

Draft Scottish Budget 2019/20



Introduction

The Scottish Government has published its draft budget for 2019-20. This follows the UK Budget ([Briefing 103](#)) which determines half the Scottish Budget through the block grant. The other half is determined by the Scottish Parliament using its devolved fiscal powers ([Briefing 90](#)). The Scottish Government has also published its pay policy.

Taxation

There are no changes to overall rates of tax, some adjustments to thresholds on earning before tax is paid. For starter and basic rate these go up by inflation, higher rate threshold stays unchanged. These mean differences between Scotland and rUK which tiny positive gain for low earners. Leaving higher rate threshold untouched brings in an estimated £68m more than if the rUK limit adopted.

Bands	Band name	Rate
Over £12,500-£14,549	Starter Rate	19%
Over £14,549-£24,944	Scottish Basic Rate	20%
Over £24,944-£43,430	Intermediate Rate	21%
Over £43,430-£150,000	Higher Rate	41%
Above £150,000	Top Rate	46%

Taxes on business are being raised less than the rate of inflation, or lowered. The small business bonus is kept and non residential land and building taxes are being kept at the lowest level of anywhere in the UK

Local Government

The cap on raising council tax is kept at 3% and better than expected Non Domestic Rates returns are being used as a substitute for rather than addition to Scottish Government funding. What increased funding is promised is largely ringfenced for Scottish Government priorities. These include moneys for early years expansion and care integration. The general resource grant (used to support day-to-day spending) falls, in cash terms, by almost £400 million. More demands are being placed on local government (and hence Local government staff , without giving councils the capacity to address the shortfall.

KEY POINTS:

- **ScotGov has set out its draft budget and pay policy**
- **Health budget goes up. Many others are standstill**
- **Councils will face cuts to operational budgets**
- **Pay policy is similar to last year but not funded**



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Health

As announced earlier in the year all of the Barnett consequentials from the UK Budget go to health. The Scottish Government is also dedicating additional giving a cash increase of £724m . Much of this is earmarked for specific priorities in Primary Care, CAHMS and care integration etc. £11.1 million will be available to increase the level of bursary support for nursery and midwifery students in 2019-20, with a further £25.4 million in 2020-21

Education

There is additional cash (£235m) for implementing the early year's expansion, both in terms of staff and buildings. £180 million is promised for action to close the attainment gap in schools. £120m of this seems to be the previously announced Pupil Equity Fund money. There is no real terms increase for the Funding Councils. The rise in college operational expenditure is below inflation.

Police and Fire

Police, fire and community justice budgets are protected in real terms

Pay Policy

The Scottish Government's pay policy only applies to directly employed staff and NDPBs. However, it is indicative of its expectations in other budget allocations, particularly NHS and local govt. The new pay policy is: a guaranteed minimum increase of 3 per cent for public sector workers who earn £36,500 or less and continuing the requirement for employers to pay staff the real Living Wage of £9.00 per hour

The OBR is forecasting inflation (RPI) next year at between 3-3.4%

A pay policy is only an aspiration if it is not funded. The local govt allocation clearly doesn't include anything for pay. The 3% maximum increase in the Council Tax only pays for a 1% pay increase.

Conclusion

The Scottish Government boast that their plans will mean Scotland is the lowest taxed part of the UK. Low taxes are a poor substitute for public services.

Further information

Draft Budget 2018-19

<https://www.gov.scot/publications/scottish-budget-2019-20/>

Pay policy

<https://www.gov.scot/publications/public-sector-pay-policy-2019-20/pages/2/>

UK Budget Briefing

<http://www.unison-scotland.org/library/Policy-Briefing-103-UK-Budget-2018.pdf>



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