

2004 PRE-BUDGET REPORT IN THE NORTH WEST

The Chancellor announced a series of measures that promote productivity growth, flexibility and fairness, alongside high and stable levels of employment, in the North West, today. The Government's long-term goal is for the UK to achieve a faster rate of productivity growth than its main competitors.

To increase regional involvement in national policies, the North West Development Agency has today been asked to provide policy advice to feed into Budget 2005, in a number of areas: aligning regional transport, housing and economic development strategies and associated funding; business support; establishing the concept of science cities; the role of the Voluntary and Community Sector in regeneration of deprived communities; creating a culture of enterprise for all; sustainable development; and strengthening regional partnerships in adult skills provision. This builds on their input to last year's Budget.

An initial response to the *Northern Way Growth Strategy: final report* published by the three Northern RDAs in September, which sets out a strategy to establish the North of England as an area of exceptional opportunity with a world-class economy and a superb quality of life. The Government welcomes this report and will respond in full in January. The Pre-Budget Report builds on Northern Way recommendations in a number of ways:

- rolling out Employer Training Pilots across the North, as part of a National Employer Skills Programme;
- significantly extending the successful Pathways to Work pilots in the North, meeting the Northern Way's recommendation, as part of a major expansion of the Pathways to Work pilots for incapacity benefits claimants
- ensuring the Northern Way regions can take full advantage of support from the national strategy for Enterprise in Education; and
- welcoming the commitment of the three northern Regional Development Agencies (RDAs) to promote science cities, starting with Manchester, York and Newcastle.

Government proposals are published in a consultation document today to involve the North West more in decision making on regional transport, economic development and housing. In this document, the Government proposes to provide clearer funding assumptions - including providing regional transport allocations for the first time and planning assumptions for the longer term - to provide a better basis for the North West to plan and to give it a stronger voice in the next Spending Review.

The PBR also announces that Bryan Jackson, the new chairman of the East Midlands Development Agency, will work with all RDAs to develop a framework to ensure that focused, tailored coaching is available in each region to business that will benefit most.

Measures announced today which are particularly relevant to individuals and business in the North West include:

- implementation of the changes recommended by the **Graham Review on the Small Firms Loan Guarantee** - a major deregulation and simplification of the scheme, with **558** firms in the North West typically benefiting each year;
- **new legislation effective from today to remove the tax uncertainty for researchers involved in spin-off companies** by university and public sector research establishment. Potentially benefiting the **16** Higher Education and Research Institutions in the North West;
- creation of a **national employer skills programme**, building on principles and lessons learnt from employer training pilots to ensure those without NVQ Level 2 are able to train for one through their employer. Potentially providing up to **20,000** additional NVQ Level 2 qualifications in the North West;
- details of **New Deal for Skills Pilots** including new pilots to test a learning allowance to help low skilled benefit claimants access full-time training without losing their benefit;
- **female entrepreneurship** - Details of the new Women's Enterprise Panel to champion and support female entrepreneurs. Announcement of Isabella Moore as the Panel's chair. The Global Entrepreneurship monitor shows levels of female entrepreneurship varies across the regions, **2.3% of the female population of the North West were engaged in entrepreneurial activity in 2003**;
- the Government intends to build on the success of the New Deal, and has set out its proposals in **Building on New Deal**, to devolve more responsibility to local managers, to deliver support better tailored to individuals needs. The proposals will be tested in 11 prototype areas from October 2005, including districts in Cheshire and Warrington;
- the **basic state pension** will rise to £82.05 for single pensioners and £131.20 for couples from April 2005. **1,240,000** pensioner households in the North West are eligible;
- raising **Pension Credit Guarantee** element to £109.55 for single pensioners, £167.20 for couples from April 2005. **347,000** pensioner households in the North West are eligible;
- from April 2005 the child element of the **Child Tax Credit** will rise to £1690, an increase of 3.8% in line with earnings. **300,000** working families in the North West will benefit;

- from 2006-07 increase in the maximum share of childcare costs met in the childcare element of Working Tax Credit from 70% to 80% **48,600** families in the North West will benefit; and
 - **£50 Council Tax and living expenses payment** for the 70+. **224,000** pensioner households in the North West will benefit.
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NOTES FOR EDITORS

Further details of 2004 Pre-Budget Report announcements can be found on the HM Treasury website: www.hm-treasury.gov.uk. Additional detail is also included in the press notices listed below.

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