra £165m for Wales over the next four years including £9m next year.

Conservative assembly leader Nick Bourne said it was now up to the first minister to show what his priorities were.

Mr Bourne said: "Rhodri Morgan must now decide whether he believes in investing in education or is prepared to reap the consequences if he does not."

The comment is a clear indication that the Conservatives would back the budget if enough of the £9m were to go to education.

Welsh Finance Minister Sue Essex had said previously she would be happy to talk to opposition AMs if there was extra cash.

Opposition parties hold a slim majority in the Welsh assembly and had threatened to form a coalition government unless the Labour administration met their demands for the additional funds for education.



The assembly budget plans go to the vote on Wednesday 13 December and Labour has said defeat on the budget vote would leave public services in limbo.

Brown boasts more job cuts but the result will be devastating

Source: Plaid Cymru
Date: 6 December 2006
Reference: Pre-budget report: Response by Plaid Cymru

Plaid Cymru today called for an urgent and complete overhaul of the tax credits system in order to meet child poverty targets.

Tax credits were ignored by the Chancellor in his Pre Budget Report to the House of Commons today, even though it was yesterday revealed that almost half of all tax credit payment was incorrect in 2004-05. Due to official errors, 6.5 million families faced underpayments or huge bills due to overpayment.

Plaid's Treasury spokesperson Hywel Williams MP said:

"While it is clear that mistakes are being made in HMRC offices, and there is a need to employ more staff, yet the Chancellor is boasting about setting more efficiency targets and cutting more jobs. These are job cuts that will not only be devastating to the quality of service, but also to the local economy, especially in Wales where the public sector employment plays such an important role.

Mr Williams added:

"Across the UK economic growth may be on the up, but it is important to pay attention to the different needs of different regions. There was no mention or statistics for economic growth in Objective One areas – which are of course lagging behind. There was precious little in the report for manufacturing which is struggling as a result of the strength of sterling.

"Whilst I welcome the initiative to give more money to university research; we in Plaid will have to make sure that universities in Wales are given a fair share of the pot and that the money is not all channelled to the golden triangle of Oxford, Cambridge and London."

Wales paying the price for tax and borrow Chancellor

Source: Welsh Conservatives
Date: 6 December 2006
Reference: Pre-budget report: Response by Welsh Conservatives
Link: http://www.conservatives.com/tile.do?def=wales.news.story.page&obj_id=133996

Wales paying the price for tax and borrow Chancellor

Welsh Conservatives have questioned the benefits to Wales of the Labour government's latest spending plans.

Chancellor Gordon Brown has pledged millions more for the National Assembly in his pre-budget report over four years.

But the Shadow Secretary of State for Wales Cheryl Gillan MP said: "This statement shows yet again that you cannot trust Gordon Brown.

"He has promised £165mn extra for Wales and yet when you look at the small print there'll only be £9mn more next year.

"While there is the promise of millions more over the four years we will have to see whether that money is forthcoming and if any other funding is coming to Wales before May 3 next year.

"Both Gordon Brown and Rhodri Morgan know that they won't have a chance to bribe the people of Wales with a spending spree just before the Assembly elections in a last-ditch attempt to save Labour seats.



"Few people will wake up tomorrow morning feeling better off after this statement.
"Hard working people across Britain continue to pay the price for this borrow now, tax now Chancellor - an extra £9,000 each year for every family.
"Gordon Brown should be asking himself why after almost 10 years as Chancellor Wales is still officially the poorest part of the UK, unemployment is rising, taxes are rising, business competitiveness has fallen, productivity has fallen, bureaucracy is growing, and public finances are in a mess."
The leader of the Welsh Conservatives in the National Assembly Nick Bourne AM said:
"Gordon Brown has given the First Minister some room for manoeuvre to give him a way out of his budget dilemma.
"As we have argued all along, we want him to spend that extra money on education, to put our schools and universities on a more sound financial footing.
"It is a shame that the Labour Assembly Government did not wait 24 hours before laying their budget.
"Rhodri Morgan must now decide whether he believes in investing in education or is prepared to reap the consequences if he does not.
"Of course, we should not forget that the First Minister has form when it comes to the pre-Budget report.
"In 2003 he was given £22mn to keep down Council Tax bills and chose to spend that money on bed blocking instead.
"I doubt the First Minister will do something similar this time.
"We await his response with interest and are more than willing to continue negotiations to secure the best possible settlement for Wales."

Welsh Lib Dems call for social justice and true green taxation

Source: Welsh Liberal Democrats
Date: 6 December 2006
Reference: Pre-budget report: Response by Welsh Liberal Democrats
Link: http://www.welshlibdems.org.uk/news_e_detail.asp?newsNo=2080

Responding to what could be Gordon Brown's last ever Pre-Budget Report, the Welsh Liberal Democrats, Lembit Opik, MP for Montgomeryshire and Leader of the Welsh Liberal Democrats, said:
"After a productive meeting yesterday with the Wales office on driving forward green enterprise and jobs in Wales, I had high hopes that this pre-budget report would be a symbol of a new green momentum in this Government.
"The Chancellor's budget seems good on the outside. However, our concern is that it seems to offer up just a tenth of the spending needed to drive forward the green economy and efforts to tackle climate change. There's a risk that Gordon will be regarded as a brown not a green chancellor."
"We have always supported greater investment in public services. But it is clear that substantial amounts of public money are not being spent properly.
"£30,000 a minute is being wasted. And Brown has committed the next Chancellor to a further set of massively expensive commitments – continuing war in Iraq, ID cards and now Trident. Can he really guarantee that in meeting these commitments he will not be forced to cut essential services, such as pensions, hospitals and policing? Lib Dems will continue to lobby for real redistribution of resources to help those in poverty, and serious investment in the green economy, to ensure we don't squander the future while feeding our present day demands."
Commenting on personal debt, Mark Williams, Welsh Liberal Democrat MP for Ceredigion, said:
"Since Mr Brown became Chancellor, personal debt has risen by £765bn. This is the same as the GDPs of Portugal, Belgium, Norway, Hong Kong and Argentina combined."



“Average household debt in Wales is now around £50,000 - double what it was in 1997. Debt payments are now as heavy as they were in the months before the last Tory bust. “Those on low incomes and young adults are particularly vulnerable, especially from house price rises in Wales. The Chancellor has repeatedly failed to tackle the affordable housing crisis in Wales. A fresh approach is needed urgently.”

Commenting on inequality, Roger Williams, Welsh Liberal Democrats MP for Brecon & Radnorshire, said:

“After all Brown’s bold words and efforts, income inequality is now as bad as when the Tories left office. Meanwhile, wealth inequality is actually worse. It is sadly ironic that the Party which was meant to stand up for reducing inequalities in society has presided over an increase in the inequality gap.”

4 Pre-Budget Report 2006 – Selected Press Notices

Source: ePolitix

Date: 7 December 2006

Reference: Pre-budget report: Fleet street responds

Link:

<http://www.epolitix.com/EN/Bulletins/PressReview/fullpressreview.htm?bulletindate=07-Dec-2006#Pre-Budget+report%3a+Fleet+Street+responds>

Extract:

Pre-Budget report: Fleet Street responds

Thursday's papers respond to Gordon Brown's pre-Budget report in their leading articles.

Times

A relatively secure economic base enabled Mr Brown to make announcements, which, while not revolutionary in character, are likely to be comparatively popular... On the whole, though, the "green" proposals promoted by Mr Brown have the merit of being rooted in market mechanisms and an optimism about what technological change can achieve, not the draconian anti-growth instincts of the extreme environmental doom-mongers. Mr Brown will have done little harm to enterprise as a result of yesterday's statement.

Guardian

There was no big change in policy, no shocks in the economic forecasts, no political drama. All of this was exactly as Mr Brown intended. He hammered out his speech with the air of a man well aware that he has already seen off the threats that stalked him this year. He is back in position as Labour's acknowledged next leader, with the prime minister's tolerance. The financial wobbles that saw him downgrade his forecasts and raid oil company profits a year ago have passed. In other circumstances, he might have needed yesterday's statement to reassert his command. As it was, he only had to stick to his course.

Telegraph

The surest way to take on the Asian challenge is to cut business taxes (that means cutting spending) and scrapping red tape. Mr Brown's Tory shadow – the impressive George Osborne – was unable to say that because Mr Cameron's Conservatives are wary of accusations that they plan to spend less than Labour. Why? For if Mr Brown demonstrated one thing beyond any doubt yesterday, it is that his tax-and-spend policies are not, in that fashionable New Labour phrase, fit for purpose. It's time for Mr Osborne to be liberated.

Independent

This government and this chancellor have been in office for almost 10 years. Yet it is only now, with the Eddington report on transport, the Barker report on planning and the Leitch review on training, that some of the country's most conspicuous difficulties are even being analysed. So while yesterday's statement was reassuring in its implied promise of continuity, it was also a reminder of how little has been achieved by this government and the size of the challenge facing the next prime minister.

FT

Given the fiscal pressures, Mr Brown's approach to green taxes is notable on two scores. First, there was no tax reduction to take account of his increase in airport passenger duty,



which is set to raise an extra £1bn a year. This leaves him vulnerable to the charge that he views green taxes as a way of increasing revenue rather than reducing pollution. Second, and crucially, he decided not to raise fuel duties except in line with inflation.

Express

Will Gordon Brown never learn? By setting his face against tax cuts yesterday, the chancellor fluffed yet another chance to put himself on the side of hardworking families... In Mr Brown's deluded mind he has the answers to every problem. But the economic facts of life will find him out long before the next general election.

Sun

Gordon Brown was at his best yesterday – relaxed but in full command of his Treasury brief. Britain is the world's best economy, thanks to his stewardship at the Treasury, he said. His was the performance of a man confident of becoming our next prime minister. Yet, astonishingly, it was the iron chancellor who came off second best. The old warhorse was given a forensic filleting by Tory opponent George Osborne. Growth was not quite as good as Mr Brown claimed, he insisted. Borrowing is higher than forecast. Unemployment is rising not falling. He got under the chancellor's skin. For Mr Brown it was a new and unpleasant experience. And perhaps a sign of things to come.

Mirror

We welcome chancellor Gordon Brown's pledge to boost spending to match private schools within four years. The commitment was at the heart of what should turn out to be his last Pre-Budget Report before succeeding Tony Blair as prime minister. Mr Brown's continuation of Mr Blair's commitment to make "education, education, education" his own top priority will be welcomed by parents. Labour MPs cheered his performance, the muted reaction of Tories suggesting the shine is coming off toff David Cameron. Yet Mr Brown missed a golden chance to help pensioners worried by higher energy bills or boost a troubled NHS.

Mail

If this is how things are after 10 healthy years, how will they be when the economy takes its inevitable downturn? Yes, Britain has done very well under nanny Brown. But wouldn't we do even better if he trusted us a little more with our own money - and himself a little less?

Q&A: The pre-budget report and you

Source: BBC News
Date: 6 December 2006
Reference: Impact on Personal Finances
Link: <http://news.bbc.co.uk/2/hi/business/6213082.stm>

Extract:

Chancellor Gordon Brown has just delivered his tenth pre-Budget report. What impact will the changes have on the personal finances of millions of Britons?

I am a motorist. I hear that there is some financial pain in store?

The big news for you is that fuel duty increases are back with a bang. Three years on from the last duty increase, 1.25p is being added to the cost of a litre of petrol. But the increase is only in line with inflation. After the fuel protests in 2000, the government backed away from future increases in petrol duty. But the goalposts have since shifted.



World oil prices have fallen and the government's Stern review set out the case for using taxation to encourage people to behave more environmentally friendly. However the chancellor said also that the fuel escalator - introduced by the Conservatives to raise fuel duty above inflation automatically - will not be re-imposed. It was the fuel escalator that helped spark the 2000 fuel protests.

My husband is flying out to see relatives in Canada next year, what is this I hear about him having to pay more tax?

Sadly it is true that your husband will have to pay more for his flight. Air Passenger Duty is doubling for long and short haul destinations. For people flying to EU countries economy class the hit is not particularly substantial, from February they will pay £10 in duty as opposed to £5. Long haul passengers will be liable to a £40 charge up from £20 a present.

But for people going further-a-field or flying business or first class the tax hike is hefty. Air passenger Duty to EU countries on non-economy class tickets rises from £10 to £20. Long haul non-economy class passengers will have to pay £80 in duty, each way.

I am a saver, is there any reason for me to celebrate?

There is some good news. The chancellor confirmed that Individual Savings Accounts (ISAs) will continue beyond 2010. The popular savings vehicle - some 16 million Britons have an ISA - allow people to save or invest up to £7,000 tax free each year. But there was no indication that the £7,000 limit, set in 1999, will rise. Therefore, in real terms the value of money you can put away each year tax-free is falling.

I am a pensioner is there anything for me?

The increase to the state pension for next year has already been announced. At present, increases are linked to inflation. The chancellor said that from April the pension credit minimum guarantee will rise by £5 a week for single people over 60 and £7.65 a week for couples.

As for the winter fuel payment, this has been previously set at £200 and guaranteed for the duration of this parliament. The over-80s will enjoy an additional £100 in winter fuel payments. The chancellor resisted calls from pressure groups and charities including Energywatch, Save the Children and Citizens Advice to extend winter fuel payments to all vulnerable groups such as lone parents and the disabled.

The chancellor reported on the government's commitment to install central heating and insulation in pensioner homes. To date 2.8m households have been helped to insulate their homes. A further 300,000 households are to be offered free insulation and central heating.

I have children. What extra help is available to me?

Additional child benefit will be paid to mothers with new babies. In April, benefit payments for the poorest children will rise to £64 a week. And investment in education was marked out as a priority. Money is being put aside for the updating of all UK secondary school. In addition, greater investment is being made in apprenticeship schemes. This could boost your children's prospects of finding employment when they leave school.

A relative has died and I stand to inherit some money. Will I pay more or less tax as a result of the pre-Budget report?

Some accountancy firms suggested that the chancellor might use his tenth pre-Budget report to radically overhaul the inheritance tax (IHT) system. IHT is becoming a major bugbear for middle Britain. Because of rising house prices an increasing number of people are finding that their estates are worth enough to be potentially subject to IHT.



It was suggested that the chancellor might decide to dispense with the current arrangement, where everything over a certain threshold (£285,000 in the 2006-2007 tax year) is taxed at 40%, in favour of a system of tiered rates. However, the chancellor has decided to stick to the current system. There is some cheer to be had, though. The IHT threshold is set to rise to £300,000 in April, which is an above-inflation increase.

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

The chancellor announced that personal allowances, which is the amount of money you can earn before income tax becomes payable, will go up in line with inflation. Likewise, National Insurance Contributions (NICs) will go up in line with inflation. However, the increases in personal allowances and national insurance are just below the average rise in wages. As a result, taxpayers will continue to suffer what economists call 'fiscal drag'. This means that as wages grow faster than tax allowances, a greater proportion of your income ends up being taxed or falling into a higher tax bracket. And the chancellor announced a new measure to clamp down on tax avoidance. Time is being called on composite or managed service companies. These companies are widely used to supply individual contractors to big companies in the UK. HM Revenue & Customs has been worried that these companies are avoiding - or evading - income tax and NICs, and has said that it will bring forward new rules to prevent this.

Is there anything else?

Taking to the theme of a 'green' pre-Budget, the Chancellor announced that stamp duty is to be cut on experimental carbon zero homes. Zero carbon homes are constructed from renewable materials and use environmentally friendly means of power generation. The chancellor said by 2016 he wants all new homes built to be zero carbon homes.

Analysis of the pre-budget report: Institute for Fiscal Studies

Source: The Institute for Fiscal Studies
Date: 7 December 2006
Reference: Analysis of the pre-budget report
Link: http://www.ifs.org.uk/press.php?publication_id=3809.php

Extract:

Weaker oil revenues and higher-than-expected inflation mean that the outlook for the public finances is once again less rosy than Gordon Brown had hoped. The Chancellor yesterday added £1-2 billion each year to his Budget forecasts for public sector borrowing, despite modest tax increases and a more optimistic assessment of the potential for economic growth over the next few years. Mr Brown announced tax increases worth £2 billion a year, half from air passenger duty and most of the rest from tackling tax avoidance. He also gave himself some extra revenue by assuming that, going forwards, the economy can grow by 2½ a year without pushing up inflation, rather than the 2¼ percent he assumed at Budget time. The Chancellor said that he would meet his famous "golden rule" - to borrow only what he needs for investment over the ups and downs of the economic cycle - with £8 billion to spare, down from the £16 billion at Budget time. But, for the second PBR running, Mr Brown changed the dates of the cycle over which he wants the golden rule to be judged - this time to a 10 year cycle ending this year. With just 3 months left to run it is now highly unlikely that the golden rule will be missed. There remains a strong case for an independent body to date the cycle.



The weakness of the underlying public finance forecasts suggests there will be no let up in Mr Brown's tough spending negotiations with Whitehall departments. In addition to sticking with his Budget assumption that public spending (excluding investment) will grow by just 1.9 percent a year on top of inflation over the three years of the forthcoming comprehensive spending review, the Chancellor pencilled in another year of spending growth at the same rate in 2011/12.

This suggests that Mr Brown is ready to fight the next election presiding over a steady fall in public spending as a share of national income. This did not stop him from attacking the Conservatives for proposing the same thing as a long-term goal.

5 Pre-Budget Report 2006 – Selected Stakeholder Views

Source: ePolitix
Date: 6 December 2005
Reference: Pre-budget report: Stakeholder response
Link: <http://www.epolitix.com/EN/ForumBriefs/200612/5ed1f9da-1b72-4df8-bed7-56fc49e8dcfa.htm>

Extract:

Stakeholder Response: Association of Chartered Certified Accountants

A spokesperson for the ACCA (Association of Chartered Certified Accountants) said: "ACCA supports vocational education and workplace learning, but we are concerned at the prospect of employers being burdened with the responsibility and cost of teaching staff basic literacy and numeracy skills.

"Businesses should not have to 'mop up' areas that should already be covered by the education system."

Stamp duty: "While an exemption for 'carbon-zero' new homes is welcome, we would have preferred the chancellor to have acknowledged the growing burden the stamp duty system is placing on all other home-buyers.

"Particularly wrong is his failure to raise thresholds in line with prices.

"The whole stamp duty system needs a root and branch revamp, not just a limited exemption like this.

HM Revenue and Customs: "We are concerned that HMRC's call centres have already proved unable to cope with demand at peak times under the self assessment regime, so if a five per cent cut in workforce is to take place, HMRC must ensure that it has enough skilled staff to deal with front-line queries."

Green issues: "The Airline Passenger Duty (APD) rise represents a significant increase in environmental taxes.

"And after three years, the chancellor has finally thawed-out the fuel duty freeze.

"It is essential that the government commits to 'hypothecating' such green taxes so that they go to finance environmental issues.

"There should be transparency and accountability regarding these taxes and they must not be used just to finance general government expenditure."

On ISAs: "The government's commitment to ISAs has been previously announced by Ed Balls, but ACCA is disappointed that ISA rates were not increased.

"New initiatives to tackle financial inclusion: ACCA is supportive of measures to tackle exclusion, but we are concerned that the government plans to offer the financially excluded credit products.

"With debt levels reaching an all time high, this needs to be carefully planned and implemented."

Chas Roy-Chowdhury, head of tax at ACCA, said: "There were a vast array of anti-avoidance measures released after the chancellor's speech, which shows yet again the lack of transparency of the Budget process.

"ACCA strongly calls for the establishment of an independent tax policy committee, which would drive tax changes - in exactly the same way as the planning committee which Brown announced in his speech."

Stakeholder Response: Chartered Institute of Personnel and Development

Dr John Philpott, chief economist at the Chartered Institute of Personnel and Development, said "Gordon Brown's 10th pre-Budget report as chancellor aims to equip the UK to cope with global competition and the threat of climate change.



"But while employers in all sectors will welcome the chancellor's ambitions for world class skills and innovation, public sector management faces a major task in delivering even tougher efficiency savings.

"The chancellor has set out his stall for when he leaves Number 11 to become prime minister.

"He can rightly claim to have recorded a decade of success on economic stability, jobs and fairness, though despite assertive rhetoric he must be disappointed that previous raft of measures designed to boost UK productivity have delivered relatively little.

"In taking on the challenge posed by the ever growing economic strength of China and India, Brown is to be congratulated on making a start at implementing the recommendations of the Leitch Review of skills and promising major extensions of both Train to Gain and apprenticeships.

"Appointing former CBI director general Sir Digby Jones to spearhead the skills drive is a particularly smart move - though Sir Digby should immediately caution the chancellor against the threat of compulsion if fewer employers than hoped for decide to 'take the pledge' and commit to helping less skilled staff obtain basic qualifications.

"Sir Digby should also ensure that improving UK management and leadership skills figure high on his promotional agenda - unless we address the still relatively poor people management practices of UK plc world class skills won't easily translate into world class performance.

"Given a lack of thorough detail in the pre-Budget report we have to take the chancellor's word that the government has already achieved more than half the efficiency savings set out in the Gershon review.

"What is clear, however, is that in order to meet his plans for future large scale investment in key areas like education and skills without a deterioration in the underlying state of the public services, the drive for further efficiencies is set to intensify from next year onward.

"Annual efficiency savings of at least three per cent across Whitehall and local government and real cuts of five per cent per year in public sector administration will not come without pain.

"The likelihood of further job cuts in public administration, combined with what will amount to a squeeze in real living standards for many public sector workers, will intensify stresses and strains that are already evident within the public sector workforce.

"Managing these efficiency savings whilst preserving staff morale and boosting levels of performance will be as big a challenge for public sector organisations as the competitive challenge those in the private sector face in the global economy.

"This makes it even more vital that public sector managers implement state of the art people management practices of the kind needed to engage and motivate staff in the coming era of rapid change."

Stakeholder Response: FACT

Kieron Sharp, FACT director general, commented: "Film piracy has been seen by some as a 'soft' crime yet it brings harm and other serious criminal activity to local communities.

"It also has proven involvement with organised crime in the UK and internationally.

"FACT has strengthened its resource and capability over the past year and is now the pre eminent anti-piracy organisation in the UK.

"Criminals made over £270m from film piracy in 2005, making this the worst affected single sector for intellectual property crime out of all IP industries.

"This is revenue that has been lost to the local and national economy and is affecting British jobs."

Stakeholder Response: Investment Management Association

A spokesperson for Investment Management Association commented: "We welcome Gordon Brown's confirmation that ISAs are to become a permanent part of the UK savings landscape.



"However, we are disappointed that neither the issues of raising limits or improving incentives for ISA investors have been addressed.

"The announcement that there is to be stamp duty reserve tax (SDRT) relief for non-UK exchange-traded funds is a good first step to reducing the distortions imposed by SDRT and we urge the chancellor to consider extending this further to authorised investment funds.

"Finally, we note that no amendments are imminent for authorised funds investing in property to correct the position for exempt investors who suffer tax on rental income.

"We welcome therefore, the government's confirmation that discussions are to continue in order to ensure a level playing field.

Stakeholder Response: Fidelity International

Richard Wastcoat, UK managing director of Fidelity International, said about the planned changes to ISAs: "We welcome the confirmation from the government today in the pre-Budget report that ISAs will be restructured and become a permanent feature of the savings landscape, however we do not believe the reforms have gone far enough.

"Like PEPs and TESSAs before them, ISAs have proved to be a popular savings vehicle.

"More than 16 million people have ISAs and £215bn has been invested since their launch in 1999.

"If the government is serious about their intention to foster a long-term savings mentality among the British public, however, they need to make it worthwhile for them to do so and we believe the best way to do that is to raise the limit on the annual allowance.

"We believe that £10,000 is a realistic target and we urge the government to consider increasing the limit as a matter of urgency.

"In addition to ISAs being made permanent, the changes announced also include the removal of the distinction between mini and maxi ISAs.

"We welcome this as it means that investors putting £1,000 into a cash ISA with one provider can now put up to £6,000 in an equity ISA with another provider in the same year.

"Another change is that investors can roll over legacy cash ISAs into equity ISAs without exceeding their annual limit.

"History shows that equity based savings produce better returns than cash over the long term and it is important that investors are given the opportunity to rebalance their portfolios.

"We have canvassed opinion among financial advisers and the clear message is that while they support the changes, they are in agreement with us in that the government needs to increase the annual limit.

"Nine out of 10 advisers said that they thought the annual allowance should be raised, with the majority saying £10,000 would be an ideal amount.

"Other popular ideas included linking the allowance to inflation and having a lifetime allowance rather than an annual limit.

"As one adviser said: 'The current levels are so dated and do not encourage people to invest more for the future.'

"ISAs continue to play a vital role in the development of a long-term savings culture among British consumers and it is crucial that government does all it can to make investment in these vehicles as simple and effective as possible."

Stakeholder Response: Help the Aged

Mervyn Kohler, head of public affairs at Help the Aged, has told ePolitix.com: "Yet another up-beat pre-Budget report passes but Gordon Brown offers nothing to pensioners on low fixed incomes struggling with staggering fuel bills and remorselessly growing council taxes.

"While the chancellor painted a picture of a prosperous UK economy, the reality for pensioners is that they are facing the harshest winter for years.



"One of the government's favourite phrases - that of security in older age - is increasingly sounding like a sham.
"The government can claim proper credit for some of the steps it has taken in the past, but it is bordering on an insult to recycle the same Christmas presents year after year, and brazenly claim that the problem of pensioner poverty is sorted.
"One in five older people lives below the poverty line - in a country as rich as ours, this is a failure of epic proportions.
"Pensioner poverty is an issue the government seems to prefer to tackle with words instead of deeds.
"Those pensioners battered by soaring fuel costs and punishing Council Tax bills will find no lifeline in Gordon Brown's speech.
"On the evidence of today's report, the chancellor is boasting of goodies in his Christmas sleigh, but precious little of it is going down the chimneys of pensioner households."

Stakeholder Response: Age Concern

Gordon Lishman, director general of Age Concern, said: "Today was a chance for the chancellor to ace his big test, but instead he left unanswered questions and incomplete coursework.

"He could have managed the A* that older voters had hoped for - by focusing on the third of older workers who are without GCSE-standard skill levels, by helping older people who are scared of setting their heating at an adequate level and by starting the debate on the crisis-ridden social care system.

"Instead, older people are calling for a re-sit. He's left us wondering if he can deliver on skills, he's left many pensioners in the cold and he's left hundreds of thousands of older people confused and failed by the social care system."

Stakeholder Response: The Federation of Small Business

John Walker, FSB national policy chairman, said: "At first glance the pre-Budget report has a 'some you win, some you lose' feel to it for our members.

"As in previous years there were some welcome measures in the chancellor's speech but there were also parts of the speech that will hit small businesses, which produce over 50 per cent of GDP, very hard."

On increased transport taxes Walker commented: "We are very concerned that small businesses will be collateral damage in the drive for cleaner cars.

"Small businesses cannot change their journey times or ditch their current vehicle today and buy a new one tomorrow.

"Greener vehicles should be taxed more lightly but older cars should not be penalised because new cars are expensive to buy.

"Specific measures will be required for rurally-based businesses that cannot access public transport.

"A successful economy depends on being able to move goods, services and people across the country.

"Increasing aviation and fuel taxes will not help small business to increase productivity. However, we welcome the decision not to re-instate the fuel duty escalator."

Stakeholder Response: British Retail Consortium

British Retail Consortium director general Kevin Hawkins said: "I give the chancellor six out of 10 on the story so far, which is more than a pass mark in the average school exam these days.

"Retailers are under huge pressure from above inflation increases in rents, rates, wage bills, energy costs and taxes but clearly today's pre-Budget report is more of a social manifesto than a detailed economic plan.



"As always the devil will be in the unannounced detail - the chancellor has form when it comes to being highly selective about what he chooses to announce on pre-budget day - however, there were some positive noises, particularly on planning and transport."

Stakeholder Response: The Council of Mortgage Lenders

CML head of policy Jackie Bennett said: "In theory, we welcome the stamp duty exemption for most newly-built carbon-zero properties.

"But we will need to see the detail before we can assess the impact of this measure.

"Similarly, the extension of shared equity provision is welcome.

"But, as the government acknowledges, it is no substitute for tackling the main cause of affordability problems, which is the significant imbalance between housing supply and demand."

Source: ePolitix

Date: 6 December 2005

Reference: Pre-budget report: Education

Link: <http://www.epolitix.com/EN/ForumBriefs/200612/f7ae2206-5992-43b3-90e9-a09e64dd5d51.htm>

Extract:

Stakeholder Response: National Union of Teachers

Steve Sinnott, general secretary of the National Union of Teachers said: "This is the best bit of news we have had since Labour came to power.

"The chancellor is to be congratulated. He has taken a significant step to achieving his target of raising levels of spending in state schools to those of private schools.

"The one third increase in capital spending for next year on schools recognises that the current improvements in buildings and equipment must be sustained.

"We must keep our levels of spending in touch with those in other industrialised countries and the challenge from India and China.

"The provision of free books to every primary age child and the additional funding direct to schools to be spent as they feel appropriate will benefit every child in the country.

"The chancellor has recognised the importance of small groups and one to one tuition in ensuring the highest achievement of our young people, including those from the most deprived backgrounds.

"This move will help ensure he achieves his target of 90 per cent of adults achieving five GCSEs by 2020 and a major improvement in adult skills.

"This investment will help schools meet the nation's need for a highly educated population capable of responding to the demands of the 21st century.

"The Union is a member of the campaign to end child poverty and this investment in a wider context will help achieve the target of halving child poverty by 2010."

Stakeholder Response: Age Concern

A spokesman said: "To be ready for the knowledge-based economy, older workers need to be at the centre of planning for skills and education.

"While the chancellor has set education and skills as a priority, we need to see them delivered for older workers in classrooms, lecture halls and workplaces across the country.

"The chancellor is not going to achieve his own goal of 90 per cent of adults with five GCSEs or equivalent by 2020, unless he delivers help for older workers.

"Twenty-two per cent of adults who will be aged below state pension age in 2020 are already over 40 - but a third of this group are without this skill level and with current trends there is little hope that this will be changed.



"Employers and learning providers must overcome decades of entrenched ageism and offer quality training to older workers.
"Without age-based targets and incentives to drive change, we fear that the millions of low skilled adults over 40 may miss out.
"It is also important that there is enough money left over for education unrelated to workforce skills.
"Learning in retirement is linked to prolonged health and independence, with knock on benefits for health and social care budgets."

Stakeholder Response: 4 Children

Anne Longfield, chief executive at 4Children, said: "The chancellor has sent a very clear message today with his pledged investment in education and promise to improve the life chances of children in the UK.

"The extra money promised for schools is a very welcome step towards this goal.

"However, as all parents know, a child's day does not begin and end at the school gates and more needs to be done if Gordon Brown wants to claim the title of the 'children's chancellor'.

"With raging debate and concerns about teenagers in our society, the issue of how to provide for children within a changing society remains high and this money should be used to help turn schools into community centres for children of all ages.

"One million young people are left hanging around on the street with nothing to do every day – this is simply unacceptable in the current climate of concern about the dangers that face young people today.

"4Children also welcomes the pledge of £2,000 bursaries towards enabling looked after children to attend university.

"But this is a small drop in the ocean for these most vulnerable children. Statistics show that looked after children suffer from worse education and life chances earlier in life.

"Last year only 11 per cent of children in care attained five good GCSEs compared with 56 per cent of all children.

"This means many never achieve university places. Government needs to invest much earlier in their lives to tackle these inequalities.

"Finally the needs of the poorest families is the government's ultimate test as persistent and powerful inequalities persist.

"We welcome the announcement of increased child benefit from April 2007 as this provides a quicker and easier support for the poorest families than child tax credits."

Stakeholder Response: CMU Universities Group

Professor Michael Driscoll, vice-chancellor of Middlesex University and chairman of CMU, said: "Vice-chancellors were informed of the response shortly after the end of the chancellor's pre-Budget report.

"The chancellor announced that £60m would be made available for research with commercial value with effect from Spring 2007.

"However, the DfES announcement delays any reform of the RAE (the mechanism by which the bulk of research funding to universities is distributed) until 2011 and extends the transitional period until 2014.

"There has been widespread criticism of the RAE by universities because of its restricted and retrospective nature and because it has concentrated research funding in a small group of universities."

Stakeholder Response: NASUWT

Chris Keates, general secretary of NASUWT, said: "The chancellor has a welcome track record of giving education and schools priority in his budget statements.

"We all want high quality schools and the best system of education. Funding levels are critical in securing this."



"Early reports suggest he will be focusing on upgrading the building stock.
"This is an important priority as many school buildings and resources, despite recent programmes of government expenditure, are still below standard.
"The injection of additional funds must however have no strings attached.
"Reports that in some circumstances existing monies are being released only on the basis of local authorities committing to establishing academies are disturbing and counterproductive.
"The chancellor should also focus his attention on ensuring that any funding allocated results in fit-for-purpose facilities needed to meet the 14-19 education and skills challenge for the 21st century as set out in the Leitch review.
"The chancellor should also be mindful that when he allocates funding directly to schools for specific projects, the current funding mechanisms provide no guarantee that schools will spend it on the intended purpose.
"Financial windfalls benefit no one if they sit in schools' balances for a rainy day which never materialises.
"Whilst refurbishment and rebuild are crucial, the chancellor must ensure that future funding addresses the need for teachers and headteachers to receive salary levels in the forthcoming pay round which recruit, retain and motivate.
"The significant improvements in pay levels achieved in recent years must be enhanced not eroded."

Stakeholder Response: Association of School and College Leaders

ASCL general secretary Dr John Dunford said: "We welcome the chancellor's commitment to education spending, but will be waiting for it to be reinforced with actions.
"Investment in buildings is hugely important to allow students to get the best possible education and we are pleased that the chancellor is continuing to commit resources to this.
"However, it's not yet clear how much of the funding is new investment or if it is money that has already been promised, but repackaged with a new ribbon.
"The Building Schools for the Future programme is making a difference to schools in some parts of the country.
"We need a commitment to continuing the process until all schools and colleges are up to scratch.
"The schools that are scheduled for BSF funding in 2012 must have reassurance that they will not lose out because there is nothing left in the pot in five years' time.
"The chancellor has promised an increase in funding directly to front line services and we welcome this announcement.
"This is money that can be spent by those who know best how to do so - leaders of our schools and colleges.
"We will be watching carefully to make sure that school and college budgets really do rise year by year.
"The aim of raising state funding to the level of independent schools is laudable, but without a target date and proposal for getting there, it will remain nothing more than an aspiration.
"If the chancellor is committed to this, as he has said he is, he will need to introduce concrete measures and milestones.
"Equally important is fair funding in colleges, so that sixth form college funding is brought up to the level of school sixth form funding.
"To reach the targets set out in the Leitch report yesterday, much of the work, including much of the HE work, will have to be delivered by colleges and they must be fairly funded.
"The objective of having many more 16 to 19 year-olds and adults involved in education and training is right, but this will require real money to achieve."



Stakeholder Response: The Federation of Small Business

On the Leitch review Colin Willman, FSB education chairman, commented: "Lord Leitch's review on skills is a constructive first step towards providing businesses with the capable workforce that it needs.

"He is right to say that skills provision must be led by demand from businesses.

"The requirements of small business must be a priority because they employ 58 per cent of the private sector workforce.

"Our average member employs four people. They need bite-sized courses, based in the workplace, to avoid losing a large proportion of their workforce when only one member of staff is being trained.

"This will enable small business to train their staff and will also avoid the need for heavy-handed Government compulsion.

"The FSB's 2006 member survey found that many employers are keen to train their staff and that:

"45 per cent of businesses responding stated they had encountered literacy or numeracy shortages amongst new staff.

"52 per cent of small businesses say that with financial incentives they would be able to pursue more training for employees.

"Wage compensation to small businesses for lost staff that are on training courses would encourage 37 per cent of small business to engage in such training.

"18 per cent of small businesses are seeking to grow through investment in staff training.

"76 per cent of small businesses undertake staff training.

"However this only takes into account formal training, all business have carried out training of a more or less formal nature in the past two years.

"The Institute argues that increasing investment in training the workforce, whether by government or employers, will not be enough to solve the UK's skills shortages."

6 Further Information

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

HMT - Link to Pre-Budget 2006 Micro site

<http://prebudget2006.treasury.gov.uk/>

HMT - Link to Pre-Budget Report 2006 (full report, National and Regional press notices, full text speech and associated documents)

http://www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr06/prebud_pbr06_index.cfm

HMT - background information on the Pre-Budget Report (including previous Pre-Budget Reports)

http://www.hm-treasury.gov.uk/pre_budget_report/prebud_index.cfm

BBC News - Link to BBC articles and resources on Pre-Budget Report 2006

<http://news.bbc.co.uk/2/hi/business/6213258.stm>

BBC News - Lead article on Pre-Budget Report 2006

http://news.bbc.co.uk/2/hi/uk_news/politics/6211176.stm

BBC News – What the Pre Budget Report Means for You

<http://news.bbc.co.uk/2/hi/business/6213082.stm>

BBC News - Pre Budget Report Analysis

<http://news.bbc.co.uk/2/hi/business/6214732.stm>

Institute for Fiscal Studies – Pre Budget Report Information

<http://www.ifs.org.uk/budgets/pbr2006/index.php>

Institute for Fiscal Studies – Pre Budget Report Analysis

http://www.ifs.org.uk/press.php?publication_id=3809.php

Institute for Fiscal Studies – Public Finance Bulletins

<http://www.ifs.org.uk/press.php?view=pubfin>

ePolitix.com – News Articles on Pre Budget Report

<http://www.epolitix.com/EN/Search/Search.htm?smaxitems=0&soffset=0&sstate=11&sserialised=True&sworkflow=7&sexpired=0&ssort1=1%7c1&scategory1=12253&sversion=0&fulltext=False&slangcode=1&spathprefix=False>

Western Mail - Millions more for Assembly mired in wrangling

http://icwales.icnetwork.co.uk/0100news/0200wales/tm_headline=millions-more-for-assembly-mired-in-wrangling%26method=full%26objectid=18223480%26siteid=50082-name_page.html

Daily Post - Hain calls it a 'small price to pay' for planet

http://icnorthwales.icnetwork.co.uk/dailypost/news/wales/tm_headline=hain-calls-it-a-%2D%2D8216%2Dsmall-price-to-pay%2D%2D8217%2D-for-planet%26method=full%26objectid=18221960%26siteid=50142-name_page.html

Western Mail - Brown goes green with rises in fuel duty and flight tax as he indicates education will be his top concern as PM



http://icwales.icnetwork.co.uk/0100news/0200wales/tm_headline=brown-goes-green-with-rises-in-fuel-duty-and-flight-tax-as-he-indicates-education-will-be-his-top-concern-as-pm%26method=full%26objectid=18223425%26siteid=50082-name_page.html

ic Wales - Budget report offers 'wriggle room'

http://icwales.icnetwork.co.uk/0100news/0200wales/tm_headline=budget-report-offers-%2Dwriggle-room%2D%26method=full%26objectid=18220402%26siteid=50082-name_page.html

Daily Post - Small firms hit by fuel tax hike

<http://proquest.umi.com/pgdweb?index=58&did=1175205761&SrchMode=3&sid=2&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1165503464&clientId=60376&cfc=1#fulltext>