

2003 Pre-Budget Report

REGIONAL PRESS NOTICE

10 December 2003

THE STRENGTH TO TAKE THE LONG-TERM DECISIONS FOR BRITAIN: SEIZING THE OPPORTUNITIES OF THE GLOBAL RECOVERY IN SCOTLAND

A series of measures that will promote greater flexibility and fairness in Scotland were announced by the Chancellor today. The Government is working with the Scottish Executive to bring prosperity to all the people of Scotland.

Highlighting the importance of regional policies, the Chancellor said:

"Having reformed the economy since 1997, this Pre-Budget Report marks the next stage - to achieve, in our time, and in each region and nation, a more flexible, more enterprising, full employment Britain: a Britain of economic strength and social justice.

Britain is closer than we have been for three decades to full employment and with, today, social security, housing benefit and employment reforms to encourage greater flexibility and fairness, this Pre-Budget Report will advance our goal of full employment in every region and every nation of the United Kingdom."

Key PBR announcements include:

- confirmation that economic growth has strengthened;
- setting out reforms which will promote business and enterprise across the UK;
- taking further steps to extend employment opportunity for all;
- tackling child and pensioner poverty;
- promoting fairness in the tax system; and
- introducing further measures to improve the environment.

As a valuable contribution to improving our understanding of regional disparities and to inform policy making, Christopher Allsopp has today published an interim report

on his independent review of statistics required for economic policymaking, of which a key part discusses the regional information and statistical framework needed to support the Government's key objective of promoting economic growth in all regions and countries of the UK and reducing the persistent gap in growth rates between the regions and countries .

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

- reforms to reduce the regulatory burden, including raising the statutory audit threshold to £5.6 million and improvements to the VAT flat-rate scheme, which could benefit 44,900 businesses in Scotland;
- a package of measures to overcome barriers to raising finance for small businesses, including a pathfinder round of Enterprise Capital Funds and enhancements to Venture Capital Trusts and Enterprise Investment Schemes, to assist high-growth small and medium sized enterprises in Scotland;
- an independent review of the effectiveness of the Small Firms Loan Guarantee scheme to ensure that it is having maximum benefit for small firms seeking debt finance, and building on the 464 small businesses in Scotland that are already covered by the scheme;
- a redefinition of R&D to make tax credits easier to claim, and a broadening of qualifying costs. This could potentially benefit the 916 businesses undertaking R&D in Scotland;
- the publication of the Lambert Review of Business-University Collaboration which will inform Government policies to promote knowledge transfer, knowledge exploitation and business innovation;
- reporting on progress on the Reviews aimed at improving public sector delivery by Government departments, including the Lyons review of public sector relocation, the Gershon review of public sector efficiency and the review of devolved decision making;
- enhancing help for lone parents by increasing the number of work-focused interviews, which will build on 28,250 people in Scotland who have already received help and support through the New Deal for Lone Parents;
- greater discretion for local stakeholders of Scotland's 9 Action Teams to direct resources towards the most disadvantaged people from April 2004, and extension of the Action Teams to 2006;

- extending eligibility for the New Deal for Partners to those in a family in receipt of the Working Tax Credit, who are not working or are working up to 16 hours a week;
- continued reform of housing benefit with measures to align the rules of Housing Benefit and tax credits, and a flat-rate Local Housing Allowance Pathfinder being implemented in the private rented sector in Edinburgh. Pathfinders will begin in the social sector as soon as is practical;
- on top of the substantial increase in support for families with children through new Tax Credits, the child element of the Child Tax Credit is being increased by £180 a year from £1,445 to £1,625 a year from April 2004; 373,700 working families are benefiting from CTC in Scotland;
- promoting the provision of employer-supported childcare, as part of the Government's ongoing commitment to help people balance their work and family lives;
- promoting the take-up of the Pension Credit, which is already providing increased financial security for 201,545 low and modest income pensioner households in Scotland;
- consulting further on detailed proposals to simplify the taxation of pensions, potentially benefiting 15 million people in the UK;
- the Government will introduce a new Exploration Expenditure Supplement to help level the playing field for new entrant North Sea companies that do not receive the full benefit of current 100 per cent exploration and appraisal capital allowances. Full details will be announced in Budget 2004; and
- the Government is introducing a new strategy to combat alcohol fraud, based on new regulatory controls to be introduced during 2004, and tax stamps for spirits to be introduced in early 2006 unless an effective alternative is put forward by the industry. The strategy will deliver a substantial reduction in the illicit share of the spirits market. Recognising the costs to the legitimate trade of implementing tax stamps, the Government is also announcing that, once tax stamps were introduced, it would consider a comprehensive package of measures to ease those costs including a freeze in spirits duty for the remainder of the Parliament.

The Treasury will be publishing a leaflet setting out more detail about the Pre-Budget Report and explaining what it means for Scotland.

DETAILS

Scotland statistics

The New Deal has been successful in helping more than 113,000 people in Scotland into work. This has helped employment in Scotland rise by 5.8% and unemployment fall by 30.2% since 1997.

As a result of the Child Tax Credit announced in Budget 2003, 373,300 families with children in Scotland are now eligible for additional targeted support.

201,545 pensioner households in Scotland are eligible for the new Pension Credit, introduced in October 2003.

As a result of personal tax and benefit measures introduced since 1997, by September 2004 households in Scotland will be, on average, £850 a year better off in real terms.

HM TREASURY PRESS OFFICE

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GOVERNMENT DEPARTMENT INTERNET SITES

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

HM Treasury www.hm-treasury.gov.uk

Inland Revenue www.inlandrevenue.gov.uk

