

Government agrees funding to maintain council tax freeze



As part of government budget setting for the next year MSPs approved over £10.6 billion of funding to deliver local services across Scotland earlier today.

The Scottish Government confirmed it would also remove council tax from students progressing from an HNC or HND course to a degree-level course and take steps to ensure payday lenders no longer benefit from business rates relief.

The measures were outlined during a Parliamentary debate about the Scottish Government's funding for local government for 2014/15, which also confirmed funding for the continuation of the council tax freeze and the expansion of the Small Business Bonus scheme. The approved funding for 2014-15 is being maintained at 2013-14 levels with extra money for new services.

The funding for 2014-15 includes:

- £343 million for the Council Tax Reduction Scheme that was introduced in 2013 to replace Council Tax Benefit (CTB), which has been abolished by the UK Government as part of its welfare reform programme;*
- £51 million for childcare;*
- £20 million for Discretionary Housing Payments to help top-up housing benefit for those facing hardship as a result of housing benefit changes.*

Although not included in today's Local Government Finance Order, the Scottish Government will also be providing extra

money in 2014/15 to fund free school meals (£15 million) and further expand childcare (£13 million).

Other measures announced by Mr Swinney include:

- confirming thresholds for the Small Business Bonus Scheme for the next two years giving tens of thousands of small businesses more certainty and expanding the Scheme to benefit an additional 4,000 eligible premises;
- capping the annual inflationary rise in the business rates poundage at two per cent benefitting every ratepayer in Scotland;
- From 1 April payday lenders will no longer be eligible for business rates reliefs.
- expanding Fresh Start relief to include even more premises with higher rateable values and additional types of empty premises to incentivise empty high street premises back into use;
- providing a total business rates relief package worth over £590 million this year, the most generous in the UK;
- Students progressing from an HNC or HND course to a degree level course will now be exempt from council tax.

Mr Swinney said:

“Communities and businesses across Scotland depend on local authorities to deliver services that enrich our nation. This Government has worked closely with councils to agree an overall funding settlement and package to help maintain and improve these services.

“Business rates are a key issue for the business community, which is why I have provided additional certainty by legislating for the Small Business Bonus Scheme for the lifetime of the Parliament.

“This underlines the Government’s commitment to maintain Scotland’s position as the best place to do business with a business rates relief package worth over £590 million in 2014-15.

“Students progressing from an HNC or HND to a degree level course will now be exempt from council tax, which will help us to widen access to education for all and provide increasing opportunities for our young people to develop the learning and skills that will equip them for the future.

“The Scottish Government recognises the importance of town centres as a base for small businesses and jobs; they support local economies and offer space for community and civic functions.

“On January 15, Planning Minister Derek Mackay announced a summit to discuss payday lending and gambling shops on Scotland’s high streets. Ahead of that summit, the Scottish Government has today laid legislation to ensure that from April 1 payday lenders will no longer be eligible for business rates reliefs.

“With control of the main levers of power we could do so much more. We have already put forward our proposals for Scotland’s Future and demonstrated how the powers of independence can be used to build a wealthier and fairer Scotland.”