

Scottish Secretary responds to Chancellor's Autumn Statement

Scottish Secretary Alister Jack has responded to the Chancellor's Autumn Statement where the UK Government pledged to restore stability to the economy, protect high-quality public services and build long-term prosperity for the United Kingdom.

Jeremy Hunt outlined a targeted package of support for the most vulnerable, alongside measures to get debt and government borrowing down.

The plan he set out is designed to fight against inflation in the face of unprecedented global pressures brought about by the pandemic and the war in Ukraine.

Scottish Secretary Alister Jack said:

We are facing complex global challenges, and the Chancellor has had to take some difficult decisions. By reducing our borrowing, tackling the root causes of inflation and putting our public finances on a stable footing, we will create the economic stability we need for our long-term prosperity.

As we promised, we have put in place extra support for those who need it most, with support on energy bills and increases in pensions, benefits and the National Living Wage.

The Scottish Government will receive an additional £1.5 billion, to help support public services in Scotland. We are also putting extra money into two key projects in Scotland. Catapult will help grow our offshore energy capability, and a feasibility study to upgrade the A75 will pave the way for much improved connectivity between Scotland, Northern Ireland and England.

As a result of today's tax and spending decisions, the Scottish Government will receive around an additional £1.5 billion over 2023-24 and 2024-25.

Delivering for the people of Scotland, the Chancellor has reconfirmed the UK Government's commitment to work with the Scottish Government on options to improve the A75, in line with the findings from the Union Connectivity Review.

He also confirmed that funding for the UK's 9 Catapult innovation centres will increase by 35% compared to the last funding cycle, this includes the offshore renewable catapult in Glasgow.

To protect the most vulnerable from the worst of cost-of-living pressures, the Chancellor announced a package of targeted support worth [£26bn], which

includes continued support for rising energy bills. More than eight million households on means-tested benefits will receive a one-off payment of £900 in instalments, with £300 to pensioners and £150 for people on disability benefits.

The Energy Price Guarantee, which is protecting households throughout this winter by capping typical energy bills at £2,500, will continue to provide support from April 2023 with the cap rising to £3,000. With prices forecast to remain elevated throughout next year, this equates to an average of £500 support for households in 2023-24.

Working age benefits will rise by 10.1%, boosting the finances of millions of the poorest people in the UK, and the Triple Lock will be protected, meaning pensioners will also get an inflation-matching rise in the State Pension and the Pension Credit.

The National Living Wage will be increased by 9.7% to £10.42 an hour, giving a full-time worker in Scotland a pay rise of over £1,600 a year, benefitting 160,000 of the lowest paid workers.

The Scottish Government is receiving additional funding at the Autumn Statement for the current Spending Review period to 2024-25, but will be expected to live within these new budgets and support our mission of fiscal discipline. To improve public finances, from 2025-26 onwards day to day spending will increase by 1% with capital spending held flat in cash terms. This means overall departmental and devolved administration budgets will continue to rise in real terms, although more slowly, increasing by 0.5% each year to 2027-28.

To raise further funds, the Chancellor has introduced tax rises of £25 billion by 2027-28. Based around the principle of fairness, all taxpayers will be asked to contribute but those with the broadest shoulders will be asked to contribute a greater share.

The threshold at which higher earners start to pay the 45p rate will be reduced from £150,000 to £125,140, while Income Tax, Inheritance Tax and National Insurance thresholds will be frozen for a further two years until April 2028. The Dividend Allowance will be reduced from £2,000 to £1,000 next year, and £500 from April 2024 and the Annual Exempt Amount in capital gains tax will be reduced from £12,300 to £6,000 next year and then to £3,000 from April 2024.

The most profitable with the broadest shoulders will also be asked to bear more of the burden. The threshold for employer National Insurance contributions will be fixed until April 2028, but the Employment Allowance will continue protect 40% of businesses from paying any NICs at all.

In addition, the government is implementing the reforms developed by the OECD and agreed internationally to ensure multinational corporations pay their fair share of tax. And as confirmed last month, the main rate of Corporation Tax will increase to 25% from April 2023.

To ensure businesses making extraordinary profits as a result of high energy prices also pay their fair share, from 1 January 2023 the Energy Profits Levy on oil and gas companies will increase from 25% to 35%, with the levy remaining in place until the end of March 2028, and a new, temporary 45% levy will be introduced for electricity generators. Together these measures will raise over £55 billion from this year until 2027-28.

To ensure fiscal discipline while providing support for the most vulnerable, the Chancellor has introduced two new fiscal rules, that the UK's national debt must fall as a share of GDP by the fifth year of a rolling five-year period, and that public sector borrowing in the same year must be below 3% of GDP. Overall, the Autumn Statement improves public finances by [£55 billion] by 2027-28, and the OBR forecasts both of these rules to be met a year early in 2026-27.