



Summary of Scottish Budget 2021-2022

For Scottish Chambers of Commerce Network

January 2021

Income Tax

- Public Finance Minister Kate Forbes confirms that Income Tax rates will remain unchanged and the starter and basic rate bands, as well as the higher rate threshold, will increase by CPI inflation (0.5%). The top rate threshold will remain frozen in cash terms at £150,000.

Business Rates

- The Basic Property Rate ('poundage') will be reduced to 49 pence, the same as in 2019-20.
- The 100% rates reliefs for the Retail, Hospitality, Leisure and Aviation sectors (RHL relief) will be extended for at least three months from April 2021. The Scottish Government would match the UK Government's RHL reliefs should the latter bring forward an extension to their equivalent RHL relief that generates consequential funding.
- The rateable value upper threshold in order to qualify for Fresh Start Relief will be increased from £65,000 to £95,000 to match the Higher Property Rate threshold. This relief encourages the use of empty property by offering 100% relief for up to twelve months to properties that have been empty for six months or more;
- Business Growth Accelerator (BGAc) relief will be expanded to property improvements where there has been a concurrent change of use to incentivise the re-use of existing assets. This component of BGAc that any increases in NDR due to improvements to, or the expansion of, existing properties will not take effect until twelve months after those changes are made to the property.
- Unoccupied new builds will be able to claim BGAc relief for up to three years, providing certainty to investors and developers.
- One hundred per cent Day Nursery Relief for all standalone nurseries in the public, private and charitable sectors will be extended to at least 30 June 2023.
- In order to provide investor certainty and also respond to the findings of the Tretton Review of Small Scale Hydro Plant and Machinery, the Budget extends the current 60% hydro relief and the 50% District heating Relief until 31 March 2032.

- Where district heating networks are powered by renewables, as part of the Heat in Building Strategy, the District Heating Relief will be expanded to offer 90% relief instead of 50% for new District Heating networks. The 90% relief will be available to 31 March 2024.

The Budget will continue to fund the following reliefs which are set annually:

- Small Business Bonus Scheme relief, which has lifted over 117,000 properties out of rates altogether as at 1 July 2020.
- Transitional Relief, which caps annual rates bill increases at 12.5% for Aberdeen City and Aberdeenshire offices and for all but the very largest hospitality properties across Scotland.

Finance, Economy, Fair Work and Employability

- £17 million additional funding for enterprise agencies, the launch of a £100 million Green Jobs Fund, and £51.9 million of dedicated help for the tourism sector including doubling the Rural Tourism Infrastructure Fund.
- Local Authority Discretionary Fund will be doubled to £60 million in this financial year to allow councils to respond to local needs. In addition, businesses eligible for the Strategic Framework Business Fund will receive full Level 4 payments on 22 February, regardless of any future changes to local restrictions.
- A new £55 million programme to support town centres and community-led regeneration projects
- An extra £200 million for city and regional deals and an additional £100 million for digital connectivity

Education & Skills

- £1.1 billion to drive forward national mission for jobs, and equip future workforce with the skills they need, including an additional £125 million of investment targeted at employment support, including the National Transition Training Fund and Young Person's Guarantee, alongside £230.9 million for Skills Development Scotland.
- £2.7 billion in education and skills – alongside significant funding delivered through the local government settlement – including £125 million to help close the attainment gap, and £1.9 billion for universities and colleges.

Infrastructure and sustainability

- £6 billion of capital investment in 2021-22 through the National Infrastructure Mission – including £667.6 million grant funding to continue programme of affordable house building, £142 million to support housing support schemes including shared equity and almost £100 million for superfast digital connectivity.
- £1.6 billion for rail and bus services and £100.5 million for active travel to consolidate changes to healthy, green travel options seen during the pandemic.
- Investment of nearly £1.6 billion to transform heat and energy efficiency of buildings in Scotland, whilst directly supporting up to 5,000 jobs.

- £60 million to support the industrial and manufacturing sectors during a green economic recovery to overcome private sector investment and transition challenges, focused on decarbonisation.
- The £62 million Energy Transition Fund to provide a package of investment for the North East that will support the energy sector and help us make significant progress on energy transition, while promoting sustainable inclusive growth, as we move toward net zero by 2045.
- A £70 million fund to improve local authority recycling collection infrastructure, and develop a new route map to reduce waste and meet waste and recycling targets for 2025, as part of growing a circular economy.
- Investing over £500 million in active travel over the next five years and a further £500 million in bus priority infrastructure.
- £150 million has been allocated for woodland and forestry through the low carbon fund, supporting an increase in tree planting and woodland creation, from 12,000 hectares in 2020-21 up to 18,000 hectares in 2024-25.
- Investing over £70 million to support a transformative shift to zero emission mobility, including in electric vehicle charging, hydrogen, research and innovation, and consumer loans.
- £120 million for Zero Emission Buses over the next five years, driving forward a fully decarbonised future for Scotland's bus fleet and supporting the Scottish supply chain.
- A new £180 million Emerging Energy Technologies Fund to support the development of hydrogen and Carbon Capture and Storage (CCS), and add impetus to the development of Negative Emissions Technologies.
- £50 million to create Active Freeways, providing sustainable transport infrastructure between settlements and major trip attractors.

Local government

- £11.6 billion for local government, which represents a £335.6 million increase in core revenue funding, including the £90 million to compensate local authorities which choose to freeze Council Tax, plus £259 million in one-off funding.