

Budget 2006

REGIONAL PRESS NOTICE

22 March 2006

Budget 2006 IN SCOTLAND

The Budget takes new steps to raise the rate of sustainable growth and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all in Scotland.

The Budget 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 £87 million for the Scottish Executive as a consequence of spending increases announced in the Budget for Government departments.
- the launch of a consultation document, *The Science and Innovation Investment Framework 2004-2014: Next Steps*, which proposes further actions to take forward the Government's ten-year strategy for science and innovation. The document invites consultation responses on new measures to create a more effective science and innovation system in the UK, and maximise the impact of public investment in research on the economy;
- publishing a new strategy before the summer to create a step change in the Government's drive to market the UK economy internationally. To deliver the strategy, UKTI will undertake a programme of organisational change, allocate further resources to increasing trade with emerging markets and implementing an international R&D strategy;
- an intention to extend additional support to firms with between 250 and 500 employees that are above the current SME research & development tax credit threshold. This will build on the £614 million of R&D investment already carried out by firms in Scotland;



- updating on progress towards the Government's target to relocate 20,000 public sector posts out of London and the South East. Posts have been relocated to every nation and region including 400 to Scotland;
- an HM Revenue & Customs announcement on its plans to reduce the administrative burden of the tax system. Other Government departments will set out the ways in which they are implementing the Hampton Review and reducing regulatory burdens;
- highlighting the proposals published in the Welfare Reform Green Paper in January 2006, including the national roll out of the successful Pathways to Work pilot projects for incapacity benefit claimants and replacing the current incapacity benefits with a new Employment and Support Allowance;
- funding for more frequent work focused interviews for lone parents. 52,400 lone parents in Scotland will be affected by this measure;
- confirming the rise in the adult rate of the National Minimum Wage to £5.35 in October 2006, affecting 140,000 people in Scotland;
- refocusing the Fortnightly Job Review from June 2006 to ensure that only those who are able to demonstrate that they have met their jobseeking responsibilities will be able to continue their benefit claim. This potentially affects the 85,100 people in Scotland currently claiming jobseeker's allowance;
- an announcement that the Child Trust Fund, which became operational in April 2005, will be extended so that all children will receive an additional payment at age 7 of £250 and children from lower-income families will receive £500, potentially benefiting 50,000 children in Scotland;
- a commitment to increase the child element of the Child Tax Credit at least in line with average earnings up to and including 2009-10, potentially benefiting 404,600 families in Scotland;
- freezing of spirits duties for the ninth successive Budget; and
- an inflation based increase for main fuel duties that will be deferred until September 2006 because of continuing high oil market volatility.



NOTES FOR EDITORS

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

HM TREASURY PRESS OFFICE

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GOVERNMENT DEPARTMENT INTERNET SITES

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

HM Treasury www.hm-treasury.gov.uk

HM Revenue & Customs www.hmrc.gov.uk

