

FELLOWS' ASSOCIATES

NEWS ANNOUNCEMENT

23 March 2011

Chancellor delivers back to the future budget

Kathy Sutton, Director of Fellows' Associates, said in response to the Budget: "In many ways we believe that this is a back to the future budget. While the government's vision and policy objective of creating a sustainable and modern economy is the right approach, some of the mechanics on which it relies are backwards looking and are at odds with the fairness agenda. Just like the Big Society, the jury is out on whether the government can create the Big Economy."

Growth

The government says that fairness is integral to the government's fiscal strategy and to sustainable growth. Yet its policy to change the underlying indexation basis for direct taxes to the Consumer Prices Index (CPI) will bring in over £1 billion pounds from the UK's hard pressed families at a time of great need. At the same time it is asking bankers to provide an additional £100m and is handing over £1 billion pounds to Britain's business through reductions in corporation tax.

Youth employment

The government says that it supports the contributory principle yet it is removing the right for young people to claim contributory Employment and Support Allowance (ESA). This is currently available to young people of up to 24 years of age who have had a limited capability for work for at least 28 weeks.

A vibrant workforce

The Chancellor says that he wants to create a more educated workforce that is the most flexible in Europe. Yet the government is taking away the proposed right to request training from over thirteen and a half million employees in businesses with less than two hundred and fifty employees. And the Chancellor said that his is "a government backing what works, real training, secure jobs, more growth."

Ends

For further information

Fellows' Associates

Kathy Sutton

+44(0)20 3174 1014, +44(0)7966 890401

Danny Calogero

+44(0)20 3174 1016; +44(0)7534 189235