

Finance Secretary asks for financial package from UK Government

Finance Secretary Kate Forbes has called on the UK Government to prioritise public services and economic recovery through a fresh fiscal stimulus package of £98 billion, ahead of the Spending Review on Wednesday.

This support, which is at least 5% of GDP, would she says be on par with the economic recovery packages and renewed emergency support provided by other nations such as Germany, France and New Zealand.

Writing to Chancellor Rishi Sunak, Ms Forbes has asked for a support package to ensure resilience of businesses and households, to regenerate the economy, and to reduce inequalities.

The Finance Secretary is also seeking urgent confirmation that Universal Credit will be increased. The letter calls for clarity over funding, early certainty on ongoing Non Domestic Rates relief, extra fiscal flexibility for The Scottish Government to respond to the ongoing impacts of coronavirus and assurance on pay for frontline services.

In June the Scottish Government published a paper setting out ten principles that should underpin the UK Government's fiscal

approach. Today, an update to that paper, taking into account the resurgence of Covid-19, the latest economic modelling and the concurrent risk of EU exit, has been published.

Ms Forbes said: “The importance of fiscal stimulus has never been greater, and there is a strong case that increasing day-to-day government spending to support the economy will deliver long term benefits. As the scale of the challenges facing businesses and households increase, so has the need for additional government support. This £98 billion package is even more necessary, given the uncertainty caused by the UK Government’s approach to EU exit.

“The Chancellor must also use this opportunity to extend the £20 uplift to Universal Credit and Working Tax Credits beyond April 2021, provide meaningful support for businesses and households to manage Covid-19 related debt, and reverse the absurd decision to re-impose VAT on PPE in the middle of a global pandemic.

“I also remain concerned about the constraints the current funding arrangements place on the ability of the Scottish Government to respond to the impacts of COVID-19. I believe the limited and temporary additional fiscal flexibilities I have previously requested would increase The Scottish Government’s ability to respond to Covid-19, without costing the UK Government a penny. The decision to hold a late UK Budget has caused extra volatility, so it is only reasonable that extra flexibility is provided.”



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