

2004 PRE-BUDGET REPORT IN SCOTLAND

The Chancellor announced today a series of measures that promote productivity growth, flexibility and fairness, alongside high and stable levels of employment, in Scotland. The Government's long-term goal is for the UK to achieve a faster rate of productivity growth than its main competitors.

Key announcements in the Pre-Budget Report include:

- **an updated economic forecast**, which shows that the UK economy is continuing to grow steadily and that the Government is meeting its fiscal rules for sound public finances over the economic cycle;
- **a ten-year strategy for childcare;**
- **long-term plans for enhancing skills in the UK workforce;**
- **new measures to raise productivity by promoting an enterprise economy**, including through plans to reduce red tape for business;
- **further reforms to promote employment opportunity across the UK**, including extra support for people on inactivity-related benefit who want to return to work;
- **a number of measures to promote fairness in the tax system** tackle tax fraud and avoidance, and protect revenues;
- **a continued freeze in all road fuel duties.**

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

- **an additional £71 million for the Scottish Executive** as a consequence of English increases including for local authorities, employer training pilots and childcare. It will be for the Scottish Executive to decide how to allocate these sums;
- implementation of the changes recommended by the **Graham Review on the Small Firms Loan Guarantee** represent a major deregulation and simplification of the scheme, with **709** firms in Scotland typically benefiting each year;
- **new legislation effective from today to remove the tax uncertainty for researchers involved in spin-off companies** by university and public sector research establishment. Potentially benefiting the 19 Higher Education and Research Institutions in Scotland;

- the **basic state pension** will rise to £82.05 for single pensioners and £131.20 for couples from April 2005. 928,000 pensioner households in Scotland are eligible;
- raising **Pension Credit Guarantee** element to £109.55 for single pensioners, £167.20 for couples from April 2005. 272,000 pensioner households are eligible;
- the child element of the **Child Tax Credit** will rise to £1690 a year from April 2005. 202,000 working families will benefit;
- from 2006-07 increase in the maximum share of childcare costs met in the childcare element of **Working Tax Credit** from 70% to 80% benefiting 30,000 families; and
- **£50 Council Tax and living expenses payment** for the 70+ potentially benefiting 395,000 pensioner households.

NOTES FOR EDITORS

Further details of 2004 Pre-Budget Report announcements can be found on the HM Treasury website: www.hm-treasury.gov.uk. Additional detail is also included in the press notices listed below.

HM TREASURY PRESS OFFICE

Press enquiries: 020 7270 5238

Non-media enquiries: 020 7270 4558

INLAND REVENUE PRESS OFFICE

Press enquiries: 020 7438 6692 / 6706 / 7327
(out of hours: 07860 359544)

Non-media enquiries: 0845 300 3939

(office hours only)

HM CUSTOMS AND EXCISE PRESS OFFICE

Press enquiries: 020 7865 5471 / 020 8929 4637
(out of hours: 07659 598491)

Non – media enquiries: 0845 010 9000 (National Advice Service)

GOVERNMENT DEPARTMENT INTERNET SITES

Further information and all published documents relating to Budget 2004 may be found on the Internet at the following addresses:

HM Treasury www.hm-treasury.gov.uk

Inland Revenue www.inlandrevenue.gov.uk

HM Customs and Excise www.hmce.gov.uk