

2006 Pre-Budget Report

REGIONAL PRESS NOTICE

6 December 2006

IN THE NORTH EAST

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 the North East.

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.

This Press Notice sets out measures of particular relevance to the North East and the Government's regional policy agenda. The Pre-Budget Report introduces further measures to improve the performance of regional institutions, develop the regional evidence base, and ensure strong regional input into the Budget process.

Pre-Budget Report 2006 sets out the Government's progress against its target to 'make sustainable improvements in the economic performance of all English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006.' In summary, there is emerging evidence of narrowing the gap in growth rates between the best and worst performing regions. This has been underpinned by strong employment and skills performance in the historically poorer performing regions. More detailed evidence of progress is available in *Regional Economic Performance: Progress to date*, published on HM Treasury's Website.

Building on their role as strategic leaders of growth in each region, the Regional Development Agencies (RDAs) have been asked to contribute to the development of Budget 2007 in three areas: the role of the private sector; regional economic strategies and their contribution to competitiveness in a global context; and improving RDA evaluation.

Measures announced today which are particularly relevant to individuals and businesses in the North East include:

- **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;
- **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;
- **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;
- **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 further promote saving;
- **a proposed new structure for the Government's business support services**. The regional development agency for the North East, ONE North East, is integrating its current methods for accessing business support into the Business Link programme;
- **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 is of potential benefit to those who are in work of the approximately 227,000 people in the North East currently receiving Housing Benefit;
- **improving the Jobseeker's Allowance 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 old jobseekers. This is expected to benefit 2,950 people in the North East;

- **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 the North East are currently benefiting from tax credits;
- **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 the North East to run the campaign;
- a package of measures responding to the consultation on the role of the third sector in social and economic regeneration, including the **establishment of a new £30 million Community Asset Transfer fund and the guarantee of three years of funding passed on to third sector organisations;**
- **a further £130 million directly delivered to schools in England in 2007-08,** including to support personalised teaching and extended services; and
- **a target for all new homes to be zero carbon within a decade with a time-limited stamp duty exemption** for the vast majority of new zero carbon homes that meet this standard.

NOTES FOR EDITORS

Further details of 2006 Pre-Budget Report announcements can be found on the HM Treasury website: www.hm-treasury.gov.uk.

HM TREASURY PRESS OFFICE

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GOVERNMENT DEPARTMENT INTERNET SITES

Further information and all published documents relating to 2006 Pre-Budget Report may be found on the Internet at the following addresses:

HM Treasury www.hm-treasury.gov.uk
HM Revenue & Customs www.hmrc.gov.uk