

# Edinburgh reacts to the UK Government Autumn Statement

The UK Chancellor of the Exchequer stood in the House of Commons for a considerable time earlier today delivering his Autumn Statement in a speech which you can read in full [here](#).



The headline announcements include an increase in the Personal Allowance and the basic rate band up to £11,850 and £46,850 respectively by 2020.

The VAT threshold is being retained at the current level of £85,000.

## **DEREK MACKAY**



The Finance Secretary Derek Mackay MSP

Commenting on today's UK Government budget Finance Secretary Derek Mackay said that Scotland is being "short changed".

The Scottish Government says that despite a commitment of over £300m resource funding for the NHS in England this year, Scotland will receive only £8m in consequential in 2018-19 due to UK cuts elsewhere.

Of the additional money the UK Government announced as being added to Scotland's budget, over half of it – £1.1bn – are, they say, financial transactions which the Scottish Government cannot spend on frontline public services, and which have to be repaid to the Treasury.

Mr Mackay said: "Scotland's resource block grant for day to day spending will fall by over £200m in real terms next year and while money for the NHS in England should see a

proportionate share come to Scotland, cuts in other UK departments mean that instead of receiving over £30m this year the Scottish Government will receive only £8m – a fraction of that spending.

“The reality is that over £1.1bn of the money being promised to Scotland over the next four years are loans that the Scottish Government cannot spend directly on frontline public services and that have to be paid back to the Treasury.

“Austerity has not ended and over ten years of this UK Government, between 2010-11 and 2019-20, we will continue to see Scotland’s discretionary budget fall in real terms by £2.6bn, that’s 8.1%.

“At the same time this budget has failed to lift the public sector pay cap. The Scottish Government believes all public sector workers deserve a pay rise and we will deliver one.

“On business rates and stamp duty the UK Government are following our lead. We have already moved to make revaluations more frequent and the vast majority of first time buyers are already exempt from tax when they buy a home.

“Ending the VAT obligation on police and fire services and supporting the oil and gas industry is welcome, but in both cases these moves are well overdue, and the UK Government must now pay back the £140m of VAT they have already taken.

“The reality of today’s budget is that Scotland continues to be hit by UK austerity and the decision to leave the EU. Compared with the £1bn awarded to the DUP, the funding settlement for Scotland unveiled today is disappointing.

“I have consistently argued for a better settlement for Scotland, and this budget does not reflect that.”

**RICHARD LEONARD**



Richard Leonard MSP Scottish Labour leader

**Scottish Labour leader Richard Leonard said:** “Today the Chancellor delivered a failing budget, on a failing economy from a failing government. They are rudderless and without a plan to grow our economy, help our industries and create the work of the future. This Tory Government is a driverless vehicle. This budget is insufficient, inadequate and insincere.

“This budget reminds us how years of Tory failure have damaged our economy. We urgently need a long-term industrial strategy which will invest in Scotland’s future and investment in our public services.

“Scotland’s economy is stagnating; growing three times slower than the rest of the UK. Behind every downgraded economic forecast delivered by the Tories, there are more families suffering, having to get by on insecure work and pensioners unable to heat their homes. This budget offers no solutions to help the far too many people who are struggling to make ends meet.

“Any changes which try to lessen the brutal impact of the disaster that has been the Tory Universal Credit roll out will be too little too late. It is simply unacceptable that thousands of people will continue to suffer from callous and cruel Tory welfare cuts.

“We cannot continue with an economy where the richest 1 per cent own more than the poorest 50 per cent put together. We cannot continue with an economy where people in work struggle to make ends meet, to put food on their table and pay the rent. We cannot continue with an economy that sees 260,000 children in Scotland growing up in poverty.

“This broken system needs real and radical change that benefits the many and not only the few at the top – not just for now but for the long term.”

**RUTH DAVIDSON**



Conservative Leader Ruth Davidson

Meanwhile the Scottish Conservative leader Ruth Davidson MSP lauded the moves from Westminster.

**She said:** "This is a budget that delivers for Scotland. "Scottish Conservative MPs and MSPs have all made the case for key Scottish interests.

"The Chancellor has today shown he has listened and taken action.

"It makes clear that engaging positively with the UK Government will always see greater benefits for Scotland than continual grievance could ever hope to achieve.

"The Chancellor's decision to freeze whisky duty gives a real shot in the arm to our most important export.

"I'm delighted our efforts to resolve the police and fire VAT issue have paid off.

"The tax reforms for our oil and gas industry will offer a fresh lifeline to the north east.

"We're also seeing commitment to vital new city and regional growth deals across the country.

"All these measures were top Scottish Conservative priorities – and I'm delighted they've now been delivered.

"The budget hands the SNP government a £2 billion Barnett bonus.

"It's funding that could now be used to help solve Scotland's housing crisis, to upgrade infrastructure, and to support our schools and hospitals.

"That extra funding also means that SNP ministers must look again at their reckless plans to raise income tax in Scotland.

“As a result of the Chancellor’s decisions today they are getting £2 billion extra funding to help meet their own spending commitments.

“With income tax and stamp duty being cut south of the border, there is a growing tax gap between people in Scotland and elsewhere in the UK.

“The SNP can’t keep hitting Scots in the pocket – and need to hold off further tax rises in the Holyrood budget next month.

“The case for raiding the pay packets of ordinary Scottish families has collapsed.

“The Chancellor has delivered for Scotland. As we look ahead to the Scottish budget next month, it’s now vital that the SNP government follows suit.”

### **PATRICK HARVIE**

Patrick Harvie MSP Finance and Economy spokesperson for the Scottish Greens, today criticised the UK Chancellor for a budget that continues shameful treatment of women and families.



Patrick said: “The Chancellor expects applause for graciously agreeing to treat Scotland’s emergency services no worse than elsewhere in the UK, while pressing ahead with the most reckless and destructive economic course of action any UK Government has ever undertaken.

“In his claim that Brexit is a great opportunity for the economy, the first words from the Chancellor’s mouth were lies. Nobody believes that he is sincere in this claim, and we know very well that our economy, and our society, are already being damaged by the UK Government’s ‘hard Brexit’ obsession. The OBR’s downgrading of economic prospects cannot be seen as separate from that context.

“He has thrown money at his allies in the DUP, and is now committing billions more to preparing for Brexit, while cutting our public services. 70% to 85% of cuts to public

spending on benefits, taxation, pay and pensions between 2010 and 2015 come from women's incomes – it is shameful that any government should target women and their families in this way.”



## **VAT REFUND FOR POLICE AND FIRE SERVICES**

There were only a couple of direct mentions of Scotland in the speech, first to say that there would be £2 billion more available to Holyrood, and secondly as widely predicted the government is to change the VAT rules for Police and Fire Services who will now get VAT refunded to them from April 2018. Whether that includes the estimated £140 million already paid since they became a unified service is not yet absolutely clear although most commentators do not believe it will be.

This will simply mean that the Scottish emergency services are brought into line with those elsewhere in the UK. The Chancellor credited this change to the demands made by the 13 Conservative MPs from Scotland and said that the Scottish Government knew the rules when they unified the services and it was their obstinacy which had brought this situation about.



Deidre Brock MP

SNP MP Deidre Brock welcomed the Chancellor's U-turn on VAT for Scotland's Police and Fire services.

Deidre said: “Philip Hammond has accepted that he was wrong to be charging Scotland's Fire and Police services VAT and I welcome that. It's always good to see a politician prepared to accept that he was wrong.

“Now we need to see him refunding the VAT he has already charged the services so that the money can go into frontline police and frontline fire and rescue work.”



Miles Briggs

Miles Briggs Conservative MSP for Lothian commented on UK budget: "I am delighted that the UK budget has exempted Police Scotland and Scotland Fire and Rescue Service from VAT. The Scottish Conservatives have campaigned hard to tidy up the mess created by the SNP.

"I welcome the additional £2 billion in funding for Scotland set out in the UK budget and I urge the Scottish Government to use the funds effectively to strengthen Scotland's economy and improve public services."

The SNP leader in the House of Commons Ian Blackford MP said that the £2 billion 'increase' is apparently a real terms decrease in funding and a continuation of austerity.

Ian Blackford said : "While the Chancellor has confirmed the waiting time for Universal Credit will be reduced to 7 days, they have failed to halt the failing system and remodel it for the future.

"The government's announcement on oil and gas, and the scrapping of VAT for Scotland's emergency services is welcome if overdue – however we have yet to see a commitment to backdating the VAT charges, which is disappointing and unfair to Police Scotland and Scottish Fire and Rescue.

"The UK government have failed to take the lead from the Scottish Government and deliver an inclusive economy for all. When the UK government chose the rape clause, the Scottish Government chose the baby box. When the UK government trebled tuition fees, the Scottish Government maintained the principle of free tuition for all. When the Conservatives pushed for a dementia tax, the Scottish Government stood by free personal care for the elderly.

"The Tory government must end the damaging austerity agenda

and stop the catastrophic ideological obsession with a Brexit 'no deal'."

So what do people and organisations based in Edinburgh think?



## **FRIENDS OF THE EARTH**

Reacting to the UK Government Budget's announcements Director of Friends of the Earth Scotland Dr Richard Dixon said:

"The UK Government's budget continues to encourage people to drive, fly and waste energy, and this budget will increase oil production and therefore climate emissions. Apart from some extra cash for electric vehicles and a small increase in cost for the most polluting diesel cars there is little green about this budget."

"Air pollution from traffic is causing a public health crisis in Scotland. The Budget measures to discourage sales of the most polluting diesel cars are a small step in the right direction but are not enough to get to the grips with the the scale of the problem."

"It makes sense that the tax regime for diesels should reflect the extra financial and health harm that these vehicles have on society. The Chancellor cannot ignore the climate impact of petrol cars and should also increase VED for new petrol cars. Combined with the extra cash for charging points, the signal on diesel vehicles measures could encourage people to make the transition to hybrid and electric vehicles but the freeze on fuel duty sends a very mixed message about when to switch to electric."

"The UK Government has promised to explore ways to reduce plastic pollution but there are no specific proposals to actually do anything yet. They have merely kicked the plastic bottle down the road, hoping someone else will deal with this



enormous problem.”

## **WELCOME BY ENTREPRENEURIAL SPARK**

The UK government’s budget has been welcomed by the world’s largest free business accelerator, Entrepreneurial Spark.

The widely expected good news on investment in digital skills and wider access to finance through the EIS was especially welcome for entrepreneurs.

Speaking after the Chancellor Phillip Hammond delivered his Budget from the dispatch box, Entrepreneurial Spark CEO, Lucy-Rose Walker, said:

“We broadly welcome the Chancellor’s Budget and what it means for the UK’s entrepreneurs. We live in very uncertain times and while entrepreneurs thrive on change and opportunity, there is an essential need for real investment in priority areas. The focus on digital skills and long-distance learning is really welcome as it will help entrepreneurs grow through connectivity.”

“Working with those entrepreneurs, as we do every day, right across the UK, we would caution against thinking the job is done. This must be just a first step.

“As the pace of change and level of international competition is only going to increase and the UK, as a home for business and enterprise, must be leading the charge. Giving these fast moving and rapidly growing enterprises the fuel to succeed is also an area where we need to see improvement. So the increase in the Enterprise Investment Scheme (EIS) allowance is good news.

“The revised OBR figures are a cause for concern so it is also good to see an extension in the national productivity investment fund. We do need to think about on bigger business but the start-ups and early stage businesses across the land

rely on innovation and R&D as core activities.

“We’d urge the government to devote more time in taking lessons from these fleet of foot entrepreneurs and to open more doors for investment in this space to accelerate the process.”