

Summary on a Page: March 2010

Securing the recovery: Budget 2010

What is it?

The Budget 2010 sets out the government's spending plans going forward.

What does it say?

The document describes the current state of the UK economy and projections for growth over the next few years. It emphasises the government's priority to 'secure the recovery', making public spending cuts in a measured way over four years. Overall, it claims that its impact will make a single earner family on half median earnings with no children better off by £70 a year on average, and a single earner family on median earnings with two children or a lone parent on half median earning with two children better off by £230 a year.

Details are given around commitments to:

- **Reforming financial services** through enhanced disclosure, and a systemic risk tax. The government will introduce a new right to open a basic bank account, and increase bank contributions to community lending.
- **Supporting business and growth**, particularly small businesses through continuing with 'Time to Pay' tax windows and small business rate relief, launching a [fund to exploit the UK's commercial research potential](#), and providing a [Modernisation Fund for Higher Education](#).
- **Achieving fairness and providing opportunity** by extending the [Young Person's guarantee](#), increasing tax credit support for those with young children, continuing with additional payment alongside Winter Fuel, supporting homeowners with the [Support for Mortgage Interest scheme](#), introducing [two year stamp duty tax relief](#) for first time buyers up to £250,000, promoting savings and increasing the ISA allowance, and tackling [child poverty](#).
- **Protecting public services** by protecting spending on frontline schools and NHS, 16-19 education, and Sure Start; controlling public sector pay and finding government operational efficiencies ([£200m from CLG](#), [£350m from DWP](#)), and reforming the welfare system.
- **Securing low carbon growth** through reforming the energy market; creating a [Green Investment Bank](#) to invest in low carbon infrastructure; encouraging low carbon business; developing offshore wind facilities; and incentivising environmentally friendly vehicles.

Any implications?

The budget sits well with East of England regional priorities around low carbon industries, research, and supporting business, and has been well received by EEDA and GO East. For the VCS there are also some positive messages. There is support for Social Impact Bond pilots, the first of which is in [Peterborough](#). £75m dormant accounts are committed to the [Social Investment Wholesale Bank](#), and a VAT saving for charities sharing back office functions is mooted.

However, no real progress was announced on gift aid reform, with potential for more red tape. Applying standard VAT rates on bulk mail may negatively affect charities, and other regulation changes are unclear. There isn't much support outlined for affordable housing, and there may be a negative effect on inequalities from creating Accelerated Development Zones in growth centres.

Key links:

- 📄 Read the full budget report at http://www.hm-treasury.gov.uk/d/budget2010_complete.pdf
- 🌐 Visit the budget website at <http://www.hm-treasury.gov.uk/budget2010.htm>
- 🌐 Read the BBC synopsis at http://news.bbc.co.uk/1/hi/uk_politics/8584608.stm