

Scottish Government present budget plans

Transport, housing, health and digital projects will receive new investment to help boost the economy, Finance Secretary John Swinney told Parliament today.

During the final stage of the Budget Bill 2012-13 Mr Swinney confirmed additional capital spending of £382 million for 2012-2015, supporting around 5,000 jobs, has been allocated to support Scotland's economic growth.

The Scottish Government will also support students by investing an additional £19.5 million in young people, through maintaining top-up funding for student support provided in 2011-12 and providing an additional £8 million next year to the Scottish Funding Council to help colleges play their part in delivering Opportunities for All commitments.

Despite cumulative cuts in Scotland's budget of £10.4 billion in real terms over four years, £6.7 billion to revenue budgets and £3.7 billion to capital budgets, the Budget Bill 2012-13 allocates £28.3 billion of public spending.

The £380 million capital consequentials for 2012-2015 are allocated as:

- Local Government: £94 million – including £40 million to support digital in rural areas
- Affordable housing : £45 million
- Housing loans and equity: £42 million
- NHS capital maintenance: £60 million
- Digital Infrastructure: £28.3 million
- Roads projects: £72 million
- Sustainable and active travel: £13 million
- Modernisation of the prison estate: £20 million
- Culture projects and maintenance £5 million

- Asset Management: SFT to assist with disposals: £3 million

Mr Swinney said:

“This is a Budget that boosts public sector capital investment, takes direct action to tackle unemployment, in particular youth unemployment and enhances economic security across the Scottish economy.

“Capital investment is central to our approach, with every additional 100 million pounds of capital spending supporting around 1,400 jobs in the Scottish economy. We are expanding our infrastructure programme through the 2.5 billion pound NPD pipeline, by switching resource to capital spending and through a range of innovative financial mechanisms. As a result, by 2014-15 our overall capital investment in Scotland’s economy will be 25 per cent higher than in this year – set against the back drop of a 32 per cent cut to the Scottish Government’s capital budget and a 9 per cent cut to our resource budget by the UK Government over four years.

“So I am now allocating an additional £382 million of capital investment in new transport, housing and digital projects. That money will build new roads, deliver new homes and upgrade to high speed broadband, targeted in rural areas. We are also putting money into maintaining our NHS assets, in the prison estate to meet the needs of female prisoners, into boosting sustainable and active travel and into culture budgets, while local government will receive an additional £54 million of capital funding to spend on their own local priorities, with a focus on economic growth, recognising the important role they play in the economy and the delivery of public services.

“We are already working with the further education sector to make the necessary reforms, including through the new £15 million College Transformation Fund and an additional £5 million to support employability initiatives through the

college sector. In recent weeks we have therefore announced £20 million new investment in the college sector.

“I also recognise that reform takes time and that the economic climate continues to pose challenges for our students. I have listened carefully to the compelling case put to me by Scotland’s student community and I wish to send a strong additional message of support today.

“I can confirm today that, on top of the £20 million additional funding recently announced for the sector, we will repeat for 2012-13 the top-up funding for student support provided in 2011-12, totalling an additional £11.4 million. And, we will provide an additional £8 million in 2012-13 to the Scottish Funding Council to help colleges play their part in delivering our Opportunities for All commitments.

“That £40 million of additional investment leaves no doubt about the strength of our commitment to our colleges and to Scotland’s students.”

The Finance Secretary also reiterated that business rates would again match the 45 pence poundage rate in England, confirmed that the 2012-13 Large Business Supplement rate will also match the English rate of 0.8 pence and confirmed the final details of the Public Health Supplement.

He continued:

“Increased preventative spending is key to improving outcomes and it is reasonable to boost preventative spending with additional resources where we can. The Public Health Supplement will only be paid by large retail properties with a rateable value over £300,000 that are licensed to sell alcohol and registered for sale of tobacco. Both existing and new build stores that do not sell both tobacco and alcohol, or cease to do so in year, will not be liable.

“Around 240 retail premises – 0.1 per cent of all business

premises in Scotland – will pay more, while some 63 per cent of Scottish retail premises, well over 30,000 shops, currently pay no or reduced business rates as part of the most generous relief package in the United Kingdom.

“Since we published our proposals I have held constructive discussions with retailers. As a result I will reduce the amount paid by individual retailers and limit the length of time that the supplement will apply. Estimated income generated by the Public Health Supplement will reduce by 15 million pounds, to 95 million pounds, over the three year period to 2015. This will be raised by setting a fixed rate supplement of 9.3 pence in 2012-13 and 13 pence in 2013-14 and 2014-15. This reduction will be offset in full by the income generated through our matching the English Large Business Supplement. In addition, the public health supplement will be a temporary measure that will only apply for three years. I hope that Parliament can support this approach, which seeks to balance the views of all concerned while maintaining our important focus on preventative spending.

“I have listened to views from across Scotland and this is a budget for growth that puts the interests of our economy, our public services and the people of Scotland first.”