



## **The Pre-Budget Report: A fiscal stimulus to support families and businesses in Northern Ireland 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 Northern Ireland right now.

The PBR also announced targeted help for families and pensioners in the Northern Ireland:

- 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 689,959 households in Northern Ireland. The total benefit to households in Northern Ireland is estimated at around £175 million.
- The 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. 131,000 families and 251,000 children benefiting
- The 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 230,140 families and 435,485 children

The Northern Ireland Executive may if they wish reprofile up to £86m capital spending as a fiscal stimulus. Northern Ireland is also receiving Barnett consequentials of other PBR measures.

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

"Families and businesses in Northern Ireland 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 Northern Ireland 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, the Secretary of State for Northern Ireland, Shaun Woodward said:

"This is a comprehensive package of measures to help people deal with the tough times caused by the international downturn.

"The cut in VAT from 17.5% to 15% will be of immediate help to everyone while the measures in relation to pensions and those on modest incomes, as well as for business, will be hugely important for people – and the 132,040 small businesses – across Northern Ireland.

"The Government is determined to respond to the real pressures that people are facing in a fair, positive and responsible way."

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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