

Scottish Budget

The Scottish Budget for next year will protect jobs, frontline services and economic recovery, Finance Secretary John Swinney told MSPs in the Scottish Parliament today.

Presenting the draft budget for 2011-12, Mr Swinney said that, despite cuts of £1.3 billion from Westminster, the Scottish Government had been able to deliver a balanced budget which reflected the priorities of people across Scotland.

Ministers have placed at the heart of the budget a social contract with the people of Scotland which protects some 10,000 jobs by bearing down on public sector pay. In return the Government will protect household budgets by providing the resources to end prescription charges and for a freeze in the council tax for a fourth year in succession.

Key measures in the Budget include:

- * an agreement with COSLA to deliver a further council tax freeze, maintain police numbers and key education and social care commitments
- * funding for major infrastructure projects such as the new Forth Crossing, the South Glasgow Hospitals and Scotland's Schools for the Future building programme – and a 2.5 billion pounds pipeline of health, education and transport projects to be delivered through the Non-Profit Distributing model
- * protecting spending on running health services in Scotland and abolishing remaining prescription charges, finally removing the tax on ill-health
- * introducing a pay freeze for public sector workers, with staff earning less than 21,000 pounds receiving a minimum annual pay increase of 250 pounds, and bear down on the cost of the pay bill for the highest paid. This will also suspend all access to bonuses next year
- * sufficient teaching posts for all post-probationer teachers

in 2011 and a further real reduction in longer term teacher unemployment as agreed with the COSLA leadership

* maintaining existing eligibility criteria for free personal care and concessionary travel, saving money for older people

Mr Swinney said:

“This is a Budget that addresses a financial challenge without precedent since Devolution. Despite the biggest reduction in public spending imposed on Scotland by any UK Government, this is a budget that protects jobs, economic recovery and frontline services.

“In bringing forward my proposals, I have been guided by three over-riding priorities: to promote and secure Scotland’s economic recovery; to protect and invest in Scotland’s vital front-line public services; and, to take forward action on climate change so as to maximise Scotland’s potential.

“To address the challenge I have taken steps to reduce the impact of the cuts where possible – by ensuring that every pound available to us works as hard as possible.

“This budget will therefore deliver increased efficiencies, including a target of three per cent savings across the public sector next year, further simplification of the public sector landscape, increased income within our existing powers and a public sector pay freeze which includes measures to protect the lowest paid.

“We have placed at the heart of our decision making our determination to reinforce our social contract with the people of Scotland. In this difficult economic time, the Scottish Government has chosen to create economic opportunities, protect household income, support frontline services and improve our environment.

“As we ask public sector workers to accept pay restraint in order to protect jobs and maintain demand in the economy, the

Government reaffirms our social contract by providing the resources for the full removal of prescription charges and for a freeze in the council tax for a fourth year in succession.

“Central to this is our commitment to maintain health spending in real terms and to protect local government funding by maintaining its share of the Scottish Budget.

“And the budget also provides for a living wage of £7.15 an hour where the Scottish Government has pay responsibility, and protects the lowest paid in the public sector.”

Key measures in the Budget to protect and promote economic recovery include:

- * a programme of infrastructure investment worth £2.5 billion in health, education and strategic transport projects – to be delivered by the Scottish Futures Trust through the Non-Profit Distributing (NPD) model. This programme includes 1 billion pounds of major transport projects, £750 million of education projects and £750 million of health projects.

- * continuing to invest in skills, including the introduction of 34,500 new training opportunities in 2011-12

- * maintaining the valuable Small Business Bonus Scheme, helping smaller companies through the difficulties many face in the present climate that will help tens of thousands of small businesses around Scotland during tough times

- * support for new, innovative businesses through the Scottish Investment Bank to provide early stage risk capital and access to debt finance through the creation of the new Scottish Loan Fund

- * implement the National Renewables Infrastructure Plan, establishing the £70 million Renewables Infrastructure Fund, which will receive £7 million in 2011-12

In order to deliver the priorities set out in the budget, the Scottish Government will:

- * set an efficiency savings target across public services of

three per cent for 2011-12

- * continue to lead the way on Public Procurement Reform Programme, delivering even greater savings from collaborative procurement – with further savings of £61 million in 2011-12, and some £200 million over the next three years

- * increase business rates paid by the largest retail properties, including supermarkets and out-of-town retail parks

In order to produce a balanced budget despite Westminster spending cuts, the Scottish Government has had to take a series of measures, including:

- * Scottish Funding Council's budget will fall, but we have agreed with the further and higher education sectors that they will work collaboratively and efficiently to manage this reduction without reducing overall learning opportunities. Both sectors have agreed that core college and university student places will be maintained

- * Skills Development Scotland will receive less money this year, but is being supported by efficiency savings and a redesign of the services they offer

- * reduced budgets for some components of the Scottish Rural Development Programme. There will be fewer and more focused rounds, and we will review the size of grants awarded to ensure that the benefits of these schemes are more evenly spread

- * spend on transport projects will prioritise existing projects over new (with a few notable exceptions such as the new Forth Crossing)

- * enterprise and tourism budgets have been reduced, partly by building on our earlier reforms and seeking further reductions in staffing levels, increased efficiencies within the bodies and the removal of lower priority activities

Commenting on measures to promote economic recovery, Mr Swinney added:

“To support the recovery, we are prioritising our efforts to increase employment, strengthen education and skills, and promote new business growth.

“In this Budget we have had to make difficult choices. Not because of actions taken in Scotland, but because of decisions taken by Westminster.

“Let us not forget that these cuts are not of our making and under the current financial framework we are constrained in how we responded to the recession. And we are constrained in how we respond to the recovery. We have little choice but to manage the cuts being imposed by the UK Government.

“We’re setting out one-year, specific budget proposals that will address the most significant reduction in public expenditure that Scotland has ever faced since devolution. Our pipeline of infrastructure projects will see continued investment into the medium term, while the Christie Commission looks afresh at how to deliver excellent, sustainable public services in the future.

“It is clear to me that the current budgetary situation highlights the need for urgent reform to ensure that Scotland never again faces years of sustained cuts to our public services.

“With greater financial powers, this Parliament would make different choices. We may have differing views on what these choices might be, but I passionately believe that together we would reach outcomes that would improve Scotland’s prospects.

“If these cuts teach us nothing else it is surely this. The time is now for this Parliament to take greater responsibility for Scotland’s economy and finances.”