



The Pre-Budget Report: A fiscal stimulus to support families and businesses in Wales 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 Wales right now.

The PBR announced targeted help for families and pensioners in Wales:

- 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 1,299,957 households in Wales. The total benefit to households in Wales is estimated at around £325 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 800,000 individuals will benefit in Wales
- 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. 202,000 families and 374,000 children will benefit.
- 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 360,00 families and 635,000 children.

The Welsh Assembly Government may if they wish reprofile up to £140m capital spending as a fiscal stimulus. Wales is also receiving Barnett consequential of other PBR spending decisions.

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

"Families and businesses in Wales 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 Wales 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, Paul Murphy, the Secretary of State for Wales said:

"Families, homebuyers and pensioners in Wales will all benefit from the measures announced this week by the Chancellor, including a 2.5 per cent cut in VAT. There is also support for almost 195,000 small and medium-sized Welsh businesses through a package of tax relief and loan funding guarantees. In addition, measures such as business rate exemptions on vacant business properties and additional time to pay their tax bills for firms facing cash flow problems demonstrate how this Government is listening and responding to the needs of the business community. Both these measures were key requests I received from business people at recent All-Wales economic summits."

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

Notes for Editors

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