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BUDGET CALL 2009

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DUGGLEBY: Good afternoon. We're here for the next 50 minutes to answer your questions about the Budget, and also to hear reactions from listeners in the Lancashire town of Chorley. Were you impressed by the measures, appalled by the level of borrowing, or simply resigned to the fact that economic conditions are going to remain tough for at least another year - by which time, of course, there has to be a General Election? And if you have a particular question, the number to call - as many have already - is 03700 100 444, or email moneybox@bbc.co.uk. Nowadays annual budgets aren't self-contained - measures are flagged up for future years; they may change in the meantime - as happened with the 45% tax rate, now raised to 50%, and enforced from next April rather than 2011 when the increase in national insurance contributions also takes place. Personal tax allowances for this year were all announced in the pre-Budget Report and they're already in force, including the inheritance tax threshold of £325,000, but you might like to note that capital gains are tax free up to £10,100 if you're fortunate enough to have any gains. As for 2010, can those earning more than £100,000 really avoid the loss of their personal allowance? For savers, the main benefit will come from the £3,000 rise in ISA's from £7,200 to £10,200. And if you're on pension credit, there's extra help for anyone with savings of more than £6,000. More on that later. And you can take some comfort from the guaranteed increase in the basic pension of 2.5% even if the Retail Prices Index goes down by 3% next September as the Chancellor's forecast. We can also talk about the car scrappage scheme, which starts in mid-May and lasts for as long as the money holds up. Scope perhaps for sons and daughters with an old banger to do a deal with

Dad. Loss relief will come as a welcome boost for small businesses, and we have a raft of measures to help the unemployed and those struggling to pay mortgages. There's much to talk about, but as usual the questions are yours on 03700 100 444 or via emails which Paul Lewis has been monitoring.

LEWIS: Yes, thanks Vincent. They're coming in thick and fast. I think the big topic is ISA's. This increase people know about, but they're unclear when can they put more money in, what does being 50 actually mean, and how will it work if I've already paid in the maximum? Several people want to know the details of how the personal allowance will disappear once you're earning or your income is more than £100,000. A few just want to comment on the huge amount the Government's going to borrow. One chap's added it up and come to a trillion pounds, and he wants to know where on earth it's going to come from. I think we'd all like to know that. And two people facing redundancy want to know when the increase is happening for them. And the scrappage scheme you mentioned. Lots of interest in that. Exactly how will it work? Who will it apply to? And how will you get this extra money? So they're coming in and lots of interest in all the Budget measures.

DUGGLEBY: And of course what's new and what has already been announced. It's reconciling these two things.

LEWIS: Well, yes. We had a number of announcements about housing and I think almost all of them were *not* new and they came to a very big sum of money, but exactly how that will work is a bit of a puzzle, I must say. No-one's emailed about that, but it was puzzling me yesterday. And of course this change that you mentioned on the capital limit for getting pension credit. Exactly when will that start and how much will it mean? The Chancellor said an average of £4, but we'll see later perhaps exactly what it will be.

DUGGLEBY: Okay. And, as I mentioned, we have a panel of listeners in Chorley, Lancashire, where Shari Vahl joins us from the marketplace.

VAHL: That's right, we're in Chorley. It's about half an hour up the M6 from

Manchester. We're about 8 miles south east of Preston. It's a lovely place and it's mostly rural here and there are rolling, wooded hills all springing to life as the leaves come out. And this morning it was really sunny and the sun was beating down, but just in the last few minutes a big, black cloud has moved over and there's a distinct chill in the air. And that reflects the local economy. People have told me this morning that despite the thatched roofed cottages and the outward appearance of wealth, the heart is being torn out of this place by the recession. There are factories, there are shops, cafes are closing down, Leyland Truck and Bus up the road are laying people off. The area is famous for its ordnance manufacturer. That's all gone. But we're outside Chorley Market. It's vibrant. There are new stallholders here and we've had to shut the builders up this morning because the market's being refurbished. Now I'm being joined later in the programme by a pensioner, a small business owner and two different people who are looking for work, and we'll find out from them whether the Budget fills them with hope or despair.

DUGGLEBY: And we'll hope to be able to help them with comment from the panel here in the studio, which includes Mike Warburton, Senior Tax Partner with the accountants Grant Thornton; Mark Dampier, Head of Research at independent financial advisers Hargreaves Lansdown; and Eddy Graham, specialising in welfare rights for the Child Poverty Action Group. The number again: 03700 100 444. And off we go with the calls. First it's Jane in Bristol.

JANE: Hello. Now I'm going to be 50 in January next year and have already invested the maximum amount in a cash ISA for this year. My question is would I simply be able to add to my existing ISA and how would this be affected if the ISA is for a fixed period or a fixed interest rate?

DUGGLEBY: A very good question. I'm going to ask a rude one first though, Jane. Can you tell me the exact date when you're 50?

JANE: It's 5th January.

DUGGLEBY: Alright. Because that's important, isn't it Mark Dampier?

DAMPIER: Yeah, unfortunately it is important because you've got to be 50 by October 6th this year ...

DUGGLEBY: *(over)* To start, to get ...

DAMPIER: *(over)* ... to get your extra bit.

JANE: Right.

DUGGLEBY: So you can't go October 6th and do it because you're not yet 50.

DAMPIER: No. *(laughs)* So you have to be 50 by October 6th and then you can put the additional amount in, which is obviously another £1500. But of course a very good question - if you've got a fixed rate, I don't think you're going to go back into another fixed rate with the same provider. Unless of course that fixed rate is still open, but the nature of fixed rates is that they tend to come and go quite quickly.

DUGGLEBY: The thing is, Jane, that on 5th January, which is your birthday - I don't know whether it's a weekday or a Sunday, whether the building societies or banks are open - but if you feel up to it, you can go down and shop around. And I presume you'll have to sort of prove you're 50, Paul?

JANE: Well, yes.

LEWIS: Well I suppose you will, but they will have your national insurance number as part of the process.

DUGGLEBY: Of course they will, yes.

LEWIS: So they should know because that should be part of the national insurance

...

DAMPIER: *(over)* You do have to put your date of birth as well on the ...

DUGGLEBY: Yeah, that's right.

DAMPIER: It should be fairly straightforward.

JANE: So you could just add in the additional amount on your 50th birthday?

DUGGLEBY: Yeah, as long as the product's available. This is the thing.

LEWIS: Well I don't know about this because we've had an email actually from someone who actually hasn't given me her name. No, Nicholas it is, and he says his wife has a Nationwide ISA bond maturing in the next few weeks. She has another one maturing in October. Nationwide has told her that if she puts the additional £3,600 now, she *won't* be able to add the additional £1500 in October. And I think everyone was taken surprise by this and I think the providers are scurrying round seeing exactly how they're going to cope with it.

DUGGLEBY: But that's something to do with the problems over transfers, isn't it, because you know they're so touchy about allowing you to add money to an existing product? I think they're going to have to soften up on that.

LEWIS: I think they're going to have to sort the rules out, Vincent.

DAMPIER: Well they're extremely bad at adding to existing products and extremely bad in informing you as well, in my view.

DUGGLEBY: So maybe there's going to be some good news here in the sense that they will have to you know get their procedures sorted out ...

DAMPIER: Pull their socks up.

DUGGLEBY: Yeah pull their socks up and allow people on this occasion, to say okay we'll add to ... But as long as it's a fixed rate. This is the problem, Jane - is that if you've got this fixed rate, of course we don't know, you might in fact do better in October than you do now. Who knows what rates are going to be then.

JANE: Okay.

DUGGLEBY: But good luck. You know mark it in your diary to get the money in between your birthday and the end of the tax year. Because of course from 2010 it all clears itself up and it's £5,100.

DAMPIER: For everyone.

LEWIS: I suppose the other problem, Vincent, is that you can't put money into two separate ISA's in the same tax year, so if you've done your £3,600 the only option is to add the extra £1500.

DUGGLEBY: Exactly! And they won't allow you to do so.

LEWIS: And you can't go to a second provider ...

DUGGLEBY: No, you can't.

LEWIS: ... with your £1500, so that's got to be sorted out by the Government.

DUGGLEBY: Yeah, exactly. I just don't think they thought about that ...

DAMPIER: No.

DUGGLEBY: ... and there's so much that we find out on this programme. "Oh I never thought of that", says the chap in the Treasury. Right, well you have now. *(laughter)* Okay, Patricia in Sleaford, your call?

PATRICIA: Good morning. You've more or less answered my question. I have already put in the £3,600 for this coming year and now I've got another £1,500 to put in.

DUGGLEBY: And you're over 50 now, are you?

PATRICIA: And I'm over 50 now, yes. I'm in my 70s.

DUGGLEBY: So October 6th is ...

DAMPIER: October 6th is your date.

PATRICIA: October 6th?

DUGGLEBY: Yes, that's right.

PATRICIA: Any time after October 6th, I can ...

DUGGLEBY: Do it.

PATRICIA: ... increase it?

DAMPIER: Indeed.

DUGGLEBY: Yeah, as long as the provider will take the money in.

PATRICIA: Okay. Thank you very much indeed.

DUGGLEBY: There is this issue though, which I think ... We've been talking all the time about £3,600 and £1500, but this is of course only the cash component of the ISA. Mike, I mean this is not of course representing what a lot of people do. They in

fact want to put in shares and take advantage of the other £5,100 they'll be able to put into shares. And that of course is not going to be a problem. That's the shares ISA bit.

WARBURTON: Yes, that doesn't really change. I mean I've often thought about ISA's, it's a bit daft to have this distinction between the cash ISA and the shares ISA because it always strikes me that you should be able to make an investment decision based on the circumstances at the time. But we nevertheless have this distinction, so that half of your money goes into a cash ISA and half into a shares ISA, and that's what we're stuck with.

DUGGLEBY: And nothing from the Government to suggest that they're going to allow this transfer between cash and shares. They allow shares to cash, but not ...

DAMPIER: They don't allow it the other way.

WARBURTON: Not cash to shares. And no logic for that at all.

DUGGLEBY: No, well I suppose it's just a matter of the loss of revenue or the perceived loss of revenue.

DAMPIER: Loss of revenue I would have thought in the past.

DUGGLEBY: Except with interest rates at its low level now, it wouldn't be particularly significant.

DAMPIER: *(over)* Not now. No, exactly.

DUGGLEBY: However revenue is very tight, as we know. And we can now talk to another listener. This is a Chesham listener called Patrick. Hello Patrick.

PATRICK: Good afternoon.

DUGGLEBY: Good afternoon.

PATRICK: Can I go ahead?

DUGGLEBY: You can.

PATRICK: Yes. I'm one of these people who just seem to work to have just too much pension and just too much savings to get any relief. My pension next year will be £192 a week. I guess that will still preclude me on that side. But what I'd really like to know is how I could work out my savings where ... What amount of savings would I need to come down to before I can actually get some credit?

DUGGLEBY: And how old are you, Patrick?

PATRICK: I'm 78.

DUGGLEBY: Okay, Eddy?

GRAHAM: Hi Patrick. Well how much in savings do you have at present?

PATRICK: About £42,000.

GRAHAM: Okay. I mean it's likely, to be honest Patrick, that you're not going to qualify ...

PATRICK: Right.

GRAHAM: ... for the guaranteed pension credit even with the changes because what's been announced is a relatively small change to the way that interest from capital is worked out, which would normally make a difference of about sort of £8 a week to somebody with a large amount of savings. If you have to pay rent or council tax on your home, it's possible that you might be able to qualify for some help with

them, but you're still going to be over the threshold for pension credit, unfortunately.

DUGGLEBY: Mike?

WARBURTON: Yes, Patrick, just a point here that you do seem to be one of those people who's sadly caught by what seems to me a very unfair system where if you have savings and you qualify for pension credit, the Government assumes that you're making a return on your savings over this new limit of £10,000, that you're making a return of over 10% on your money. Now I don't suppose you're making 10% on your investment, are you?

PATRICK: Well all I've got are all in ISA's, so your debate about the ISA's actually doesn't touch me because I haven't got any more money to put into ISA's. But I'm making about 1% at the moment, as you say.

GRAHAM: Whereas the way, as Mike says, the way the Government work it out, they'll be assuming that you've got an income of something like £60 a week from your savings.

PATRICK: That's right, yes.

LEWIS: I think it's worth saying generally though ... I mean it's hard to say with Patrick without knowing the details of his income and everything, but it's worth saying generally the Government says this will actually raise the pension credit paid to 540,000 people and I reckon there'll be a few tens of thousands who couldn't get it but who now can because of this higher limit. But it certainly doesn't help those who've got far too much and Patrick may well be in that position. Without looking at his income, it's very hard to say.

PATRICK: Well I heard you say the other day that it could be into the tens of thousands.

LEWIS: It can. What is your weekly income, Patrick?

PATRICK: £192 it will be next year.

LEWIS: Right. Well I'm sorry to say, I think that does take you over the top looking at my spreadsheet here. With £42,000 in the bank, even with the new rules, on that income you're not going to get any pension credit, I'm afraid, no.

DUGGLEBY: Okay. Moving on now to Elizabeth in Winchester.

ELIZABETH: Hello. My question's about the state pension. It's been increased, but is that going to take us over the tax threshold because it seems that it does? They're giving with one hand and taking away with the other.

DUGGLEBY: Okay. Well this of course will depend on your personal allowance.

ELIZABETH: Well I'm a non-taxpayer at the moment and I'm 62.

DUGGLEBY: Right, okay. You're 62 and you're a non-taxpayer, so that means that your income is below the level of the allowances.

ELIZABETH: Yes, just.

DUGGLEBY: So, Mike, perhaps we just ought to run through those allowances.

WARBURTON: Yes, let's just explain the way ... I mean personal allowances for pensioners have actually gone up quite a lot. They went up I have to say in part because the Government got into this difficulty over the 10% band disappearing, but for someone aged between 65 and 74 the personal allowance is going up to £9,490.

DUGGLEBY: Yeah, but not for Elizabeth because she's under 65.

WARBURTON: Yes. Unfortunately under 65, we don't get that because under 65 it's £6,475. It's going up by £440, which is £130 more than you would have expected with the 5% increase in the Retail Price Index for last September. But, yes, unfortunately for people who are caught in this - as you are - in this trap between the age of 60 and 65, you're qualifying for a state pension but you don't benefit from the higher personal allowance, then you can get trapped by that.

LEWIS: Can I ask you, Elizabeth, what is your weekly income or what will it be?

ELIZABETH: Well it's the state pension.

LEWIS: That's £95.25, the basic state pension.

ELIZABETH: Well no.

LEWIS: You get more than that?

ELIZABETH: Yeah because I'm a non-taxpayer, I get £114.

LEWIS: Right, well you get £114 because you get other bits and pieces. The tax threshold is £124.50 a week now, so if your weekly income is less than £124.50 you shouldn't be paying any tax on it.

ELIZABETH: Well that's good news.

LEWIS: It is possible, Vincent. It's very odd, but there are a very few people, women of that age on pension credit, who get pension credit from one department and have to pay tax to the other. But they're very few in number.

DUGGLEBY: When you look at the tables for who gains and who loses, there is of course a remarkable difference between people who are on basic rate tax and people on the higher rate. You suddenly get a benefit that goes from a matter of perhaps a

hundred or two, and it goes whopping up to £800. And this, Mike, I think is because of course there's a rather large jump in the level at which the 40% rate is paid.

WARBURTON: Sorry?

DUGGLEBY: Well the level at which the 40% threshold comes in has jumped to get level with the national insurance ...

WARBURTON: Yes, there's been a big ...

DUGGLEBY: That accounts for example for pensioners on higher incomes getting this rather large jump in the benefit for this particular tax year.

WARBURTON: Yes, there has been. There's been a big jump because the Chancellor has wanted to align the figure at which people stop paying the 11% national insurance contributions and the time at which they start paying the 40% income tax rate. And there's a lot of logic to that, but it does mean that over the last couple of years we've had a big jump in the national insurance threshold, so we've had a lot more people caught with higher national insurance. It's a way of raising money frankly for the Government, which they introduced partly for simplicity but it was also to help fund the giving away of the basic rate when the basic rate fell from 22 to 20%.

DUGGLEBY: Indeed. Okay well let's go back now to join Shari Vahl in Chorley. Shari, I believe you've got somebody who's a pensioner who can give us some details of their situation?

VAHL: Indeed. I'm with Graham Archer who's 72. He's married and he has no mortgage. And, Graham, it all happened yesterday. What did you think ... What did you want from it, first of all?

ARCHER: Well we would have liked an increase in the tax threshold and for

pensions to be realigned with wages as they used to be.

VAHL: That was never going to happen in real life.

ARCHER: It was never going to happen, no. And it didn't happen.

VAHL: So what did you get? You personally, how has it affected you?

ARCHER: It hasn't, to be honest. I mean we've got to look forward to 2.5% increase, which is less than £3 a week ...

VAHL: And that's next April.

ARCHER: ... if we survive to next April.

VAHL: Now your income's what - about £180 a week ...

ARCHER: Yes, round about that.

VAHL: ... so it's just over.

ARCHER: Yeah, we're just over the level where you can get any benefits.

VAHL: So what's the cost of living for you? How does that hit you?

ARCHER: Well cost of living for us is higher than those we see published in the paper. We don't pay a mortgage, so that isn't taken into account, but we have higher fuel bills, you know this sort of thing. Shopping bills - that's all gone up - so our cost of living is actually higher.

VAHL: Will you be using the ISA that you could shovel money into and make

savings?

ARCHER: We can't shovel any money in. We haven't got it!

VAHL: But of course you will get a rise in the state pension. But what about your ...
You've got a very small private pension.

ARCHER: Yes.

VAHL: How is that performing?

ARCHER: Well that merely puts me above this level where I can claim anything. I have a small investment in shares and the value of those has dropped by 75% over the last 12 months alone. I can't sell them!

VAHL: But you've got savings as well, a small amount of savings.

ARCHER: Very small, but we're actually eating into those now.

VAHL: So you're eating into the capital and of course the savings aren't making you any income.

ARCHER: No, we might just as well spend it.

VAHL: And so when the state pension rise comes in next year, in what position do you think you'll be - if you last that long?

ARCHER: Well, as you say if I last that long. (*laughs*) We're looking forward to it. I mean £3 a week is something to look forward to and we shall thoroughly enjoy it.

VAHL: So is it hope or despair for you?

ARCHER: Hope that we can survive that long and despair that we haven't got any more at the moment.

VAHL: Vincent, there's a lot to discuss there, but Graham seems to be in the same position as a great deal, a large number of your callers coming in.

DUGGLEBY: Yes, indeed, Shari. Thank you very much for that. Paul, this is a typical case. They see no prospect of getting any benefits. They're just above the level at which all these benefits kick in and they're just looking around saying my costs are spiralling.

LEWIS: Yes, I mean there are two important points there. First of all, inflation is not negative for most people and certainly the lower your income, the higher inflation is. Food prices went up 10% in the last year; domestic fuel prices went up 17% in the last year. So people spending money on those basics have not seen inflation negative; they've seen it very high. I would like to say to Graham though and to anyone else listening that if you've applied for means-tested pension credit, try again because you could get it. I mean Eddy Graham's nodding there. I mean 2 million people could get it but can't; and with Graham's savings coming down, he might be eligible.

GRAHAM: His savings have come down the threshold of the calculator and the income from those savings has gone up from £6,000 to £10,000. And pension credit has been operated in line with *earnings* each year rather than with prices and so Paul is right. The take up of pension credit has always been disappointing and low. It is well worth people who've been refused in the past making another application to see if they could now qualify.

DUGGLEBY: The other point that Graham made is this poor rate of interest he's getting. He said you know the dividends are falling. I just wonder whether people have factored in the fact that whatever they've received in the past year has reflected, Mark, actually relatively high interest rates? We mustn't forget that interest rates were very, very high back in September and October, so since people are going to be filling in their tax returns in the next few weeks and months they're going to perhaps look

back and say well I didn't do too badly, the dividends were not too bad. But suddenly these are falling off a cliff. I mean I think quite frankly income from savings and investments could easily fall by 50% and this time next year tax returns will have very much less income on them.

DAMPIER: *(over)* I would have thought exactly that because interest rates started to fall in November and we've seen a sort of 80, 90% fall since then. But of course they were 5.50, 5% before that. And dividends, of course - well the banks were paid dividends up to about a year ago and many people had those and now they've disappeared.

DUGGLEBY: And in a sense, Paul, I think the Government were trying to do something through the ISA's, but, as we've heard, really the marginal benefit of extra interest from the ISA is just going to go no way to covering this.

LEWIS: Well looking at cash ISA's, Vincent, which is all we can really know definitely what's going to happen - an extra £1500. Suppose you're earning 3%, which is really high for an ISA. That's £45 a year. 20% tax saving on that amount, on that extra amount, is £9 a year. And it's only going to happen for 6 months this year, so that's £4.50. So thanks a lot from all the 50 year olds for that.

DAMPIER: Can I just make one point there? We do assume, of course, that interest rates will stay at half a percent for ever and a day now because I get that feeling from talking to clients. And whereas I think they will stay like this for at least another 12 to 15 months - who knows, in a couple of years it might not be back at 5 or 6%. So that's when suddenly the cash ISA's start to become quite useful. So you should still ... I think it's madness not to do it.

LEWIS: Because if you take it out now, you've got that forever as interest rates rise I in the future.

DAMPIER: Yes, exactly. And the accumulated effect of doing them each year as well is quite substantial.

DUGGLEBY: But I guess the emails, you know there's a grumbling undertone there, isn't there Paul?

LEWIS: I think there's a grumbling undertone about the ISA. People think it's complicated and, as I said, we've had people wanting to know when they can put the extra money in, they're not going to make very much from it. I don't think anyone's saying it's a bad move, but it could have been more. I mean, for example, why can't you put all of that money into cash, which a lot of people who've retired want to do because they haven't got the time to take a chance on the stock market. £10,200 in cash would be twice as good as £5,100 if you've got the money.

DUGGLEBY: The stock market doesn't seem to have actually reacted much this morning. Last time I looked, it was up 20 points, but it seems to have more or less accepted this fairly neutral sort of Budget as far as share investments are concerned. I mean in terms of what the market's going to do over the next few months, I suppose it will depend on the borrowing required. And the thing I'd be looking at frankly ...

DAMPIER: *(over)* The gilt market.

DUGGLEBY: ... is the gilt market.

DAMPIER: Absolutely.

DUGGLEBY: Watch the gilt market and see whether they can get ...

DAMPIER: *(over)* ... should be watching that like a hawk.

LEWIS: We've had a lot of emails about that, Vincent.

DUGGLEBY: Okay, we'll come to those later and in the meantime pick up Barry in Merseyside. Barry?

BARRY: Hi. If I could make just one quick comment before I start. It seems quite depressing really when you think of the trillions of personal and national debt that we're sort of suffering from and I just wonder at 71 years of age if I'll ever see in the next 10 years the situation improve. Anyway, it's a quick question. It's a personal question. It's about my eldest son who will be made redundant from 31st May. When will the enhanced £30 redundancy payment take effect from? I can't find it anywhere in the press.

DUGGLEBY: I'm not surprised.

LEWIS: Well it's not in the papers, Barry. I spent quite a long time tracking this down and I've been told well in the last couple of hours by the Treasury, by the Business Enterprise and Regulatory Reform Department, I should say - BERR - that it will actually start on 1st October. And, Vincent, we have had a couple of emails about this from people. I mean Sandy says, 'My husband has been offered redundancy. The date is the end of July. Will it apply to him?' Well I'm sorry, Sandy, it won't. And Peter also emailed us: 'I'm being made redundant at the end of this month, April. Will it apply to me?' Sadly it won't. It's 1st October this year we're told it will start.

BARRY: I would have thought that that would have been you know noted in the Budget, such an important date, but it wasn't.

LEWIS: It wasn't indeed.

DUGGLEBY: The thing is, of course, it's what after redundancy, Eddy?

GRAHAM: Well I mean the other thing, Barry, is that hopefully your son will have a contract of employment, which will guarantee him higher rate of redundancy pay than the statutory minimum, which is going up from £350 to £380.

DUGGLEBY: But then it's into the system you know for jobseeker's allowance and all that paraphernalia.

GRAHAM: Yes. And then you're basically relying on the very low levels of income protection of less than £70 a week that will be paid to a single person on jobseeker's allowance.

DUGGLEBY: Okay, let's just change the subject with a call that's come in from Dave. And he's a small business owner, so this is one for you Mike. And he says this year we're going to make a loss. I'm sorry we can't get him on the phone, but unfortunately the system's gone down. This year Barry's business ... Oh he is on the phone. Hello! Sorry, Dave. I'm sorry, Dave, I didn't understand you were on the phone. Right, okay, you put your question.

DAVE: Yes, certainly. This year we're almost certainly going to be making a loss in the business and I'm very interested in the Chancellor's announcement about loss relief, but I can't find any details about it and I just wondered if you had any?

DUGGLEBY: Indeed Mike has.

WARBURTON: Yes, we have. They've given us some detail. And this is ... Could I first ask - when you say you've got a small business, are you unincorporated or are you a limited company?

DAVE: It's a limited company.

WARBURTON: So you're a limited company. It does apply to both, but if you're in your case a limited company, what we're talking about is the loss that you're making this year, you're going to be able to carry back. You're going to be able to carry back, as you can at the moment, you can carry back the full amount of your losses against last year. But what they're extending is they're going to allow you to carry the surplus back to the previous 2 years subject to a limit of £50,000. So this is the new bit that's there. Could I ask you, I mean is the loss you've made more than the profit you made last year?

DAVE: No, no it won't be.

WARBURTON: Right. So I mean at the moment if you've got a loss, under existing rules you can carry your loss back one year anyway, so this change may not affect you. But unfortunately with tough times, if you continue to make losses ... You may find that you make losses say next year. You're also going to be able to carry that back, again under the 3 year rule. And of course if you've absorbed most of the profits from the previous year, you're going to be able to carry it back to the year before that. So it may help you next year. It probably doesn't do more than you've already got this year because at the moment, under the current rules, you can carry back the one year anyway.

DUGGLEBY: Okay, it's coming up to half-past twelve. You're listening to Budget Call on Radio 4. The number - 03700 100 444. The World at One is coming up in half an hour with Martha Kearney, so what have you got in store for us, Martha?

KEARNEY: Well, Vincent, you won't be surprised to hear that we'll also be looking at the Budget - in particular what the recession means for public spending. New analysis from the Institute for Fiscal Studies suggests that even departments like health and education could face cuts in real terms of 2.3% in 5 years time. We'll also be exploring the Government's plans for a new generation of coal-fired power stations which use carbon capture technology. We'll explain exactly what that means and discuss whether it will really help in the fight against climate change. And we'll have the latest from South Africa where the election results are beginning to come in. That's all on the World at One in half an hour's time.

DUGGLEBY: Thanks, Martha. We've got plenty of calls coming in, but interestingly enough we haven't had many calls from really high earning individuals. It would be quite nice to hear from somebody who is prepared to admit to earning more than £150,000.

LEWIS: We've had an email here.

DUGGLEBY: Oh is that an email?

LEWIS: Have we got time for that now?

DUGGLEBY: Well first of all we've actually got to go back to Chorley. We haven't *got* to, but we're going to go back to Chorley to join Shari Vahl. Shari's picking up on the theme that we've just been discussing with Dave and that is the position of small business people. Shari?

VAHL: Yeah, would it be that any of us were fearing the new high 50% tax rate. Done a quick straw poll and, funny enough, none of us are in that position. But I'm joined by Steve Ward. Now Steve is 52, has two children - one at university - and a mortgage, and he is a small or micro business owner. The business employs three people, including himself and his wife. Now you're actually in profit. You're doing pretty well at the moment, aren't you?

WARD: Yeah. It's a marketing business gift company, so people in this climate are having to do more marketing activity - so we're holding our own, just doing a little bit better than perhaps 12 months ago, which we're absolutely delighted with.

VAHL: But yesterday the Budget didn't give much to small businesses, you say.

WARD: No, not to micro businesses at all. I'm also Joint Chairman of the local Central Business Club and members and other small business people I talk to do see micro businesses as being the green shoots of recovery, and there's very little there to encourage people to perhaps invest their redundancy money and go out and use the skills that they can no longer use in employment to set up something new. I would really loved to have seen more incentives to people to produce start-ups and then perhaps things like raising the back threshold further, so that it's not just for the single self-employed person at £68,000 but taking those who are then going to start employing people. They raise the threshold and then reduce the burden on the small employer to be an unpaid tax collector.

VAHL: And there is demand, isn't there? I was talking to that lady over there who runs a cheese stall here, called Pat, and she says that she's doing better this year than she was last year and the number of suppliers setting up to supply her with cheese and pate and various things like that are also growing. So there's enormous demand - people wanting to be one-man bands or one or two man businesses.

WARD: Yes, there's a great entrepreneurial culture in this country. We're the nation of small shopkeepers. There are an awful lot of people working very, very hard to survive and move forward and prosper again in the future. We really do need to be encouraging those people to get out there and be the new employers.

VAHL: Chorley Council has told me that they've had many more inward investment enquiries in the last few months than they've ever had before. They've had about 90 instead of the usual number of 50. So clearly it's there.

WARD: Yeah. There are out there many, many businesses still trading, still working very, very hard to stand still and to move forward. And I think there's an element of pessimism in the marketplace because of the huge borrowing that's got to be done and all the massive media coverage telling us how bad things are, but at the end of the day the majority of us have got to keep working, got to keep trading, got to keep moving forward, and many, many businesses are doing.

VAHL: Now very quickly, you're going to take advantage of the scrappage scheme, aren't you?

WARD: Well my parents will. Yeah, they've got a 10 year old Vauxhall Astra and come May I'll be going down the showrooms with them and we'll see what we can do. It's only £1,000 the Government's giving. The dealer's got to throw £1,000 in, so you're still going to haggle with the dealer for half of that deal.

VAHL: And then you've got to pay the fuel duty on top of it.

WARD: You have, yes.

VAHL: Steve Ward, thank you. Vincent, it's interesting. A 52 year old man. I just must tell you that Steve is going to take advantage of the new ISA allowances and is going to be shovelling money into an ISA.

DUGGLEBY: Thank you very much, Shari. That's quite an optimistic picture. I mean it's good to hear somebody who's facing the future saying we've got to get on with it.

WARBURTON: Most entrepreneurs you speak to are basically people who are optimistic, Vincent. That's why they're entrepreneurs - they believe in themselves and they want to go and prove they can do it. And I think the resilience of the British entrepreneur is absolutely amazing. We love them and they create the wealth for this country. It's a shame that they keep being knocked around so much.

DUGGLEBY: Indeed. But what sort of ideas can you offer him perhaps to improve his business, I mean if you were advising him and saying look, okay, new markets possibly, more profitable lines or diversifying?

WARBURTON: I think at the moment a lot of the entrepreneurial clients I speak to are actually saying that there are buying opportunities. There are opportunities often with other businesses that get into difficulties and the price of buying a business is actually very low at the moment for a lot of people. Now it may seem harsh, but this is the real commercial world and I have a number of clients who are looking at buying other smaller businesses they can bolt onto their own because they can buy it cheaper now than they're going to be able to do maybe in 12 months time. And that's one way; that there is a lot of activity starting around that level at lower prices.

DUGGLEBY: And perhaps concentrating more on the local needs rather than keeping and trying to impose national targets or limits or whatever you have. You know the whole national thing seems to me to be not relevant in an economy where it's essentially everyone for themselves within the area in which they work.

WARBURTON: I think a lot of people that you talk to at the moment will say it's terrible, but actually I'm doing quite well.

DUGGLEBY: Yeah, yeah.

WARBURTON: And if you add up all the "I'm actually doing quite well", it's not quite as bad as some of the media would have us believe.

DUGGLEBY: Picking up on the scrappage scheme - well it's the first person I've heard certainly phoning in, but, Paul, you've had one or two emails about it, I think?

LEWIS: Yes, an intriguing email from David who says his car is more than 10 years old, but it's actually worth £3,500. (*laughter*) It must be a classic car, I think. So does he get anything from this? I think the answer's no, Mike, isn't it?

WARBURTON: Well he gets a £2,000 discount, does he not, on the new thing?

LEWIS: But he's not going to get the £3,500 as well, is he?

WARBURTON: No, he's not going to get the £3,500 it's worth, no. So he's in that unusual situation where he probably loses out. He's probably got to run it another couple of years, I suspect.

DUGGLEBY: Well more calls on that in a moment. Paul?

LEWIS: Yes. And also emails about you know how long you have to own the car for - which is a year - so no-one can go out and buy an old banger and then get £1,000, £2,000 for it in a year's time. We've had a few from people who are on higher incomes. And particularly curious, Mike - and I'm sure you know the answer to this - about this £150,000 limit for tax relief on pensions being taken away. People want to know how it's happening and can they avoid it by giving up their pay, so they're actually paid less ...

WARBURTON: *(over)* Yes, it's called salary sacrifice arrangement. I mean the intriguing thing about all the bits of paper we get at the Budget are we have very, very little about the actual change coming in from 2011 when there is going to be a restriction on the amount of higher rate relief you get on your pension contributions. All we know is it's going to progressively be reduced for people who've income between £150,000 and £180,000. Effectively you lose 1% of your relief for every £1,000 of income above that. What we *do* know is a great deal of detail (because the Government spotted that we'd try and do this) about people trying to shovel money into their pension arrangements this year and in particular next year, and what we have is a lot of detail which says if you do things like a salary sacrifice or special contributions, I'm afraid that's not going to work. They've already thought of that. But you are going to be able to get ... For this year and next year, there's going to be a £20,000 allowance that you can put in as a special.

DUGGLEBY: Let's bring in Peggy who's ringing us. Peggy, you're on the other threshold which we've been talking about, the £100,000 threshold.

PEGGY: Yes. Well what I was wondering ... It's not me. My husband earns around about £100,000 a year and it's made up of a basic salary plus a bonus, and I was wondering what happens, how it's going to work, because if you earned £99,999, would you be better off than somebody who earns £100,001?

DUGGLEBY: Well you're going to lose the personal allowance once you go over 100. That's the ...

WARBURTON: Well the point is, Peggy, you don't lose all of it. It's on a sliding scale.

PEGGY: Oh right, okay.

WARBURTON: It's a very sharp sliding scale. It's going to work on the basis that you lose £1 for your allowances for every £2 worth of income over the £100,000. What that effectively means is that your husband, if he goes over £100,000, will at a

band between £100,000 and around £113,000, you effectively pay a marginal income tax rate of 60%. You're effectively paying tax at 1.5 times what you'd expect.

PEGGY: I see.

LEWIS: And I suppose though, Mike, is it possible to pay money to charity or to put money into a pension scheme to bring your income down below £100,000 ...

WARBURTON: Absolutely.

LEWIS: ... so you're getting marginal gains of 60% on your pension or your charitable donations?

WARBURTON: You are. The way it's worked, what you count as income for this purpose does allow you to make Gift Aid payments and pension payments, etcetera, so that is going to be worthwhile.

DAMPIER: The most obvious thing is to put into well obviously the Gift Aid, but if he's doing a pension is to up the amount of money he's putting in a pension.

PEGGY: Well he doesn't because he's got a final salary pension, happily.

DUGGLEBY: Yeah, but you can still on top of that into a personal pension.

DAMPIER: You can still put money on top of that.

DUGGLEBY: The thing is it depends whether you're happy to pay what is effectively a 60% rate for this extra £13,000 or £14,000, which doesn't seem to make a great deal of sense, and I suspect a lot of people will say well you know we can live on £99,950 and save the rest of it to avoid the tax.

WARBURTON: And the other advantage, Peggy, is if you can effectively arrange an

arrangement with your employer for salary sacrifice, that actually has a national insurance saving because they're going to charge us effectively 1.5% national insurance contributions, which seems very harsh on top of income tax.

PEGGY: Yes, I actually had that on my own salary, a salary sacrifice.

WARBURTON: Yes, national insurance is all income tax with another name on it, I think.

DAMPIER: Absolutely.

DUGGLEBY: Rachel, you're calling us on a mobile. Rachel?

RACHEL: Yes I am, yes. My husband earns over £150,000, but I'm unemployed and currently in receipt of income based jobseeker's allowance. Is there any way that we can help ourselves? It's a very polar situation with my husband earning a lot and me earning absolutely nothing. Is there anything we can do to help ourselves in the tax situation?

DUGGLEBY: Well we've been through the £150,000 possibilities. This is largely a question of the pension contributions and of course whether he's happy or not to pay 50%.

LEWIS: But that won't happen till 2011.

DUGGLEBY: That won't happen till 2011. But as far as you're concerned, I imagine that you're probably just going out maybe part-time working, that sort of thing. Is that ... ?

RACHEL: No, absolutely not at all.

DUGGLEBY: You want a full-time job?

RACHEL: I'm desperately trying to find myself a full-time job. I'm a solicitor and was made unemployed last year.

GRAHAM: Well, Rachel, I hope that actually what you're receiving is *contribution* based jobseeker's allowance ...

RACHEL: Yes, it is.

GRAHAM: ... because otherwise you'd have just admitted to social security fraud.

RACHEL: Certainly not income based. Definitely not. (*laughter*)

GRAHAM: Okay, well that's good. So, yes, you will get that for the first 6 months. And then after that, unfortunately all you will get by continuing to sign on is your national insurance contributions credited for your state retirement pension. So there wasn't a lot in the Budget to actually assist you.

RACHEL: No, okay.

DUGGLEBY: Right. On then to Susan in Taplow. Susan?

SUSAN: Hello there. Yes, I'm 58 and I'm registered blind, and I just wonder what there was in the Budget for me? And I also receive the lower amount of ... rate of disability living allowance. I wondered whether or not that was going to be protected, the same as the pensions are, come next year?

DUGGLEBY: Okay, Eddy?

GRAHAM: Well, Susan, no there isn't the same provision for next year for a minimum increase of at least 2.5%. Disability living allowance will, as it has been this year, it increased in line with the Retail Prices Index. So you may well find that if we have a negative inflation rate in September that come next April, if things stay the

same your disability living allowance and your other benefits would actually be frozen. And at that point in time and come next April, we may well be facing actually a higher inflation rate than we had in September, so people will feel and would actually be a lot worse off.

DUGGLEBY: It's only the state pension that is protected by this guarantee of 2.5%.

LEWIS: And it's only the basic state pension, Vincent. SERPS isn't protected and graduated pension isn't. So it's that basic state pension of £95.25. It's not anything else.

DUGGLEBY: That was because of course Gordon Brown some years ago said never again to a 75p increase. *(laughs)*

LEWIS: That's right, he gave that commitment a while ago and of course it's now come back to haunt him. I think it is worth saying though that this is going to be politically very difficult. Next April, we could be just before an election. We might already have had it, we don't know. To leave some of the poorest people in the country with a 0% rise when, as Eddy says, inflation by then may well be positive - and certainly for many groups will be positive - politically will be very difficult. And I think despite the economic problems, there'll be huge pressure on politicians to find a bit of money to make sure that people like Susan - and I have to say we've had other emails, Amanda made exactly the same point from Watford - make sure they've got a bit more money.

DUGGLEBY: Okay, we'll take James now in Stratford-on-Avon.

JAMES: Hello. I'm a higher rate taxpayer - I'm a salesperson. I earn between 80 and £250,000 - and I've always done a salary sacrifice through my employer and take lump sums of my sales commission into my SIPP - with one of your panel, by the way - into my SIPP. *(laughter)*

LEWIS: Who's going to declare an interest? (*laughter*)

JAMES: And I just wondered. Obviously the Budget is penalising higher rate earners, so I just wonder if I can carry on making some lump sum payments I'm making from sales commissions due in June and later on?

DUGGLEBY: Okay, well I'll ...

DAMPIER: Not in the same way, though I think Mike's a far better expert on it than I am.

DUGGLEBY: Indeed. From the tax purposes - I mean this question of salary sacrifice, which is a bandied around word.

WARBURTON: Yes, James ...

DAMPIER: (*simultaneously*) You can carry on ... Sorry, I was going to say you can carry on with the existing scheme. It's the lump sums that are affected because you can't put the additional lump sums in and gain the same relief now.

WARBURTON: Yes. James, the Government unfortunately have thought of this and last night I was presented with a very thick document explaining exactly how they're going to stop people like you doing what everybody would like you to be able to do. The regular payments you're okay with, as Mark says. Regular contributions, that's okay. Regular by the way for this purpose doesn't mean regular annual contributions. It only means regular monthly or quarterly. So people who pay ... Your special contributions you pay at the end of the year, even if it was the same amount, because it would only be paid once a year wouldn't count as regular. Now the first question you have to say is if you're over £150,000 a year, the pension contributions you make, you can this year and next year pay £20,000 but your regular contributions are fortunately okay.

DUGGLEBY: Okay, well it's time now to go back to our outside broadcast in Chorley. We were touching a moment or two ago, Shari, on the problems faced by those who've recently lost their jobs and I think you've got a couple with you now.

VAHL: We have indeed, at either ends of the spectrum. We've got Nick Johnson. He's 61 and he's got one grown-up son and he lives in rented accommodation. And we have Ross Griffiths-Wingham who's 18. Happily he has no children and he lives at home. I'll first go to Nick Johnson. Nick, you ran a successful domestic cleaning business and then you got run over. What happened to the business?

JOHNSON: Well I was in hospital for 6 months after that and well it folded basically. I couldn't actually run it from the hospital bed and because the people who were working with me on a casual basis needed transport to go to the various places that we were involved with, they didn't go or couldn't go and so the whole business just ceased to function.

VAHL: But you're not out of the fight, are you? Even though you're 61, you're still looking for work. You want work.

JOHNSON: Well, yes. I mean at the moment, as you know I'm registered disabled and I'm 61, but I'm on a government scheme called Pathfinder and the intention is to find me something that I can do. But obviously being 61, being disabled, I'm unlikely to be at the head of the queue when they start looking for new employees, so I think the answer for me is to be self-employed and probably working from home.

VAHL: So you're looking at teaching English as a foreign language, but don't you have to do a training course for that?

JOHNSON: Yes, I do.

VAHL: And will you have to pay for that, or is that something that can be paid for?

JOHNSON: Well yes I will. And of course because I'm reliant on benefits entirely, I don't have any spare money. I have investigated it. There is a scheme called New Deal 50 Plus, but in common I have to say with a lot of government grants you have to actually do the course, pay for it yourself, then you get the work, then you can claim for it retrospectively. It's not an upfront grant.

VAHL: So if I go to Ross. Ross, you're 18. You're quite at the other end of the spectrum, as I say. Now you've got 8 good GCSE's and you left school at 16. How long have you been out of work?

GRIFFITHS-WINGHAM: About a year, about a year now.

VAHL: And what kind of work are you looking for?

GRIFFITHS-WINGHAM: I'm looking for ... If there was anything, I would have absolutely any job at the minute.

VAHL: So we're looking at the newspaper headlines here, which says 'Pledge to save the young from scrap heap'. That's what the Chancellor said. He's investing huge amounts, billions into getting young people out of work back into work either with training places or jobs. Do you believe him?

GRIFFITHS-WINGHAM: No.

VAHL: Why not?

GRIFFITHS-WINGHAM: For the simple reason if we're in so much of a recession, how can they afford to put 2.7 billion back into the ...

VAHL: Now we're in the middle of Chorley Town Centre. You want to work. I know that you're very keen on working in bar work or hospitality or restaurant work, but there are bars, cafes, restaurants shutting down here.

GRIFFITHS-WINGHAM: There's bars, cafes shutting down literally as soon as they've opened, and it's just so hard for me to get somewhere when there's so many older people that are going around with so many qualifications in silver service, in hospitality, in bar work, bar management. It's just too hard for me to get into somewhere that is going to give me a decent wage that I can live on and still have my own bit of play money.

VAHL: Because you're living at home. You're claiming dole and you're on housing benefit as well. But the training courses. So could you then take advantage of the Government putting money into training courses?

GRIFFITHS-WINGHAM: I'd certainly look into it, definitely, because at the end of the day I'm willing to train myself up to do anything because there's so much out there that I want to do but I just can't get into it.

VAHL: I asked the others. Nick Johnson, first of all, hope or despair for you?

JOHNSON: Oh hope.

VAHL: Oh, that's not bad.

JOHNSON: Well you've got to, haven't you?

VAHL: And what about you, Ross?

GRIFFITHS-WINGHAM: There's got to be hope because if you don't hope, then what are you here for?

VAHL: Vincent, there's nothing like hope to keep your pecker up, is there?

DUGGLEBY: Indeed. Well let's see whether we can find some additional sources of hope. Eddy Graham, what do you think?

GRAHAM: Well I think both the two people we heard from there are both obviously keen to try and get back into employment and the Government has certainly put a lot of effort into schemes. And in this Budget again most of the money, extra money allocated for unemployed people was in kind of supply side schemes, training schemes. For the young man that was talking - this commitment to guarantee somebody a training place, but that's once a person's been on jobseeker's allowance for 12 months, which obviously he's hoping not to do. And for Nick, similarly he's coming up with what is a common problem, especially for disabled people, is that they find that the schemes and the training schemes available for people are too expensive, that the ones they want to do Job Centre Plus won't pay for. And despite all the talk about tailored support for individual people, they find it's basically the fixed schemes that they can involved in, it's not suitable for them and it won't help them do what they want to do.

LEWIS: I suppose it's worth saying, Vincent, the Government is putting over the next 2 years £1.7 billion back into the Department for Work and Pensions to support Job Centre Plus, but when I talk to people they say, "Well my Job Centre has just been closed". They've been closing Job Centres and now they're reopening them, putting more money in. So it's a real turnaround.

GRAHAM: I think it's hard to see ... Without that money basically Job Centre Plus simply wouldn't have been able to manage people's claims - the amount of people, the increases week on week and the number of people using the benefit offices, never mind helping people back into work.

DUGGLEBY: *(over)* And there is no doubt that unemployment is going to continue to rise pretty sharply.

GRAHAM: Yes.

LEWIS: That certainly is the projection. Just one thing to say to Nick. He is 61. At 60, you can claim pension credit. You should not think of yourself as unemployed in that sense. And of course he will get the winter fuel payment if he claims it now, and

that is going to be £250 for people of his age again this coming winter.

DUGGLEBY: Indeed. That's being maintained at last year's level.

LEWIS: That's right.

DUGGLEBY: Okay, couple more calls now coming in. Harry in Bexleyheath. Hello Harry?

HARRY: Oh sorry, hello. What it is, let me explain quickly. I retired a few years back with asbestos as an ex-school caretaker and I paid in from 1960 a pension scheme of which I'm paid out roughly £61.51p a week, and I get pension credit, which is a top up. And they use my pension that I get from Bromley Council as money earned sort of thing and I'm wondering sort of thing when I'm 55 in November, will this affect my state pension?

DUGGLEBY: Okay, Eddy?

GRAHAM: As regards the benefit system, yes it will because your state retirement pension, Harry, along with your occupational pension will count as income when they work out your guaranteed credit. And, for example, if you were to receive the basic state retirement pension (which if you sort of worked for most of your working life you would) of £95, that's going to push you over the limit for the guaranteed credit of pension credit if you're a single person and so you may well find that you actually lose that pension credit that you're getting at the moment.

LEWIS: Yes. And also at 65 pension credit goes up at 65 because you can get the savings credit if your income is higher than the basic. But that's really I think probably all there is to say on Harry. There are so many people ... We hear about people over £100,000, people over £150,000. That would be heaven to a lot of the people who call this programme. They're living on you know £5,000, £6,000 a year.

DUGGLEBY: Indeed. I mean there is a huge sort of discrepancy between the calls that we're getting - as you say the ones who are really struggling - and the ones who are trying to effectively, with respect to Mike, you know are trying to avoid the system or not get caught in the system. Time to get onto scrappage. We haven't talked too much about scrappage, but Norman wants to tackle us on that one. Norman?

NORMAN: I just wanted to know about ... I think probably I've had the answer already. I was thinking that this was a up to £2,000 payment ...

DUGGLEBY: No...

NORMAN: ... and I was going to say does it differentiate between ... I'm thinking of the environmental aspect.

DUGGLEBY: Yeah, well I mean of course the environmental aspect I suppose is governed by the type of car you buy because the CO2 emissions are one of the determinants of, for example, the ...

DAMPIER: The road tax.

DUGGLEBY: ... road tax system, which incidentally of course comes in with smaller increases or no increases at all for those who emit less than 120 grams.

WARBURTON: It's also, it's the Chancellor's desire to get the old cars off the road which are inefficient, and the way he's encouraging you to buy efficient cars is partly the Vehicle Excise Duty, but also people who buy company cars. He's bringing down the CO2 emissions that you're allowed to make with your company car and get the lower benefit in kind calculation. So that's really where they're concentrating the green effort.

LEWIS: It says nothing about the car you buy in the details, Vincent. All it says is 'a new vehicle'. And I think the thought is that all new vehicles are much more efficient

than all vehicles that are more than 10 years old. Some scepticism in the ...

DAMPIER: (*over*) Not necessarily true.

LEWIS: Well no and there's some scepticism about that in the green lobby, I think. But there seems to be nothing in there to say it has to be an environmentally friendly car. It's not for small diesels of sort of 1.2 litres. It's for any new vehicle, as far as we can see.

DUGGLEBY: But in percentage terms, of course obviously the incentive of the £2,000 is worth far more to somebody buying a £6,000 car than it is for somebody buying a £60,000 car.

LEWIS: Well indeed. I think we'll get more details. I think there are discussions going on with BERR, the department we mentioned earlier, and I think we will get more details. But at the moment there isn't anything about green vehicles at all.

DUGGLEBY: Right. Well, panel, we've got about one minute just to go round and get your final thoughts on the Budget - good, bad, indifferent. Let's start with you, Mike. Sorry, Mark.

DAMPIER: For me, it's dreadful. (*laughs*)

DUGGLEBY: Why?

DAMPIER: Well I think you're just seeing a huge increase in public borrowing. You've got to tackle the public sector. That's the enemy at the gate, I'm afraid. I won't be popular, but it is.

DUGGLEBY: Mike?

WARBURTON: Unfortunately I think the 50% tax and the pension restrictions is a

red herring on what is an absolutely appalling state of public finances. And the sad thing is it's not just people like me who are going to be paying for it; it's our children who will be paying for it for a long time ahead.

DUGGLEBY: I'll put my tuppenny worth in and say I wish they would make the system simpler. Every time it just gets more and more complicated. Eddy on benefits?

GRAHAM: Well I think very disappointing. The increase in the child tax credit from April 2010 amounts to 38 pence a week, which will do nothing to help the Government meet its own target to eradicate child poverty.

DUGGLEBY: Paul?

LEWIS: Yes, I think it should be simpler. And I think these tax rises for better off people, although some people might like them in theory, it does nothing to help the deficit. That is vast, absolutely vast! Frighteningly vast to me. I was surprised by how big it was.

DUGGLEBY: Okay, well that just about wraps things up for another year as far as this Budget Call is concerned, except to thank Mike Warburton from Grant Thornton, Mark Dampier from Hargreaves Lansdown, and Eddy Graham from the Child Poverty Action Group - along with Shari Vahl and our Chorley contributors. You and Yours will be back in its usual slot tomorrow with Peter White checking progress towards the 2012 London Olympics and road testing the special route for dignitaries on their way to the stadium. Also why the Euro is as acceptable as the pound in some English towns, and the decline of the hardback book. Paul Lewis will be back with Money Box at noon on Saturday and again on Wednesday with Money Box Live taking questions on credit. And I'll be back in a fortnight's time with that programme. More information on the Budget from the Action Line - 0800 044 044 - and the website, bbc.co.uk/moneybox. This has been Budget Call. Let's hope that in a year's time the economic outlook will be rather more cheerful.