

2006 Pre-Budget Report

REGIONAL PRESS NOTICE

6 December 2006

IN SCOTLAND

The Chancellor today announced a series of measures to increase productivity, improve people's access to employment, build a fairer society, improve public services and protect the environment in Scotland.

The Pre-Budget Report confirms that the Government is meeting its fiscal rules. The Government's macroeconomic framework has continued to deliver an unprecedented period of macroeconomic stability, with low inflation and sustained economic growth.

Measures announced today which are particularly relevant to individuals and businesses in Scotland include:

- **an additional £284 million for the Scottish Executive** as a result of spending increases announced in the PBR for Government Departments. It will be for the Scottish Executive to decide how to allocate this increase;
- **investing in the growth of the UK's science and innovation system** - through a single health research fund of at least £1 billion, taking forward the recommendations of the Cooksey Review, and ensuring a more balanced, coherent and flexible regime for intellectual property, as set out in the Gowers Review. It will be for the Scottish Executive to decide its own priorities in devolved policy areas;
- **increasing business flexibility** by reducing unnecessary burdens on business – by creating certainty for business, by implementing the recommendations of the Varney Review of HMRC links with Large Business, and driving forward implementation of the Hampton Review's risk-based approach to Regulation, and the Davidson Review's recommendations to reduce gold plating of EU legislation;

- **investing in a new ambition for world-class skills**, increasing adult skills across all levels and strengthening employer voice in their provision - by taking forward the recommendations of the Leitch Review; enabling greater flexibility in the land use planning system to ensure it contributes to economic growth while delivering its wider sustainable development goals - by taking forward the Barker Review; investing in transport infrastructure to maximise the return on investment in transport - by taking forward the recommendations of the Eddington Transport Study. It will be for the Scottish Executive to decide its own priorities in devolved policy areas;
- **improving the Jobseeker's Allowance intervention regime** by offering expert worksearch support at the new claim stage, and extending the Job Grant of £100 (£250 to claimants with children) to 18-24 year olds. 5,580 people are expected to benefit from the extension of Job Grant in Scotland;
- **announcing that from April 2007 the value of the child element of Child Tax Credit** will rise by £80 to £1,845 per year. Around 500,000 families in Scotland are currently benefiting from tax credits;
- **raising the earnings disregard** to Housing Benefit and Council Tax Benefit in line with indexation to £15.45 in April 2007, ensuring that claimants gain from increases in the rate of Working Tax Credits. This is of potential benefit to those who are in work of the approximately 434,000 people in Scotland currently receiving housing benefit;
- **making Individual Savings Accounts (ISAs) permanent, beyond 2010**, to provide stability for savers and certainty for the industry. In addition, the introduction of a package of reforms to the ISA, designed to simplify the regime, will make it more flexible for savers and providers and promote further saving;
- **details of a £5.4 million campaign** to assist financially excluded people to access mainstream banking and credit products. At least one stakeholder manager will be based in Scotland to run the campaign.
- **an increase in all rates of air passenger duty**, with effect from 1 February 2007 in recognition of the environmental costs of air travel, while **continuing the 2000 exemption** for air passenger duty from duty flights from airports in the Scottish Highlands and Islands. This

exemption was introduced in recognition of the remoteness of this region and its dependence on air travel as part of everyday life;

- **an inflation-based increase of 1.25 pence per litre (ppl) in the rate of road fuel duty**, with effect from midnight; and the same increase of 1.25 ppl in duty for rebated fuels, maintaining the differential with main fuel duty rates; and
- **a proposal to change the Petroleum Revenue Tax legislation** to remove oilfields which have been decommissioned from Petroleum Revenue Tax charges. This should encourage further investment in the North Sea oil and gas sector, which is based mainly in Scotland.

NOTES FOR EDITORS

Further details of 2006 Pre-Budget Report announcements can be found on the HM Treasury website: www.hm-treasury.gov.uk.

HM TREASURY PRESS OFFICE

Press enquiries: 020 7270 5238

Non-media enquiries: 020 7270 4558

HM REVENUE AND CUSTOMS PRESS OFFICE

Press enquiries: 020 7137 2310/2311/2312
(out of hours: 07860 359544)

GOVERNMENT DEPARTMENT INTERNET SITES

Further information and all published documents relating to 2006 Pre-Budget Report may be found on the Internet at the following addresses:

HM Treasury www.hm-treasury.gov.uk
HM Revenue & Customs www.hmrc.gov.uk

