

Letter from Scotland

Rishi Sunak and his chancellor Jeremy Hunt have ridden to rescue with a financial u-turn on a par with Wellington's best "adjustment" tactics in the 60 battles he took part in before becoming a Tory Prime Minister.

They have been forced to abandon his 19th century dream of low-taxes and low public spending. Instead they've introduced the highest tax level since the Second World War (37 per cent of national income) and increased pensions and welfare benefits by 10 per cent, not to mention handing the Scottish government an extra £1.5 billion.



Delivering the Autumn Statement Chancellor Jeremy Hunt and Prime Minister, Rishi Sunak PHOTO UK Parliament/Jessica Taylor Whether it will rescue the economy, or their own divided Tory party, is highly doubtful. The Orwellian “Office of Budget Responsibility” has forecast that the recession will last for two years and we can expect a 7 per cent fall in our living standards. To try to cushion the blow, the average household’s energy bill will be capped at £3,000 rather than £2,500. And the poorest households will have £900 of extra help. There are also increases in spending on education and health. And to pay for it all, there will be an increase in the windfall tax on energy companies and, in the future (after the next election) we will be paying more in income tax as thresholds are frozen.

The Scottish interim Finance Secretary John Swinney will now have an extra £1.5 billion in his budget, due to be announced in December, but he says it only partly compensates for the £1.7 billion lost due to inflation. “It amounts to a return to austerity and it leaves the Scottish Government with very

serious problems to wrestle with," he warned.



Riding to the rescue. The Duke of Wellington at Glasgow Art Gallery

He faces two immediate problems: how does he increase the pay offer to the nurses and the teachers, both threatening strike action before Christmas, and how does he fix the waiting-time crisis in the NHS and the care sector? I could suggest several solutions, though I'm sure he won't like any of them.

One is to allow local authorities to increase council tax. That could raise £900m if we were to match the rise in local tax in England. Another is to fund the new National Care Service properly with a 10 per cent "care charge" on everyone's wealth at the time of retirement. And a third way would be to increase the top rates of income tax. The Fraser of Allander Institute published a report this week which found that 10 per cent of the Scottish population own 45 per cent of the wealth. So there is plenty of scope for redistribution.

Such radical measures would make Scotland a very different place from England, further underlining the case for independence. And we may not be far off it. An opinion poll published by Ipsos has found that 67 per cent of Scots and a similar number in Northern Ireland believe the United Kingdom will no longer exist in its current form in 20 years' time. Almost half of Scots believe it could happen in the next five years.

As evidence that Scotland would be better off in the Union, the UK Government announced this week that thousands of jobs at shipyards on the Clyde will be secured by an order worth £4.26 billion for five new frigates for the Royal Navy. The Scottish Government hit back by pointing out that the original plan was for 13 ships. And, in any case, it argues that an independent Scotland could win such contracts by virtue of its expertise at building sophisticated vessels. At question time in the Scottish parliament, the Conservatives laughed at that, given the delays and budget over-runs at the Ferguson shipyard which still has not completed two ferries for Caledonian MacBrayne.

The week was not all struggle and strife. The Princess Royal went to Dunfermline Abbey on Wednesday to witness the signing of a "friendship agreement" between the two main Christian churches, the Church of Scotland and the Catholic Church. It's been long in the making – after several centuries of sectarian divides – and it comes 950 years after the founding of Dunfermline Abbey by St Margaret, Queen of Scotland. We don't rush things here.

Finally, you may have noticed that the men's World Football Cup begins in Qatar this weekend. England and Wales are both sending a team. Scotland has, rather rudely, been left out. We've simply not been good enough – we lost 2:1 to Turkey in a friendly midweek. However, Scotland has been voted "the best golf destination in the world" at a ceremony in Abu Dhabi. It is sweet that the "home of golf" has been rewarded for staging

the 150th Open at St Andrews.

We need every piece of good cheer we can get.