Mixed views over Budget

DECISION MAKER: Alistair Darling outside 10 Downing Street

LAST week's Budget was perhaps the most anxiously awaited in the memory of most businesses in the UK. Business Editor SAM THOMSON asked business leaders, experts and owners what they thought of Alistair Darling's announcements at the despatch box.

THE BUSINESS LEADER – Ken Stevens is regional organiser for the Federation of Small Businesses in Sussex.

From the perspective of the small business owner, this Budget was a particular disappointment.

It would have been good to hear some appreciation of the value of the self-employed who will struggle to survive in this recession.

We were left to search for small comforts. Acknowledging the plight of the construction industry was important and efforts to kick start the housing programme is welcome. Many small firms benefit when the major contractors are back in business.

The commitment to new digital technology and the promise of faster broadband to all communities is a relief for rural businesses.

Funding in support of getting young people in to work and those who are jobless as the result of economic downturn is important.

We must hope the review of financial regulations governing banks will stabilise them back into action to support small businesses.

THE CAR DEALER – Marc Matthew is chairman at Lifestyle Europe, which has showrooms in Crawley, Horsham and Eastbourne.

The announcement that the scrappage scheme will go ahead is a huge boost for the UK's automotive business.

It's one of the firm commitments to come out of the Budget and will truly benefit the economy. It's about giving consumer confidence a boost, reassuring the customer who may have been putting off buying a new car because of the economic climate and getting business flowing again.

Whilst critics have pointed out the manufacturers to benefit from additional sales will not be UK-based, 800,000 people work in the automotive sector in the UK and a high percentage of those in retail.

THE PERSONAL FINANCE EXPERT – Andrew Merricks is head of investments at Skerritt Consultants in Hove

The extension of the personal allowance for ISA contributions from £7,200 to £10,200 from October this year is a welcome one, but why 50-year-olds and over will be allowed first run is baffling.

If you don't want to use the entire £10,200 allowance in the stocks and shares element, you can split it 50/50 into a cash/stocks and shares combo.

But it is worth bearing in mind that for a higher rate taxpayer this extension on the cash limit amounts to around a whopping £9 tax saving over the year.

But let's not be churlish.

We have recommended savers invest in corporate bond funds within their maximum ISA allowances for several months now and the tax free income that can be earned from these funds of anywhere between 5% and 12%, is really attractive in comparison to the low returns from cash.

THE RETAILER – Emma Harrop is owner of the Velvet chain of boutique lifestyle stores.

The Budget has, as always, brought about mixed reactions. With the Government guaranteeing a scheme to provide mortgages and stamp duty relief being extended, this could help kick-start the housing market.

Retailers such as Velvet may benefit from people spending on accessories for their new homes.

Spending, however, will be affected by unemployment and ISAs. With less disposable income and the annual limit for tax-free ISAs to rise, this may encourage people to save more and spend less.

THE EMPLOYMENT EXPERT – Claire Mitchell is director of Engage, a Brighton-based agency which aims to help employers fill skills gaps by hiring retrained unemployed people.

I welcome the extra £1.7 billion for Job Centre Plus network. Resources in the Brighton job centre are under huge pressure.

The question is, is it enough?

The announcement that, from January, everyone under 25 and out of work will receive a job or training is very similar to an existing Government welfare to work programme – the New Deal which is set to be relaunched as Flexible New Deal.

As for the pledge to create 250,000 extra jobs and provide £260 million extra for skills and training, if they can create these jobs in the public sector, which is faring better than the private sector in this recession, that will be fantastic for the long-term unemployed. Plans for the next two years to spend £250 million and then £450 million to maintain 54,000 sixth form places are welcome because of the need to upskill Britain's youth.

THE PUB LANDLORD – Chris Beaumont is landlord of The Greys in Southover Street, Brighton.

The 2% rise in alcohol and tobacco duty was a blow but we knew it was coming despite all the protestations from the industry.

I'm not sure if it will have a huge impact on us because our customers realise it is not us simply increasing our profit.

The 2% rise is at source so by the time it gets to us it translates as an extra 10p on the price of a pint of beer.

It will mean supermarket alcohol will become even cheaper compared to pub prices. I think subconsciously more people will decide to stay at home.

Highlights

ECONOMY

Forecast for GDP growth in 2009 is minus 3.5%.

Growth of 1.25% forecast for 2010.

From 2011, growth of 3.5% per annum forecast.

Inflation expected to continue to come down sharply, to 1% by the end of the year.

Public sector borrowing to hit £175 billion this year – 12% of GDP – but to fall to 9.1% in two years.

JOBS

Extra £1.7 billion for Job Centre Plus network.

From January, everyone under 25 and out of work will receive a job or training.

Pledge to create 250,000 extra jobs and £260 million extra for skills and training.

For the next two years, £250 million and then £450 million to maintain 54,000 sixth form places.

HOMES

Stamp duty holiday on homes up to £175,000 extended to end of year.

BUSINESS

Loss-making firms can reclaim tax on profits from past three years.

TAX

From April 2011 pension tax relief restricted for those on incomes over £150,000.

New top rate of income tax of 45% on incomes above £150,000 will be increased to 50% and take effect from next April.

Alcohol and tobacco duties rise by 2%.

ISA savings tax free limit raised to £10,000 (£5,100 in cash) for over-50s this year and for everyone else next year.

TRANSPORT

Fuel duty to increase by 2p per litre in September and then by 1p a litre above indexation each April for the next four years.

Car industry scrappage scheme of £2,000 for cars over ten years old from next month to March 2010.

INVESTMENT

£5 billion further efficiency savings in public services, rising to £9 billion by 2013-14.

Capital investment to continue until the London Olympics, and to be 1.25% of GDP after 2013.

ENVIRONMENT

Extra £1 billion to help climate change measures.

£50 million to modernise armed forces housing.

Britain committed to cut carbon emissions by 34% by 2020.

£435 million of extra support to deliver energy efficiency measures for homes, firms and public buildings.

£525 million of new funds and support for offshore wind projects.

£4 billion more for renewable energy projects.

New power plants exempt from climate change levy from 2013.

TECHNOLOGY

Extra funding to extend broadband network.

£750 million strategic investment fund announced to help emerging technologies.

FAMILIES AND PENSIONS

From April next year, child element of child tax credit up £20.

Winter fuel allowance for pensioners to be maintained.

Capital disregard on Pension Credit to be raised from £6,000 to £10,000 from November.

Hospital's PR firm up for award

A PR company has been nominated for a top national award for is efforts to save a hospital's maternity unit.

Cobb PR's work on the Eastbourne District General Hospital campaign has won it a place at the finals of the Chartered Institute of Public Relations Excellence Awards 2009.

Representatives of the ten-strong team at the firm, which has offices in Brighton and Eastbourne, will go before a panel of judges next month and discover if they have won in July.

Managing director Tim Cobb said: "It's a real David versus Goliath story. We knew we would be up against the bigger players in our industry, but we also knew we had a fantastic success story to tell."

Eastbourne MP Nigel Waterson added: "The campaign was instrumental to the success in communicating with the public and getting the media behind us.

"The campaign, all the events and news stories, rallied such support in the community, that our voices could not be ignored."

Eco project cash offer

GRANTS worth thousands of pounds are on offer for companies fighting climate change.

The South East England Development Agency (Seeda) has approved £2.9 million for low carbon initiatives to help more than 3,000 South East businesses cut costs and build profits.

The money will be used to set up programmes supporting sustainable procurement, sustainable design and innovation, sustainable construction and recycling.

Planned targets include an 89,000 ton reduction in the growth rate of CO2 emissions, a £3.2 million boost to the region's economy and the potential creation of hundreds of jobs.

Oona Muirhead, Seeda's executive director for skills and sustainable prosperity, said: "In these difficult economic conditions it's all the more important that we help businesses to take advantage of new market opportunities in the growing global green economy.

"This funding will help ensure projects that can contribute to a successful, sustainable future for the South East don't fall by the wayside."

City's higher tax burden

BRIGHTON residents pay some of the highest amounts of income tax in the UK.

According to accountancy firm UHY Hacker Young, the city's taxpayers pay £247 more per head (5.7%) than the UK average income tax contribution of £4,333.

This puts Brighton in the top third of towns and cities.

Residents earn £1,308 more (5.3%) than the national average income, which is £24,292.

Gary Epstein, a partner at the Brighton office of UHY Hacker Young, said: "Brighton is punching above its weight in terms of earning power but with this comes a higher than average income tax burden."