

# 2009 Pre-Budget Report

## Pre-Budget Report for Scotland

**Today, the Chancellor announces a package of measures that will continue to support vulnerable families and businesses through the downturn and prepare for recovery; strengthen the credibility and transparency of its plans to halve the deficit over the next four years; and prioritise investment to create a strong platform for future growth.**

**These measures include:**

### **Supporting business**

The Enterprise Finance Guarantee has provided targeted support for viable businesses with less than £25 million turnover who have no or insufficient security. The Pre-Budget Report announces that the scheme will be continued for a further 12 months, making an additional £500 million of bank lending available to SMEs. So far in Scotland, this scheme has meant that over £75.4m of eligible applications from 597 firms that have been granted are being processed or assessed.

In order to strengthen the incentives to invest in innovative industries and ensure the UK remains an attractive location for innovation, Government announces it will introduce a Patent Box, applying a reduced rate of Corporation Tax to income from patents, from April 2013. This may benefit innovative industries in Scotland.

PBR announces new allocations from the Strategic Investment Fund for Scotland. Set up in April, the fund is supporting advanced manufacturing and other hi-tech projects across the country including facilities for new life sciences companies in Edinburgh and a video games centre of excellence in Dundee.

Regarding North Sea Oil, the PBR announces technical changes to ensure the regime encourages investment and changes to the criteria for the High Pressure High Temperature (HPHT) field allowance, to ensure the allowance is effective in supporting investment. This will benefit the North Sea oil and gas industry, which is based in Aberdeen and which employs a substantial number of people in Scotland.

### **Families**

A full basic State Pension (Bsp) will increase by £2.40 to £97.65 per week (full copies rate rises by £3.85 to £156.15), in line with the Government's commitment to uprate bSP by at least 2.5% even though the retail price index is negative. This will benefit an estimated 1 million people in Scotland.

Bring the Young Person's Guarantee forward to 6 months from April. This will provide guaranteed access to a job, work experience or training to all 18-24s who have been claiming JSA for 6 months, with mandatory access from 10



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months. In October, there were 7,035 young people aged 18-24 who had claimed JSA for over 6 months in Scotland.

## **Public services**

The Government will continue to support as the economy recovers and invest in frontline public services that people rely on. But it is important to live within our means in the medium term.

The PBR announces an additional £23 million for the Scottish Executive as a consequence of increases for UK government departments.

## **Tackling climate change**

The Government is also continuing to deliver on measures taken at the Pre-Budget Report in November 2008 and Budget Report earlier this year in April.

PBR builds on new policies announced since last autumn to increase UK investment in the low carbon and energy sector, including through an additional £150 million funding for low-carbon technologies through the Strategic Investment Fund and a proposed €100m investment in the 2020 European fund for Energy, Climate Change and Infrastructure. This potentially benefits investment in Scotland.

Liam Byrne, Chief Secretary to the Treasury, said:

“This Pre-Budget Report will help lock in Britain’s recovery, protecting families and businesses in Scotland through the downturn and accelerating growth.

By taking tough action on tax and spending, we’ll halve the deficit in four years, and promote future growth in Scotland.”



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### GOVERNMENT DEPARTMENT INTERNET SITES

Further information and all published documents relating to Pre-Budget 2009 may be found on the Internet at the following addresses:

HM Treasury: <http://www.hm-treasury.gov.uk/>

HM Revenue & Customs: <http://www.hmrc.gov.uk/>

