



The Pre-Budget Report: A fiscal stimulus to support families and businesses in Scotland now

This week's Pre-Budget Report set out the next steps the Government is taking to support the economy, business and households through these difficult times and to maintain macroeconomic stability in the long-term. As part of the Pre-Budget Report, the Government announced **a major fiscal stimulus package worth £20bn in 2008-09 and 2009-10**, which will support families and businesses in Scotland right now.

The PBR announced targeted help for families and pensioners in Scotland:

- As part of a fiscal stimulus package, there will be a temporary reduction in the standard rate of VAT to 15% from 1 December 2008 until 31 December 2009. This is the equivalent, for the average UK household, of £275 a year for extra spending and will have a positive impact on 2,329,829 households in Scotland. The total benefit to households in Scotland is estimated at around £625 million.
- The Government announces that it will make a payment in the New Year of £60 for each pensioner, equivalent to bringing forward uprating of the basic State Pension from April to January. A £60 payment will also be made to 2.5m individuals who are in receipt of certain other benefits. Eligibility will be the same as for the annual Christmas Bonus. Around 1,300,000 individuals will benefit in Scotland.
- The Government will bring forward its commitment to increase the child element of the Child Tax Credit by £25 above indexation in April 2010 to April 2009. The child element will therefore increase by £75 above indexation to £2,235. 310,000 families and 540,000 children will benefit.
- The Government will bring forward its commitment to increase Child Benefit from £18.80 to £20 per week for the first child, and from £12.55 to £13.20 per week for subsequent children to January 2009. This will benefit 602,000 families and 1,020,000 children.

The Scottish Executive may if they wish reprofile up to £260m capital spending as a fiscal stimulus. Scotland is also receiving Barnett consequentials of other PBR spending decisions.

The Chief Secretary to the Treasury, Yvette Cooper, said:

"Families and businesses in Scotland need real help now to deal with the pressures and problems from the global credit crunch. I think it is really important that Government steps in to help people and boost the economy at a difficult time. Too often in the past previous Governments turned their backs on people in Scotland when recessions hit. Instead we want to help people so we get through this sooner and stronger, together."

Welcoming the benefits of the fiscal stimulus, the Secretary of State for Scotland, Jim Muprhy, said:

"This Pre-Budget Report is full of serious responses to serious issues and represents a £2 billion boost for Scotland's families and businesses.

"Today's measures are proof this Government is taking decisive action to protect businesses, both small and large, jobs, homes and our future stability and prosperity. This PBR constitutes a significant injection into the UK economy and Scotland will benefit from that. It means we can all have confidence in our ability to get through the current economic difficulties.

"It's clear the Government has no choice but to act when faced by the shocks of unprecedented financial conditions and it has risen to that challenge today.

"The Chancellor has taken steps which are bold, necessary and which rightly make families and our economy a priority."

For other measures announced in the PBR can be found on the Treasury's website, <http://prebudget.treasury.gov.uk/prebudget2008/regions.htm>

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