

'Sturgeon slowdown' will create £2 billion black hole in Scotland's finances

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15 Dec 2017



Scotland's public services are on course to lose £2 billion in vital revenue thanks to a "Sturgeon slowdown" in the economy, the Scottish Conservatives are warning today.

Forecasts published by the Scottish Fiscal Commission yesterday showed lower than expected growth until 2022.

As a result, compared to official projections made earlier this year, Scotland is now expected to raise £2.1 billion less than projected in tax revenue.

Next year alone, the lost revenue due to lower growth is expected to be £205 million compared to projections earlier this year – more than the £164 million that Ministers are to take from the pockets of low, middle and high earners.

The Scottish Conservatives today are repeating their call for the SNP to dump their 'Nat Tax', saying the figures prove that it is economic growth – not tax rises – which must be the priority.

The Scottish Fiscal Commission yesterday warned that economic growth will only reach 0.7% next year and will only rise to 1.1% by 2022.

This is lower than growth in the rest of the UK – meaning Scotland's tax take will be lower over the coming period.

Scottish Conservative shadow secretary for finance Murdo Fraser MSP said:

"Thanks to the coming Sturgeon slowdown, the Scottish Government is projected to raise £2 billion less than expected over the remainder of this Parliament.

"That's £2 billion less going to schools and hospitals because of the failure to match levels of growth we are seeing elsewhere in the UK.

"The SNP's answer is to introduce a new Nat Tax – but these figures show if we had higher growth, there would be no need to do so.

“The SNP’s Nat tax isn’t just a broken promise, it’s bad economics. Hanging a sign at the border saying higher taxes will drive away jobs and leave Scotland further behind other parts of the UK.

“Nicola Sturgeon broke her promise on tax this week. She said she wouldn’t increase taxes on basic rate taxpayers, but that’s exactly what she’s done.

“It is time she apologised, and instead focussed her government on delivering the growth we need to support our vital public services.”

See below the official forecasts produced by the Scottish Fiscal Commission this week compared to Scottish Government forecasts in February. The figures have been revised down due to the lower growth forecasts.

Forecast (£million)	2018/19	2019/20	2020/21	2021/22
SG February 2017	12,320	12,943	13,681	14,595
2018/19 Draft Budget	12,115	12,582	13,084	13,662
Lost revenue	205	361	597	933

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The Scottish Conservatives have slammed the SNP for slashing funding to local authorities in the budget.

SNP finance secretary Derek Mackay tried to claim yesterday that he had increased council funding, but figures in the budget document, Local Government Finance (Scotland) Settlement 2018-19, revealed a dramatic fall in their day to day spending in cash and real terms.

There will be a £157 million real terms cut to local authorities in 2018-19, which comes at a time when many local authorities are already struggling with their finances.

The decision to cut their funding came despite the amount of money available to the Scottish Government increasing, with the block grant set to increase

in real terms by 1% over the next three years.

Scottish Conservative local government spokesman Alexander Stewart MSP said:

“The SNP’s cuts to local government are totally inexcusable.

“The Scottish Government’s budget has been rising, and yet they’ve chosen to slash the money given to local councils.

“With councils across the country already struggling financially, it’s no wonder so many of them are furious with Derek Mackay.

“These cuts will mean that front line services that millions of Scots depend on will suffer, at the same time that the SNP are hiking taxes of hardworking Scots.

“It just goes to show that under the SNP we pay more, but get less in return.”

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14 Dec 2017



The Scottish Government’s Nat Tax means nearly half of Scottish workers will pay more than if they lived in the rest of the UK.

Finance secretary Derek Mackay confirmed that everyone being paid more than £26,000 – including nurses, primary teachers and police officers – would pay more under his plans.

He introduced a new rate of 21p for those earning between £24,000 and £44,000.

That means, once a worker hits £26,000, they will be worse off than their equivalents in England, Wales and Northern Ireland under these SNP plans.

It is estimated around 1.16 million workers will be hit by these changes, a total of 45 per cent.

Earlier, First Minister Nicola Sturgeon claimed the tipping point would be at

£33,000, hitting 70 per cent of workers.

But that sum takes into account the Personal Allowance introduced by the UK Government to help lower earners.

And even those taxpayers who the SNP says will save money will only gain by £20 a year – the equivalent of 38p a week.

Mr Mackay also increased rates at the higher and top tax bands, even though he admitted doing so may spark behavioural changes which could lead to less being raised.

The move is a direct contradiction of the SNP 2016 manifesto, which said taxpayers currently on the basic rate would be “protected” and would not have to pay more.

Following today’s announcement, that promise has been unequivocally broken.

Growth projections were also released by the Scottish Fiscal Commission, which show “dismal” growth of less than one per cent for the next five years.

They revealed, for the next five years, GDP will increase by merely 0.7 per cent, 0.9 per cent, 0.6 per cent, 0.9 per cent and 1.1 per cent.

Today’s budget also saw council funding fall in real terms, and failed to make changes to Land and Buildings Transaction Tax (LBTT) recommended by experts to stop the market jamming up.

He did extend help for first-time buyers, but the Scottish Conservatives said that wouldn’t matter if homes on the market continued to be in short supply.

Scottish Conservative shadow finance secretary Murdo Fraser said:

“This Nat Tax will hit nearly half of Scottish workers in the pocket.

“That is a tax on aspiration, a punishment for daring to work hard, and a direct breach of the promise made by the SNP in its election manifesto.

“Today, every single SNP member of the Scottish Government has broken that promise to the Scottish people.

“That will not escape the notice of voters, who will never believe a word the nationalists say again.

“The message from this budget is clear: don’t be ambitious, don’t be hard working, and don’t be successful in the SNP’s Scotland.

“If you are, the SNP will penalise you for its own failure to grow the economy.”

On the SFC’s growth projections, Scottish Conservative shadow economy secretary Dean Lockhart said:

“These growth projections from the Scottish Fiscal Commission are absolutely

dismal and much worse than expected.

“It will mean that Scotland’s economy will have trailed behind the rest of the UK for 14 years.

“Instead of prioritising economic growth, the SNP has decided to impose higher Nat Taxes on the hard working people of Scotland.

“Large and small businesses across Scotland have warned the SNP that this will cause long term damage to the economy.

“It’s the SNP’s responsibility to grow the economy, but it is abjectly failing to do so.”

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12 Dec 2017



The Scottish Conservatives will use their party business in the Scottish Parliament tomorrow (Wednesday) to challenge the SNP to stick to their own manifesto promise on tax.

The motion calls ‘on the Scottish Government to freeze the Basic Rate of Income Tax throughout the Parliament to protect those on low and middle incomes’.

The SNP manifesto promised that the SNP ‘will freeze the Basic Rate of Income Tax throughout the next Parliament to protect those on low and middle incomes’.

A recent Survation poll for the Sunday Post highlighted that, asked what the Scottish Government should do first, 61% say the SNP should review public spending, only 22% say they should raise tax.

The Federation of Small Businesses, Scottish Chambers of Commerce, the Scottish Retail Consortium and the Fraser of Allander Institute have all warned the Scottish Government against raising taxes due to the negative effects on the economy.

In particular, the Fraser of Allander Institute has stated that Scotland’s

economic performance is so bad that the SNP would not be able to raise the money to fund any significant increase in public sector spending.

Murdo Fraser, Shadow Cabinet Secretary for Finance said:

“The SNP told people one thing when it wanted their votes, now it’s saying the complete opposite.

“The Deputy First Minister has previously called tax rises as a ‘punishment’ and said it would be the ‘last thing’ the SNP government would do.

“The Scottish Conservatives believe that hitting hardworking families with higher taxes will only damage the Scottish economy in the long run, leading to less money to fund public services.

“There is now a serious consensus within Scotland’s business community that the SNP should not increase income tax, including even the pro-independence, SNP supporting Business For Scotland.

“Indeed, the latest analysis suggests that these potential tax rises will not raise the required amount of money for public services, only punish taxpayers.

“In addition the public also overwhelmingly think that the SNP should review public spending prior to any tax increases.

“The SNP must focus on growth and productivity; on revitalising the Scottish economy.

“Bluntly, the SNP must stick to their manifesto and not raise punishing and counter-productive taxes.”

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11 Dec 2017



Nicola Sturgeon should reveal the views of her own Council of Economic Advisers in relation to planned tax hikes, the Scottish Conservatives have said.

The nationalists are understood to be planning an increase in income tax as part of this week's budget, forcing tens of thousands to pay more than they would if they were living elsewhere in the UK.

At the weekend, a range of high-profile organisations – including FSB Scotland and Reform Scotland – said the move would be a huge mistake, adding to host of other who have already made their feelings clear.

Even the pro-independence Business for Scotland said it was against whacking up tax.

Now shadow finance secretary Murdo Fraser has demanded the Scottish Government reveals what its own Council of Economic Advisers thinks of the planned changes.

The council had been asked previously by the SNP to investigate the behavioural impact of increasing the upper rate of income tax.

Scottish Conservative shadow finance secretary Murdo Fraser said:

“Presumably Nicola Sturgeon has consulted her Council of Economic Advisers on one of the biggest financial decisions of the SNP's time in government.

“If so, she should set out exactly what this group has said before Thursday's budget.

“Almost every business group in Scotland – even the pro-SNP ones – have said they oppose income tax rises.

“They say it would be bad for business and bad for the economy.

“The SNP is increasingly isolated on this matter, which is why the views of the Council of Economic Advisers are so critical.

“If it wasn't created for decisions like this, people will wonder why it was established at all.”