



Dods Monitoring Budget 2010 Summary

Budget 2010

Red Book and Budget Notes briefing

This briefing is designed to give you a comprehensive insight of all the consultations, new reviews, draft legislation and initiatives contained in the 2010 Budget, the Red Book and the HMRC Budget notes.

Each substantive development is hyperlinked to the original document and grouped under the following policy headings for ease of use:

- Business and Economy
- Housing and Construction
- Public Sector
- Local and Regional Government
- Environment
- Transport
- Energy
- Social Issues
- Other issues

Also included are links to the chancellor's statement, press releases issued and independent reviews and supporting documents published today by HM Treasury and HM Revenue and Customs.

For further details on anything contained in this document – or any wider queries concerning the 2010 Budget – please contact your Dods Monitoring account consultant.

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Links

Statement

Full text of the chancellor's statement to the House of Commons [here](#)

The Red Book

Economic and Fiscal Strategy Report

Chapter 1: Overview [here](#)

Chapter 2: Maintaining macroeconomic stability [here](#)

Chapter 3: Reforming financial services [here](#)

Chapter 4: Supporting business and growth [here](#)

Chapter 5: Achieving fairness and providing opportunity [here](#)

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Chapter 7: Securing low-carbon growth [here](#)

Financial Statement and Budget Report

Chapter A: Budget policy decisions [here](#)

Chapter B: The economy [here](#)

Chapter C: The public finances [here](#)

List of abbreviations [here](#)

Press releases

National

Press notice 01: Securing the recovery [here](#)

Press notice 02: Rates and allowances in 2010-11 [here](#)

Press notice 03: Protecting tax revenues [here](#)

Local

East Midlands regional press notice [here](#)

East of England regional press notice [here](#)

London regional press notice [here](#)

North East regional press notice [here](#)

North West regional press notice [here](#)

Northern Ireland regional press notice [here](#)



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Scotland regional press notice [here](#)
South East regional press notice [here](#)
South West regional press notice [here](#)
Wales regional press notice [here](#)
West Midlands regional press notice [here](#)
Yorkshire & the Humber regional press notice [here](#)

Supplementary documents

Report covering pre-April 2009 arrangements under section 228(1) of the Banking Act 2009 [here](#)
Report under section 231 of the Banking Act 2009 [here](#)
Reforming Arm's Length Bodies [here](#)
Relocation: transforming where and how government works [here](#)
Energy Market Assessment [here](#)
Strategy for national infrastructure [here](#)
Implementing the restrictions of pensions tax relief: a summary of consultation responses [here](#)
Ending child poverty: mapping the route to 2020 [here](#)
Implementing a landline duty: consultation responses [here](#)
Debt and Reserves Management Report 2010-11 [here](#)
National Audit Office: Audit of Assumptions for Budget 2010 [here](#)
Impact Assessments [here](#)
Data sources [here](#)
The economy and public finances: supplementary material [here](#)



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Overview

Despite a slightly healthier economy than was predicted today's Budget was dominated by the size of the deficit. In contrast to Gordon Brown's last Budget as Chancellor there was no eye-catching largesse designed to sweeten the voters before the election.

What give-aways there were were small in scope: a stamp duty holiday for first time buyers and more support for small businesses. Tellingly, Alistair Darling pledged that if tax receipts were better than forecast the extra revenue would be used to pay down the national debt.

The Chancellor also used the Budget as a platform to attack the Conservatives for their perceived support for spending cuts. Mr Darling argued that cutting spending would endanger the recovery and prolong Britain's economic woes.

The Budget's theme was of using public spending to stimulate growth. A new body, UK Finance for Growth, is to be set up to oversee the development of the government's £4bn stock of finance schemes for smaller firms. It will help streamline existing schemes and oversee a new Growth Capital Fund.

In addition, a Green Investment Bank will be established and tasked with investing in low-carbon infrastructure projects. The bank will be capitalised with £2bn with the money coming jointly from the public and private sectors.

However, the Chancellor also acknowledged the need to make efficiency savings. After the Budget had been delivered the Government set out how it was to save £11bn from annual departmental and local authority spending by 2014 (see Departmental Efficiency Savings below).

The short time left to pass legislation in the current Parliament means that the usual Finance Bill will be split in two. In the summary of the Red Book found below we have separated the measures that will be legislated for in this Parliament from those that will not be put into law until after the general election.



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Red Book and Budget Note Summaries

Business and Economy

LEGISLATION: Bank account. Everyone will have the right to open a basic bank account. ([Red Book, chapter 1, p 5, 1.17](#))

LEGISLATION: Corporation tax rules for related companies. Introduce a simplification of associated company rules as they apply to small companies' rate in Finance Bill 2011. ([Red book, chapter 4, pg 61, 4.56](#))

LEGISLATION: Foreign taxes. The Budget announces principles-based legislation to stop companies claiming excessive relief in the UK for foreign taxes through abuse of the double tax relief rules. ([Red book, chapter 5, pg 79, 5.64](#))

LEGISLATION: Overhedging/underhedging. The government will introduce a power to enable the overhedging/underhedging provisions announced in the 2009 pre-Budget report to be extended in the case of banks and other financial traders to instruments other than loans and derivatives. ([Red book, chapter 5, pg 80, 5.67](#))

LEGISLATION: Offshore evasion. The government will legislate to ensure that those who fail to declare income and gains from jurisdictions that do not exchange information automatically with the UK will face tougher penalties of up to 200 per cent of the tax due. ([Red book, chapter 5, pg 80, 5.71](#))

LEGISLATION: Error and mistake. The government intends to announce legislation to modernise the regime dealing with claims to recover overpaid stamp taxes and petroleum revenue tax. ([Red book, chapter 5, pg 81, 5.81](#))

ACTION: Systemic risk tax. The government will establish principles to guide international work on systemic risk tax. They will ensure the activities of financial institutions reflect the costs associated with systemic risk. ([Red Book, chapter 1, p.4, 1.14](#))

ACTION: Bank lending. Lloyds Banking Group and the Royal Bank of Scotland have agreed to lend £105bn to homebuyers and businesses over the next 12 months. £41bn of this will be lent to small businesses. ([Red Book, chapter 1, p.4](#))

ACTION: Lending to small businesses. A new small business credit adjudicator with statutory powers will work with an expanded financial intermediary service to ensure small businesses are treated fairly when applying for loans. ([Red Book, chapter 1, p.4, 1.15](#))



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ACTION: Non-bank lending. The government will take steps to help companies diversify sources of finance to non bank lending channels. ([Red Book, chapter 1, p.4, 1.15](#))

ACTION: Community lending. The government will increase the contribution by banks to the community lending sector. ([Red Book, chapter 1, p 5, 1.17](#))

ACTION: Time to Pay. The government will continue to offer Time to Pay arrangements to help businesses spread their tax payments. ([Red Book, chapter 1, p 5, 1.18](#))

ACTION: Small businesses. There will be a temporary increase in the level of small business rate relief. The annual investment allowance will double to £100,000 and the entrepreneurs' relief lifetime limit will increase to £2m. ([Red Book, chapter 1, p 5, 1.18](#))

ACTION: Mortgage interest scheme. The freeze in the standard interest rate applied to the support for mortgage interest scheme will be extended until December 2010. ([Red Book, chapter 1, p 6, 1.19](#))

ACTION: Saving gateway. The saving gateway will be launched in July 2010 along with the indexation of ISA limits over the next Parliament as part of a strategy to encourage savings. ([Red Book, chapter 1, p 6, 1.20](#))

ACTION: Islamic finance. Tax changes have lead to numerous changes in this area and the government intends to produce clarification of how the capital allowances regime will interact with these changes. ([Red book, chapter 3, pg 40 3.30](#))

ACTION: LBG and RBS lending commitments. Year 2 lending commitments have been set. LDG will lend £4bn; £3bn in additional mortgage lending and £44bn in total gross lending to business. RBS will lend £5bn; £8bn in additional mortgage lending and £50bn in total gross lending to business. ([Red book, chapter 3, pg 42 3.42](#))

ACTION: Small Business Credit Adjudicator. Adjudicator to be created to ensure small businesses are treated fairly when applying for loans. ([Red book, chapter 3, pg 42 3.43](#))

ACTION: Corporate awareness of lending channels. BIS will lead government in increasing awareness of the funding streams available to business, working with companies, Business Link, the Association of Corporate Treasurers (ACT) and the industry. ([Red book, chapter 3, pg 43 3.46](#))

ACTION: Corporate bond market. The government will support the industry in seeking to improve bond market access by encouraging better adaptation and standardization of bond documentation, and encouraging better market information flows. ([Red book, chapter 3, pg 43 3.47](#))

ACTION: Private placement market. The government will help develop a sterling private placement market, with price and risk benchmarking to improve transparency and liquidity. ([Red book, chapter 3, pg 43 3.48](#))



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ACTION: Northern Rock and Bradford and Bingley. The two institutions will be merged under a single holding company. ([Red book, chapter 3, pg 45 3.63](#))

ACTION: Mortgages. The government will transfer the regulation of second-charge mortgage lending to the FSA, including the regulation of existing second charge loans. ([Red book, chapter 3, pg 48 3.85](#))

ACTION: Mortgage industry best practice. The government will discuss with industry the best way to provide them with greater certainty over who they are lending to. This may involve an income verification service. ([Red book, chapter 3, pg 48 3.86](#))

ACTION: EIB and EIF lending to SMEs. The European Commission will coordinate an initiative with the EIF (European Investment Fund) and the European Investment Bank (EIB) to raise additional capital for funding innovative and growing businesses. ([Red book, chapter 4, pg 51-52, 4.10](#))

ACTION: Temporary increase in the level of small business rate relief. Small businesses occupying properties with rateable values of up to £6,000 will be exempt from business rates for one year from October 2010. ([Red book, chapter 4, pg 53, 4.19](#))

ACTION: Co-locate Exports Credits Guarantee Department (ECDG) and UKTI. To provide a centralised hub for exporting businesses and deliver better value for money ([Red book, chapter 4, pg 54, 4.22](#))

ACTION: Strategy identifying key strategic technologies. The government will develop a strategy by the 2010 pre-Budget report identifying key strategic technologies and outline a 10 year vision for the UK. ([Red book, chapter 4, pg 56, 4.34](#))

ACTION: VAT registration threshold. From April 1 2010, the government will increase the VAT registration threshold in line with inflation from £68,000 to £70,000. ([Red book, chapter 4, pg 61, 4.57](#))

ACTION: Consortium relief. The government intends to amend those aspects of corporation tax group relief rules that cover consortium relief. ([Red book, chapter 4, pg 61, 4.59](#))

ACTION: Introduce tax relief for the UK's video games industry. This will be subject to state aid approval from the European Commission. ([Red book, chapter 4, pg 56, 4.33](#))

CONSULTATION: Tax relief for UK games industry. The government will consult on the design of the tax relief for the UK games industry. ([Red book, chapter 4, pg 56, 4.33](#))

PUBLICATION: Tax simplification. HMRC will publish an update on progress against its administrative burden reduction targets along with details of measures being taken to help businesses. ([Red book, chapter 4, pg 60, 4.55](#))

ACTION: Green Investment Bank. The government will establish a Green Investment Bank as part of its efforts to escalate investment in low-carbon projects. This will incorporate both private and public sector capital ([Red Book, chapter 7, pg 110, 7.16](#))



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ACTION: UK Statistics Authority. The UK Statistics Authority has decided to implement a change to the interest rate measure used in the calculation of mortgage interest payments in the RPI from a standard variable rate to an average effective rate. ([Red Book, chapter B, pg 159, B.48](#))

REVIEW: Financial services targets. The government will ask the Retail Financial Services Forum to consider to what extent financial services firms' staff targets and incentives lead to poor outcomes for consumers and employees. ([Red Book, chapter 1, p 5, 1.17](#))

REVIEW: Spending review. The government will publish the next spending review later in the year. ([Red Book, chapter 2, pg 31, 2.59](#))

REVIEW: Institutional investor voting disclosure regime. The government will consider whether this should become mandatory, as part of the development of the Stewardship Code on which the FRC is currently consulting. ([Red book, chapter 3, pg 39 3.25](#))

REVIEW: Tax rules relating to Investment Trust Companies. The review will aim to modernise the system and a consultation will be launched in summer 2010. ([Red book, chapter 3, pg 40 3.29](#))

REVIEW: Mortgages. The government will continue to explore how best to protect consumers in the buy-to-let market, and those whose mortgages are sold on to unregulated firms. ([Red book, chapter 3, pg 48 3.85](#))

REVIEW: Better customer services for financial consumers. The RFSF will establish a working group to engage with banks, mutuals, consumer groups, employees and trade unions to examine how to reform financial services staff targets so that they might improve outcomes for consumers and employees. They will report back to the Chancellor in time for the Pre-Budget Report. ([Red book, chapter 3, pg 48 3.90](#))

REVIEW: Treasury economic working paper. A forthcoming economic working paper will look at the relationship between trend output and inflation. ([Red Book, chapter B, pg.176. B.97](#))

CONSULTATION: Remuneration in financial services. The government will consult on draft regulations to require enhanced disclosure of remuneration in the financial services sector. It will consider whether shareholders are able to effectively control executive remuneration, and whether there should be greater upfront approval of remuneration terms. ([Red Book, chapter 1, p.4, 1.14](#))

CONSULTATION: Insolvency regime. Detailed proposals for a new insolvency regime, including draft secondary legislation, will be brought forward as part of an ongoing consultation in the summer. ([Red book, chapter 3, pg 38 3.14](#))

CONSULTATION: Administration regime for insurers. The government will launch a consultation looking to strengthen the administration regime for insurers to ensure continuity of payments and protection for policy holders should an insurer go into administration. ([Red book, chapter 3, pg 48 3.89](#))



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CONSULTATION: Disclosure of remuneration in the financial services sector. The government will consult on draft regulations to require enhanced disclosure of this information. ([Red book, chapter 3, pg 40 3.26](#))

CONSULTATION: Establishing a tax-transparent contractual fund vehicle. A working group will be established to consult on this. ([Red book, chapter 3, pg 40 3.29](#))

CONSULTATION: Industrial and provident societies. The government will consult on whether the exemption from the financial governance code currently available to these institutions should be removed. ([Red book, chapter 3, pg 45 3.66](#))

CONSULTATION: Industrial and provident societies capital limits. The government will seek views as to whether the current share capital limit should be raised from £20,000 to £35,000, enabling societies to raise more capital from members to further their objectives. ([Red book, chapter 3, pg 45 3.66](#))

CONSULTATION: Electronic communications. Proposals to facilitate the use of electronic communications by mutual societies will be consulted upon. ([Red book, chapter 3, pg 45 3.66](#))

CONSULTATION: Basic bank account. The details and conditions of the basic bank account will be consulted on. ([Red book, chapter 3, pg 46 3.70](#))

CONSULTATION: Affordable credit. The government will consult on options to make sure banks make an appropriate contribution to community lenders, through regulatory action or a new community levy to be funded by retail banks. ([Red book, chapter 3, pg 46 3.74](#))

CONSULTATION: Simple, transparent products. Following the Retail Financial Services Forum's recommendations in the autumn the government will consult on a new approach to simple and transparent products by the end of the year. ([Red book, chapter 3, pg 47 3.82](#))

CONSULTATION: Paper share certificates. A working party will be established to clarify the affects of the proposed removal of the requirement for paper share certificates and share transfer forms in order to transfer shares. ([Red book, chapter 3, pg 48 3.84](#))

CONSULTATION: Low carbon investment. The government will consult in the summer and as part of its energy market assessment work on how to further incentivise and increase confidence in low-carbon investment ([Red book, chapter 7, pg 108, 7.9](#))

CONSULTATION: Green Investment Bank. The government will publish a consultation in the summer on its proposed Green Investment Bank ([Red Book, chapter 7, pg 111, 7.16](#))

CONSULTATION: Review Of HMRC Powers, Deterrents and Safeguards: Security for Payment of PAYE. A 12-week consultation will be held on proposed changes to allow HMRC to require a financial security from employers where amounts due under PAYE or NICs obligations are seriously at risk. ([Budget note 70, \(BN70\), pg 159 of 161](#))



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PUBLICATION: Building societies. The government will shortly publish a discussion paper on building society capital. ([Red book, chapter 3, pg 45 3.64](#))

PUBLICATION: Post Office. The government will shortly publish a response to the Post Office Banking consultation. ([Red book, chapter 3, pg 46 3.72](#))

In the Finance Bill

LEGISLATION: Income Tax Rates, Rate Limits and Personal Allowances for 2010-11. Legislation will be introduced in the 2010 Finance Bill to set the basic rate of income tax at 20 per cent, the higher rate at 40 per cent and the additional rate at 50 per cent. The Finance Bill will also set the amounts of personal allowances, the starting rate limit for savings and the basic rate limit as announced at the 2009 Pre-Budget Report. These changes will have effect on and after 6 April 2010. ([Budget note 1, \(BN01\), p 5 of 161](#))

LEGISLATION: Bank Payroll Tax. Legislation will be introduced in the 2010 Finance Bill to give legal force to the tax on bank bonuses in excess of £25,000. This will affect bonuses paid between 9 December 2009 and 5 April 2010. ([Budget note 2, \(BN02\), p 7 of 161](#))

LEGISLATION: Corporation Tax Main Rates. Legislation will be introduced in the 2010 Finance Bill to set the main rate of Corporation Tax at 28 per cent with effect from 1 April 2011. ([Budget note 3, \(BN03\), p 11 of 161](#))

LEGISLATION: Corporation Tax Small Profits Rates. Legislation will be introduced in the 2010 Finance Bill to keep the small profits rate for all profits, apart from ring fence profits, at 21 per cent from 1 April 2010 and keep the fraction used in smoothing the difference between the main rate of CT and the small profits rate ("marginal relief") at 7/400. . ([Budget note 4, \(BN04\), p 13 of 161](#))

LEGISLATION: Changes in Accounting Standards. Legislation will be introduced in the 2010 Finance Bill to allow regulations to be made to amend the CT rules on loan relationships and derivative contracts, where it is necessary to change tax rules as a consequence of a change in accounting standards. ([Budget note 7, \(BN07\), p 19 of 161](#))

LEGISLATION: Capital Allowances: Plant and Machinery: Increase in the Amount of the Annual Investment Allowance. Legislation will be introduced in the 2010 Finance Bill to double the maximum amount of the annual investment allowance from the current limit of £50,000 to a new limit of £100,000. This will have effect from 1 April 2010 with respect to corporation tax and 6 April 2010 with respect to income tax. ([Budget note 9, \(BN09\), p 23 of 161](#))

LEGISLATION: Capital Allowances: Plant And Machinery: Cushion Gas. Legislation will be introduced in the 2010 Finance Bill to all leases of cushion gas as funding leases and all expenditure on cushion gas as special rate expenditure, qualifying for writing-down allowances at 10 per cent a year. These changes will apply to leases beginning and expenses incurred from 1 April 2010. ([Budget note 10, \(BN10\), p 27 of 161](#))

LEGISLATION: Sale of Lessor Companies: Option to Elect. Legislation will be introduced in the 2010 Finance Bill to offer an option to elect for an alternative treatment under Chapters 3 and



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4 of Part 9 of the Corporation Tax Act 2010 (formerly Schedule 10 to the Finance Act (FA) 2006, the "Sale of Lessor Companies" legislation) when a lessor company is sold. Draft legislation was introduced in December 2009, but will be changed to ensure that the election operates fairly and that the full amount of tax will be collected on the profits of the leasing business following the sale. These changes will take effect from 24 March 2010. ([Budget note 14, \(BN14\), p 35 of 161](#))

LEGISLATION: Release of Loans to Participators in Close Companies. Legislation will be introduced in the 2010 Finance Bill to deny a corporation tax deduction for the amount of the release or write-off. This will affect debt release from 24 March 2010. ([Budget note 15, \(BN15\), p 37 of 161](#))

LEGISLATION: Risk Transfer Schemes. Legislation will be introduced in the 2010 Finance Bill to include a regulation-making power in the legislation relating to risk transfer schemes allowing Ministers to extend the scope of the provisions to cover other instruments held on trading account by financial traders. ([Budget note 16, \(BN16\), p 39 of 161](#))

LEGISLATION: Countering Double Tax Relief Avoidance. Legislation will be introduced in the 2010 Finance Bill to confirm a person may only deduct foreign tax from any foreign income where that person has included the foreign tax in his taxable income. Legislation will also be introduced to reaffirm the scope of the targeted DTR anti-avoidance rule and to amend the manufactured overseas dividend (MOD) regulations offset rules to stop financial traders effectively obtaining relief for foreign tax twice. ([Budget note 17, \(BN17\), p 41 of 161](#))

LEGISLATION: Insurance Premium Tax: Premium Splitting. Legislation will be introduced in the 2010 Finance Bill to prevent avoidance involving fees charged under separate contracts. Amendments have been made to the draft legislation brought forward at the Pre-Budget Report and will take effect from 24 March 2010. ([Budget note 18, \(BN18\), p 43 of 161](#))

LEGISLATION: Financial Services Compensation Scheme Interventions In Relation To Insurance Contracts. Legislation will be introduced in the 2010 Finance Bill to provide regulation-making powers to ensure that if the FSCS takes action to protect policyholders, there will be broadly the same tax treatment as if the FSCS had not intervened. The measure will have effect from Royal Assent. Once the regulations have been made, they can apply to an earlier period, provided they do not increase any person's tax liability. ([Budget note 21, \(BN21\), p 49 of 161](#))

LEGISLATION: Capital Gains Tax: Increase in Lifetime Limit on Entrepreneurs' Relief. Legislation will be introduced in the 2010 Finance Bill to increase the lifetime limit on gains qualifying for entrepreneurs' relief from £1 million to £2 million with effect from 6 April 2010. ([Budget note 27, \(BN27\), p 61 of 161](#))

LEGISLATION: Restriction on tax relief. Legislation will be introduced in the Finance Bill 2010 to recover tax relief above the basic rate on pension contributions made on or behalf of individuals with high income. ([Budget note 2, \(BN33\), pg 1 of 3](#))

LEGISLATION: Remittance basis. Legislation will be introduced in the Finance Bill 2010 making further minor amendments to the remittance basis introduced under the Finance Act 2008. The measure clarifies that a subsidiary of a non-UK resident company which would be a close



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company if it was resident in the UK will be treated as a relevant person for the purposes of the remittance basis. ([Budget note 38, \(B38\), p 87-88 of 161](#))

LEGISLATION: Share Incentive Plans – Anti-Avoidance. Legislation will be introduced to combat abuse of the corporation tax deduction system, where companies pay money to Share Incentive Plan trustees, but do not transfer any real value to employees. The legislation will close loopholes preventing HMRC withdrawing approval of a SIP. ([Budget note, \(BN39\), P 89 OF 161](#))

LEGISLATION: Company share option plans: Anti-avoidance. Legislation will be introduced in Finance Bill 2010 to counter avoidance arrangements which are being used to circumvent the financial limit in CSOP (Company share option plans). ([Budget note 9, \(BN40\), pg 1 of 2](#))

LEGISLATION: Anti-avoidance: Transactions in securities. Legislation will be announced in the 2010 Finance Bill to replace existing transactions in securities legislation with legislation targeted at arrangements involving tax avoidance. The legislation counteracts the income tax advantage. ([Budget note 41, \(BN41\), p 93 of 161](#))

LEGISLATION: VAT: Reverse charge for emissions allowances. Legislation will be introduced in Finance Bill 2010 to amend the legal provision for a reverse charge to combat Missing Trader Intra-Community (MTIC) fraud in goods to enable it to apply equally to services. ([Budget note 49, \(BN49\), p 110 of 161](#))

LEGISLATION: Aggregates levy: Rate. Legislation will be introduced in Finance Bill 2010 to increase the rate of aggregates levy from £2.00 per tonne to £2.10 per tonne. ([Budget note 25, \(BN56\), pg 1 of 1](#))

LEGISLATION: Tobacco products duty: Rates. Legislation will be introduced in Finance Bill 2010 to increase the rates of duty on tobacco products imported into, or manufactured in, the UK. The changes will represent an increase of 1 per cent, in real terms, on the current duty levels. ([Budget note 29, \(BN60\), pg 1 of 1](#))

LEGISLATION: Alcohol duty: Rates. Legislation will be introduced in Finance Bill 2010 to provide for the annual setting of duty rates for alcohol. Duty rates for all still ciders, and sparkling cider exceeding 1.2 per cent alcohol by volume (abv) but not exceeding 5.5 per cent abv, will increase by 10 per cent above inflation. Duty rates for all other alcoholic drinks will increase by 2 per cent above inflation. ([Budget note 61, \(BN61\), p 137 of 161](#))

LEGISLATION: Alcohol duty: Definition of cider. Legislation will be introduced in Finance Bill 2010 to provide a power to amend the definition of cider which may be needed in order to protect the integrity of the cider definition. ([Budget note 62, \(BN62\), p 139 of 161](#))

LEGISLATION: Excise: Changes to Bingo Duty, Amusement Machine Licence Duty and Gaming Duty. Legislation will be brought forward to reduce the rate of bingo duty from 22 per cent to 20 per cent; to increase amusement machine licence duty in line with inflation; and raise the gross gaming yield bandings for gaming duty in line with inflation. ([Budget note, \(BN63\), p 141 of 161](#))



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LEGISLATION: Disclosure of tax avoidance schemes. Legislation will be introduced in Finance Bill 2010 revising the Disclosure of Tax Avoidance Scheme (DOTAS) and providing for increased penalties for failure to comply with the rules. ([Budget note 33, \(BN64\), pg 1 of 3](#))

LEGISLATION: Tackling offshore evasion. Legislation will be introduced in Finance Bill 2010 to provide for larger penalties for taxpayers who fail to provide a full account of their income tax or capital gains tax liabilities, where the failure is linked to an offshore matter. ([Budget note 37, \(BN68\), pg 1 of 2](#))

LEGISLATION: Tobacco smuggling in the post. Legislation will be introduced in Finance Bill 2010 to strengthen customs powers to tackle tobacco smuggling in the post. ([Budget note 71, \(BN71\), p 161 of 161](#))

In the next Parliament

LEGISLATION: Capital Distributions. Legislation will be introduced in a Finance Bill in the next Parliament to ensure that distributions will not be prevented from falling within the distribution exemption regime at Part 9A of the Corporation Tax Act 2009 because they are capital in nature. The legislation will be retrospective in effect. ([Budget note 5, \(BN05\), p 15 of 161](#))

LEGISLATION: Relief for Interest: Amendments to the “Worldwide Debt Cap” Legislation. Legislation will be introduced in a Finance Bill in the next Parliament to ensure that aspects of the debt cap work as originally intended. The areas involved concern groups which include securitisation companies that are within the special corporation tax (CT) regime, companies involved in capital market arrangements and industrial and provident societies. It will also make clear that limited liability partnerships cannot be the ultimate parent of a group of companies for debt cap purposes. The legislation will apply to accounts drawn up from 1 January 2010. ([Budget note 6, \(BN06\), p 17 of 161](#))

LEGISLATION: North Sea Fiscal Regime: Reinvestment Relief. Legislation will be introduced in a Finance Bill in the next Parliament to ensure that reinvestment relief can apply as intended in a group context when the company making the reinvestment is not the company making the disposal. The change will have effect in relation to disposals made on or after 24 March 2010. ([Budget note 8, \(BN08\), p 21 of 161](#))

LEGISLATION: Venture Capital Schemes. Legislation will be introduced in a Finance Bill in the next Parliament to ensure that Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) schemes are brought into line with the agreement between the Government and European Commission on approved State aids. ([Budget note 12, \(BN12\), p 31 of 161](#))

LEGISLATION: Enterprise Management Incentives. Legislation will be introduced in a Finance Bill in the next Parliament to require a company granting EMI options to have a “permanent establishment” in the UK. This replaces the old requirement for firms to operate “wholly or mainly” in the UK. This will take effect from the Finance Bill receiving Royal Assent. ([Budget note 13, \(BN13\), p 33 of 161](#))



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LEGISLATION: Life Insurance Companies: Apportionment Of Income And Gains. Legislation will be introduced in a Finance Bill in the next Parliament to prevent tax avoidance schemes involving the transfer of non-profit business from one non-profit fund to another. This will affect transfers taking place from 24 March 2010. ([Budget note 19, \(BN19\), p 45 of 161](#))

LEGISLATION: Life Insurance Policies: Deficiency Relief. Legislation will be introduced in a Finance Bill in the next Parliament to provide that life insurance deficiency relief will be made available to reduce tax due on income subject to the additional rate and dividend additional rate of tax. This will take effect from 6 April 2010. ([Budget note 20, \(BN20\), p 47 of 161](#))

LEGISLATION: VAT: Postal services. The government intends to legislate on a measure in a Finance Bill to be introduced in the next parliament to apply VAT at the standard rate to certain postal services provided by the universal service provider (USP) of public postal services in the UK. ([Budget note 17, \(BN48\), pg 1 of 2](#))

LEGISLATION: Lennartz accounting. Legislation will be introduced in a Finance Bill in the next Parliament to implement changes to the recovery of VAT for immovable property, boats and aircraft. ([Budget note 50, \(BN50\), p 113 of 161](#))

LEGISLATION: Lennartz accounting. Legislation will be introduced in a Finance Bill in the next Parliament to ensure that existing Lennartz accounting users continue to pay the VAT due under the accounting mechanism. ([Budget note 50, \(BN50\), p 113 of 161](#))

LEGISLATION: Lennartz accounting. Legislation will be introduced in a Finance Bill in the next Parliament relating to recovery of VAT on directors' accommodation will be repealed. ([Budget note 50, \(BN50\), p 113 of 161](#))

LEGISLATION: Relief for overpayments of stamp duty land tax and petroleum revenue tax. This measure will amend the SDLT and PRT error or mistake relief rules. This follows similar changes to the income tax, capital gains tax and corporation tax rules in the Finance Act (FA) 2009. The changes will provide a means of reclaiming overpayments where there is no other statutory route. ([Budget note 65, \(BN65\), p 145 of 161](#))

LEGISLATION: Interest harmonization for corporation tax and petroleum revenue tax. Legislation will be introduced in a Finance Bill in the next Parliament to bring corporation tax and petroleum revenue tax within the harmonised interest regime introduced in the Finance Act (FA) 2009. The harmonised interest regime will apply to all late payments and repayments of taxes and duties administered by HMRC. ([Budget note 66, \(BN66\), p 147 of 161](#))

LEGISLATION: Review of HMRC Powers, Deterrents and Safeguards: Penalties for Late Filing of Returns and Payment of Tax. The government will legislate in the next Parliament to complete the reform of the penalty regimes for the late filing of tax returns and late payment of tax. ([Budget note, \(BN67\), p 149 of 161](#))

LEGISLATION: Review of HMRC powers, deterrents and safeguards: excise modernization and compliance checks. This measure will update the compliance checking framework for excise duties, including modernising information and inspection powers; and aligning the record-



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keeping rules and the time limits for assessments and claims with changes made to other taxes and duties. ([Budget note 69, \(BN69\), p 154 of 161](#))

Housing and Construction

REVIEW: Energy efficient homes. The government will work with the financial services industry to review the financing arrangements for investment in microgeneration and home insulation measures provisioned for in the Household Energy Management (HEM) Strategy ([Red Book, chapter 7, pg 112, 7.24](#))

In the Finance Bill

LEGISLATION: Stamp Duty and Stamp Duty Reserve Tax Relief for Members of Clearing Houses. Legislation will be introduced in the 2010 Finance Bill to make explicit that the power to make regulations to remove multiple charges to stamp duty or stamp duty reserve tax (SDRT), extends to regulations providing relief for members of clearing houses and their nominees. The measure will have effect from the date of Royal Assent. ([Budget note 23, \(BN23\), p 53 of 161](#))

LEGISLATION: Stamp Duty Land Tax: Rates And Thresholds. Legislation will be introduced in the 2010 Finance Bill to introduce a higher stamp duty land tax rate of 5 per cent for purchases of residential property worth over £1 million. This will take effect from 6 April 2010. ([Budget note 24, \(BN24\), p 55 of 161](#))

LEGISLATION: Stamp Duty Land Tax: First Time Buyers. Legislation will be introduced in the 2010 Finance Bill to remove stamp duty land tax from residential property transactions worth up to £250,000 where the purchasers are first-time buyers and will occupy the property as their main residence. This applies to all purchase where the effective date is on or after 25 March 2010 and before 25 March 2012. ([Budget note 25, \(BN25\), p 57 of 161](#))

LEGISLATION: Stamp Duty Land Tax Partnerships. Legislation will be introduced in the 2010 Finance Bill to amend stamp duty land tax anti-avoidance rules to prevent exploitation of the partnership rules to artificially reduce the amount of tax payable on a transaction. ([Budget note 26, \(BN26\), p 59 of 161](#))

ACTION: Land supply. With regard to the supply, by local authorities, of viable land the government has announced that the Planning Inspectorate will continue to report on the position across the country, and from 2010/11 the government will withhold the relevant elements of the Housing and Planning Delivery Grant from local authorities that fail to produce satisfactory five-year land supply assessments. ([Red book, chapter 5, pg 77, 5.50](#))

REPORT: House building. The government will reduce the regulatory costs on the house building industry as part of the indicative £1 to £1.25bn savings to be achieved through the built environment theme of the 2010/15 target, and intends to set out progress at Budget 2011. ([Red book, chapter 5, pg 77, 5.51](#))



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CONSULTATION: Council housing finance system. The government will consult on plans to replace the council housing finance system with a self-financing system. [[Red book, chapter 5, pg 76, 5.49](#)]

CONSULTATION: Section 106. The government has announced that it will shortly consult on how scaled back section 106 will operate. [[Red book, chapter 5, pg 77, 5.51](#)]

In the next Parliament

LEGISLATION: UK Real Estate Investment Trusts and Stock Dividends. Legislation will be introduced in a Finance Bill in the next Parliament to allow UK REITs to issue stock dividends in lieu of cash dividends in meeting the requirement to distribute 90 per cent of the profits from the property rental business of the REIT. The legislation will have effect for property income distributions made on or after the date that it receives Royal Assent. ([Budget note 22, \(BN22\), p 51 of 161](#))

Public Sector

LEGISLATION: Ministry of Justice bodies: Streamline the Legal Services Commission and the Youth Justice Board, bring together HM Courts Service and the Tribunals Service into a unified agency, abolish the 19 Courts Boards, and review the role and operation of the Judicial Appointments Commission, subject to legislative approvals. ([Red Book, chapter 6, pg 95, 6.35](#))

ACTION: Payment clauses in government contractors. All central government departments will be required to include a clause in their contracts with suppliers to ensure that suppliers will pay subcontractors within 30 days. ([Red book, chapter 4, pg 53-54, 4.25](#))

ACTION: End to civil service business class travel: The government is ending the use of business class air travel for journeys lasting less than 5 hours, saving a total of £13 million. ([Red Book, chapter 6, pg 93, 6.26](#))

ACTION: Government shared services: New shared service platforms will deliver savings from back office functions by 2012-13. DWP Shared Services, which already provides services to 140,000 staff across three departments, will take on four new departments and move to a new corporate structure by April 2011. ([Red Book, chapter 6, pg 94, 6.32](#))

ACTION: Ministry of Justice shared services: The Ministry of Justice will introduce a shared service centre for back office human resources, payroll, finance and procurement transactions, providing services to 81,000 staff. ([Red Book, chapter 6, pg 94, 6.32](#))

ACTION: Arms' length bodies: A stronger governance framework for ALBs and departments will cut duplication of functions, set restrictions on creating new bodies, and limit the use of lobbying and public relations consultants by ALBs. ([Red Book, chapter 6, pg 95, 6.35](#))



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ACTION: Civil service relocation: The government has accepted Ian Smith's recommendations and intends to reduce the number of civil servants in London by a third over the next 10 years, starting with a relocation of 15,000 jobs from London ([Red Book, chapter 6, pg 103, 6.57](#))

ACTION: Ministry of Justice relocation: MoJ will relocate 1,000 posts out of central London by 2015, and where value for money is demonstrated these posts will move out of London. At least 50 per cent will move out of London and the South East. MoJ will explore further opportunities for creating regional hubs ([Red Book, chapter 6, pg 103, 6.57](#))

ACTION: Digitalising public services: The government will establish a new Digital Public Services Unit, to drive rapid progress in transferring services to online channels ([Red Book, chapter 6, pg 100, 6.53](#))

ACTION: Student loans portfolio sale: The government will shortly be procuring advisors to develop a sales proposal for the £25 billion student loan portfolio and will give a further update in light of Lord Browne's recommendations on student finance ([Red Book, chapter 6, pg 102, Box 6.3](#))

ACTION: Government stake in URENCO: Explore options to realise value from the Government's stake, which ensure security issues are fully addressed and support the company's future development ([Red Book, chapter 6, pg 102, Box 6.3](#))

ACTION: Government property management: To drive better management of government estate the government will create new strategic property vehicles by April 2011 ([Red Book, chapter 6, pg 102, 6.56](#))

ACTION: Local data on fiscal stimulus: To give access to transparent and clear information on how the £3 billion capital fiscal stimulus has been spent across the country. The government will provide details of how the capital fiscal stimulus has been spent, disaggregated at a local level where possible, with the first tranche of information available online from 9 April 2010. ([Red Book, chapter 6, pg 100, 6.53](#))

REPORT: Benchmarks for pay in NDPBs: The Senior Salaries Review Body will recommend new benchmarks in NDPBs, reporting by the summer. ([Red book, chapter 6, pg 91, 6.24](#))

REPORT: NHS and local government chief executives pay benchmarks: The SSRB, working with other relevant individuals as appropriate, will draw up sector-by-sector pay benchmarks for the wider public sector. They will report on local authority chief executives and senior managers across the health sector by the end of 2010. ([Red book, chapter 6, pg 91, 6.24](#))

REPORT: Expert team on shared services: A small team of experts will be created at the centre of government to set new standards for shared services, standardise processes, ensure delivery of savings and explore more opportunities to use private sector involvement to commercialise these platforms further. The new team will initially work with the Department for Transport, the Department for Business, Innovation and Skills, the Department for Environment, Food and Rural Affairs and HM Treasury Group on their plans for driving improvements within



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human resources, finance and procurement functions. A report on progress will be provided by the 2010 Pre-Budget Report. ([Red Book, chapter 6, pg 94, 6.32](#))

REPORT: Public sector finance fraud: The government will produce an action plan by summer 2010, building on the recommendations of the Public Sector Fraud Taskforce. ([Red Book, chapter 6, pg 97, 6.42](#))

REPORT: Release of OS data: The government's response to a consultation on the release of Ordnance Survey data will be published by the end of March 2010, and from 1 April, a substantial package of data will be freely available to the public without restrictions on re-use. ([Red Book, chapter 6, pg 99, 6.51](#))

REVIEW: Electronic invoicing for all central government suppliers. The government will explore the option of moving to immediate payment and aim to pay 80 per cent of all undisputed invoices within 5 days. ([Red book, chapter 4, pg 54, 4.23](#))

CONSULTATION: NHS intellectual property. The government plans to consult on a new gateway for the export of NHS intellectual property and service ([Red book, chapter 4, pg 57, 4.37](#))

CONSULTATION: Suppliers charter. The government is launching a consultation on a charter enlisting industry's support for its priority principles. ([Red book, chapter 4, pg 55, 4.26](#))

CONSULTATION: Implementation of the code of practice on senior pay: The government is asking all public sector organisations to explain how they will comply with the new Code of Practice on senior pay setting by the end of the year, and will consult on detailed implementation of the Code's provisions. ([Red Book, chapter 6, pg 92, 6.23](#))

CONSULTATION: Merger of UK Film Council and British Film Institute: Merge the UK Film Council and British Film Institute, subject to necessary consultation ([Red Book, chapter 6, pg 95, 6.35](#))

CONSULTATION: Merger of National Lottery Commission and Gambling Commission: Merge the National Lottery Commission and the Gambling Commission, subject to necessary consultation ([Red Book, chapter 6, pg 95, 6.35](#))

Energy

LEGISLATION: UK oil and gas fiscal regime. Technical change to enable ring fence reinvestment relief to be available, when a group company makes the reinvestment. ([Red book, chapter 4, pg 60, 4.53](#))

ACTION: Strategy for national infrastructure. A strategy for national infrastructure will help meet the UK's infrastructure and energy challenges. The government also intends to create a Green Investment Bank. ([Red Book, chapter 1, p 5, 1.18](#))



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ACTION: UK Finance and Growth. The launch of UK Finance and Growth will streamline the government's SME finance support – helping businesses seeking to commercialise low-carbon technologies. ([Red Book, chapter 1, p 8, 1.27](#))

ACTION: Wind power. The government will provide an additional £60 million for low-carbon investment, using it to develop port sites that meet the requirements for offshore wind turbine manufacturers ([Red Book, chapter 7, pg 112, 7.20](#))

REVIEW: Energy market review. The government will launch a new white paper, by spring 2011, addressing energy market reform and these proposals on clean electricity ([Red Book, chapter 7, pg 108, 7.10](#))

REVIEW: Air pollution and EU ETS. The government plans to 'opt' nitrous oxide gases from nitric acid production into the EU ETS as of 2011 ([Red Book, chapter 7, pg 114, 7.30](#))

REPORT: Energy efficiency: All departments will be publishing their Carbon Reduction Delivery Plans, setting out how they will achieve ambitious carbon reduction targets in the short term and through to 2020 ([Red Book, chapter 6, pg 96, 6.38](#))

CONSULTATION: Electricity policy framework. The government will consult, in the autumn, on potential changes to its electricity policy framework and low-carbon supply ([Red Book, chapter 7, pg 108, 7.10](#))

CONSULTATION: Biomass. The government will consult on plans to support biomass installations through the Renewables Obligation ([Red Book, chapter 7, pg 109, 7.11](#))

CONSULTATION: Biomass. The government will consult on the sustainability criteria for biomass as a source by which to generate heat and electricity ([Red Book, chapter 7, pg 110, 7.11](#))

In the Finance Bill

LEGISLATION: Climate Change Levy: Change in Rates. Legislation will be introduced to increase the rates of the climate change levy. ([Budget note, \(BN55\), p 123 of 161](#))

In the next Parliament

LEGISLATION: VAT: Place of Supply of Gas, Heat and Cooling. The government will legislate to implement changes on the supply of natural gas. ([Budget note, \(BN47\), p 107 of 161](#))



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Social Issues

ACTION: Financial support. The government has announced the launch of an online 'resource' providing an outline of financial support for working age families. [[Red book, chapter 5, pg 68, 5.17](#)]

ACTION: Working tax credit. The government has announced that, from April 2010, HM Revenue and Customs will simplify the working tax credit system for working parents who claim childcare under the system. [[Red book, chapter 5, pg 68, 5.19](#)]

ACTION: Tax credit renewals. HM Revenue and Customs will pilot a service for tax credit renewals in 2011. Part of this will include a full on-line service for child benefit claimants. [[Red book, chapter 5, pg 69, 5.20](#)]

ACTION: Child benefit. HM Revenue and Customs will establish an electronic link with the General Register Offices, which are responsible for registering UK births, meaning that families who claim child benefit will no longer have to submit original UK birth certificates from 2011/12. [[Red book, chapter 5, pg 69, 5.20](#)]

ACTION: Benefit pension schemes. Following consultation, the government has confirmed decisions on how the restriction of tax relief on pension contributions will be applied and delivered, and deemed contributions to defined benefit pension schemes will be valued using the age-related factors method. [[Red book, chapter 5, pg 74, 5.41](#)]

ACTION: Pensions regulation. The government will shortly publish an information note to help employers understand available risk sharing options to supplement the simplification of pensions regulation. [[Red book, chapter 5, pg 75, 5.43](#)]

ACTION: Saving gateway. To support working age adults on the lowest incomes, the government is introducing the saving gateway. The saving gateway will offer an estimated eight million people the opportunity to receive 50 pence from the government for each £1 they save. The first accounts will be available in July 2010. [[Red book, chapter 5, pg 73, Box 5.3, 5.35](#)]

ACTIONS: Child poverty. The government have announced the publication of 'Ending Child Poverty: Mapping the Route to 2020', which sets out the government's strategic direction to inform the first national strategy to be published within 12 months of Royal Assent of the Child Poverty Bill. [[Red book, chapter 5, pg 76, 5.46](#)]

ACTION: Workless families. The government has said it will consider options to improve incentives encouraging second earners in workless families to move into the labour market. [[Red book, chapter 5, pg 76, 5.47](#)]

ACTION: End of the New Deal for Communities: Government will save £40 million by concluding the New Deal for Communities ([Red Book, chapter 6, pg 93, 6.26](#))



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ACTION: Tackle excessive LHA payments: Government will end 'excessively' high Local Housing Allowance payments for a small number of tenants in the most expensive areas, saving another £50 million a year by 2014-15 ([Red Book, chapter 6, pg 93, 6.27](#))

ACTION: Communities programmes closed: Government is ending smaller Communities and Local Government (CLG) funded time-limited communities programmes, saving £25 million ([Red Book, chapter 6, pg 93, 6.26](#))

ACTION: Young Foundation report on rights and responsibilities: The government will look to build on the recommendations of the forthcoming Young Foundation report, which furthers the rights and responsibilities agenda. ([Red Book, chapter 6, pg 99, 6.50](#))

ACTION: Cutting benefits payments errors: Further action to prevent incorrect payments in the benefits system, delivering additional net savings of £175 million in social security expenditure by 2012-13. This will be achieved by improving the interface between the IT systems for different benefits. ([Red Book, chapter 6, pg 97, 6.42](#))

CONSULTATION: Retirement age. The government intends to launch a consultation on reforms to the default retirement age. Options are to remove it; increase it and reform the framework to strengthen the position of employees. [[Red book, chapter 5, pg 70, 5.24](#)]

CONSULTATION: Charity tax relief. HM Revenue and Customs will be consulting informally with charities on proposed changes to the charity tax relief system. ([Budget note 32, \(BN32\), p 73 of 161](#))

REPORT: Nation's civic health: A report on the nation's civic health will be published at the end of March 2010, bringing together information at national and local levels to help citizens understand the strengths and weaknesses of civic life in their area and hold public services to account. ([Red Book, chapter 6, pg 100, 6.54](#))

REPORT: Adult social care: The government will shortly set out its long-term plans for a fair and comprehensive reform of care and support alongside the steps needed in the next Parliament to move towards that goal, building on the new entitlement to free care at home for those with the highest needs already announced ([Red Book, chapter 6, pg 91, 6.18](#))

In the Finance Bill

LEGISLATION: Inheritance Tax: Nil Rate Band. Legislation will be introduced in the 2010 Finance Bill to freeze the limit of the inheritance tax nil rate band for the tax years 2010-11 to 2014-15 at the current level of £325,000. The freeze will take effect from 6 April 2010 until 6 April 2015. ([Budget note 31, \(BN31\), p 69 of 161](#))

LEGISLATION: Charity tax relief. Legislation will be introduced in Finance Bill 2010 to extend tax relief to organisations in the European Union and the European Economic Area which are equivalent to UK charities and community amateur sports clubs. The rules will come into effect later in 2010-11. ([Budget note 32, \(BN32\), p 72-3 of 161](#))



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LEGISLATION: Charity tax relief. Charity organisations will be required to apply donations received under Payroll Giving for charitable purposes, if the donations are to remain tax-exempt. ([Budget note 32, \(BN32\), p 72 of 161](#))

LEGISLATION: Charity tax relief. The rules requiring UK charities that make payments to bodies outside the UK to take reasonable steps to ensure the monies are used for genuine charitable purposes will be strengthened. ([Budget note 32, \(BN32\), p 72 of 161](#))

In the next Parliament

LEGISLATION: Tax Changes for Certain Trusts Compensating Asbestos Victims. Legislation will be introduced in a Finance Bill in the next Parliament to exempt trustees of certain trusts from capital gains tax, inheritance tax and income tax. The trusts that will benefit are those set up on or before 23 March 2010 as part of an arrangement made by a company with its creditors and specifically to pay compensation to, or in respect of, individuals with asbestos related conditions. The measure will come into force from 6 April 2010. ([Budget note 29, \(BN29\), p 65 of 161](#))

LEGISLATION: Income Tax Adjustments Between Settlers And Trustees. Legislation will be introduced in a Finance Bill in the next Parliament to require settlors to pay any repayments of tax on trust income they receive to trustees. These measures will take effect from 6 April 2010. ([Budget note 30, \(BN30\), p 67 of 161](#))

LEGISLATION: Employer-supported childcare. The government intends to legislate in a Finance Bill in the next parliament to relax the conditions for exemption from the chargeable benefit for employer supported childcare. ([Budget note 5 \(BN36\), pg 1 of 2](#))

LEGISLATION: Special guardianship orders and residence orders. Legislation will be introduced in the Finance Bill meaning that certain payments to special guardians, and to some carers looking after children under a residence order, will be exempt from income tax. ([Budget note 37, \(BN37\), p 83 of 161](#))

LEGISLATION: Changes to Pensions Taxation. Legislation will be brought in to establish and register NEST with HMRC in order that it might be subject to the same tax rules as other pension schemes. ([Budget note, \(BN35\), p 79 of 161](#))

Local and Regional Government

LEGISLATION: Scottish Parliament taxation powers: In future a proportion of the Scottish budget will be funded through its own decisions on taxation, which will also allow the Scottish Executive to increase borrowing, subject to HM Treasury limits. The government envisages legislating for these changes as soon as possible during the next Parliament. ([Red Book, chapter 6, pg 99, 6.48](#))



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ACTION: Local government. Burdens on local government will be removed and regional structures rationalised – giving local authorities discretion over £1.3bn funding that is currently ring-fenced. ([Red Book, chapter 1, p 7, 1.25](#))

ACTION: Empowering city regions. Birmingham city region has been granted powers to set the adult skills strategy across its area. ([Red book, chapter 4, pg 62, 4.65](#))

ACTION: RDA growth funds. Regional growth funds to be established by Regional development agencies within their capital budgets in 2010/11 to promote investment in regional and national growth and industrial policy. ([Red book, chapter 4, pg 62, 4.64](#))

ACTION: Creating a £120 million grant for Accelerated Development Zones. This pilot programme is designed to support infrastructure investment in cities and will be introduced in locations across England in 2011-12. ([Red book, chapter 4, pg 62, 4.66](#))

ACTION: Local authority asset management: To improve the incentives for more effective asset management and lock-in the benefits of the significant growth in capital investment since 1997, CLG will test a depreciation-based funding scheme with a small group of local authorities in 2010-11. This will be on a shadow-basis and progress will be reported at Budget 2011. ([Red Book, chapter 6, pg 103, 6.56](#))

ACTION: Rationalise RDA spending: Government will save £300 million from rationalising Regional Development Agency regeneration spending and programmes, including the Working Neighbourhoods Fund, the Local Enterprise Growth Initiative, and the Housing and Planning Delivery Grant ([Red Book, chapter 6, pg 93, 6.26](#))

ACTION: Spending review – performance management of local services: At the next Spending Review, the government will further align performance frameworks, including agreeing a consistent set of principles for the performance management of local services. CLG will work with the Local Public Data Panel to pilot the replacement of local authority data returns to central government with direct publication locally. ([Red Book, chapter 6, pg 98, 6.46](#))

Environment

REVIEW: Agricultural sector. The government will review, by 2012, plans to reduce greenhouse gas emissions from the farming sector ([Red Book, chapter 7, pg 117, 7.51](#))

In the Finance Bill

LEGISLATION: Landfill tax: Standard rate. Legislation will be included in the Finance Bill 2010 to increase the standard rate of landfill tax by £8 per tonne to £56 per tonne. ([Budget note 21, \(BN52\), pg 1 of 1](#))



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LEGISLATION: Emissions allowance trading. To address VAT missing trader intra-community fraud, the government intends to legislate in Finance Bill 2010 to replace the temporary zero rate, introduced in July 2009 to combat fraud in emissions allowances, with a reverse charge as the agreed EU counter-measure. [\[Red book, chapter 5, pg 80, 5.73\]](#)

In the next Parliament

LEGISLATION: Landfill Communities Fund. Landfill site operators may claim against their annual landfill tax liability for contributions made to bodies concerned with the environment (enrolled under the LCF). Secondary legislation will be introduced to amend the maximum credit claimable from 6 per cent to 5.5 per cent. [\(Budget note 53, \(BN53\), p 119 of 161\)](#)

LEGISLATION: Landfill tax. Legislation will be introduced in the Finance Bill 2010 to provide for the publication and review of criteria for determining the lower rate of landfill tax; and that HM Treasury will have regard to these criteria when listing in an order the materials that qualify for the lower rate. [\(Budget note 54, \(BN54\), p 121 of 161\)](#)

LEGISLATION: Aggregates levy: Northern Ireland credit scheme. Legislation will be announced in the Finance Bill to allow for the extension of the Northern Ireland Aggregates Levy Credit Scheme for a further ten years. The Scheme grants an 80 per cent tax credit to aggregate producers in Northern Ireland who meet certain conditions. [\(Budget note 57, \(BN57\), p 127 of 161\)](#)

Transport

ACTION: Local roads. The government to invest £100 million to repair local roads following recent cold weather. [\(Red book, chapter 4, pg 59, 4.50\)](#)

ACTION: Major roads projects. Additional investment of £285 million to enable progress of managed motorways programmed and other major road projects. [\(Red book, chapter 4, pg 59, 4.50\)](#)

ACTION: Sale of High Speed 1: The sale is expected to be launched in the summer and completed in the next 12 months [\(Red Book, chapter 6, pg 102, Box 6.3\)](#)

ACTION: Excise duties. Exceptional rates, vis-à-vis vehicle excise duties for some HGVs, will be introduced for some vehicles as of April 2011, to fall in line with EU regulations [\(Red Book, chapter 7, pg 116, 7.45\)](#)

ACTION: VAT fuel scale charges. The government will amend the VAT fuel scale charges for taxing private road fuel, to reflect changes in fuel prices. [\(Budget note 13 \(BN44\), pg 1 of 3\)](#)



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REPORT: Sale of the Dartford Crossing: Initial conclusions from a review of commercial options will be considered in the light of the capacity study. The Government will provide a fuller update at the 2010 Pre-Budget Report ([Red Book, chapter 6, pg 102, Box 6.3](#))

In the Finance Bill

LEGISLATION: Taxable Benefit Charges on Zero-Emission Vehicles and Low Emission Cars. Legislation will be brought to remove the chargeable tax on the benefit when individuals have use of a company car or van when the vehicle concerned cannot produce CO₂ engine emissions. The charge will be reduced when the engine emissions are 75g per kilometre or less. ([Budget note, \(BN43\), p 97 of 161](#))

LEGISLATION: Air Passenger Duty: Duty Rates. Legislation will be introduced to increase the rates of air passenger duty. ([Budget note, \(BN59\), p 133 of 161](#))

In the next Parliament

LEGISLATION: Low-carbon vehicles. The government will move to legislate, in the next Parliament, on capital allowances for zero-carbon goods vehicles ([Red Book, chapter 7, pg 116, 7.42](#))

LEGISLATION: Zero-Emission Goods Vehicles: 100 Per Cent First-Year Allowances. A Finance Bill in the next Parliament will introduce a 100 per cent first-year allowance (FYA) for business expenditure on new and unused zero-emission goods vehicles. ([Budget note 42, \(BN42\) p 95-96 of 161](#))

LEGISLATION: VAT: Change to Zero-Rating of “Qualifying” Aircraft. A Finance Bill in the next Parliament will change the definition of aircraft that can be supplied at the zero rate from one based on weight and usage to one based on the status of the customer. The measure means that supplies of aircraft will only be zero-rated when used by airlines operating for reward chiefly on international routes. ([Budget note 46, \(BN46\), p 105 of 161](#))

Other issues

ACTION: University enterprise capital fund. The fund will be launched to exploit the potential of the UK's research base. There could also be a tax relief for the video games industry – subject to state aid clearance. ([Red Book, chapter 1, p 5, 1.18](#))

ACTION: University modernisation fund. A £270m fund will drive efficiencies in higher education and fund the teaching costs of 20,000 extra undergraduate places in key courses in September 2010. ([Red Book, chapter 1, p 5, 1.18](#))



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ACTION: Expansion of National Council for Graduate Entrepreneurship programme. £2 million expansion of Flying Start programmes to help current university students and recent graduates set up own businesses ([Red book, chapter 4, pg 58, 4.44](#))

ACTION: Independent consumer financial education body. The government is launching the national rollout of the money guidance service. It is establishing a new independent consumer financial education body. It will ensure financial capability is a statutory part of the national curriculum in England. ([Red book, chapter 5, pg 74, 5.38](#))

REVIEW: Assessment framework for department's performance on better regulation. The government will develop a public assessment framework on this and work with agencies and public bodies that are responsible for enforcing regulations to identify areas of possible simplification. ([Red book, chapter 4, pg 55, 4.30](#))

REVIEW: Cost-benefit ratio threshold. The government will consider whether there is a case for this and whether to conduct an affordability analysis for new regulation. ([Red book, chapter 4, pg 55, 4.29](#))

REPORT: Progress report on Building Britain's future: New industry, New jobs. An update on the progress one year since the introduction of the government's strategy to support development of key sectors of the economy. ([Red book, chapter 4, pg 56, 4.31](#))

CONSULTATION: Draft forward programme of the measures affecting businesses. The government intends to launch a consultation over the next 12 months on ideas for offsetting simplifications in the areas covered by new proposals. ([Red book, chapter 4, pg 55, 4.29](#))

CONSULTATION: Strengthening consultation code. Consultation on the requirement for departments to set out implications of non-intervention and where possible press for a non-regulatory alternative alongside any regulatory options. ([Red book, chapter 4, pg 55, 4.29](#))

CONSULTATION: European Commission impact assessments. The government will press the European Commission to consult on individual impact assessments for new measures and ensure that the EU updates its impact assessments where proposals are significantly changed during the legislative process. ([Red book, chapter 4, pg 55, 4.29](#))

In the Finance Bill

LEGISLATION: Landline Duty. Legislation will be introduced to establish a new duty on landlines in the UK. ([Budget note, \(BN51\), P115 of 161](#))



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Stakeholder Reaction

Business and Economy

FSB response to Chancellor's Budget 2010

The Federation of Small Businesses (FSB) welcomed help for small businesses but is disappointed that the Chancellor is proceeding with the proposed hike in National Insurance Contributions (NICs). ([Full item here](#))

CBI reaction to Budget 2010

The Confederation of British Industry said there was more support for business than might have been expected, but director general Richard Lambert labelled it a "clever, political Budget". ([Full item here](#))

Budget ducks the big issue of the day, says IoD

Despite some positive initiatives for SMEs, the proposed reductions in the budget deficit do not go far enough. Read the IoD's full response to chancellor Alistair Darling's Budget announcement. ([Full item here](#))

Budget supports government handling of recession and recovery, says TUC

The TUC welcomes the chancellor's decision to maintain this year's planned increase in spending, but said there are real concerns that cuts planned for future years will damage public services. ([Full item here](#))

UNISON Budget reaction

Unison welcomes the chancellor's Budget for jobs and growth and says he is correct to resist the calls from Conservatives and speculators for immediate devastating cuts that would wreck services and tip the economy back into recession. ([Full item here](#))

Unite's reaction to today's Budget

Unite welcomed the establishment of a green investment bank, as it aims to support British manufacturing when the "Tories don't even have an industrial policy". ([Full item here](#))



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IMA welcomes improvement to competitiveness of UK-domiciled funds

The Investment Management Association welcomes the government's news that it will work with the industry to amend the fund-specific Schedule 19 Stamp Duty Reserve Tax regime and work with the industry on whether to establish a tax-transparent contractual fund vehicle. ([Full item here](#))

Deficit plan - detail will need to be convincing

The British Retail Consortium welcomes the support the chancellor has offered to small businesses, but berates the lack of help available for established retailers. ([Full item here](#))

Cutting public spend is not on while the super-rich are getting away with contributing nothing

GMB today reacted to the budget stating 'there is much in the budget to support investments and jobs and this is to be welcomed. ([Full item here](#))

Budget reaction – Forum of Private Business statement

The Forum of Private Business welcomes the emphasis on small business in the Budget with a note of caution that the government is courting the small business vote. ([Full item here](#))

Housing and Construction

No surprises for construction in overtly political Budget

The Construction Products Association welcomes the support for a Green Investment Bank and investment in renewables but would have like to have seen measures to help households improve the energy efficiency of their homes. ([Full item here](#))

CML response to 2010 budget

The Council of Mortgage Lenders welcomes the stamp duty exemption for first time buyers with a note of caution about effective implementation. ([Full item here](#))

Public Sector

PCS responds to the Budget



Dods Monitoring Budget 2010 Summary

PCS responded to the Budget as up to 200,000 civil and public servants from across the UK stayed away from work in a strongly supported budget day strike over cuts to redundancy pay. ([Full item here](#))

Social Issues

LSN Budget response regarding youth unemployment

LSN argue that as predictions abound regarding the content of today's Budget, the extent of measures to address youth unemployment will be a crucial battleground. ([Full item here](#))

NCT response to the budget

The National Childbirth Trust welcomes the government announcement to increase child tax credit by £4 a week from 2012, but calls for an increase in maternity and paternity payments. ([Full item here](#))

Transport

Budget 2010: The Countryside needs buses not motorways

Ben Stafford of the Campaign to Protect Rural England welcomed the confirmation of funding for a Green Investment Bank as positive, but stated it will need to invest in the right things in the right places. ([Full item here](#))

Chancellor announces £100m for potholes - councils respond

Cllr David Sparks, chair of the Local Government Association Transport and Regeneration Board, responds to the Budget announcement that councils will be given an extra £100m to tackle potholes. ([Full item here](#))

Other Issues

IMA welcomes index-linked ISA limit

Richard Saunders, chief executive of the Investment Management Association (IMA), comments on the announcement in the Budget that the ISA limit will increase each year in line with inflation. ([Full item here](#))

CWU welcomes Budget confirmation of broadband funding



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The Communication Workers Union today welcome confirmation in the Budget of funding for next generation broadband. The telecoms union believes the 50 pence tax is the most equitable way of funding universal access but wants the government to look again at the role of mobile providers who will increasingly benefit from this innovation. ([Full item here](#))

London First - the best thing about the budget was that it was boring

Baroness Jo Valentine, chief executive of London First, stated that 'Perhaps the best thing about the pre-election Budget is that it was boring – the last thing London businesses needed was more unexpected tax hikes or other surprises from the Chancellor.' ([Full item here](#))

e-skills UK welcomes recognition in Budget that technology is a 'key subject area'

Karen Price, chief executive of e-skills UK, welcomes today's announcement of increased university places in science, technology, engineering and maths. ([Full item here](#))





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Departmental Efficiency Savings

The following table details how the Government intend to reach the announced £11bn in public spending savings by 2013/14.

Department	Saving	Details
Business, Innovation & Skills	£300m	£180m from back office efficiencies £120m from reducing duplication of functions
Communities and Local Government	£200m	£130m from back office efficiencies £70m from reducing duplication of functions
Culture, Media and Sport	£60m	£35m from back office efficiencies £15m from reducing duplication of functions £10m from restructuring
Cabinet Office	£25m	£18m from back office efficiencies £7m from smarter procurement
Children, Schools and Families	£1.1bn	£650m from collaborative school procurement £50m from energy efficiency in schools
Defence	£700m	£550m from procurement and back office £130m from replacing legacy IT systems
Energy and Climate Change	£32m	£30m from NDA procurement £2m from back office efficiencies
Environment, Food and Rural Affairs	£194m	£125m from back office efficiencies £11m from better facilities management
Foreign Office	£50m	£10m corporate services reform programme Reducing annual consultancy costs
International Development	£150m	Streamlining back-office processes Savings in procurement Halving consultancy costs
Health	£4.35bn	£1.5bn from procurement £100m from National Programme for IT £60m from energy efficiency £70m from more efficient use of NHS estates £555m by reducing staff sickness absence
Home Office	£350m + £346m from Police Service	£90m from UK Border Agency improvements £40m from consultancy costs £80m from IT costs
Justice	£343m	£27m from Arm's Length Bodies £41m by estate rationalisation £25m from consultancy and procurement £5m from senior civil service costs £25m from back office rationalisation
Transport	£90m + £90m from Highways	£40m from back office functions £30m from consultancy costs



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	Agency	£15m from marketing and communications £5m from senior civil service costs
Treasury	£261m	£100m from IT improvements Reducing HMRC estates by 130 offices £20m from consultancy costs and more efficient use of estates
Work and Pensions	£350m	£40m from property costs £180m from procurement including IT Reducing the size of Senior Civil Service and streamlining support services
Local Authorities	£2.1bn	Significant savings from greater collaborative procurement Up to £100m through reducing energy usage in local authorities. Savings from increased back office efficiency and greater use of shared services
Total Savings	£11.091bn	