



## The Pre-Budget Report: A fiscal stimulus to support families and businesses in the East Midlands now

This week's Pre-Budget Report set out the next steps the Government is taking to support the economy, business and households through these difficult times and to maintain macroeconomic stability in the long-term. As part of the Pre-Budget Report, the Government announced **a major fiscal stimulus package worth £20bn in 2008-09 and 2009-10**, which will support families and businesses in the East Midlands right now.

The PBR announced targeted help for families and pensioners in the East Midlands:

- As part of a fiscal stimulus package, there will be a temporary reduction in the standard rate of VAT to 15% from 1 December 2008 until 31 December 2009. This is the equivalent, for the average UK household, of £275 a year for extra spending and will have a positive impact on 1,890,106 households in the East Midlands. The total benefit to households in the region is estimated at around £ 525 million.
- The Government announces that it will make a payment in the New Year of £60 for each pensioner, equivalent to bringing forward uprating of the basic State Pension from April to January. A £60 payment will also be made to 2.5m individuals who are in receipt of certain other benefits. Eligibility will be the same as for the annual Christmas Bonus. Around 1,000,000 individuals will benefit in East Midlands. 271,000 families and 514,000 children will benefit.
- Government will bring forward its commitment to increase the child element of the Child Tax Credit by £25 above indexation in April 2010 to April 2009. The child element will therefore increase by £75 above indexation to £2,235.
- Government will bring forward its commitment to increase Child Benefit from £18.80 to £20 per week for the first child, and from £12.55 to £13.20 per week for subsequent children to January 2009. Benefiting 527,000 families and 937,000 children.

The Government will bring forward £3bn of capital spending from 2010-11 to 2008-09 and 2009-10, the years when the impact of the shock is likely to be the strongest. Examples of spending brought forward in this region include:

- Department for Children, Schools and Families: Bringing forward £800 million of education capital spending across England will provide opportunities for businesses locally and allow schools and children to benefit early from important projects to improve school buildings. The Government will now invest a total of £7.2 billion capital in schools and children's services in England in 2009-10. In the East Midlands, this builds on almost £2.4 billion of investment committed to schools over the last 11 years.
- Department for Transport: The Department for Transport will bring forward £700m to increase capacity on the motorways and other critical highways, and to accelerate the delivery of up to 200 new carriages on the rail network. In the East Midlands, this includes £100m of investment that has been brought forward to dual the A46 between Newark and Widmerpool and approximately £15m on rail rolling stock that will be used in the region.
- Warm front: £150m of new and accelerated spending on the Warm Front programme, which provides free/subsidised heating and energy efficiency measures for low income households. Around 5,600 households could receive free/subsidised heating or energy efficiency.
- Department for Innovation, Universities and Skills : £5m brought forward from 10-11 into 08-09 to enable the Natural Environment Research Council to proceed with capital works at the British Geological Survey in Keyworth (Nottingham)
- Department for Communities and Local Government: Bringing forward of investment in new social housing stock will help impact on the 4,780 households deemed in priority need of housing in the East Midlands.

The Chief Secretary to the Treasury, Yvette Cooper, said:

"Families and businesses in the East Midlands need real help now to deal with the pressures and problems from the global credit crunch. I think it is really important that Government steps in to help people and boost the economy at a difficult time. Too often in the past previous Governments turned their backs on people in East Midlands when recessions hit. Instead we want to help people so we get through this sooner and stronger, together."

Welcoming the benefits of the fiscal stimulus for the East Midlands, regional minister Phil Hope said:

"It is critical that we take action now to meet the immediate needs of individuals and businesses in the East Midlands, and that we balance this with reforms to ensure medium-term stability."

For other measures announced in the PBR can be found on the Treasury's website, <http://prebudget.treasury.gov.uk/prebudget2008/regions.htm>

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### **Notes for Editors**

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