

2004 PRE-BUDGET REPORT IN WALES

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

Key announcements in the Pre-Budget Report include:

- **an updated economic forecast**, which shows that the UK economy is continuing to grow steadily and that the Government is meeting its fiscal rules for sound public finances over the economic cycle;
- **a ten-year strategy for childcare;**
- **long-term plans for enhancing skills in the UK workforce;**
- **new measures to raise productivity by promoting an enterprise economy**, including through plans to reduce red tape for business;
- **further reforms to promote employment opportunity across the UK**, including extra support for people on inactivity-related benefit who want to return to work;
- **a number of measures to promote fairness in the tax system** tackle tax fraud and avoidance, and protect revenues;
- **a continued freeze in all road fuel duties.**

Measures announced today which are particularly relevant to individuals and business in Wales include:

- **An additional £38 million for the Welsh Assembly Government** as a consequence of English increases including for local authorities, employer training pilots and childcare. It will be for the Welsh Assembly Government to decide how to allocate these sums.
- Implementation of the changes recommended by the **Graham Review on the Small Firms Loan Guarantee** represent a major deregulation and simplification of the scheme, with 314 firms in Wales 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 13 Higher Education and Research Institutions in Wales.

- **Incapacity Benefit – extending Pathways to Work Pilots** including in two Jobcentre plus districts in Wales.
- The **basic state pension** will rise to £82.05 for single pensioners and £131.20 for couples from April 2005. 576,000 pensioner households in Wales are eligible
- Raising **Pension Credit Guarantee** element to £109.55 for single pensioners, £167.20 for couples from April 2005. 153,000 pensioner households are eligible.
- The child element of the **Child Tax Credit** will rise to £1690 a year from April 2005. 131,000 working families 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% benefiting 14,000 families.
- **£50 Council Tax and living expenses payment** for the 70+ potentially benefiting 269,000 pensioner households.

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.

HM TREASURY PRESS OFFICE

Press enquiries: 020 7270 5238

Non-media enquiries: 020 7270 4558

INLAND REVENUE PRESS OFFICE

Press enquiries: 020 7438 6692 / 6706 / 7327
(out of hours: 07860 359544)

Non-media enquiries: 0845 300 3939
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HM CUSTOMS AND EXCISE PRESS OFFICE

Press enquiries: 020 7865 5471 / 020 8929 4637
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GOVERNMENT DEPARTMENT INTERNET SITES

Further information and all published documents relating to Budget 2004 may be found on the Internet at the following addresses:

HM Treasury www.hm-treasury.gov.uk

Inland Revenue www.inlandrevenue.gov.uk

HM Customs and Excise www.hmce.gov.uk