



# What you need to know about the Scottish Government's Draft Budget 2018/19

## Background

Cabinet Secretary for Finance and Governance, Derek Mackay set out the [Scottish Government's draft budget](#) on 14 December 2017 detailing financial plans for 2018/19.

This first look briefing for CIH members sets out the provisions within the Scottish Government's budget which will have the greatest impact on the housing sector including:

- Investment in housing supply;
- Homelessness and rough sleeping;
- Changes to LBTT;
- Social security;
- Fuel poverty; and
- Local Government settlement.

Further details will be published by the Scottish Government in the coming days and we can expect to see a number of amendments put forward as the Scottish Government no longer holds a majority.

## Housing Supply

The draft budget significantly increases the housing budget from £739.0m in 2016/17 to £878.6m in 2017/18. A substantial proportion of this funding - £756m - will go towards delivering the Scottish Government's 50,000 affordable homes target.

Other projects that come under this portion of the budget include:

- Continuing support for home ownership through Help to Buy and open market shared equity;
- Maintained funding for rural and island housing funds;
- Provision of grant and loan schemes to support infrastructure delivery; and
- Support for the build to let market through initiatives such as the new rental income guarantee scheme.

## Homelessness and rough sleeping

The Finance Secretary restated the Scottish Government's commitment to eradicating rough sleeping and transforming the use of temporary accommodation. In 2018/19 the Scottish Government will make £10m available from the

Ending Homelessness Together Fund which will total £50m over five years. Recommendations from the [Homelessness and Rough Sleeping Action Group](#) (HARSAG) due to be reported by late spring 2018 will influence initial spending decisions.

## Changes to LBTT

Following the [UK Government's announcement](#) that Stamp Duty Rates will be revised to support first time buyers, the Finance Secretary revealed plans to abolish Land and Building Transaction Taxes (LBTT) on purchases up to £175,000 (from £145,000) stating that this will exempt 80% of first time buyers from LBTT.

## Social security

Social security spending will increase from £95.9m to £100.2m as the Scottish Government commits to continuing to mitigate the 'Bedroom Tax' in full (requiring an increase in funding based on projections for full mitigation) and maintain budgets for other Discretionary Housing Payments (DHPs) at £10.9m and the Scottish Welfare Fund (SWF) at £38.0m.

## Fuel Poverty

Proposed spending on fuel poverty and energy efficiency has seen no real increase up £0.2m to £114.3m. This will support current programmes such as Home Energy Efficiency Programme (HEEPs) Area Based Schemes (ABS) and advice services.

## Local Government settlement

The Local Government settlement remains steady at £10,384.1m. This will present challenges for local authorities to continue providing vital services while dealing with additional pressures including continuing welfare reform and lifting of the public sector pay cap. The Finance Secretary indicated that local authorities may wish to make use of their power to increase Council Tax by up to 3% to raise additional income.