



Wandsworth Voluntary Sector Development Agency

enabling voluntary action

The Emergency Budget

Summary of key announcements

The Chancellor George Osborne today announced an Emergency Budget just three months after the last budget was announced. He called it the “unavoidable budget” that would prevent Britain from sliding further into an unsustainable situation and that would reduce the structural deficit to zero in the next six years. One of Osborne’s key messages was that reducing the deficit will be done primarily by cutting spending, not by raising taxes. Out of the measures announced in the budget, 77% of the funds will come from lower spending and 23% from higher taxes.

The first reactions from Acevo and Navca convey their concern that the cuts announced today will lead to increased reliance on the work of voluntary and community organisations when services are cut and people turn to the charity sector for support.

In a nutshell:

1. VAT will rise from 17.5% to 20% from 4 January 2011.
2. There will be a 25 % cut across government department budgets apart from health and international development over the next four years.
3. Income tax allowance will rise by £1,000.
4. No rise in alcohol, tobacco or fuel duties.
5. Education spending will be cut by 25%
6. Child benefits have been frozen for three years.
7. New claimants for disabilities living allowance will have to undergo a medical examination.
8. The overall welfare budget has been cut by £11 billion.
9. The link between the basic state pension and earnings will be restored.
10. Capital gains tax for higher rate tax payers will rise to 28%.
11. There will be a two-year pay freeze for public sector workers earning more than £21,000.
12. A levy will be imposed on banks that will be expected to raise £2bn annually.

Voluntary sector specific measures (most already announced)

1. There is a commitment in the Budget to continue to work with the sector.
2. The process around Gift Aid will be improved.
3. The £130m Grassroots Grants fund will not be renewed. Instead, a new Communities First fund will promote the creation of new community groups in deprived areas.
4. Futurebuilders (providing loan finance to charities) has been scrapped.

Wandsworth Voluntary Sector Development Agency is the Council for Voluntary Service in Wandsworth

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Up for review:

1. V (youth volunteering) received £38.1m in government funding in 2009/10 and is due to receive £39m in 2010/11.
2. Capacitybuilders (supporting infrastructure) has a budget of about £90m from 2008-11 spending round.
3. The Compact: £6m in all was allocated to support the agreement between the public and voluntary sectors.
4. Strategic Partners: In 2008/09, £12.2m went to partners such as umbrella body Navca and CSV.
5. Community Assets: £30m fund for 2008-11 to transfer local council buildings to the voluntary sector.

Further reading

[The Emergency Budget](#) (full document)

[BBC News Budget updates](#)

[NCVO Budget Briefing](#)

Third Sector Online [Grassroots Grants gives way to new Communities First fund](#)

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