

Scottish Budget: 2023-24

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Foreword

by the Deputy First Minister



The Scottish Government Budget for 2023-24 takes place in the most turbulent economic and financial context most people can remember. The cumulative effect of war in Europe, surging energy prices, raging inflation, damage to labour supply and trade due to Brexit, along with the spectacular financial mismanagement of the UK Government, creates the most difficult set of conditions in which to set a Budget. At no stage since the reconvening of the Scottish Parliament in 1999 have the conditions been more volatile and the dangers more severe.

That context presents a difficult set of choices for the Scottish Government. At the heart of that debate – albeit within the constraints we face – is whether to invest or to scale back.

We have chosen not to follow the path of austerity that has been the hallmark of the current United Kingdom Government.

We want to create a Scotland that can eradicate child poverty, enable our economy to transition to Net Zero and create sustainable public services that support the needs of our people. The Scottish Government has chosen to invest.

The limited powers we won after the Independence Referendum in 2014 enable Scotland to make some different choices on tax. This Scottish Government has made use of those powers in the past, generating many millions more to invest in Scotland than if we had followed UK tax decisions.

In this Budget we use those tax powers again, asking people on higher incomes to contribute more in taxation than those on lower incomes, but with the majority of people in Scotland still paying less in taxation than if they lived in the rest of the United Kingdom and everyone enjoying the benefits of strong public services and a comprehensive social contract.

These decisions mean that we have been able to go well beyond our previous commitment on health and social care – to pass on all frontline consequentials – and deliver a £1 billion uplift to the health budget.

In this Budget we set out how we will, in pursuing the Bute House Agreement, use all of the resources available to us, to create a Scotland that tackles inequality, fulfils our obligations to safeguard the planet and invests in the health, education and justice services that will serve our people well in these tough times.

In formulating this Budget, we have listened to the views of other political parties, of business, trades unions, the third sector and many other stakeholders.

We believe we have made the correct choices to safeguard Scotland in these difficult days and we look forward to engaging with Parliament in the scrutiny of the Budget in the weeks to come.

John Swinney MSP,
Deputy First Minister

Chapter 1

Strategic Context: A Stronger & More Resilient Scotland

Introduction

The past year has been defined by economic turmoil. Throughout this crisis the Scottish Government has taken decisive action to protect the most vulnerable and support our businesses and communities.

At one level this is a global crisis, with the combined impacts of the COVID-19 pandemic and Russia's illegal invasion of Ukraine creating a disruptive set of financial and economic challenges that all governments must address.

These challenges include responding to sharp increases in the cost of living driven by the significant increase in food, fuel and energy prices; in the cost of doing business, including the impacts of supply chain disruption and labour shortages; and in the costs for organisations, in the public, private and third sectors, operating within this challenging environment.

However, Scotland and the UK face additional and unique challenges. Brexit has resulted in the loss of membership of the European single market and the end of frictionless trade and free movement of labour. This has had a deep and lasting impact on our economy and comes at the end of a decade of damaging austerity, imposed by the UK Government, that has made our public services less resilient. The Office for Budget Responsibility (OBR) forecasts that the new trading relationship between the UK and EU will reduce the size of the UK economy by four per cent relative to remaining in the EU.

Coupled to the economic damage created by Brexit, the lasting impacts of the UK Government's disastrous September mini-budget have made the situation more challenging, with the higher cost of borrowing inflicting further damage on the public finances.

The Bank of England is warning the UK is facing the longest recession in 100 years. The Scottish Fiscal Commission (SFC) is forecasting that Scotland will enter recession, with record falls in living standards, and that the economy will take almost six years to recover to pre-pandemic levels.

Business and households are paying a steep price for the economic mismanagement of the UK Government. The OBR is forecasting that average household disposable incomes will fall by 7.1 per cent in real terms by 2023-24. The impacts of inflation are being particularly keenly felt by those on lower incomes – widening income inequalities.

Inflation at a forty-year high is having a corrosive effect on our budget and our ability to respond to the pressures being felt by people and businesses.

This crisis is pushing thousands of households into poverty. It puts livelihoods – and lives – at risk. It has laid bare the fiscal constraints of devolution, as we cannot borrow to support day-to-day expenditure when times are hard, to assist us through these difficult days. The crisis requires the Scottish Government to take decisive action. In setting this Budget, the Scottish Government is using the powers available to us to the maximum extent that is responsible, to meet the challenges faced by the people of Scotland.

Fiscal and economic context

Under the devolution settlement the Scottish Government cannot borrow to meet these increased costs, nor can we alter Income Tax rates midway through a financial year. This means that the Scottish Government's budget is effectively fixed in cash terms each financial year. We have made representations to the UK Government for funding or additional flexibilities to help us manage these challenges, but the Scottish Government has received no additional in-year funding. Instead, we have had to cut some of our programmes.

Throughout this current financial year we have taken difficult decisions to ensure our public services continue to deliver. In May 2022 the Scottish Government published the [Resource Spending Review](#) (RSR) which set out the high-level parameters for resource spend within future Scottish Budgets up to 2026-27 and a medium-term plan focused on the outcomes we want to see. Since then the fiscal landscape has tightened dramatically.

According to the latest data inflation now stands at 11.1 per cent, the highest UK rate since 1981. Since 2021, the 2023-24 Scottish block grant has reduced by 4.8 per cent in real terms when applying the GDP deflator. While the GDP deflator is the usual comparator for analysing real terms changes in public spending, as highlighted by the OBR and SFC, it may not fully capture the inflationary pressures faced by the public sector in the current environment. Using CPI as an alternative measure of inflation, the core Barnett funding from the UK Government would be 10.8 per cent lower than in 2021-22. As well as high inflation, businesses and households are also facing pressures from rising interest rates, with the Bank of England base rate reaching 3 per cent in November following the largest increase since 1989.¹

This year we have faced significant, and entirely understandable, pay demands from public sector workers. In response, we reallocated over £700 million more than originally budgeted to enhance pay uplifts to better reflect the increased cost of living. Where settlements have still to be reached, we will continue to engage and negotiate in good faith with our partners. But the fact remains that every additional pound we spend on pay deals must be funded from elsewhere within our budget.

¹ Economic data correct as of 12 December 2022

We continue to deal with the unforeseen – though entirely understandable and accepted – costs of resettling refugees fleeing the war in Ukraine. The way thousands of people in Scotland have opened their homes is an example of our country at its very best. Responding to this conflict has required a concerted effort at all levels, from the Scottish Government working closely with local government and third sector partners nationally to grassroots organisations collaborating within their communities. Scotland will always play our full part when supporting those fleeing conflict and persecution and we are making provision for continuing costs of Ukrainian resettlement in this Budget.

Taken together, in 2022-23, the Scottish Government has allocated almost £3 billion to help mitigate the cost of living crisis, including a range of support for energy bills such as delivering energy efficiency and heating improvements and providing advice for those most in need through Warmer Homes Scotland and our Area Based Schemes. In our most recent Programme for Government (PfG) we also set out a comprehensive cost of living support package which included increasing the Scottish Child Payment to £25 per eligible child per week (opening the benefit to around 387,000 children); and emergency legislation to put in place a rent freeze until at least 31 March 2023.

As a result of these pressures, in the autumn the Scottish Government had to make unprecedented reductions in planned spending totalling £1.2 billion in the current financial year. This [Emergency Budget Review](#) ensured the Scottish Government was able to reprioritise and provide further help to those most impacted by the cost of living crisis while ensuring we manage our budget prudently in the face of rising inflation and economic uncertainty.

In November, the UK Government set out revised tax and spending plans in its Autumn Statement. Whilst this brought some improvements to our resource position for 2023-24, this additional funding comes at a cost, with our Barnett funding increases in 2023-24 and 2024-25 likely being offset completely by lower projected Barnett funding in 2025-26 and 2026-27 – the latter two years of the Scottish Government’s Resource Spending Review period. At the end of this period, the block grant is expected to still be lower in real terms than it was in 2021-22.

Our choices

The economic and fiscal context of this Budget demands a response from Government that supports the most vulnerable and helps build a sustainable economy. In taking the decisions in this Budget we have been driven by our values. We have also developed this Budget in dialogue with our partners in the Scottish Green Party, consistent with the Bute House Agreement.

The Scottish Government is committing substantial amounts to protect the people of Scotland from the impact of decisions and policies made by the UK Government. We are choosing a different, more progressive path for Scotland.

This Budget takes further steps to address the deep inequalities in our society as we seek to eradicate child poverty in Scotland. It delivers on the need to create a wellbeing economy and a just transition to Net Zero, creating wealth and opportunity across the country. And it provides the impetus to reforms necessary to ensure that our first-class public services remain sustainable in the face of the challenges to come.

We are determined to meet our longer-term priority commitments: achieving our final statutory child poverty targets in 2030-31; investing in the just transition and meeting our 2045 Net Zero target; and ensuring public services across Scotland are sustainable, person-centred and high quality.

Inequality, the economy and public services are fundamentally interconnected. One cannot be prioritised to the detriment of the other. Advancing these priorities will help people to take more control of their lives, live well and play their full part in society.

People who choose to make Scotland their home are our most important resource, and it is only by ensuring every citizen can achieve their maximum potential that Scotland will do likewise. That is why this Budget strengthens the social contract between the Scottish Government and every citizen of Scotland for the wider benefit of society.

This social contract means that people in Scotland continue to enjoy many benefits not available throughout the UK – including free prescriptions, free access to higher education and the Scottish Child Payment. It also means that in Scotland families are shielded, as far as possible, from the welfare cuts and austerity policies of the UK Government.

Where we have the power, we are choosing a different, more progressive path for Scotland.

The Scottish Government has taken significant steps to modernise the taxes that have been devolved to the Scottish Parliament, in line with our fair and progressive Scottish Approach to Taxation. The decisions we have made on tax at previous Scottish Budgets also continue to raise significant additional revenue for the Scottish Budget, allowing us to invest more in our public services, economy and financial support for our citizens.

Our decisions on tax policy for 2023-24, as set out in Chapter 2, deepen the progressivity of our tax system. In coming to these decisions, we have balanced the need to raise revenue to support public services and tackle inequality, with our desire to protect people's incomes at a time of rising inflation. Our decisions mean that the majority of income taxpayers in Scotland, those earning up to £27,850, will continue to pay less than if they lived elsewhere in the UK.

The Scottish Government estimates that the decisions we have made in this budget on Income Tax through maintaining Income Tax Thresholds and increasing the Higher and Top rates of tax and Land and Buildings Transaction Tax will provide around an additional £550 million in 2023-24 to support our public services – this is on top of the extra revenue raised by previous changes to our Income Tax system. These decisions mean that we have been able to go well beyond our previous commitment on health and social care – to pass on all frontline consequential – and deliver instead a £1 billion uplift to the health budget. Over and above this it has allowed us to progress our expansion of Free School Meals for all Primary 6 and 7 pupils in receipt of the Scottish Child Payment, as the next step in fulfilling our commitment to universal provision in primary schools from August 2024.

In total, the decisions we have taken since the devolution of tax powers, will raise around £1 billion² more than if we were to simply replicate the Income Tax system in place in the rest of the UK. As well as securing essential funding for the NHS, this additional revenue helps fund our social contract. This includes an enhanced Scottish Child Payment, expanded universal early learning and childcare for all three- and four-year-olds, a better deal for undergraduate students with no tuition fees and less debt, and provides free prescriptions, saving Scottish patients £9.35 per item as compared to England.

Priorities for 2023-24

This Budget will prioritise the Scottish Government's strategic objectives of eradicating child poverty; transforming the economy to deliver a just transition to Net Zero; and providing sustainable public services.

Eradicating child poverty

The Scottish Government continues to take bold action towards our aim of reducing inequality and eradicating child poverty. Despite the efforts of this Government, poverty still blights the lives of too many people in Scotland. Many children miss out on opportunities to flourish because they are growing up in poverty.

The pandemic has exacerbated inequality in our society and the cost of living crisis is placing significant strains on families and households across the country.

Best Start, Bright Futures, our second Tackling Child Poverty Delivery Plan 2022-2026, sets out how the Scottish Government will work with partners to deliver Scotland's National Mission to tackle child poverty and drive progress toward the ambitious statutory targets set for 2030.

Through the Emergency Budget Review, we have ensured that our National Mission on Child Poverty has been given the priority it requires. That has enabled us to increase the Scottish Child Payment to £25 per week per child – a 150 per cent increase in 8 months – and to extend eligibility in November 2022. In addition to the expansion of free school meals and concessionary travel for younger people, we have taken bold steps to help children and young people escape poverty.

We recognise the interdependencies between education and child poverty. At all levels, education enables every child to have the opportunities and the choices they need to flourish and break the cycle of poverty. Improving the life chances of our children, young people and learners of all ages through excellence and equity in education is central to our National Mission on Child Poverty. This Budget, including funding delivered through the local government settlement, will continue to advance our ambitious education and skills priorities.

² This figure is the direct effect of Income Tax revenues as estimated by the SFC. It is prior to an estimate of subsequent changes in taxpayer behaviour. It is also prior to Block Grant Adjustments that take place within the Fiscal Framework, agreed between the Scottish Government and the UK Government.

Given the similar interdependencies between health and poverty, we will continue to enhance support for those with greatest healthcare needs, working to reduce health inequalities and continuing our investment in community-based mental health and wellbeing support for children, young people and families.

Our action on child poverty will also enable Scotland to keep The Promise to children and adults with care experience and those at the edges of care. Our investment in whole family support is critical to keeping children at home where that is safe by supporting them and their families when they need it and for as long as they need it – preventing the need for future chronic interventions. In the forthcoming year we will explore how preventative investment across portfolios can be aligned to help Scotland eradicate child poverty, recover from COVID and keep The Promise.

The Scottish Government cannot achieve this on our own and that is why we are committed to continuing to work in close partnership with COSLA, local government colleagues and our partners in the third sector to achieve this. We will work together to transform the delivery of Scotland's public services with a focus on flexible, preventative, person-centred interventions that ultimately reduce the need for crisis interventions and support families to thrive.

In this Budget we will:

- deliver the Scottish Child Payment, uprated to £25 per week in November 2022 and available to around 387,000 children, getting much needed cash into pockets – a benefit not available in the rest of the UK.
- uprate all other devolved benefits in April 2023 by September CPI (10.1 per cent) at a cost of £428 million.
- provide £20 million to extend the Fuel Insecurity Fund into 2023-24 which will provide a lifeline for thousands of households, including the most vulnerable in society, against rising energy prices.
- continue to invest in our No One Left Behind and Fair Start Scotland employability programmes that prioritise those who face complex barriers to accessing the labour market, including parents.
- continue to invest around £1 billion in high quality early learning and childcare provision, with a further £42 million invested in holiday food provision and expanding our support for school age childcare.
- provide £50 million for the whole family wellbeing programme for preventative, holistic, family support and a further £30 million to #KeepThePromise to our care experienced children and young people.
- continue capital investment in the affordable housing programme and provide £80 million of capital funding to support the expansion of free school meals.
- increase spend on our concessionary travel schemes, providing access to free bus travel for over two million people, including all under 22 year olds.
- maintain £200 million annual investment in the Scottish Attainment Challenge to increase the pace of progress on closing the poverty-related attainment gap.

Transforming the economy to deliver a just transition to Net Zero

We are living in a global climate and nature emergency, with climate change and a loss of biodiversity among the greatest threats facing people and the planet. This environmental crisis is not some far off, future problem – Scotland is already experiencing the impact of rising sea levels, extreme weather events and hotter summers.

There is global consensus on the need for urgent, whole-economy action to reduce our emissions and urgently tackle the impacts of climate change. This creates a huge economic opportunity for Scotland that we must fully realise.

Scotland was one of the first countries to declare a climate emergency and we have been committed to using all powers and resources at our disposal to accelerate the transition, leading the world in our approach to loss and damage and to the need for a just transition as well as in the strength of our statutory targets. As a nation we must also adapt and build resilience to the impacts of global climate change which are already locked in.

We have been consistently clear that this transition must be socially just. These principles underpin the Bute House Agreement which set out a bold, long-term programme of work to deliver against the scale of our Net Zero ambitions and this Budget reinforces our commitment to this work.

Ambitious, enhanced policy packages will be set out in our upcoming draft Climate Change Plan and new Just Transition Plans by the end of 2023. This Budget delivers progress as that work develops and looks to support our existing Adaptation Programme.

A stronger, fairer, greener economy benefits everyone living in Scotland. Through the delivery of our National Strategy for Economic Transformation we can help ensure that Scotland emerges strongly from the current economic crisis. We will shape our longer term future in line with our vision for a wellbeing economy that serves people and the planet first and foremost, for current and future generations.

We will also continue to work with the business community to identify how we can best support them through both the current and longer-term challenges they face including issues such as planning and regulation.

This transition to Net Zero is filled with opportunity. Continued targeted investment by the public and private sectors will unlock the opportunities of the transition while simultaneously growing our economy, be it creating good jobs and supporting localised and decarbonised supply chains, or delivering skills provision that is designed for a Net Zero economy. This investment will help us respond to the current cost of living crisis – improving energy efficiency to help tackle fuel poverty, expanding the use of renewable energy and improving access to public transport and digital connectivity.

A stronger, fairer and greener economy is both a driver and a consequence of our actions to tackle child poverty and address the twin climate and nature crises. Within this Budget we continue to prioritise actions that will contribute to sustainable and inclusive economic growth, not just to provide employment and income to households, but also to safeguard the future of revenues needed to support public services. In this Budget we will:

- provide the Scottish National Investment Bank with an additional £244 million so that it can continue to invest in Scottish businesses, projects and communities across all three of the missions set for it by Scottish Ministers: Net Zero, place and innovation.
- continue, with the private sector, to deliver the £60 million Electric Vehicle (EV) Infrastructure Fund to expand Scotland's EV charging, provide £15 million to allow the exploration of a pathfinder pilot looking at the removal of peak time rail fares as part of our Fair Fares Review; and invest £197 million in active and sustainable travel, including increasing access to cycling and supporting behaviour change – part of our landmark commitment to invest £320 million in active travel by 2024-25.
- invest £50 million in the Just Transition Fund for the North East and Moray – this will more than double the 2022-23 allocation, helping to diversify the regional economy away from carbon-intensive industries and capitalise on the opportunities, including jobs and prosperity, the transition to Net Zero brings.
- invest over £1.4 billion to maintain, improve and decarbonise Scotland's rail network, ensuring that this critical infrastructure continues to serve the needs of the people of Scotland.
- increase investment to over £366 million in delivering our Heat in Buildings Strategy in 2023-24 which includes the development of low carbon infrastructure projects such as heat networks and measures to tackle fuel poverty. This is part of our commitment of £1.8 billion over this Parliament to accelerate the deployment of heat and energy efficiency measures as we aim to decarbonise over a million Scottish homes by 2030.
- support our businesses by freezing the non-domestic rates poundage, providing transitional reliefs based on the forthcoming revaluation on 1 April 2023 and continue to support the Small Business Bonus Scheme to remove 100,000 properties from rates altogether. We are using our non-domestic rates regime to further incentivise investment in renewables through the introduction of new prescribed plant and machinery exemptions for onsite renewable energy generation and storage from 1 April 2023 until 31 March 2035.
- help Scotland to become a global leader in sustainable and regenerative agriculture by committing £44 million for the National Test Programme, Agricultural Reform Programme and Agricultural Transformation Fund supporting the industry to achieve our statutory emission targets.
- continue to support lifeline ferry services with an additional £122 million of capital investment in new vessels and upgraded infrastructure to support our remote and rural communities and economies as well as the journey to Net Zero with more efficient vessels and zero emissions where possible.

- invest over £26 million in peatland restoration as part of a £250 million, 10-year spending package. This will enable multi-year, large-scale projects to be planned and delivered as we upscale activity to meet our target of 250,000 hectares of restored peatland by 2030.
- invest over £77 million to support the scaling-up of activity to meet our annual target of 18,000 hectares of woodland creation target by 2024-25, alongside delivery of ambitious programmes focused on nature restoration and addressing biodiversity loss.
- deliver the £34 million Scottish Industrial Energy Transformation Fund and the recently launched £26 million Low Carbon Manufacturing Challenge Fund. These initiatives will leverage co-investment from manufacturing businesses that will support their decarbonisation and strengthening competitive advantage.
- invest £42 million over the next five years to boost entrepreneurship by supporting start-ups in Scotland through our national network of Techscalers and pre-scalers, widening access to entrepreneurial opportunities and fostering an online community offering mentorship and world-class education to support founders to scale up their businesses.
- develop and roll out a delivery plan empowering regions to become lead agents of economic growth, building on the Regional Economic Policy review.

Providing sustainable public services

Our public services are the building blocks of the fairer society we are determined to create. Our public services must be available to meet the needs of our citizens and we must ensure they are constantly adapting to changing need in our society. The Scottish Government remains committed to a necessary process of public service reform designed in line with well-established Christie Commission principles, with a strong emphasis on early intervention, prevention and local delivery. We will add to those principles the need to ensure that all of our public services are designed to be person-centred.

The Resource Spending Review recognised that the pandemic affected everyone in Scotland and that leadership was needed in the design and delivery of public services to ensure they meet the needs of current and future generations.

The NHS is a precious resource that must be available for all of us and the Scottish Government is determined to make the most significant investment we can to support the NHS to meet the challenges of today.

Through this Budget we are taking the next steps, but reform cannot be delivered by the Scottish Government alone. The needs of communities and people across Scotland are varied, and all public services will need to work together to better support people to thrive, and to prevent the human and economic cost of inequality in future years.

Doing more to combine local, regional and national expertise and resources, and embed a genuinely Scottish approach to public service delivery is fundamental if we are to deliver effective reform.

We know this model can work. The Dundee Pathfinder is breaking down organisational barriers and redesigning services to improve outcomes for people in the city across employability, mental health and childcare. The partnership in Glasgow is working to develop an approach that integrates child poverty interventions and brings together services across the city and from a range of public and third sector partners. This approach will connect families to all the services they need, through a 'no wrong door' approach, to support them to thrive.

Now is the time to build on these successes. We are committed to working together differently to ensure that systems work for the people who need them most. We are particularly focused on aligning public services to better meet the needs of six priority family groups which represent 90 per cent of those children in poverty in Scotland.

The 2023-24 Budget sets out our intention to go beyond the investment we originally planned in the Resource Spending Review. This will secure the delivery of strong public services in the short term, whilst also enabling progress with reforms required to ensure services are equipped to deal with the even greater fiscal challenges that lie ahead.

Through the Bute House Agreement and our Programme for Government, the Scottish Government has embarked on major reforms to help Scotland recover strength and resilience. We have continued to prioritise these reform objectives in this Budget and they will remain a priority for the year ahead.

This will improve the quality and efficiency of public services by focusing jointly on the strengths of communities, and then working with them to achieve the best possible outcomes. This reduces activity that does not add value and empowers people to take more control of their lives and live well.

In this Budget we will:

- support our NHS Boards with over £13 billion, which will allow them to continue to drive forward our five-year Recovery Plan. The reform of key services will continue, backed by £2 billion to establish and improve primary health care services in the community.
- provide £1.7 billion for social care and integration to improve services while paving the way for the introduction of the National Care Service.
- provide an additional £100 million to support delivery of the £10.90 real living wage for adult social care, building on the increase provided in 2022-23.
- invest £160 million to address the ongoing public health emergencies and to reduce the avoidable harms associated with drugs and alcohol. This continues our commitment to provide £250 million additional funding over the life of this parliament to address the drugs death emergency.

- provide over £550 million of additional funding to the Local Government settlement, which goes beyond our existing commitments. We also re-confirm our commitment to a new deal for local government, recognising the importance of partnership, collaboration and accountability in delivering high quality person-centred services.
- address the significant pressures on the justice system with £165 million additional funding to allow the system to address the Covid backlog and continue with transformational reforms, including using this funding to invest an additional £80 million in the Scottish Police Authority to improve the delivery of policing and enhance the safety and security of communities across Scotland, and enabling collaboration and co-location opportunities with blue light services across Scotland, and investing £6 million to support Legal Aid reform and strengthen access to justice.
- provide over £40 million of on-going COVID recovery funding to continue addressing the backlog of cases in the courts, which has already reduced substantially this year by over 12,000 cases, and community justice services.
- increase funding for the Crown Office and Procurator Fiscal Service to support COVID Deaths Investigations and courts recovery (£13 million).
- provide £2 million additional funding to support the costs of the COVID Inquiry.
- increase resource funding to our universities and colleges by £46 million to ensure we have a highly qualified and highly skilled workforce.

Delivering our common purpose with Local Government

The Scottish Government will continue to work closely with COSLA to agree a New Deal for Local Government. This is central to delivering a more joined up model of public service delivery. Building upon the joint working that developed the COVID Recovery Strategy, the Scottish Government re-commits to focusing our activities and spending towards a wellbeing economy and accelerating the design of inclusive person-centred public services.

We will work towards agreeing a Fiscal Framework with Local Government which will strengthen engagement throughout the budgetary cycle and establish a clear process to progress greater fiscal empowerment for councils.

We will take forward discussions to create a Partnership Agreement between the Scottish Government and Local Government founded on a common purpose of working in a more collaborative way across the public sector to achieve better outcomes for people and communities across Scotland. Our approach will be to offer greater flexibility for councils alongside more efficient assurance processes on the delivery of essential outcomes for the people of Scotland.

In addition to closer working at the national and local level, this Budget increases funding for Local Government by over £550 million compared to 2022-23, assisting Councils in meeting the challenges posed by high inflation and the cost of pay deals. Councils will continue to benefit from the Scottish Government's decision to guarantee the combination of General Revenue Grant and Non-Domestic Rates income thereby protecting councils from volatility in the commercial property market.

From 1 April 2023, Local authorities will have full discretion over Empty Property Relief for Non-Domestic Rates supported by £105 million added to the settlement to support local priorities including the option to develop local relief schemes. The Scottish Government will also seek to empower councils by bringing forward new regulations to tackle non-domestic rates avoidance loopholes which reduce public revenues.

Fair and sustainable pay and workforce

We will always owe an enormous debt of gratitude to the individuals across Scotland who deliver our public services, particularly for the manner in which they enabled the country to deal with the COVID pandemic. We recognise that people working in the public sector face the same cost of living challenges as others, while public service providers face increased costs for food, fuel and supplies, similar to those faced by businesses in the private and third sectors. That is why, in the absence of any additional funding from the UK Government and given the fiscal constraints of devolution, we have taken difficult savings decisions this year to allocate more than £700 million extra to enhance pay deals with a particular focus on improving low pay.

Paying higher wages is the biggest contribution the Scottish Government can make to help many families with rising costs, impacting around 450,000 devolved public sector workers – over one fifth of Scotland's total workforce. It also represents our commitment to sustainable public services. The level of 2022-23 pay awards, necessary in light of the level of inflation, reflected that it was no longer reasonable to maintain pay at the levels envisaged when the 2022-23 budget was set. The costs of these pay deals have recurring implications for budgets in future years. With over £22 billion invested in employee pay this year, equivalent to more than half the Scottish Government's discretionary resource budget, financial sustainability must be a key element of all pay awards.

Going forward, pay and workforce must more than ever be explicitly linked to both fiscal sustainability and reform to secure the delivery of effective public services over the medium term. It will be for individual public bodies to establish fair and sustainable 2023-24 pay levels in dialogue with their respective trade unions, to determine locally the target operating model for their workforces and to ensure workforce plans and projections are affordable in 2023-24 and in the medium term. This consideration will again reflect our commitment to no compulsory redundancy and to the adoption of the Real Living Wage (now £10.90 per hour).

Our approach reflects that public bodies are best placed to determine how to deliver services within their available budget and we will continue to work with trade unions and employers.

Reflecting the exceptional circumstances – notably the challenging and uncertain outlook for inflation, the need still to conclude some pay deals for the current year and the associated implications for spending baselines – the Government is not setting out a public sector pay policy alongside the 2023-24 Budget. We have pressed the UK Government for appropriate funding for public sector pay, but still the block grant funding – which makes up most of the Scottish Budget – is based on the UK Government’s own insufficient pay proposition. Scottish Government leadership has already shown the way on pay this year, and we will continue to engage with trade unions and public sector employers on collaborative responses. We will look to say more on 2023-24 pay at an appropriate point in the new year.

Capital expenditure

Our capital spending ambitions have been impacted by global trends, exacerbated by UK Government decisions. This remains an extremely challenging time for the construction industry. There are shortages in the labour market, borrowing costs are rising and investors remain cautious. Building materials are increasingly hard to source and price inflation is currently running at around 17 per cent. Whilst price inflation in the sector is likely to reduce, costs are not expected to decrease – as have occurred in previous recessions.

Our capital funding envelope was unchanged by the Autumn Statement and despite us maximising the capital funding available to us by planning to borrow the full £450 million available in line with our capital borrowing policy, our capital spending power is significantly lower than when we set out the findings of our Capital Spending Review.

Our capital budget for 2023-24 is £5.94 billion, augmented by the Financial Transactions budget of £424 million. This sustains £1.2 billion investment in rail, bus and active travel infrastructure, and almost £400 million in the Heat and Buildings strategy and energy innovation. It also sets out over £835 million investment in our economy and public services – prioritising the best value investments being delivered with partners, including enterprise agencies, the Scottish National Investment Bank, City Region and Regional Growth Deals programme – and supports £746.6 million in Local Government capital investment. We will also invest £752 million in the affordable housing supply programme, and provide additional capital funding to support families and young people through education and skills investments of £566 million.

Given the value of our capital budget will not be able to extend as far as was envisaged when inflation and other costs were at more benign levels, the Government will continuously review the impact of these factors on our capital programme.

Economic outlook

After having recovered from a 25 per cent fall during the height of the pandemic at the beginning of this year, Scotland's economy is facing another downturn, with larger falls in living standards.

		2021-22	2022-23	2023-24
GDP growth (%)	Scotland (SFC)	14.0	1.7	(1.0)
	UK (OBR)	12.7	1.3	(1.2)
Unemployment rate (%)	Scotland (SFC)	3.9	3.4	4.3
	UK (OBR)	4.2	3.6	4.3
Real average earnings growth (%)*	Scotland (SFC)	0.0	(4.4)	(0.8)
	UK (OBR)	2.9	(3.2)	(1.4)

*Both SFC and OBR real average earnings figures are calculated using their respective Consumer Expenditure Deflators

The UK economy has already begun to contract and the Scottish Fiscal Commission (SFC) is expecting the Scottish economy to follow the UK into recession in 2022, with GDP falling 1.8 per cent between Quarter 1 2022 and Quarter 3 2023. The SFC forecast the recession to be similar in Scotland to the UK.

With high energy prices expected to be sustained for several years, the economy is forecast to recover slowly from the shock, not returning to pre-pandemic levels until the middle of 2025. Rising inflation also means that average real household disposable incomes fall back to 2013 levels, the largest fall since records began. They are also forecast to recover quite slowly, not returning to pre-pandemic levels until 2027.

The labour market has been experiencing shortages as the economy has reopened from the pandemic, with vacancies at historic highs. This is expected to soften the initial impact of the recession on unemployment, as vacancies fall from their current levels before unemployment begins to increase. However, as the recession takes hold, unemployment is projected to gradually rise to reach a peak of 4.7 per cent at the end of 2024. In the medium term, the UK Government's fiscal tightening is expected to weigh on growth, with government spending growing more slowly than the wider economy.

By the end of the forecast, the OBR and SFC expect this effect to have disappeared, as the Bank of England loosen monetary policy in response. However, the new and diminished trading relationship with the EU is also anticipated to have a longer-term impact on trade, with the OBR expecting that trade intensity will be 15 per cent lower under the new trade arrangements.

Internationally, the UK appears to be particularly affected, likely linked to the loss of access to the EU single market, including frictionless trade and free movement of labour. In their November Economic Outlook, the OECD forecast that the UK will see the worst economic performance in the G20 other than Russia in both 2023 and 2024.

The Scottish Government's independent expert panel, established in September 2022 to consider the impact of the UK's mini-budget, have now published their final report alongside this Budget and we have drawn on this advice in informing our response to this economic downturn.

Outcomes and Equality

The Scottish Budget is underpinned by Scotland's National Performance Framework. This sets out a vision for a more successful country, where all of Scotland can flourish through increased wellbeing, and sustainable and inclusive economic growth. Alongside this vision, the Scottish Budget delivers against our eleven national outcomes:



Our Purpose

To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.

Our Values

We are a society which treats all our people with kindness, dignity and compassion, respects the rule of law, and acts in an open and transparent way.

National Outcomes

- Children and Young People: We grow up loved, safe and respected so that we realise our full potential
- Communities: We live in communities that are inclusive, empowered, resilient and safe
- Culture: We are creative and our vibrant and diverse cultures are expressed and enjoyed widely
- Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy
- Education: We are well educated, skilled and able to contribute to society
- Environment: We value, enjoy, protect and enhance our environment
- Fair Work and Business: We have thriving and innovative businesses, with quality jobs and fair work for everyone
- Health: We are healthy and active
- Human Rights: We respect, protect and fulfil human rights and live free from discrimination
- International: We are open, connected and make a positive contribution internationally
- Poverty: We tackle poverty by sharing opportunities, wealth and power more equally

Ministers are required by statute to review the National Outcomes within five years of their previous publication which means the next review must commence no later than June 2023. The Scottish Government is preparing for the next statutory review of the National Outcomes, set to start its public engagement in the coming months and conclude during Term 3 of Parliament (2023).

Recognising the disproportionate impact on many sections of our population, we have published an Equality and Fairer Scotland Budget Statement. This provides a focus on the main challenges that are faced across different portfolios, on the basis of the protected characteristics in the Equality Act 2010, and on the realisation of human rights. This also sets out the main ways that these challenges are being addressed through our budget decisions.

A balanced budget

The Scottish Government is required to set a balanced budget each year. This must also remain within the key control totals as set out below:

Table 1.01 Total Scottish Government Funding

Scottish Government Discretionary Fiscal Budget	2021-22 £m	2022-23 £m	2023-24 £m
Fiscal Resource	39,215	39,188	41,944
Non Domestic Rates	2,090	2,766	3,047
Capital	5,660	5,824	5,939
Financial Transactions	449	527	424
Total Discretionary Fiscal Budget	47,414	48,305	51,353

Scottish Government Non-Discretionary Budget	2021-22 £m	2022-23 £m	2023-24 £m
Non-Cash Resource Budget	1,378	1,103	1,015
UK Funded Annually Managed Expenditure (UKAME)	6,373	6,934	7,444
Total Non-Discretionary Budget	7,750	8,037	8,459

Total Scottish Budget	55,164	56,343	59,813
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Notes: The prior year comparators throughout this document reflect the position as set out in the Scottish Budget as approved by Parliament for that year. The funding position shown is consistent with that original Budget allocation. The Budget position changes throughout the year and subsequent budget revisions are available from the Scottish Government website. Full analysis of the funding position is included at Annex A.

Some figures may not sum due to roundings (all Scottish Budget figures are rounded at Level 4; Level 4 tables are published alongside the Scottish Budget document on the Scottish Government website).

Table 1.02: Total Managed Expenditure by Budget Classification

2023-24 Scottish Budget	Fiscal Resource £m	Non-Cash Resource (Ring-fenced DEL) £m	Capital £m	Financial Transactions £m	Total £m	AME £m	Total £m
Health and Social Care	18,176	301	578	5	19,061	100	19,161
Social Justice, Housing & Local Government	13,765	67	1,333	85	15,250	3,047	18,297
Finance and Economy	595	50	577	258	1,480	6,921	8,401
Education and Skills	3,059	194	551	15	3,820	421	4,241
Justice and Veterans	3,006	156	203	-	3,366	-	3,366
Net Zero, Energy and Transport Portfolio	1,795	197	2,596	61	4,648	-	4,648
Rural Affairs and Islands	889	11	65	-	965	-	965
Constitution, External Affairs & Culture	304	17	26	-	347	-	347
Deputy First Minister and Covid Recovery	45	-	-	-	45	-	45
Crown Office and Procurator Fiscal Service	182	7	8	-	197	-	197
Scottish Government	41,816	1,000	5,938	424	49,178	10,489	59,667
Scottish Parliament and Audit Scotland	128	15	1	-	144	2	146
Total Scotland	41,944	1,015	5,939	424	49,322	10,491	59,813

Chapter 2

Tax Policy

Context

The 2023-24 Scottish Budget will prioritise investment in the Scottish Government's strategic objectives of: eradicating child poverty; transforming the economy to deliver a just transition to Net Zero; and providing sustainable public services. We are also going further in the level of investment for public services than set out in the Resource Spending Review in May.

We are making these decisions at a time when the Scottish economy is forecast to be in recession during 2023-24 and when public finances are under significant pressure from record levels of inflation. The current fiscal devolution settlement places stringent limitations on the Scottish Government's ability to respond to these, and other economic circumstances, particularly as we do not have access to the same fiscal flexibilities and borrowing powers that other governments across the world do.

The majority of tax powers remain reserved to the UK Government and Scotland has only limited powers over taxation. However, these powers are the primary means of raising additional revenue for the Scottish Budget. The challenges facing our public finances in 2023-24 have required us to examine and use all levers at our disposal in order to maximise the funding available to invest in and maintain our public services.

Our approach

The Scottish Government has taken significant steps to improve the taxes devolved to the Scottish Parliament, in line with our fair and progressive Scottish Approach to Taxation, as set out in our Framework for Tax. However, the circumstances before us mean that we now need to take further action.

The SFC forecasts that our income tax policy changes will raise £129 million in 2023-24. We estimate that freezing the Higher Rate Threshold has added an additional £390 million to the Income Tax forecasts compared to inflation¹. We have also made policy decisions in relation to Land and Buildings Transaction Tax (LBTT), which the SFC forecast will raise £34 million in additional revenue in 2023-24. The Scottish Government estimates that collectively these changes to Income Tax and LBTT will provide £553 million in 2023-24 when compared against uprating the Higher Rate Threshold in line with inflation.

¹ In May the SFC made a technical assumption that the Higher Rate Threshold would remain frozen in all future years. This assumption about freezing the Higher Rate Threshold in the baseline means the effect of freezing the Higher Rate Threshold is already in the SFC's forecasts and the policy decision to freeze the Higher Rate Threshold does not score as a policy measure.

The decisions we have made on tax, since the devolution of powers, continue to raise significant additional revenue for the Scottish Budget. On Income Tax specifically, the SFC estimate that the decisions we have made since 2017-18, including decisions made this year, will add around £1 billion² of revenue in 2023-24, compared to implementing the rates and bands applicable elsewhere in the UK.

We have not taken our decisions on tax lightly and we recognise the challenging economic conditions that many people and businesses are facing. That is why we are asking those who are best able to contribute more to pay more.

In return, people living in Scotland have access to a range of social security benefits and public services that goes significantly beyond what is provided in other parts of the UK, including:

- the Scottish Child Payment, which we have recently increased to £25 per eligible child per week, opening the benefit to around 387,000 children;
- the abolition of tuition fees which means that undergraduate students living in Scotland graduate with less debt compared to those in England; and
- free prescriptions, which save Scottish patients £9.35 per item as compared to England.

The 2023-24 Scottish Budget combines support for the most vulnerable in society with our investment in Scotland's economy and public services, delivering a package of benefits for people living in Scotland, making Scotland an attractive place to live, work, study and do business in.

Income Tax

The Scottish Parliament has the power to set the Income Tax rates and bands for the non-savings, non-dividend income of Scottish taxpayers, with the revenue received coming to the Scottish Parliament through the operation of the Fiscal Framework. Responsibility for the remainder of the Income Tax system, which includes all reliefs and exemptions, and setting the UK-wide Personal Allowance and associated taper rate, are reserved to the UK Parliament. Income Tax on savings and dividends income is also reserved.

Policy

Significant changes to Scottish Income Tax were implemented in the Scottish Budget 2018-19, delivering a fairer and more progressive five-band structure compared to the UK's three-band system.

For 2023-24, we have chosen to further deepen this progressive approach, while seeking to raise additional revenue to support our vital public services during this challenging economic period. Our decisions for 2023-24 have been taken against a backdrop of record-high inflation, which is having a corrosive effect on the Scottish Government's spending power and the delivery of public services.

² This figure is the direct effect on Income Tax revenues as estimated by SFC. It is prior to an estimate of subsequent changes in taxpayer behaviour. It is also prior to Block Grant Adjustments that take place within the Fiscal Framework, agreed between the Scottish Government and the UK Government.

In the UK Autumn Statement, the UK Government confirmed that the UK-wide Personal Allowance will remain frozen at £12,570 until 2027-28, which will also apply in Scotland.

For 2023-24, the Starter and Basic rate bands will be maintained from the previous year at £14,732 and £25,688 respectively. The Starter, Basic and Intermediate rates will remain unchanged from their 2022-23 level. The Higher Rate Threshold will also be maintained at its current level of £43,662, and the Top Rate Threshold will be reduced to £125,140. An additional 1p will be added to both the Higher and Top Rates, bringing them to 42p and 47p respectively. These changes to the Scottish Government's tax policy are proposed to take effect from 6th April 2023.

Policy on rates and thresholds will continue to be set annually and we will consider the Income Tax position alongside the wider funding and economic landscape at the 2024-25 Scottish Budget.

Table 2.01: Scottish Income Tax Policy Proposals 2023-24

Band	Income Range	Rate
Starter Rate	£12,571 - £14,732*	19%
Basic Rate	£14,733 - £25,688	20%
Intermediate Rate	£25,689 - £43,662	21%
Higher Rate	£43,663 - £125,140	42%
Top Rate	Above £125,140**	47%

* Assumes individuals are in receipt of the Standard UK Personal Allowance

** Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000

Inflation, which is above 11% and forecast to remain high in 2023-24, is disproportionately affecting the lowest income households. The Income Tax policy set out for 2023-24 therefore seeks to use the limited powers at our disposal to protect public services, while maintaining and enhancing our fair and progressive approach to taxation. As noted above, Income Tax policies since devolution are forecast to raise around £1 billion in 2023-24, relative to if Scottish Income Tax mirrored policy in the rest of the UK this year.

Not pursuing this package would see significantly less money available in 2023-24 to support vital priorities such as investing in the NHS and education, and meeting our ambitious targets for child poverty reduction and net zero emissions. It will also enable the Scottish Government to continue supporting the most generous social contract in any part of the UK.

The progressive approach taken for 2023-24 Income Tax policy means the majority of the additional revenue raised will come from those earning significantly above median earnings in Scotland.

More information on the 2023-24 policy proposals, including a factsheet³ and distributional analysis⁴, is available on the Scottish Government's website.

3 <https://www.gov.scot/isbn/9781805253457>

4 <https://www.gov.scot/isbn/9781805253716>

Scottish Rate Resolution

The Scottish Parliament must pass a Scottish Rate Resolution each year to set the rates and bands for Scottish Income Tax. A draft of the motion setting out the proposed Scottish Income Tax rates and bands for 2023-24, and an accompanying explanatory note, is available on the Scottish Government's website.

Forecast

The SFC's forecasts for Scottish Income Tax receipts in 2023-24 determine the revenue that the Scottish Government will be able to draw down from HM Treasury during the year ahead. Forecasts for Income Tax receipts are set out in Table 2.02.

Table 2.02: Scottish Income Tax Revenue Forecasts 2022-23 to 2027-28⁵

£ million	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Scottish Income Tax	14,575	15,810	16,633	17,370	18,247	19,437

Land and Buildings Transaction Tax

LBTT is a tax applied to residential and non-residential land and buildings transactions (including commercial leases) where a chargeable interest is acquired. The Additional Dwelling Supplement (ADS) is payable, as part of LBTT, on purchases of all relevant residential properties for £40,000 and above.

Policy

We will continue to maintain residential rates and bands at their current level for LBTT. This preserves our progressive system, delivers certainty and stability for taxpayers, and is consistent with the commitment made in the Programme for Government 2021-22.

The First-Time Buyer Relief will also continue to be available. This has the effect of increasing the nil rate band from £145,000 to £175,000 for first-time buyers. In the period from introduction to the end of September 2022, more than 48,000 first-time buyers have benefited from the relief, saving up to £600 of tax on the purchase of their first home.

We will also maintain current non-residential LBTT rates and bands, which remain broadly competitive in a UK context and again provides certainty and stability for taxpayers.

Additional Dwelling Supplement (ADS)

The ADS will increase from 4% to 6%, with effect from 16 December 2022, raising £34 million additional revenue to support public services in Scotland in 2023-24. This will also support the Scottish Government's commitment to protect opportunities for first-time buyers in Scotland.

⁵ Scottish Fiscal Commission, Scotland's Economic and Fiscal Forecasts December 2022: <https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2022/>

Legislation will be laid in the Scottish Parliament to provide for this. The increased rate will not apply if the contract for a transaction was entered into on or before 15 December 2022. Existing arrangements allowing for the supplement to be reclaimed will continue.

Early in the new year, the Scottish Government will publish a response to the call for evidence and views on the ADS announced in Scottish Budget 2022-23 and launch a consultation on draft legislation.

Rates and Bands

Rates and bands in 2023-24 will be as follows:

Table 2.03: LBTT Rates and Bands for Residential Conveyances*

Relevant Consideration	Rate
Up to £145,000	0%
Above £145,000 to £250,000	2%
Above £250,000 to £325,000	5%
Above £325,000 to £750,000	10%
Over £750,000	12%

*If the first-time buyer relief applies, the effect is to increase the nil rate band to £175,000.

Table 2.04: LBTT Rates and Bands for Non-Residential Conveyances

Relevant Consideration	Rate
Up to £150,000	0%
Above £150,000 to £250,000	1%
Above £250,000	5%

Table 2.05: LBTT Rates and Bands for Non-Residential Leases*

Net present value of rent payable	Rate
Up to £150,000	0%
Above £150,000 to £2m	1%
Above £2m	2%

*LBTT on lease premiums is payable at the same rates and bands as non-residential conveyances.

In addition, the ADS may apply to the total price of the property for all relevant transactions of £40,000 or more, and will be charged in addition to the rates set out above. This will apply at a rate of 6% for transactions with an effective date from 16 December 2022, unless the transitional provisions apply.

Forecast

The forecasts for Land and Buildings Transaction Tax revenues are set out in Table 2.06.

Table 2.06: LBTT Revenue Forecasts 2022-23 to 2027-28⁶

£ million	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Land and Buildings Transaction Tax	850	773	728	794	910	995
<i>of which:</i>						
Residential transactions (excl. ADS)	465	392	360	394	467	524
Additional Dwelling Supplement (ADS)	155	165	151	172	202	216
Non-residential transactions	229	216	218	228	241	255

Scottish Landfill Tax

Scottish Landfill Tax (SLfT) is a tax on the disposal of waste to landfill, charged by weight on the basis of two rates: a standard rate; and a lower rate for less-polluting materials.

Policy

The rates set for SLfT are intended to serve as a financial incentive to support a more circular economy, and the delivery of our ambitious targets to reduce waste, increase recycling and cut waste going to landfill.

Landfill operators can voluntarily contribute a capped proportion of their landfill tax liability to the Scottish Landfill Communities Fund (SLCF) and claim 90% of the contribution as a tax credit. In order to claim a credit, the funds must be used for one or more of the objectives set out for the SLCF.

Rates

We will increase the standard rate of SLfT to £102.10 per tonne and the lower rate of SLfT to £3.25 per tonne in 2023-24, maintaining consistency with UK Landfill Tax increases. These rates are effective from 1 April 2023.

This will provide a stable tax environment, whilst addressing concerns over the potential moving of waste around the UK should one part of the UK have a lower tax charge than another. This is often referred to as 'waste tourism'.

The credit rate for the Scottish Landfill Communities Fund for 2023-24 will remain at a maximum of 5.6% of an operator's tax liability. This will ensure that landfill site operators can continue to contribute to community and environmental projects to a greater degree than their UK counterparts, without any increase in the overall tax burden.

⁶ Scottish Fiscal Commission, Scotland's Economic and Fiscal Forecasts December 2022: <https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2022/>

Forecast

The forecasts for Scottish Landfill Tax revenues are set out in Table 2.07:

Table 2.07: SLfT Revenue Forecasts 2022-23 to 2027-28⁷

£ million	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Scottish Landfill Tax	101	79	72	58	16	16

1. Adjusted downwards for payments to the Scottish Landfill Communities Fund (SLCF)

Non-Domestic Rates

Non-domestic rates (NDR), often described as business rates, are a local tax levied on lands and heritages used for non-domestic purposes in the public, private and third sectors. NDR are administered and collected by local authorities, who retain all the NDR revenue they raise to help fund the local services they provide. National NDR tax rates and reliefs are confirmed annually by the Scottish Government.

Rates

The amount of tax due is based on the rateable value of the property multiplied by the Basic Property Rate ('poundage'), or the Intermediate, or Higher Property Rate, where relevant, minus any reliefs to which the property is entitled. Independent Assessors set the rateable value of a non-domestic property, which is based on the notional annual rent the property would attract on the open market if vacant and to let. Non-domestic properties are periodically revalued to reflect prevailing economic circumstances, and the last revaluation was in 2017.

The next non-domestic property revaluation will take effect on 1 April 2023, based on rental values as at 1 April 2022 and draft values were published on 30 November 2022. The 2023 Revaluation implements the independent Barclay Review of Non-Domestic Rates recommendation to move to three-yearly revaluations and a one-year tone date. This will ensure that property values more closely align with prevailing property market conditions in Scotland but will make direct comparisons with non-domestic rates regimes across the UK more challenging due to differences in the respective tone dates.

The main tax rate, the Basic Property Rate or poundage, is a pence in the pound tax rate set by Scottish Ministers. Two additional rates – the Intermediate and Higher Property Rates – are levied on properties with higher rateable values.

The Scottish Budget will protect businesses from the full impact of inflation by delivering a freeze to the Basic Property Rate ('poundage') at 49.8p. This delivers the lowest poundage in the UK for the fifth year in a row and is expected to save ratepayers £308 million compared to an inflationary increase. The average non-domestic rates bill before any relief is applied will therefore be 10% lower than if there had been an inflationary uplift in the poundage.

⁷ Scottish Fiscal Commission, Scotland's Economic and Fiscal Forecasts December 2022: <https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2022/>

We committed in the manifesto to gradually reduce the Large Business Supplement, now the Higher Property Rate, over the course of this Parliament. The Scottish Budget 2023-24 reduces the number of properties which are liable for the Higher Property Rate, by increasing the rateable value threshold at which this rate applies, from £95,000 to £100,000. The Intermediate Property Rate, at 51.1p (the poundage plus 1.3p), will be charged on properties with a rateable value of between £51,001 and £100,000; the Higher Property Rate of 52.4p (the poundage plus 2.6p) will be charged on properties with a rateable value above £100,000.

Table 2.08: Non-Domestic Rates

Basic Property Rate ('Poundage')	49.8p
Intermediate Property Rate (rateable values between £51,001 and £100,000)	51.1p
Higher Property Rate (rateable value above £100,000)	52.4p

Reliefs

The Budget continues to support our businesses and communities with a generous non-domestic rates package which takes into account the forthcoming 2023 revaluation.

We have updated the Business Growth Accelerator relief to account for the revaluation and properties in receipt of this relief on 31 March 2023 will continue to be eligible for an equivalent percentage of relief on the new rateable value for the remaining duration of the relief.

To encourage regeneration including in town centres, we are expanding Fresh Start relief by raising the rateable value threshold at which properties qualify for the relief from £95,000 to £100,000. Properties already in receipt of Fresh Start relief on 31 March 2023 will also continue receiving relief for the remaining duration of the relief award regardless of whether the new rateable value is above the new qualifying threshold.

We will reform and extend eligibility for the Small Business Bonus Scheme (SBBS) relief to ensure that it remains the most generous in the UK, delivers the manifesto commitment that 100,000 properties will be taken out of rates altogether, and is more progressive than the current scheme. 100% relief will be available for properties with a rateable value of up to £12,000 and the upper rateable value for individual properties to qualify for SBBS relief will be extended from £18,000 to £20,000. To improve the design of the scheme, we are tapering SBBS relief for properties with a rateable value between £12,001 and £20,000: relief will taper from 100% to 25% for properties with rateable values between £12,001 to £15,000; and from 25% to 0% for properties with rateable values between £15,001 to £20,000. Cumulative rules will remain in place including the £35,000 cumulative rateable value threshold. Car parks, car spaces, advertisements and betting shops will be excluded from eligibility for SBBS from 1 April 2023.

Acknowledging the impact of the revaluation and of reforming the Small Business Bonus Scheme relief thresholds, we will offer a Small Business Transitional Relief to ensure that properties that lose SBBS or Rural rates relief eligibility do so in a phased manner. For those losing or seeing a reduction in these reliefs (including due to the above exclusions introduced for SBBS relief) on 1 April 2023 the maximum increase in the rates liability

relative to 31 March 2023 will be capped at £600 in 2023-24, rising to £1,200 in 2024-25 and £1,800 in 2025-26. This will protect an estimated 19,000 properties who will lose some or all their eligibility for SBBS relief or Rural relief.

Revaluations by design redistribute rates liabilities and can therefore create volatility in rateable values. Our commitment to moving to a three-year revaluation cycle will mitigate these risks in future, but in the context of COVID recovery and the impact of the cost-of-living crisis on the commercial property market we are protecting business by introducing a Revaluation Transitional Relief to protect those most affected and cap rates increases up to the next revaluation in 2026. Increases in NDR liabilities due to revaluation will be capped at 12.5% (cash terms) in 2023-24 for small properties, rising in subsequent years. This relief will ensure that the gross bills of an estimated 84,000 properties are lower in 2023-24 than they otherwise would have been.

Table 2: Proposed year-on-year Scottish 2023 Transitional Relief caps (%)

Rateable Value	2023-24	2024-25	2025-26
Small (up to £20,000)	12.5	25	37.5
Medium (£20,001 to £100,000)	25	50	75
Large (Over £100,000)	37.5	75	112.5

To support the attainment of our Net Zero targets, and incentivise investment in renewables, we will introduce a non-domestic rating exemption for prescribed plant and machinery used in onsite renewable energy generation and storage in Scotland from 1 April 2023 until 31 March 2035.

We have already announced that Day Nursery Relief, which was due to end on 30 June 2023, has been extended indefinitely, providing certainty and support for the sector.

Enterprise Areas relief will be extended by one year to 31 March 2024.

Empty Property Relief is being devolved to local authorities on 1 April 2023. The devolution of this relief delivers greater fiscal empowerment, enabling councils to administer any support for unoccupied properties in a way that is tailored to local needs. We will also bring forward regulations intended to empower councils to tackle rates avoidance more effectively.

All the other existing NDR reliefs will be maintained in 2023-24. In total, NDR reliefs are forecast to save ratepayers £744 million in 2023-24.

NDR reliefs are subject to the domestic subsidy control regime. From 4 January 2023, Subsidy Control Act 2022 will provide the framework for the new UK Subsidy Control regime.

Forecast tax revenues for NDR are set out in Table 2.09

Table 2.09: Scottish Non-Domestic Rates Revenue Forecasts 2022-23 to 2026-27⁸

£ million	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Non-Domestic Rates	2,818	3,075	3,080	3,135	3,405	3,286

Council Tax

Council Tax is a local tax, with receipts retained by local government and separate from the Scottish Budget. It makes a significant contribution to the funding of public services with each Council responsible for setting the tax rate that will apply in their local authority area. This, as well their collection and enforcement responsibilities of mean that council tax provides important financial and administrative accountability to each council.

Air Departure Tax

We remain committed to introducing Air Departure Tax (ADT) when a solution to the Highlands and Islands exemption issue has been found. As stated in the Programme for Government 2021-22, the Scottish Government intends to protect the Highlands and Islands exemption and to review the Air Passenger Duty (APD) rates and bands ahead of the introduction of ADT to ensure that policy aligns with Scotland's climate change goals.

Until ADT is introduced, the UK Government will maintain the application of Air Passenger Duty in Scotland.

Aggregates Levy

The Scotland Act 2016 gave the Scottish Parliament the power to introduce a devolved Aggregates Levy in Scotland. The UK levy is paid on the commercial exploitation of aggregates, i.e. sand, gravel and rock.

We will progress work on a devolved replacement for the UK levy, including through the introduction of the necessary legislation in this session of the Scottish Parliament. A consultation to inform the development of proposals for the new tax closed on 5 December 2022. Consistent with the Scottish Approach to Taxation, we will continue to consult and engage with stakeholders to help inform work going forward.

VAT Assignment

The Scotland Act 2016 allows for the first ten pence of standard rate VAT receipts and the first 2.5 pence of reduced rate VAT receipts raised in Scotland to be assigned to the Scottish Government (known as VAT assignment). As VAT receipts for Scotland are not identifiable from tax returns, assigned VAT will be based on a model of expenditure in Scotland.

VAT assignment was due to be implemented in April 2021, but a postponement was agreed between the Scottish and UK Governments due to the exceptional levels of economic uncertainty generated by COVID-19 and EU exit, with a commitment to review implementation as part of the wider Fiscal Framework Review.

⁸ Scottish Fiscal Commission, Scotland's Economic and Fiscal Forecasts December 2022: <https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2022/>

Chapter 3

Pre-Budget Scrutiny by Parliamentary Committees

This chapter details how the Scottish Budget 2023-24 has been informed by pre-budget scrutiny from Scottish Parliament committees. Following the publication of the Scottish Budget, each Cabinet Secretary or relevant Minister will provide a more detailed, written response to each committee on their pre-budget scrutiny reports. This will be provided within five parliamentary sitting days of the publication of this Budget.

The Scottish Government is grateful to all Committees and witnesses for the time taken to provide the detailed pre-budget scrutiny letters and reports.

Constitution, Europe, External Affairs and Culture Committee

The Constitution, Europe, External Affairs and Culture Committee focused its pre-budget report on culture budgets. The Cabinet Secretary for Constitution, External Affairs and Culture agreed with the Committee when he gave evidence in October 2022 about the challenges in the culture sector of a fragile recovery from the pandemic combined with rising costs of living and operating costs. The Scottish Government is exploring these challenges further in a series of roundtables with the culture sector across Scotland. Against the background of general pressure on Government spending, which the Committee report acknowledged, the Budget maintains funding for the culture sector into 2023-24. The Government will consider setting multi-year planning figures for cultural organisations within the increased fiscal challenges presented by the UK Government's Autumn Statement.

Criminal Justice Committee

The Criminal Justice Committee's pre-budget scrutiny focus was primarily on the possible implications of the proposed flat-cash settlement for the justice sector, as set out in the Resource Spending Review (RSR).

The Committee recognises the challenges facing public spending over the next few years, and the difficult decisions that will have to be made by the Scottish Government. However, they have highlighted that painful decisions would have to be made if the projected flat cash position for justice organisations was to be delivered, and hope that the options for cost-savings presented by justice organisations do not need to be realised. Additionally, the Committee recognises the need for further efficiency savings across the justice sector, within and between organisations.

The 2023-24 Justice budget delivers increased budgets for the Scottish Police Authority, the Scottish Fire and Rescue Service, the Scottish Prison Service, the Scottish Courts and Tribunal Service and for legal aid. This provides a stable basis from which to improve the delivery of justice public services, and to also enable collaboration and co-location opportunities to be further explored and taken forward to improve service delivery and to deliver greater efficiencies across the justice system.

COVID-19 Recovery Committee

The COVID-19 Recovery Committee focused its pre-budget letter on the how the Scottish Government intends to fund ongoing costs related to the Strategic Framework (for example, pandemic preparedness, vaccination, testing) and work to support the Covid Recovery Strategy in the 2023-24 Budget. The Scottish Government is clear that the priorities set out in the Covid Recovery Strategy remain relevant during the ongoing cost crisis. The Scottish Government is prioritising support for those who need most help and is focused on reducing inequalities. The Scottish Government welcomes the interim report of the Standing Committee on Pandemic Preparedness and is working with Public Health Scotland and partners across the Four Nations to ensure we maintain a suitable ongoing response.

Education, Children and Young People Committee

The Education, Children and Young People Committee raised a number of points in relation to the financing and viability of colleges and universities. The Scottish Government notes the points made by the Committee. We are considering the opportunity to provide colleges with additional financial flexibilities as part of our education reform programme. In respect of universities, these are autonomous institutions and, with the exception of controlled subjects, the Scottish Government does not direct individual institutions on the allocation of funded places across faculties and courses. We will continue to work with the Scottish Fiscal Commission (SFC) and universities on financial planning to support sustainability. The 2023-24 Budget increases the resources available to the College and University sectors.

The Committee also made a number of comments in regard to the delivery and evaluation of 1,140 hours of Early Learning and Childcare (ELC). The Scottish Government and the Convention of Scottish Local Authorities (COSLA) are undertaking a review of the overall process for setting sustainable rates in 2022-23. This is with the intention of learning lessons to identify where the process can be improved further to ensure that rates reflect the costs of delivering funded ELC and payment of the real Living Wage to staff. We will set out further information in spring 2023. In addition, our ELC Expansion Evaluation Strategy sets out how we will evaluate the intermediate outcomes of the ELC expansion at a national level, including delivering high-quality, flexible, accessible, and affordable ELC for all three and four-year-olds and eligible two-year-olds. It sets out measures and data sources that will be used to evaluate changes in the flexibility of funded ELC.

Economy and Fair Work Committee

Acknowledging the challenging economic circumstances, the Committee's pre-budget recommendations focus on the following areas: working with the Scottish Tourism Emergency Response Group (STERG) to identify how best to target support for the sector; protecting Visit Scotland's international promotional spend; prioritising skills development, particularly in engineering and wider manufacturing sectors, to incentivise workplace learning and take advantage of opportunities from the transition for Net Zero; using Enterprise funding to support sectors with a buoyant export potential to expand, with a focus on green energy transition support; revisiting employability spend decisions; and ensuring gender disaggregated data on women's business activity and procurement, providing a profile of the £50 million budget for the Women's Business Centre.

In relation to tourism, we will work together with our partners on support for the sector, transitioning from an emergency response group to a Tourism and Hospitality Industry Leadership Group (ILG), which will help drive recovery and sustainable growth across both sectors in the long term. Concerning international marketing, Visit Scotland will continue to show its expertise and creativity in exploring new and innovative models. The National Strategy for Economic Transformation (NSET) sets out the importance of a skilled workforce to business productivity and economic prosperity, and the Making Scotland's Future manufacturing programme brings together key stakeholders to deliver a more coherent approach to supporting the educational and skills needs of the sector. We have asked enterprise agencies to align their activity and budget with NSET priorities, including delivery of our export plan, which takes a targeted sector and country approach to raising Scotland's international exports. NSET also underlines our commitment to addressing structural barriers to entering and staying in the labour market, and we have maintained our existing investment in employability support. The decision to take £53 million as a saving from employability funding was not taken lightly, but in light of the challenging financial situation we sought to make the savings that we consider have the least impact on public services and on individuals during the cost crisis. Over £82 million in total has been made available (£59.433 million through No One Left Behind and £23.5 million through Fair Start Scotland), to ensure employability support remains in place for those who need it, including parents. Regarding women in business, we have commissioned entrepreneur Ana Stewart to deliver an independent review on widening access to entrepreneurship for women. Due to publish in the new year, the review will identify actions required to address the persistent gender gap in entrepreneurship.

Equalities, Human Rights and Civil Justice Committee

The Committee focused on human rights budgeting in this year's pre-budget scrutiny, and this was informed by a number of third sector equalities and human rights organisations and experts. Their main recommendations to Scottish Government aligned to core principles of human rights budgeting of transparency (including data), participation and accountability within the budget process itself along with a request for a commitment to demonstrate human rights obligations in the process.

The Committee also focused on how the budget process could be more accessible and how Scottish Government could engage with marginalised groups more effectively to promote participation in the budget process. They also asked how the Government shows the linkage between human rights obligations, equality and Fairer Scotland duties in policy and funding decisions.

The Scottish Government welcomes the recommendations from the Committee. The Scottish Government is in the process of exploring how we further embed human rights approaches into the policy making and budgeting system, including alignment to the Human Rights Bill. We agree that transparency, participation, and accountability are critical areas for effective human rights budgeting and within Annex A of the Equality and Fairer Scotland Budget Statement, published alongside this Budget, we lay out how these principles align to this Budget. Scottish Government will also shortly publish its response to the Equality and Human Rights Budget Advisory Group's recommendations, many of which correspond with the Committee's own recommendations.

Finance and Public Administration Committee

Recognising the challenging economic circumstances, the Committee focused its response on the impact of the cost-of-living crisis and public service reform on Scotland's public finances in 2023-24, whilst also exploring other areas of interest such as Net Zero targets, National Outcomes, and fiscal transparency.

The Scottish Government has made it a priority in this Budget to provide sustainable public services. We have made significant progress in applying the principles of the Christie Commission and this Budget details how we will continue to drive public service reform, creating person-centred public services and rationalising our public bodies.

The cost-of-living crisis we are currently experiencing has placed huge pressures upon the Budget. We have sought to ensure those hardest hit by the crisis are supported, through fair pay increases for public sector workers, especially the lowest paid; expanding the Scottish Child Payment, and increasing its value to £25, amongst other measures.

On climate change, the Scottish Government is committed to ensuring that it delivers a just transition to Net Zero. We recognise the need for greater transparency in consideration of climate change in the Scottish Budget and welcome the work of the Fraser of Allander Institute on this.

More broadly, the Scottish Government recognises the Committee's call for greater fiscal transparency in the Budget process and establishing clearer links between spending priorities and National Outcomes. We will continue to improve this through our corporate reporting, in year budget revisions and long-standing membership of the Open Government Partnership.

Health, Social Care and Sport Committee

The Committee recognises the significant financial and operational pressures facing health and social care in the face of the cost crisis, the ongoing effects of COVID-19 on health and workforce planning, and the importance of data and a whole system approach to drive innovation, reduce inequalities and improve outcomes.

The 2023-24 Scottish Budget continues to prioritise investment in health and social care, supporting services in the immediate, and providing continued investment in our prevention and reform agendas to improve population health and ensure that the right care is provided at the right time now, and in years to come.

Supporting and developing the people who deliver these services is central to this programme of investment and reform, with continued focus on our commitments to Fair Work and pay, and our aim of ensuring that Scotland continues to be the best place for health and social care workers.

It is recognised that collaboration and data are key to delivering integrated, innovative, and evidence-based health and care solutions that can transform outcomes, unlock the full potential of our workforce, and support a modern and sustainable health service that can better face both current and future pressures.

This includes our work with Public Health Scotland to explore better ways to embed the consideration of health issues into decision-making at national and local level, with clear evidence of impact to support implementation and appropriate monitoring and evaluation tools. Our Accelerated National Innovation Adoption (ANIA) pathway supports a 'once for Scotland' approach to the identification, assessment, and accelerated deployment of innovative technology, and work to improve data collection and sharing across services (including the development of a Data Strategy for Health and Care and implementation of our Workforce Strategy), support service planning and enables flexible service delivery and more agile ways of working.

Alongside service reform, work to update the Medium-Term Health and Social Care Financial Framework is progressing. This will set out the scale of the challenge, along with the next steps in the financial arrangements for our health and care services. As part of this, co-ordinated local and national cost reduction measures will be implemented, including the Covid Cost Improvement, Sustainability and Value and Choices programmes, to address financial pressures across the system and to support delivery of financially, socially, and environmentally sustainable services.

Local Government Housing and Planning Committee

The Committee noted the Scottish Government's commitment to working with partners to deliver 110,000 affordable homes by 2032, 70% of which will be available for social rent and 10% will be in remote, rural and island communities. The Committee was aware of the serious challenges facing the housing sector in Scotland and recognised that there are issues outwith the control of the Scottish Government, which are impacting on the deliverability of more homes. The Scottish Government fully recognises this is a challenging time for the construction sector. The Affordable Housing Supply Programme

continues to operate a flexible grant funding system. This means applicants should request the grant they require to make a project viable, and this will then be assessed to establish value for money.

The Committee also noted increased concerns around funding to meet the Scottish Government's affordable housing target and recognised that alternative financing models could make the delivery of the programme a more realistic prospect. The Scottish Government welcomes the Committee's focus on innovative finance and attracting investment to support the affordable housing sector. The recent relaunch of the Charitable Bond programme is one innovative way to offer funding to social landlords so that they can deliver as many homes as possible. The programme gives social landlords access to funding that they cannot receive elsewhere, and reinvests the interest paid on the loans – further increasing housing supply. The increase in Financial Transactions funding in the affordable programme in 2023-24 will help to offer more opportunities in this area.

The Committee also questioned the financial capacity of social landlords to invest in decarbonising their existing stock in addition to developing new homes without affecting the affordability of tenants' rents. The Scottish Government is aware of the potential tensions between new supply and the retrofit agenda and has committed £3.5 billion towards the delivery of affordable housing this parliament to ensure as much certainty as possible. We are also engaging with the sector via the social housing resilience group on a wide range of issues including those associated with the retrofit agenda.

The Committee also noted concerns from stakeholders about the extreme challenges being faced in meeting the target in remote, rural and island areas where costs of development can be considerably higher. The Scottish Government continues to progress work on the development of the Remote, Rural and Islands Housing action plan to be published in Spring 2023 and has undertaken to ensure the Committee is kept well sighted on this work as it progresses.

Underpinning the Scottish Government's Housing to 2040 approach a Strategic Board comprising of Scottish Ministers, the COSLA Wellbeing Spokesperson and senior stakeholders from the housing sector will meet for the first time in early 2023 and will play a key role in ensuring our work is joined up and collaborative to achieve the Housing to 2040 vision.

Net Zero, Energy and Transport (NZET) Committee

The Committee's pre-budget scrutiny report covers a wide range of topics including the Fair Fares review, bus travel, electric vehicle charging, the Committee's energy price rises enquiry, energy including hydrogen, environmental regulators, and the Joint Budget Review.

The NZET Committee report welcomed the Fair Fares review of charges for public transport use in Scotland which is intended to ensure a sustainable and integrated approach to public transport fares that supports the long-term viability of our public transport system. The Committee also had a number of questions specifically in relation to bus travel including support for operators, local authority bus run services and the bus partnership scheme which we will address in our full response to them. The Scottish Government have a number of long-term policies to support the bus sector, encourage further modal shift, and to prevent vulnerable services being lost to the public.

The Committee sought detail on the funding and longer-term plans for electric vehicle charging. The Scottish Government has invested over £65 million in a comprehensive public charging network and is now focused on ensuring the expansion is well co-ordinated and builds on its success to date. Based on the most recent statistics published by UK government, by population, Scotland continues to have the most public chargers outside of London and the most rapid chargers anywhere in the UK.

The NZET Committee asked a number of questions in relation to energy, including the Scottish Government's response to its Energy Price Rise report that will be addressed fully in the response. The Scottish Government is already providing significant support for households which will help to mitigate the impacts of the cost crisis. By the end of March 2023, we will have invested around £3 billion in a range of measures for households. This includes supporting energy bills through measures such as the Fuel Insecurity Fund. We are committed to tackling fuel poverty – not least by delivering on our Fuel Poverty and Heat in Buildings strategies, which will help make homes warmer, greener, and cheaper to run. The Committee also had questions on funding for hydrogen and carbon capture and storage which we will address in our response to them. The final Hydrogen Action Plan is planned to December 2022.

The Committee sought assurance that our environmental regulators NatureScot and the Scottish Environmental Protection Agency have sufficient resources to carry out their core functions effectively. The Scottish Government will continue to provide funding in the Budget to support our regulators for deliver their objectives for the people of Scotland.

Finally, the Committee had a question in relation to the Joint Budget Review publication. The proposed Final Report of the Scottish Government and Parliament's Joint Budget Review Working Group include recommendations to conclude the work of the Joint Budget Review, alongside actions the Scottish Government would take, informed by research undertaken by the Fraser of Allander Institute, to enhance scrutiny and transparency in the consideration of climate change in the Scottish Budget. The proposed Final Report was submitted to the Committee convenor on 18 November 2022.

Rural Affairs, Islands and Natural Environment Committee

The Committee's report covered a number of topics, with a clear focus of its pre-budget scrutiny on the Islands Plan and associated Islands Programme funding; particularly on the extent to which the Scottish Government's islands programme could support population growth on those islands deemed vulnerable to depopulation. More specifically, the Committee agreed to concentrate on the £4.45 million capital funding package for financial year 2022-23. During pre-budget scrutiny the Committee took a range of evidence from stakeholders including the Scottish Futures Trust and Local Authorities, with a focus on three key elements of the Islands Programme: the competitive model used to deliver the funding, the timescales in which the Islands Programme operates and the membership of the Islands Programme Investment Panel.

The Committee provided a number of recommendations with the overall aim of streamlining the Islands Programme to reduce the resource burden placed on local authorities. The Scottish Government welcomes the Committee's considerations and confirms that it will continue to work closely with stakeholders to ensure that the process for funding is as streamlined as possible.

Social Justice and Social Security Committee

The Committee's report focuses on whether the Scottish Government has taken a human rights-based approach to its budget decisions.

It stresses the importance of data in supporting policy development, to ensure there are no unintended consequences on people's rights and protected characteristics, and that this, along with the underpinning methodology, should be transparent to stakeholders, to enable greater participation and increase accountability. The Committee would like to see these principles reflected in the Equality and Fairer Scotland Budget Statement (EFSBS) and to see the linkages between spending, equalities and human rights analysis, and National Outcomes. The Scottish Government is committed to transparency around the public finances and the budget process. The Scottish Budget is driven by our commitment to contributing to the delivery of the National Outcomes, and the EFSBS provides information on how we have taken human rights principles into account when developing the associated budget. We recognise that more could be done to develop our approach and our data to support human rights budgeting and are working towards improvements. We note the responses of stakeholders around this issue.

The Committee notes the impact of the cost crisis, including interaction with UK funding decisions, and is keen to explore whether the Scottish Government is doing enough within its devolved powers, both at budget setting and through in-year adjustments, to protect basic human rights, describing poverty as a 'rights violation'. The Scottish Government is already providing significant support for households which will help to mitigate the impacts of the cost crisis. By the end of March 2023, we will have invested around £3 billion in a range of measures for households. The Scottish Child Payment has been further expanded to eligible six to fifteen-year-olds and increased in value to £25 per child per week. On 2 November 2022, the Deputy First Minister presented the Scottish Government's Emergency Budget Review, which reflects a number of difficult decisions that have been necessary in order to prioritise help for those who need it most

and protect essential public services. The Committee expects all Scottish Benefits to be updated in line with September Consumer Prices Index.

The Committee is concerned about the impact of funding reductions and uncertainty on the third sector, calling for multi-year funding. Adopting Fairer Funding practice is something we intend to progress in the next financial year. The Scottish Government will continue to work with the sector to tackle the barriers it continues to face.

Chapter 4

Health & Social Care

Portfolio Responsibilities

The allocation for the Health and Social Care portfolio budget for 2023-24 represents an increase of over £1 billion, providing funding at a level over and above our commitment to pass on all frontline consequential. This government remains totally committed to the principles of a health service free at the point of need and supported by public funds.

The funding supports the continued recovery of the NHS and social care from the COVID-19 pandemic, drives investment and enables reform across all its services. It is designed to ensure that care and support is delivered when, how and where people need it.

Key to our programme of investment and reform is the Scottish Government's continued determination to support and develop the people who deliver these services, with an aim of making sure that Scotland continues to be the best place for health and social care workers.

That is why the budget commits over £9 billion for our workforce, a package which underlines our continued investment in people. Our record pay deal offer of £515 million backs the largest workforce in Scotland during the ongoing cost crisis. As outlined in the Programme for Government, we will continue to provide support for the mental health and wellbeing of our highly valued health and social care staff.

Overall, NHS Boards will be supported by over £13 billion, which will allow them to continue to drive forward our five-year Recovery Plan. The reform of key services will continue, backed by over £2 billion investment to establish and improve primary health care services in the community.

We will continue to back the crucial services that General Practices provide, supporting their work with the Primary Care Fund. This will deliver £170 million investment in multi-disciplinary teams and enable the development and expansion of Community Treatment and Care (CTAC) services.

Our support for social care and integration, which receives over £1.7 billion in this budget, will improve services whilst paving the way for the introduction of the National Care Service. We are providing an additional £100 million to support delivery of the £10.90 real living wage for adult social care, building on the increase provided in 2022-23.

Mental health spending has almost doubled in cash terms since 2007. We will invest £290.2 million over the coming year to tackle CAMHS and psychological therapies, waiting times backlogs, and deliver improved community-based mental health and wellbeing support for children, young people and adults.

Our National Mission on drugs is supported this year by increased investment to £160 million, to reduce the avoidable harms associated with drugs and alcohol.

Health and Social Care

Table 4.01: Spending Plans (Level 2)

Level 2	Restated	Restated	2023-24 Budget
	2021-22 Budget	2022-23 Budget	
	£m	£m	£m
Health and Social Care	17,215.2	18,020.5	19,138.2
Food Standards Scotland	19.5	23.0	23.0
Total Health and Social Care	17,234.7	18,043.5	19,161.2
<i>of which:</i>			
Total Fiscal Resource	16,332.9	17,106.7	18,176.4
<i>of which Operating Costs</i>	85.1	112.1	109.8
Non-cash	272.5	272.5	301.5
Capital	529.0	554.0	578.0
Financial Transactions (FTs)	-	10.0	5.0
UK Funded AME	100.4	100.4	100.4

Presentational Adjustments for Scottish Parliament Approval

Sportscotland (NDPB non-cash)	(1.1)	(1.1)	(1.1)
Social Care (NDPB non-cash)	(0.2)	(0.2)	(0.2)
Food Standards Scotland – shown separately	(19.5)	(23.0)	(23.0)
PPP/PFI Adjustments	21.0	21.0	21.0
Total Health and Social Care	17,234.9	18,040.3	19,157.9

Total Limit on Income (accruing resources)	3,000.0
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Table 4.02: Health and Social Care Spending Plans (Level 3)

Level 3	Restated	Restated	
	2021-22 Budget	2022-23 Budget	2023-24 Budget
	£m	£m	£m
NHS Territorial Boards	10,894.4	11,508.6	12,132.0
NHS National Boards	1,345.9	1,422.6	1,530.1
Health Capital Investment	549.0	574.0	598.0
Education and Training	316.8	402.7	407.1
General Medical Services	1,116.8	1,162.8	1,205.8
Pharmaceutical Services	206.1	216.2	221.7
General Dental Services	431.0	469.0	476.2
Community Eyecare	111.7	125.5	121.6
Outcomes Framework	74.1	74.1	74.1
Health Improvement and Protection	59.5	85.6	87.1
Alcohol and Drugs Policy	84.2	85.4	99.0
Mental Health Services	273.9	290.2	290.2
Quality and Improvement	38.0	66.3	61.2
Digital Health and Care	112.5	112.9	112.9
Early Years	53.4	58.9	58.9
COVID-19 Funding and Other Services	925.5	9.5	252.1
National Care Service / Adult Social Care	395.4	1,137.1	1,199.0
Revenue Consequences of NPD	98.0	75.0	75.0
Sportscotland	33.7	34.7	34.7
Active, Healthy Lives	15.4	19.4	16.5
NHS Impairments (AME)	100.0	100.0	100.0
Financial Transactions	-	10.0	5.0
Capital Receipts	(20.0)	(20.0)	(20.0)
Total Health and Social Care	17,215.2	18,020.5	19,138.2
<i>of which:</i>			
Total Fiscal Resource	16,313.9	17,084.3	18,153.9
Non-cash	272.3	272.3	301.3
Capital	529.0	554.0	578.0
FTs	-	10.0	5.0
UK Funded AME	100.0	100.0	100.0

Table 4.03: Food Standards Scotland Spending (Level 3)










	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Administration	19.5	23.0	23.0
Total Food Standards Scotland	19.5	23.0	23.0
<i>of which:</i>			
Total Fiscal Resource	19.0	22.5	22.5
Non-cash	0.2	0.2	0.2
Capital	-	-	-
FTs	-	-	-
UK Funded AME	0.4	0.4	0.4

Table 4.04: Territorial and National Boards Spending Plans (Level 4)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 4	£m	£m	£m
Territorial Boards			
NHS Ayrshire and Arran	774.5	806.8	850.2
NHS Borders	222.7	234.8	248.6
NHS Dumfries and Galloway	320.6	334.1	352.2
NHS Fife	712.6	749.4	790.8
NHS Forth Valley	569.4	598.1	631.1
NHS Grampian	1,027.9	1,072.2	1,129.9
NHS Greater Glasgow and Clyde	2,398.1	2,504.0	2,639.4
NHS Highland	691.9	725.6	768.2
NHS Lanarkshire	1,286.1	1,346.8	1,424.1
NHS Lothian	1,569.5	1,639.3	1,743.3
NHS Orkney	54.8	57.1	60.2
NHS Shetland	54.6	57.0	60.1
NHS Tayside	819.9	856.5	912.2
NHS Western Isles	81.1	84.5	89.0
Total	10,583.7	11,066.1	11,699.2
National Boards			
National Waiting Times Centre	60.9	68.1	75.8
Scottish Ambulance Service	283.7	305.9	334.2
The State Hospital	38.1	40.0	42.5
NHS 24	73.8	78.4	90.7
NHS Education for Scotland	471.7	492.3	517.6
NHS National Services Scotland	341.4	355.3	378.6

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 4	£m	£m	£m
Healthcare Improvement Scotland	27.5	30.4	33.6
Public Health Scotland	48.6	52.1	56.9
Total	1,345.9	1,422.6	1,530.1
Improving Outcomes and Reform	241.3	373.0	363.3
Other Income	69.5	69.5	69.5
Total Territorial and National Boards	12,240.4	12,931.2	13,662.1

Health and Social Care intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Health	 Poverty
 Children and Young People	 Communities
 Human Rights	 Education
	 Economy
	 Fair Work and Business
	 Environment

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 5

Social Justice, Housing & Local Government

Portfolio Responsibilities

The Social Justice, Housing and Local Government (SJHLG) portfolio is responsible for leading the national mission to reduce child poverty, promoting social justice, equality and human rights, providing Scotland's social security system, and providing the strategic relationships for our partners in the third sector. This is a portfolio that seeks to support people in need, achieve equality and fairness, and improve outcomes for individuals and communities across Scotland.

The portfolio also includes funding for local government which continues to protect those most in need in our society, provide lifeline support and ensure the people of Scotland continue to receive the high quality front line services that they expect and deserve.

Building on our commitments set out in the Programme for Government and the COVID Recovery Strategy, alongside our £50 million Tackling Child Poverty Fund, we continue to prioritise funding from across government portfolios to reduce child poverty as set out in Best Start, Bright Futures; and through our Social Innovation Partnership and place-based pathfinder projects to identify and deliver joined-up person-centred interventions that make a real difference.

A key priority is the design, development and implementation of our social security powers and delivery of twelve benefits through Social Security Scotland, including the Scottish Child Payment, at £25 per week, that is now available to all eligible under-16s, and complex disability benefits. We have built a social security system that treats people with dignity, fairness and respect, helps people in need, and supports independent living.

We are investing in Discretionary Housing Payments to provide direct financial support to those struggling with housing costs as well as our work on tackling fuel poverty in close collaboration with the Net Zero portfolio; supporting our continued major expansion of affordable and social housing; and improving safety, accessibility, quality and standards of new and existing homes including addressing unsafe cladding. We continue to provide funding towards our ambition to eradicate homelessness and rough sleeping, and to support the third sector and develop social enterprise.

The portfolio supports a wide range of work to prevent discrimination and promote equality, inclusion and human rights creating the conditions for cohesive, resilient and safe communities. As part of this we are investing £70 million in our Ukrainian

Resettlement programme to ensure those displaced by the illegal war in Ukraine continue to receive a warm Scots welcome, and are supported to rebuild their lives in our communities for as long as they need to call Scotland their home. We also support the equality and human rights infrastructure across Scotland to address systemic inequality, tackle hate crime and address violence against women and girls.

Spending Plans

Table 5.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Third Sector	26.2	25.8	21.8
Housing	893.3	888.0	721.6
Building Standards	16.7	11.8	31.3
Social Justice*	47.9	109.3**	43.9
Office of the Scottish Charity Regulator	3.6	3.4	3.3
Scottish Housing Regulator	5.1	5.3	6.0
Equality, Inclusion and Human Rights	35.9	49.0	48.9
Social Security	472.0	535.3	525.7
Social Security Assistance	3,498.4	3,949.2	5,137.9
Local Government***	11,125.9	11,266.8	11,684.1
Ukrainian Resettlement	-	-	72.3
COVID-19 Funding	429.0	-	-
Total Social Justice, Housing and Local Government	16,554.0	16,844.1	18,296.7
<i>of which:</i>			
Total Fiscal Resource	12,954.7	12,536.5	13,765.3
<i>of which Operating Costs</i>	93.7	99.0	100.1
Non-cash	19.9	50.3	66.9
Capital	1,404.7	1,341.2	1,332.9
Financial Transactions (FTs)	84.5	150.0	84.6
AME	2,090.0	2,766.0	3,047.0

* Excludes COVID-19 Funding of £50m in 2021-22

** 2022-23 budget included funding for the Scottish Child Payment (SCP) Bridging Payment which ceased with the rollout of SCP to eligible children under 16 years in November 2022.

*** Excludes COVID-19 Funding in 2021-22 which is separately identified

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Office of the Scottish Charity Regulator	(3.6)	(3.4)	(3.3)
Scottish Housing Regulator - shown separately	(5.1)	(5.3)	(6.0)
Central Government Grants to Local Authorities returned to portfolios (E&S, Justice and NZET)*	(811.2)	(791.2)	(791.2)
Total Social Justice, Housing and Local Government	15,734.0	16,044.1	17,496.2
Total Limit on Income (accruing resources)	90.0		

*Includes £20m COVID-19 Funding in 2021-22

Table 5.02: Third Sector Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Third Sector	26.2	25.8	21.8
Total Third Sector	26.2	25.8	21.8
<i>of which:</i>			
Fiscal Resource	22.7	21.8	21.8
Non-cash	-	-	-
Capital	-	-	-
FTs	3.5	4.0	-
UK Funded AME	-	-	-

Table 5.03: Housing Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
More Homes	748.1	744.3	567.5
Fuel Poverty and Housing Quality	2.5	2.5	2.3
Housing Support	142.7	141.2	151.9
Total Housing	893.3	888.0	721.6
<i>of which:</i>			
Fiscal Resource	143.1	141.2	148.0
Non-cash	-	-	-
Capital	669.3	601.8	489.0
FTs	81.0	145.0	84.6
UK Funded AME	-	-	-

Table 5.04: Building Standards Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Building Standards	16.7	11.8	31.3
Total Building Standards	16.7	11.8	31.3
<i>of which:</i>			
Fiscal Resource	3.7	3.8	4.3
Non-cash	-	-	-
Capital	13.0	8.0	27.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.05: Social Justice Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Social Justice*	41.3	102.3**	37.2
Communities Analysis	6.6	7.0	6.7
Total Social Justice	47.9	109.3	43.9
<i>of which:</i>			
Fiscal Resource	47.9	108.3	41.2
Non-cash	-	-	-
Capital	-	-	2.7
FTs	-	1.0	-
UK Funded AME	-	-	-

* Excludes COVID-19 Funding of £50m in 2021-22

** 2022-23 budget included funding for the Scottish Child Payment (SCP) Bridging Payment which ceased with the rollout of SCP to eligible children under 16 years in November 2022.

Table 5.06: Office of the Scottish Charity Regulator Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Office of the Scottish Charity Regulator	3.6	3.4	3.3
Total Office of the Scottish Charity Regulator	3.6	3.4	3.3
<i>of which:</i>			
Fiscal Resource	3.6	3.4	3.3
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.07: Scottish Housing Regulator Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Housing Regulator	5.1	5.3	6.0
Total Scottish Housing Regulator	5.1	5.3	6.0
<i>of which:</i>			
Fiscal Resource	4.7	4.9	5.3
Non-cash	0.2	0.2	0.2
Capital	0.2	0.2	0.4
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.08: Equality, Inclusion and Human Rights Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Equality, Inclusion and Human Rights	35.9	49.0	48.9
Total Equality, Inclusion and Human Rights	35.9	49.0	48.9
<i>of which:</i>			
Fiscal Resource	35.6	49.0	48.9
Non-cash	-	-	-
Capital	0.3	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.09: Social Security Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Welfare Fund - Administration	5.5	5.5	5.5
Social Security Advice, Policy and Programme	195.1	219.0	217.7
Social Security Scotland	271.4	310.9	302.5
Total Social Security	472.0	535.3	525.7
<i>of which:</i>			
Fiscal Resource	359.2	403.6	391.8
Non-cash	19.7	50.1	66.7
Capital	93.0	81.7	67.2
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.10: Social Security Assistance (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Welfare Fund	35.5	35.5	35.5
Carer's Allowance	306.0	314.9	371.8
Carer's Allowance Supplement	41.7	41.8	50.0
Adult Disability Payment	1,669.4	1,948.5	2,689.6
Attendance Allowance	549.8	544.6	614.1
Disability Living Allowance (Adult)	465.0	444.6	437.6
Child Disability Payment	230.9	265.2	327.6
Industrial Injuries Disablement Scheme	80.2	80.5	84.4
Severe Disablement Allowance	6.8	6.2	5.8
Best Start Grant	18.9	17.8	19.8
Best Start Foods	9.0	13.1	17.0
Funeral Support Payment	11.1	11.9	12.1
Job Start Payment	2.0	1.1	1.2
Young Carer Grant	1.0	1.0	1.0
Child Winter Heating Assistance	3.1	4.0	4.7
Scottish Child Payment	68.0	197.4	442.1
Winter Heating Payment	-	21.1	23.6
Total Social Security Assistance	3,498.4	3,949.2	5,137.9
<i>of which:</i>			
Fiscal Resource	3,498.4	3,949.2	5,137.9
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.11: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Transfer of Management of Development Funding	92.2	92.2	92.2
Vacant and Derelict Land Grant	7.6	7.6	7.6
Total SJHLG Central Government Grants to LAs	99.9	99.9	99.9

Local Government spending plans in Table 5.12 also include specific grants from Education and Skills, Justice and Veterans and Net Zero, Energy and Transport

Table 5.12: Local Government Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
General Revenue Grant	7,650.5*	7,094.6	7,133.9
Non-Domestic Rates	2,090.0	2,766.0	3,047.0
General Capital Grant	489.9	510.5	607.6
Specific Resource Grants	752.0**	752.1	752.1
Specific Capital Grants	139.1	139.0	139.0
Local Government Advice and Policy	4.3	4.6	4.5
Total Local Government***	11,125.9	11,266.8	11,684.1
<i>of which:</i>			
Fiscal Resource	8,406.8	7,851.3	7,890.5
Non-cash	-	-	-
Capital	629.0	649.5	746.6
FTs	-	-	-
AME	2,090.0	2,766.0	3,047.0

* Excludes COVID-19 funding in 2021-22 of £259m and £100m but includes £726 for the cost of COVID-19 Reliefs

** Excludes COVID-19 funding of £20m in 2021-22

*** Excludes COVID-19 funding but includes specific revenue and capital grants which are held within other portfolios

Table 5.13: Ukrainian Resettlement Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Ukrainian Resettlement	-	-	72.3
Total Ukrainian Resettlement	-	-	72.3
<i>of which:</i>			
Fiscal Resource	-	-	72.3
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.14: Scottish Fiscal Commission (SFC) Non-Domestic Rate Income Forecast

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	£m	£m	£m	£m	£m	£m	£m
Non-Domestic Rates Estimate	2,108	2,818	3,075	3,080	3,135	3,405	3,286
PCA / forecast	2,054	2,829	3,075	3,080	3,135	3,405	3,286
Distributable Amount	2,090	2,766	3,047	3,013	3,135	3,405	3,286
Prior Year Adjustments	(104)	54	(11)	-	-	-	-
Yearly Balance	(140)	117	17	66	-	-	-
Cumulative Balance	(200)	(83)	(66)	-	-	-	-

These figures are rounded to the nearest £1m and may not sum

Table 5.15 Local Government Spending Plans (Level 3)

Level 3	Portfolio	2021-22 Budget	2022-23 Budget	2023-24 Budget
		£m	£m	£m
Criminal Justice Social Work	Justice and Veterans	86.5	86.5	86.5
Early Learning and Childcare Expansion	Education and Justice	521.9	521.9	521.9
Gaelic	Education and Justice	4.5	4.5	4.5
Local Government Attainment Grant*	Education and Justice	120.0	120.0	120.0
Transport Scotland Inter-Island Ferries	Net Zero, Energy and Transport	19.2	19.2	19.2
Total Specific Revenue Grants		752.1	752.1	752.1
Vacant and Derelict Land	Communities	7.6	7.6	7.6
Transfer of Management Development Fund (TMDF)	Communities	92.2	92.2	92.2
Regional Transport Partnership	Net Zero, Energy and Transport	15.3	15.3	15.3
Cycling Walking and Safer Routes	Net Zero, Energy and Transport	23.9	23.9	23.9
Total Specific Capital Grants		139.0	139.0	139.0

* Former Pupil Equity Fund. Excludes COVID-19 funding of £20m in 2021-22.

Table 5.16 Revenue Funding within Other Portfolios to be Transferred In-Year

	2021-22	2022-23	2023-24
	£m	£m	£m
Local Government Budget Settlement¹	11,121.5	11,262.2	11,679.6
1 + 2 languages	2.4	1.2	-
Additional Support for Learning	15.0	15.0	15.0
Additional Adult Social Workers	-	-	22.0
Appropriate Adults	1.0	1.0	1.0
Blue Badge Scheme	0.7	0.7	0.7
Building Standards Fees	(1.5)	(1.5)	(1.5)
Care at Home	-	124.0	124.0
Carer's Act	40.1	60.5	60.5
Child Bridging Payments	-	68.2	-
Community Justice Partnership Funding ²	2.0	2.0	2.0
Customer First Digital Public Services ³	1.4	1.4	1.4
Discretionary Housing Payments	83.1	80.2	85.9
Early Learning and Childcare Expansion	24.1	9.1	-
Educational Psychologists	(0.9)	(0.9)	(0.9)
Extra Environment Health Officers	1.7	-	-
Former Housing Support Grant	1.0	1.0	1.0
Free Personal and Nursing Care	12.3	27.3	42.3
Free Sanitary Products in Public Places	2.8	2.8	2.8
Free Sanitary Products in Schools	2.1	2.1	2.1
Free School Meals Intervention	-	-	59.7
Free School Meals (Holiday Provision)	-	-	21.8
Health and Social Care	57.2	257.2	257.2
Health and Social Care and Mental Health	120.0	120.0	120.0
Homelessness Prevention Fund ⁴	23.5	23.5	30.5
Interim Care Funding	-	20.0	-
Living Wage	59.0	233.5	333.5
Local Heat and Energy Efficiency Strategies	-	-	2.4
Local Government Attainment Grant ⁵	-	10.0	10.0
Mental Health Recovery and Renewal	-	3.7	3.7
National Trauma Training	-	1.6	1.6
Rapid Rehousing Transition Plans	8.0	8.0	8.0
Removal of Curriculum Charges	-	8.0	8.0
Removal of Music Tuition Charges	-	12.0	12.0
School Clothing Grant	6.0	11.8	13.0
School Counselling	4.0	4.0	4.0
School Workforce ⁶	-	145.5	145.5
Scottish Disability Assistance ⁷	-	3.2	4.6

	2021-22	2022-23	2023-24
	£m	£m	£m
Scottish Welfare Fund	40.9	40.9	40.9
Self-Directed Support	3.5	3.5	3.5
Sensory Impairment	0.3	0.3	0.3
Tobacco-Related Issues	1.3	1.3	1.3
Whole Family Wellbeing Fund	-	-	32.0
Total Revenue Funding within Other Portfolios	511.0	1,302.1	1,471.8⁸
Expansion of Free School Meals	-	30.0	80.0
Total Capital Funding within Other Portfolios	-	30.0	80.0
Total Local Government Settlement in Local Government Finance Circular	11,632.5	12,594.3	13,231.4

¹ The Local Government Budget Settlement excludes the Local Government and Advice and Policy funding in Table 5.12.

² Former Community Justice Transitional Funding

³ Former Customer First Funding

⁴ Former Temporary Accommodation (£23.5m) now combined with Former ringfenced Hostels Grant (£7m) to form the new Homelessness Prevention Fund (£30.5m)

⁵ Former Pupil Equity Fund

⁶ Former Additional Teachers and Support Staff funding

⁷ This includes the Child Disability Payment, and from 2023-24, Adult Disability Payment

⁸ This includes £13.9m currently held within General Revenue Grant which will be transferred to Transport Scotland Inter-Island Ferries specific revenue grant in-year

Table 5.17 Local Government Funding outwith Core Settlement

	2021-22	2022-23	2023-24
	£m	£m	£m
Total Local Government Finance Circular	11,632.5	12,594.3	13,231.4
Attainment Scotland Fund	62.0	56.0	56.0
Business Gateway	1.6	-	-
City Region and Growth Deals	11.2	7.2	12.7
Clyde Gateway Urban Regeneration Company	0.5	0.5	0.5
Community Bus Fund	-	-	1.0
Community Mental Health and Wellbeing	15.0	15.0	15.0
Education Maintenance Allowance	25.0	25.0	25.0
Fair Start Scotland (Lot 4)	1.1	1.1	0.5
Justice Social Work*	4.0	4.0	0.0
Justice Social Work** top-up from Offenders Services	-	-	21.9
Low Emission Zone Support	2.1	1.0	1.0
Mental Health Officer Shortfall	0.5	-	-
No One Left Behind - Long-Term Unemployed	-	20.0	-
No One Left Behind (previously Local Employability Model)	7.1	15.6	30.5
Parental Employability Support Funding***	9.7	5.8	69.7
Private Water Supply Grants	1.7	1.5	1.5

	2021-22	2022-23	2023-24
	£m	£m	£m
Schools for the Future Programme	72.6	70.9	70.9
Support for Sustainable and Active Travel	5.3	5.3	5.3
Travel Strategy and Innovation	4.1	4.1	3.1
Young Persons Guarantee - Local Employability Partnerships	-	45.0	-
Whole Family Wellbeing Fund	-	-	0.5
Total Revenue	223.5	278.0	312.1
Capital			
Capital Land and Works	22.0	18.9	15.0
City Region and Growth Deals	198.1	226.0	191.3
Clyde Gateway Urban Regeneration Company	5.0	5.0	5.0
Community Bus Fund	-	-	5.0
Future Transport Fund	51.0	51.0	33.0
Gaelic Capital Fund	3.8	3.0	4.0
Home Energy Efficiency Programmes for Scotland (HEEPS)	58.0	64.0	64.0
Low Emission Zone Support	-	1.0	1.0
Place-Based Investment Programme****	23.0	33.0	23.0
Recycling Improvement Fund	-	13.2	18.7
Regeneration Capital Grant Fund	25.0	25.0	25.0
Support for Sustainable and Active Travel	1.0	1.0	1.0
Travel Strategy and Innovation	35.0	16.5	12.9
Vacant and Derelict Land Investment Programme	5.0	5.0	10.0
Total Capital Funding within Other Portfolios	426.9	462.6	408.9
Total Local Government Funding outwith Core Settlement	650.4	740.6	724.0
Overall Scottish Government Funding for Local Government	12,282.9	13,334.9	13,870.9












* Former Community Justice Services

** Includes Parental Employability Support Funding - former Disabled Parents Employability Support; ELC alignment; Support for young parents; and Supporting Post-16 Transitions towards Employment

*** Former Place, Town Centres and 20 Minute Neighbourhoods

**** Funding subject to evaluation of fund being undertaken following trial period

Social Justice, Housing and Local Government intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Communities  Human Rights  Children and Young People  Poverty	 Culture  Health  International  Economy  Fair Work and Business  Environment  Education

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 6

Finance & Economy

Portfolio Responsibilities

The Finance and Economy portfolio is at the heart of the Scottish Government's ambition to build a stronger, fairer, greener economy for all Scotland's people and places, and to make our economy more sustainable and resilient in the longer term.

Through the National Strategy for Economic Transformation, the portfolio will build a strong, vibrant and diverse economy that promotes wellbeing, attracts investment and facilitates the transition to a Net Zero economy. It also supports our national digital infrastructure and helps every sector of the economy to increase their digital capacity and capability. It ensures that we tackle the global climate emergency, promote fair work, and through our investment in employability and training we are delivering on the government's ambition to eradicate child poverty and remove structural barriers for those who struggle to access the labour market.

The portfolio will continue to support innovation, through the publication of our National Innovation Strategy, setting out actions to improve our innovation performance, grow our economy, create jobs and bring in investment. The Strategy will identify areas where Scotland has the opportunity to become a world leader and will set out a cluster building approach. We will develop and roll out a delivery plan empowering regions to become lead agents of economic growth, building on the Regional Economic Policy review. Furthermore, we are continuing to deliver statutory responsibilities and policies for the operation and transformation of the planning system and continued investment in our communities and places.

We will also implement the next phase of delivery of our Trade and Investment plans to set the direction for our work on new market opportunities, attracting the high-quality investment and technologies needed, and supporting export potential in key sectors identified in the National Strategy for Economic Transformation.

The Scottish Government remains committed to meeting the needs of our island communities, and we will complete and deliver Ferguson Marine vessels, the Glen Sannox 801 and 802. We will support the yard in securing a sustainable future. The funding set out in this budget is the requirement set out by Ferguson Marine to Parliament on 28 September 2022 and we continue our due diligence on those figures and will update Parliament once concluded.

The portfolio supports Scottish Enterprise, Highland and Islands Enterprise, South of Scotland Enterprise, Visit Scotland, Accountant in Bankruptcy, Consumer Scotland and Scottish National Investment Bank. It also has responsibility for City Region and Growth Deals and European Structural Funds.

The portfolio is also responsible for key functions of Government around public finances, fiscal policy, taxation, procurement, digital strategy, connectivity, and digital economy; and for the funding of Revenue Scotland, the Scottish Fiscal Commission, Scottish Futures Trust, Scottish Public Pensions Agency and Registers of Scotland. Work will continue on approaches to improving efficiency and collaboration, building on the platform of the Resource Spending Review. Progress continues on: shared services, procurement, public sector property, digital public services and revenue raising. Engagement continues with partners, supporting the collaboration and reform necessary to ensure sustainable public services.

Finance and Economy

Table 6.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Scottish Public Pensions Agency	5,879.5	6,498.7	6,954.7
Other Finance	88.1	76.4	69.2
Accountant in Bankruptcy	2.2	2.1	2.0
Digital	143.6	191.5	152.0
Planning	12.3	13.9	12.3
Revenue Scotland	7.1	7.9	8.2
Scottish Fiscal Commission	2.0	2.3	2.5
Registers of Scotland	11.2	8.5	10.4
Employability and Training	56.2	124.6	135.1
Enterprise, Trade and Investment	446.6	480.6	423.1
European Structural Funds	-	-	-
European Regional Development Fund	-	-	-
Economic Advice	12.6	9.9	11.3
Consumer Scotland	-	2.5	2.4
Scottish National Investment Bank	205.0	215.7	244.4
Cities Investment and Strategy and Regeneration	321.4	329.6	263.2
Ferguson Marine	47.5	35.9	60.9
Tourism	65.1	51.2	49.4
COVID-19 Funding	640.0	-	-
Total Finance and the Economy	7,940.3	8,051.2	8,401.3
<i>of which:</i>			
Total Fiscal Resource	1,172.2	567.4	594.8
<i>of which Operating Costs</i>	<i>114.9</i>	<i>106.7</i>	<i>115.2</i>
Non-cash	38.6	47.8	50.3
Capital	643.3	681.0	577.2
Financial Transactions (FTs)	232.4	284.6	258.0
UK Funded AME	5,853.8	6,470.4	6,921.0

Presentational Adjustments for Scottish Parliament Approval

Revenue Scotland – shown separately	(7.1)	(7.9)	(8.2)
Scottish Fiscal Commission – shown separately	(2.0)	(2.3)	(2.5)
Registers of Scotland – shown separately	(11.2)	(8.5)	(10.4)
NHS and Teachers’ Pensions – shown separately	(5,853.8)	(6,470.4)	(6,921.0)
Enterprise (NDPB non-cash)	(8.3)	(18.0)	(18.0)
Ferguson Marine (NDPB non-cash)	(0.5)	(0.5)	(0.5)
Highlands and Island Enterprise (NDPB non-cash)	(5.1)	(2.0)	(2.5)
South of Scotland Enterprise (NDPB non-cash)	(2.5)	(1.0)	(0.5)
Scottish National Investment Bank (NDPB non-cash)	-	(0.8)	(0.8)
Scottish Futures Trust (NDPB non-cash)	-	(0.1)	(0.1)
Tourism (NDPB non-cash)	(1.4)	(2.5)	(2.5)
Total Finance and the Economy*	2,048.4	1,537.3	1,434.2
Total Limit on Income (accruing resources)	400.0		

* Resource cost of borrowing no longer shown as part of the Finance and Economy portfolio and is instead shown as a deduction against total funding

Table 6.02: Scottish Public Pensions Agency Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Agency Administration	25.7	28.3	33.7
Scottish Teachers Pension Schemes	1,922.8	2,002.2	2,280.0
NHS Pension Scheme	3,931.0	4,468.2	4,641.0
Total SPPA	5,879.5	6,498.7	6,954.7
<i>of which</i>			
Fiscal Resource	20.3	19.3	24.0
Non-cash	3.2	4.4	6.2
Capital	2.2	4.6	3.5
FTs	-	-	-
UK Funded AME	5,853.8	6,470.4	6,921.0

Table 6.03: Other Finance Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Tax and Revenues Development (Scotland Act Implementation)	2.6	2.1	2.2
Procurement Shared Services	23.8	27.2	24.5
Scottish Futures Trust	4.1	3.9	3.7
Exchequer and Finance	23.7	14.3	12.4
Scottish Government Capital Projects	27.0	23.8	16.8
Public Information and Engagement	2.8	2.7	2.3
Growth Accelerators	1.5	1.5	7.4
Green Growth Accelerator	1.0	1.0	-
Finance FTs	1.5	-	-
Total Other Finance	88.1	76.4	69.2
<i>of which:</i>			
Fiscal Resource	59.6	52.5	52.3
Non-cash	12.0	11.1	9.9
Capital	15.0	12.8	7.0
FTs	1.5	-	-
UK Funded AME	-	-	-

Table 6.04: Accountant in Bankruptcy Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Accountant in Bankruptcy	2.2	2.1	2.0
Total Accountant in Bankruptcy	2.2	2.1	2.0
<i>of which:</i>			
Fiscal Resource	0.3	-	0.3
Non-cash	0.8	1.0	0.9
Capital	1.1	1.1	0.9
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.05: Digital Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Digital Strategy	30.6	44.8	55.9
Digital Economy	10.2	15.2	(1.0)
Digital Connectivity	102.8	131.5	97.2
Total Digital	143.6	191.5	152.0
<i>of which:</i>			
Fiscal Resource	40.3	34.3	38.2
Non-cash	-	-	3.5
Capital	101.5	151.2	112.3
FTs	1.8	6.0	(2.0)
UK Funded AME	-	-	-

Table 6.06: Planning Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Planning	11.6	13.3	11.7
Planning and Environmental Appeals	0.7	0.6	0.6
Total Planning	12.3	13.9	12.3
<i>of which:</i>			
Fiscal Resource	7.3	6.9	5.3
Non-cash	-	-	-
Capital	5.0	7.0	7.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.07: Revenue Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Revenue Scotland	7.1	7.9	8.2
Total Revenue Scotland	7.1	7.9	8.2
<i>of which:</i>			
Fiscal Resource	6.2	6.7	7.2
Non-cash	0.4	0.5	0.6
Capital	0.5	0.8	0.5
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.08: Scottish Fiscal Commission Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Fiscal Commission	2.0	2.3	2.5
Total Scottish Fiscal Commission	2.0	2.3	2.5
<i>of which:</i>			
Fiscal Resource	2.0	2.3	2.5
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.09: Registers of Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Registers of Scotland	11.2	8.5	10.4
Registers of Scotland	11.2	8.5	10.4
<i>of which:</i>			
Fiscal Resource	4.0	-	-
Non-cash	4.2	6.0	4.5
Capital	3.0	2.5	5.9
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.10: Employability and Training Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Employability and Training	56.2	124.6	135.1
Total Employability and Training	56.2	124.6	135.1
<i>of which:</i>			
Fiscal Resource	56.1	124.5	135.1
Non-cash	0.1	0.1	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.11: Enterprise, Trade and Investment Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Enterprise	299.6	302.6	280.2
Highlands and Islands Enterprise	67.6	64.3	62.7
South of Scotland Enterprise Agency	35.7	37.0	34.5
Innovation, Industries, Trade and Investment	43.7	76.6	45.8
Total Enterprise, Trade and Investment	446.6	480.6	423.1
<i>of which:</i>			
Fiscal Resource	242.3	230.6	239.5
Non-cash	16.1	21.0	21.0
Capital	159.1	156.3	136.4
FTs	29.1	72.7	26.2
UK Funded AME	-	-	-

Table 6.12: European Structural Funds 2014-20 Programmes Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
ESF Central Government Spend – EC Income	-	-	-
ESF Central Government Spend	-	-	-
ESF Grants to Local Authorities	-	-	-
ESF Grants to Local Authorities – EC Income	-	-	-
Total ESF 2014-20 Programmes	-	-	-
<i>of which:</i>			
Fiscal Resource	-	-	-
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.13: European Regional Development Funds Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
ERDF Central Government Spend – EC Income	-	-	-
ERDF Central Government Spend	-	-	-
ERDF Grants to Local Authorities	-	-	-
ERDF Grants to Local Authorities – EC Income	-	-	-
Total ERDF 2014-20 Programmes	-	-	-
<i>of which:</i>			
Fiscal Resource	-	-	-
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Tables 6.12 and 6.13 reflect European Funding and as this is not voted for as part of the Scottish Budget is reflected as zero. The scheme comes to an end on 31 March 2025.

Table 6.14: Economic Advice Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Office of the Chief Economic Adviser	7.7	7.0	8.7
Council of Economic Advisers	0.1	-	-
Consumer Policy and Advice	4.8	2.9	2.6
Total Economic Advice	12.6	9.9	11.3
<i>of which:</i>			
Fiscal Resource	12.6	9.9	11.3
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.15: Consumer Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Consumer Scotland	-	2.5	2.4
Total Consumer Scotland	-	2.5	2.4
<i>of which:</i>			
Fiscal Resource	-	2.5	2.4
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.16: Scottish National Investment Bank Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish National Investment Bank	205.0	215.7	244.4
Total Scottish National Investment Bank	205.0	215.7	244.4
<i>of which:</i>			
Fiscal Resource	5.0	9.0	5.8
Non-cash	-	0.8	0.8
Capital	-	-	-
FTs	200.0	205.9	237.8
UK Funded AME	-	-	-

Table 6.17: Cities Investment and Strategy and Regeneration Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Cities Investment and Strategy	209.9	233.2	204.0
Regeneration	111.5	96.3	59.2
Total Cities Investment and Strategy and Regeneration	321.4	329.6	263.2
<i>of which:</i>			
Fiscal Resource	29.0	23.6	26.4
Non-cash	-	-	-
Capital	292.4	306.0	240.8
FTs	-	-	(4.0)
UK Funded AME	-	-	-










Table 6.18: Ferguson Marine Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Ferguson Marine	47.5	35.9	60.9
Total Ferguson Marine	47.5	35.9	60.9
<i>of which:</i>			
Fiscal Resource	2.0	2.0	2.8
Non-cash	0.5	0.5	0.5
Capital	45.0	33.4	57.6
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.19: Tourism Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Tourism	65.1	51.2	49.4
Total Tourism	65.1	51.2	49.4
<i>of which:</i>			
Fiscal Resource	45.2	43.4	41.6
Non-cash	1.4	2.5	2.5
Capital	18.5	5.3	5.3
FTs	-	-	-
UK Funded AME	-	-	-

Finance and Economy intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Economy	 Poverty
 International	 Communities
 Fair Work and Business	 Children and Young People
 Environment	 Education
	 Human Rights

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 7

Education & Skills

Portfolio Responsibilities

Improving the life chances of our children, young people and learners of all ages continues to be a key priority for this government. The Education and Skills portfolio invests in changing lives for the better and underpins key government priorities, including enabling everybody to reach their full potential, eradicating child poverty and supporting economic transformation to deliver Net Zero ambitions.

This budget, including funding delivered through the local government settlement, will:

- continue to deliver 1,140 hours of high-quality early learning and childcare to all three and four year olds and eligible two year olds;
- continue the delivery of a statutory financial redress scheme for survivors of child abuse in care;
- maintain £200 million annual investment in the Scottish Attainment Challenge in order to increase the pace of progress on closing the poverty-related attainment gap;
- invest in our colleges, universities and their students to support the development of well-educated, highly skilled people and securing world-class research and cutting edge innovation; and
- continue to offer apprenticeship opportunities that are open to all.

In 2023-24 we will:

- provide additional capital funding to support the expansion of provision of free school meals;
- provide £50 million through Whole Family Wellbeing Funding for preventative holistic family support and a further £30 million to #KeepThePromise to our care-experienced children and young people;
- support the Scottish Funding Council and our colleges and universities through a process of continuous improvement and reform to deliver the commitments as described in the National Strategy for Economic Transformation, building on the recommendations from the SFC's Review of Tertiary Education and Research, including in defining the Purpose and Principles for post-school education, skills and research;

- provide £10 million in capital funding to local authorities to renew play parks in Scotland to ensure children have access to high-quality outdoor play in their own communities;
- provide up to £16 million funding to third sector organisations through the Children Young People Families and Adult Learners third sector fund;
- continue to fund skills and training activities, including delivery of No One Left Behind and funding for Skills Development Scotland;
- continue to provide Education Maintenance Allowance to young people in education from low-income families; and
- continue to support the work of our employer-led Developing the Young Workforce Groups so that young people can make choices about their future based on the needs of employers.

Table 7.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Learning	321.9	461.5	542.0
Education Reform	74.6	93.0	100.3
Education Scotland	29.9	28.7	28.7
Children and Families	182.6	220.2	293.7
Early Learning and Childcare Programme	39.8	56.8	53.2
Higher Education Student Support	1,399.3	1,017.6	925.1
Scottish Funding Council	1,911.0	1,973.8	2,012.6
Lifelong Learning	20.6	22.9	22.7
Skills and Training	277.2	271.9	262.2
COVID-19 Funding	68.0	-	-
Total Education & Skills	4,324.6	4,146.5	4,240.5
<i>of which:</i>			
Total Fiscal Resource	2,815.0	2,927.0	3,059.1
<i>of which Operating Costs</i>	43.6	47.1	48.9
Non-cash	673.2	351.9	194.5
Capital	398.0	484.0	551.1
Financial Transactions (FTs)	22.1	22.1	15.0
UK Funded AME	416.3	361.3	420.8

Presentational Adjustments for Scottish Parliament Approval

Education Reform (NDPB non-cash)	(3.7)	(4.0)	(2.0)
Children and Families (NDPB non-cash)	(2.7)	(2.8)	(2.0)
SFC (NDPB non-cash)	(27.7)	(27.2)	(26.7)
Skills and Training (NDPB non-cash)	(0.9)	(1.4)	(1.7)
Central Government Grants to Local Authorities	666.4	646.3	646.3
Total Education and Skills	4,956.0	4,757.4	4,854.5

Total Limit on Income (accruing resources)	350.0
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Table 7.02: Learning Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Workforce and Infrastructure	164.5	267.3	279.7
Education Analytical Services	4.9	5.1	5.0
Improvement, Attainment and Wellbeing	152.4	189.1	257.3
Total Learning	321.9	461.5	542.0
<i>of which:</i>			
Fiscal Resource	321.5	421.1	447.8
Non-cash	-	-	-
Capital	0.4	40.4	94.2
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.03: Education Reform Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Gaelic	25.2	25.3	26.3
Curriculum	13.3	31.4	31.5
Education Reform	36.0	36.3	42.5
Total Education Reform	74.6	93.0	100.3
<i>of which:</i>			
Fiscal Resource	65.4	83.5	91.8
Non-cash	3.7	4.0	2.0
Capital	5.5	5.5	6.5
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.04: Education Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Education Scotland	29.9	28.7	28.7
Total Education Scotland	29.9	28.7	28.7
<i>of which:</i>			
Fiscal Resource	27.4	27.4	27.4
Non-cash	0.3	1.4	1.4
Capital	2.2	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.05: Children and Families Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Children's Rights, Protection and Justice	52.1	51.4	50.9
Strategy, GIRFEC and The Promise	26.0	26.0	95.9
Redress, Relations and Response	31.2	62.5	62.7
Disclosure Scotland Expenditure	22.9	24.3	23.5
Office of the Chief Social Work Adviser	21.1	21.2	21.2
Creating Positive Futures	29.3	34.7	39.5
Total Children and Families	182.6	220.2	293.7
<i>of which:</i>			
Fiscal Resource	164.2	194.4	264.2
Non-cash	10.5	12.3	12.1
Capital	7.9	13.5	17.4
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.06: Early Learning and Childcare Programme Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Early Learning and Childcare	39.8	56.8	53.2
Total Early Learning and Childcare Programme	39.8	56.8	53.2
<i>of which:</i>			
Fiscal Resource	39.8	56.8	48.2
Non-cash	-	-	-
Capital	-	-	5.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.07: Higher Education Student Support Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Student Support and Tuition Fee Payments	328.2	328.2	328.2
Student Loans Company Administration Costs	8.5	6.4	6.4
Student Loan Interest Subsidy to Bank	2.8	2.8	2.8
Cost of Providing Student Loans (RAB Charge) (non-cash)	629.0	304.1	149.0
Student Awards Agency for Scotland Operating Costs	12.9	12.9	13.0
SAAS Capital	1.6	1.9	4.9
Net Student Loans Advanced	585.0	530.0	826.0
Capitalised Interest	(80.0)	(80.0)	(316.5)
Student Loan Fair Value Adjustment	(90.0)	(90.0)	(90.0)
Student Loan Sale Subsidy Impairment Adjustment	1.3	1.3	1.3
Total Higher Education Student Support	1,399.3	1,017.6	925.1
<i>of which:</i>			
Fiscal Resource	351.3	348.7	348.7
Non-cash	630.1	305.7	150.7
Capital	1.6	1.9	4.9
FTs	-	-	-
UK Funded AME	416.3	361.3	420.8

Table 7.08: Scottish Funding Council Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Funding Council Administration	7.8	8.1	7.8
College Operational Expenditure	865.7	865.7	891.7
College Operational Income	(190.0)	(190.0)	(190.0)
<i>Net College Resource</i>	675.7	675.7	701.7
College NPD Expenditure	29.3	29.3	29.3
College Depreciation Costs	27.5	26.7	26.5
HE Resource	768.2	789.2	809.2
<i>Net College Capital</i>	33.7	74.7*	82.4*
HE Capital	346.7	348.0	340.7
HE FTs	30.5	31.0	26.6
HE FTs Income	(8.4)	(8.9)	(11.6)
Total Scottish Funding Council	1,911.0	1,973.8	2,012.6
<i>of which:</i>			
Fiscal Resource	1,480.8	1,501.8	1,547.8
Non-cash	27.7	27.2	26.7
Capital	380.4	422.7	423.1
FTs	22.1	22.1	15.0
UK Funded AME	-	-	-

*Includes £5m to be apportioned between the college, university and CLD sectors

Table 7.09: Lifelong Learning Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Higher Education	14.6	14.9	14.7
Qualifications and Accreditation	3.0	5.0	5.0
Science Engagement Advice	3.0	3.0	3.0
Total Lifelong Learning	20.6	22.9	22.7
<i>of which:</i>			
Fiscal Resource	20.6	22.9	22.7
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.10: Skills and Training Spending Plans (Level 3)










	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Skills Development Scotland	230.9	225.6	215.9
Employability and Skills	46.3	46.3	46.3
Total Skills and Training	277.2	271.9	262.2
<i>of which:</i>			
Fiscal Resource	276.3	270.5	260.5
Non-cash	0.9	1.4	1.7
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.11: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Gaelic	4.5	4.5	4.5
Local Government Attainment Grant**	140.0	120.0	120.0
Local Government ELC Grant	521.9	521.9	521.9
Education and Skills Total Central Government Grants to Local Authorities	666.4	646.3	646.3
<i>of which:</i>			
Fiscal Resource	666.4	646.3	646.3
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

** As in previous years, a portion of the raising attainment budget line will be used to top up Local Government Attainment Grant above £120m, to meet the increasing costs of the programme. 2021-22 figures include £20m Local Government Attainment Grant premium to support immediate COVID-19 recovery priorities for children and young people most impacted by poverty.

Education and Skills contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Education	 Communities
 Children and Young People	 Human Rights
 Economy	 Fair Work and Business
 Poverty	 International
	 Culture

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 8

Justice & Veterans

Portfolio Responsibilities

The purpose of the Justice portfolio is to keep our communities safe, and to support the administration of justice. As set out in our [Vision for Justice](#), by enabling our communities to be safe and resilient, reducing crime and offending, by supporting victims and witnesses, and working to shift societal attitudes and circumstances which perpetuate crime and harm, we aim to improve the wellbeing and life chances of all who engage with the justice system. Through this the portfolio plays its part in tackling inequalities, protecting and promoting human rights and contributing to a sustainable, inclusive and prosperous economy.

The Justice portfolio has responsibility for the civil, criminal and administrative justice systems. This includes Scotland's prisons, courts, tribunals, the legal aid system and criminal justice social work services as well as the contribution of third sector services. The work of the portfolio is underpinned by the principle that everyone should have the right to access justice. The portfolio also works to ensure person-centred and trauma-informed services for the victims of crime, to reduce victimisation, and to tackle and prevent violence against women and girls.

It supports the police and fire and rescue services to not only fulfil their crucial role as responders to emergencies but also to have an integral role in supporting and strengthening Scotland's communities.

The portfolio supports work to build safe, secure and more resilient communities and works to enhance Scotland's resilience and preparedness against a range of hazards and threats, including cyber-attacks and serious and organised crime.

The Justice portfolio provides a range of vital public services in which powers are largely devolved to the Scottish Parliament. It also works closely with the UK Government and its agencies to ensure that powers reserved to the UK Government, such as firearms regulation, counter terrorism and defence, properly serve and protect Scotland and its communities. The portfolio leads on support for our country's veterans so that Scotland is a positive destination following military service.

The portfolio budget lines also include funding for the collaborative Justice COVID-19 Recover, Renew and Transform programme.

Justice and Veterans

Table 8.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Community Justice	47.4	48.4	49.6
Judiciary	37.3	38.8	40.8
Criminal Injuries Compensation	15.6	15.6	15.6
Legal Aid	138.0	151.9	156.1
Police Central Government	36.4	78.3	73.8
Safer and Stronger Communities	12.6	14.4	15.2
Police and Fire Pensions	350.6	350.6	400.6
Scottish Prison Service	460.2	476.4	540.8
Miscellaneous	55.0	116.7	112.5
Scottish Police Authority	1,327.8	1,368.3	1,449.3
Scottish Fire and Rescue Service	343.2	352.7	363.7
Scottish Courts and Tribunals Service	129.7	134.0	147.6
COVID-19 Funding	75.0	-	-
Total Justice & Veterans	3,029.0	3,146.1	3,365.7
<i>of which:</i>			
Total Fiscal Resource	2,724.9	2,841.0	3,006.3
<i>of which Operating Costs</i>	28.0	32.1	34.3
Non-cash	137.5	139.0	156.0
Capital	166.5	166.0	203.4
Financial Transactions (FTs)	-	-	-
UK Funded AME	-	-	-

Presentational Adjustments for Scottish Parliament Approval

Legal Aid (NDPB Non-cash)	(0.6)	(0.6)	(0.6)
SPA (NDPB Non-Cash)	(50.0)	(50.0)	(51.0)
SFRS (NDPB Non-cash)	(26.0)	(26.0)	(27.0)
PIRC (NDPB Non-cash)	-	(0.2)	-
Police Loan Charges	3.8	5.1	3.7
Judicial Salaries	(35.3)	(36.3)	(36.3)
PPP/PFI adjustments	1.2	1.6	1.2
SCTS - shown separately	(129.7)	(134.0)	(147.6)
Central Government Grants to Local Authorities	86.5	86.5	86.5
Total Justice	2,878.9	2,992.3	3,194.6
Total Limit on Income (accruing resources)	39.7		

Table 8.02: Community Justice Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Offender Services	44.2	45.1	46.4
Miscellaneous	3.2	3.2	3.2
Total Community Justice	47.4	48.4	49.6
<i>of which:</i>			
Fiscal Resource	47.4	48.3	49.6
Non-cash	-	0.1	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.03: Judiciary Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Judiciary	2.0	2.5	4.5
Judicial Salaries	35.3	36.3	36.3
Total Judiciary	37.3	38.8	40.8
<i>of which:</i>			
Fiscal Resource	37.3	38.8	40.8
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.04: Criminal Injuries Compensation Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
CIC Scheme	13.8	13.8	13.8
Criminal Injuries Administration Costs	1.8	1.8	1.8
Total Criminal Injuries Compensation	15.6	15.6	15.6
<i>of which:</i>			
Fiscal Resource	15.6	15.6	15.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.05: Legal Aid Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Legal Aid Administration	12.2	13.6	14.8
Legal Aid Fund	125.8	138.3	141.3
Total Legal Aid	138.0	151.9	156.1
<i>of which:</i>			
Fiscal Resource	137.3	151.2	155.4
Non-cash	0.6	0.6	0.6
Capital	0.1	0.1	0.1
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.06: Police Central Government Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
National Police Funding & Reform	36.0	77.9	72.4
Police Support Services	0.4	0.4	1.4
Total Police Central Government*	36.4	78.3	73.8
<i>of which:</i>			
Fiscal Resource	33.9	73.3	61.3
Non-cash	2.5	2.5	2.5
Capital	-	2.5	10.0
FTs	-	-	-
UK Funded AME	-	-	-

*Prior years restated to reflect baseline transfer to Scottish Police Authority in 2023-24.

Table 8.07: Safer and Stronger Communities Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Safer Communities	12.6	14.4	15.2
Total Safer and Stronger Communities	12.6	14.4	15.2
<i>of which:</i>			
Fiscal Resource	12.6	14.2	15.2
Non-cash	-	0.2	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.08: Police and Fire Pensions Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Police Pensions	278.4	278.4	291.4
Fire Pensions	72.2	72.2	109.2
Total Police and Fire Pensions	350.6	350.6	400.6
<i>of which:</i>			
Fiscal Resource	350.6	350.6	400.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.09: Scottish Prison Service Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Prison Service	460.2	476.4	540.8
Total Scottish Prison Service	460.2	476.4	540.8
<i>of which:</i>			
Fiscal Resource	354.6	369.6	398.6
Non-cash	32.8	34.0	45.2
Capital	72.8	72.8	97.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.10: Miscellaneous Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Safe and Secure Scotland	8.4	11.2	11.5
Victim/Witness Support	18.2	20.2	22.7
Other Miscellaneous	28.5	85.4	78.3
Total Miscellaneous	55.0	116.7	112.5
<i>of which:</i>			
Fiscal Resource	52.0	116.6	111.4
Non-cash	-	0.1	0.1
Capital	3.0	-	1.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.11: Scottish Police Authority Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Police Authority	1,327.8	1,368.3	1,449.3
Total Scottish Police Authority*	1,327.8	1,368.3	1,449.3
<i>of which:</i>			
Fiscal Resource	1,227.7	1,268.2	1,348.2
Non-cash	50.0	50.0	51.0
Capital	50.1	50.1	50.1
FTs	-	-	-
UK Funded AME	-	-	-

*Prior years restated to reflect baseline transfer from Police Central Government in 2023-24.

Table 8.12: Scottish Fire and Rescue Service Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Operating Expenditure	343.2	352.7	363.7
Total Scottish Fire and Rescue Service	343.2	352.7	363.7
<i>of which:</i>			
Fiscal Resource	284.7	294.2	304.2
Non-cash	26.0	26.0	27.0
Capital	32.5	32.5	32.5
FTs	-	-	-
UK Funded AME	-	-	-











Table 8.13: Scottish Courts and Tribunals Service Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Scottish Courts and Tribunals Service	129.7	134.0	147.6
Total Scottish Courts and Tribunals Service	129.7	134.0	147.6
<i>of which:</i>			
Fiscal Resource	96.1	100.4	105.4
Non-cash	25.6	25.6	29.6
Capital	8.0	8.0	12.7
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.14: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Criminal Justice Social Work	86.5	86.5	86.5
Total Justice Central Government Grants to Local Authorities	86.5	86.5	86.5
<i>of which:</i>			
Fiscal Resource	86.5	86.5	86.5
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Justice intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Communities	 Children and Young People
 Human Rights	 Economy
	 International
	 Poverty
	 Education
	 Fair Work and Business
	 Health
	 Environment

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 9

Net Zero, Energy & Transport

Portfolio Responsibilities

The Net Zero, Energy and Transport (NZET) portfolio is responsible for the co-ordination of cross-government policy necessary to deliver a just transition to Net Zero and climate resilience in line with the Scottish Government's statutory climate change commitments. The portfolio's capital and resource expenditure supports the government's key priorities of transforming the economy to deliver our Net Zero commitments, eradicating child poverty and delivering sustainable public services. The portfolio is charged with protecting and enhancing our natural environment and resources, supporting Scotland's transport network and delivering significant investment to tackle the twin challenges of climate change and biodiversity loss.

The overarching aim is to protect and promote Scotland's environment, provide the public with a resilient and accessible transport network, and build a strong and sustainable Net Zero economy through:

- tackling climate change domestically and internationally and driving forward Scotland's just transition to a low carbon economy;
- providing significant investment in Scotland's strategic transport network including investing in transport decarbonisation and ensuring resilience across all modes;
- supporting the provision of accessible and affordable public transport services across transport modes including bus, ferries and rail including ScotRail, which we took into public ownership in April 2022;
- investing in active travel to deliver a transformational shift from car travel to walking, wheeling and cycling;
- developing and investing in a strengthened policy and delivery framework for green homes and buildings including delivering the Heat in Buildings strategy that will see a million homes and buildings decarbonised by 2030;
- maximising offshore wind supply including through investing in planning and consenting for offshore, renewable energy;
- accelerating our transition to a circular economy and modernising Scotland's waste and recycling services;
- protecting and restoring Scotland's wildlife, biodiversity and landscapes, and delivering Scotland's Biodiversity Strategy to be Nature Positive;

- taking forward ambitious plans on peatland restoration;
- leading delivery of Scotland's Forestry Strategy including managing forests and land in a way that supports and enables economically sustainable forestry including and accelerating the Woodland creation programme; and
- empowering communities and improving the way land is owned, used and managed.

The responsibilities of the portfolio are delivered by core Scottish Government directorates along with a range of public bodies and agencies across transport, energy, climate, forestry and environmental specialist areas.

Table 9.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Energy	413.4	413.9	479.6
Rail Services	1,339.9	1,396.9	1,420.8
Concessionary Fares and Bus Services	321.8	413.9	425.7
Active Travel, Low Carbon and Other Transport	327.0	354.5	349.0
Motorways and Trunk Roads	830.2	876.4	801.2
Ferry Services	287.6	296.0	440.0
Air Services	107.6	88.5	83.5
Scottish Forestry	83.7	90.9	102.4
Forestry and Land Scotland	37.5	27.2	23.8
Research, Analysis and Other	90.7	88.3	91.6
Environmental Services	207.2	220.9	248.9
Environmental Standards Scotland	-	2.2	2.9
Land Reform	16.4	13.9	15.4
Climate Change	31.6	51.3	81.4
Scottish Water	84.1	77.7	75.9
Offshore Wind	-	-	6.2
COVID-19 Funding	235.1	-	-
Total NZET	4,413.6	4,412.6	4,648.2
<i>of which:</i>			
Total Fiscal Resource	1,731.1	1,672.3	1,794.9
<i>of which Operating Costs</i>	33.5	42.9	48.6
Non-cash	159.8	195.0	196.5
Capital	2,432.3	2,485.0	2,595.8
Financial Transactions (FTs)	90.5	60.3	61.0
UK Funded AME	-	-	-

Presentational Adjustments for Scottish Parliament Approval

Highlands and Islands Airports Limited (NDPB non-cash)	(9.5)	(9.5)	(9.5)
Scottish Canals (NDPB non-cash)	(2.7)	(2.7)	(2.7)
Scottish Rail Holdings (NDPB non-cash)	-	(1.5)	(2.5)
Public Private Partnerships Adjustments	(20.9)	(23.3)	(25.4)
Central Government Grants to Local Authorities	58.4	58.4	58.4
Royal Botanical Gardens (NDPB non-cash)	(2.5)	(2.5)	(3.4)
National Park Authorities (NDPB non-cash)	(1.1)	(1.1)	(1.1)
SEPA (NDPB non-cash)	(5.3)	(5.3)	(3.7)
NatureScot (NDPB non-cash)	(2.2)	(2.2)	(2.2)
Scottish Water loan repayments not included in Scottish Parliamentary budgets	58.4	42.8	42.8
Environmental Standards Scotland	-	(2.2)	(2.9)
Total NZET	4,486.4	4,463.5	4,696.0

Total Limit on Income (accruing resources)	600.0
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Table 9.02: Energy Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Energy	226.8	221.6	248.5
Fuel Poverty/Energy Efficiency	186.6	192.3	231.1
Total Energy	413.4	413.9	479.6
<i>of which:</i>			
Fiscal Resource	51.2	64.5	90.7
Non-cash	-	-	-
Capital	304.4	310.1	352.9
FTs	57.8	39.3	36.0
UK Funded AME	-	-	-

Table 9.03: Rail Services Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Major Public Transport Projects	173.0	247.0	155.8
Rail Development	2.0	2.0	-
Rail Franchise	663.9	720.9	822.9
Rail Infrastructure	501.0	427.0	442.0
Total Rail Services	1,339.9	1,396.9	1,420.8
<i>of which:</i>			
Fiscal Resource	371.9	409.4	458.4
Non-cash	-	1.5	2.5
Capital	968.0	986.0	959.8
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.04: Concessionary Fares and Bus Services Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Concessionary Fares	262.8	310.6	359.3
Smartcard Programme	4.9	3.9	3.9
Support for Bus Services	54.2	99.4	62.5
Total Concessionary Fares and Bus Services	321.8	413.9	425.7
<i>of which:</i>			
Fiscal Resource	319.0	411.9	418.7
Non-cash	-	-	-
Capital	2.8	2.0	7.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.05: Active Travel, Low Carbon and Other Transport Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Agency Administration Costs	19.2	30.0	27.0
Scottish Canals	24.6	25.4	26.2
Strategic Transport Projects Review	3.5	3.0	1.5
Support for Active Travel	91.6	126.0	165.3
Support for Sustainable Travel	39.6	17.3	7.3
Support for Freight Industry	0.7	0.7	0.7
Future Transport Fund – Low Carbon	107.4	130.0	99.4
Edinburgh Tram Inquiry	0.5	0.5	0.3
Travel Strategy and Innovation	39.9	21.6	21.4
Total Active Travel, Low Carbon and Other Transport	327.0	354.5	349.0
<i>of which:</i>			
Fiscal Resource	51.3	62.6	65.8
Non-cash	3.5	4.5	4.7
Capital	239.9	277.4	278.5
FTs	32.3	10.0	-
UK Funded AME	-	-	-

Table 9.06: Motorways and Trunk Roads Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Capital Land and Works	155.7	136.9	121.9
Tay Bridge Authority	2.5	2.6	8.1
Queensferry Crossing	2.1	1.8	-
M&TR Other Current Expenditure	20.5	25.4	23.9
Network Strengthening	104.4	116.0	80.0
Roads Depreciation	135.4	167.5	168.6
Roads Improvements	46.3	36.5	29.4
Routine and Winter Maintenance	106.9	117.7	115.0
Structural Repairs	100.0	119.0	98.7
Motorways and Trunk Roads PPP Payments	152.1	132.5	130.0
Road Safety	3.5	20.0	25.0
Transport Information	0.8	0.6	0.6
Total Motorways and Trunk Roads	830.2	876.4	801.2
<i>of which:</i>			
Fiscal Resource	285.4	282.9	277.1
Non-cash	135.4	167.5	168.6
Capital	409.4	426.0	355.5
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.07: Ferry Services Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Support for Ferry Services	231.6	228.5	251.0
Vessels and Piers	56.0	67.5	189.0
Total Ferry Services	287.6	296.0	440.0
<i>of which:</i>			
Fiscal Resource	209.8	206.7	229.2
Non-cash	-	-	-
Capital	77.8	89.3	210.8
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.08: Air Services Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Highlands and Islands Airports Limited	91.4	71.3	69.0
Support for Air Services	16.2	17.2	14.5
Total Air Services	107.6	88.5	83.5
<i>of which:</i>			
Fiscal Resource	40.4	58.6	56.4
Non-cash	9.5	9.5	9.5
Capital	57.7	20.4	17.6
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.09: Scottish Forestry Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Programme and Running Costs	18.1	19.6	20.3
Depreciation	0.1	0.5	0.4
Woodland Grants	62.8	69.5	77.2
EC Receipts	-	(3.2)	-
Forest Research (Cross Border Services)	2.7	4.5	4.5
Total Scottish Forestry	83.7	90.9	102.4
<i>of which:</i>			
Fiscal Resource	37.6	39.2	46.2
Non-cash	0.1	0.5	0.4
Capital	45.0	50.2	55.7
FTs	1.0	1.0	-
UK Funded AME	-	-	-

Table 9.10: Forestry and Land Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
FLS Resource	15.4	16.7	12.2
FLS Capital	22.1	10.5	11.6
Total Forestry and Land Scotland	37.5	27.2	23.8
<i>of which:</i>			
Fiscal Resource	15.4	16.7	12.2
Non-cash	-	-	-
Capital	22.1	10.5	11.6
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.11: Research, Analysis and Other Services Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Strategic Policy, Research and Sponsorship	5.8	4.2	4.8
Economic and Other Surveys	4.5	5.0	4.3
Programmes of Research	50.0	50.4	48.8
Royal Botanic Garden Edinburgh	30.5	28.7	33.8
Total Research, Analysis and Other	90.7	88.3	91.6
<i>of which:</i>			
Fiscal Resource	37.2	36.9	36.7
Non-cash	2.9	2.9	3.8
Capital	50.6	48.5	51.1
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.12: Environmental Services Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
National Parks	17.5	18.5	20.9
Environmental Quality	13.8	13.8	9.9
Natural Resources and Peatland	41.2	53.5	60.7
Scottish Environmental Protection Agency	43.5	41.4	49.0
NatureScot	51.0	50.3	61.1
Zero Waste	40.2	43.4	47.4
Total Environmental Services	207.2	220.9	248.9
<i>of which:</i>			
Fiscal Resource	139.4	144.7	154.1
Non-cash	8.5	8.6	7.0
Capital	60.0	67.6	87.8
FTs	(0.6)	-	-
UK Funded AME	-	-	-

Table 9.13: Environmental Standards Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Environmental Standards Scotland	-	2.2	2.9
Total Environmental Standards Scotland	-	2.2	2.9
<i>of which:</i>			
Fiscal Resource	-	2.2	2.9
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.14: Land Reform Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Land Reform	14.8	12.3	13.9
Scottish Land Commission	1.5	1.6	1.5
Total Land Reform	16.4	13.9	15.4
<i>of which:</i>			
Fiscal Resource	5.8	5.9	8.0
Non-cash	-	-	-
Capital	10.6	8.0	7.4
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.15: Climate Change Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Climate Change Policy	1.6	1.8	1.7
Land Managers Renewables Fund	0.5	0.5	0.2
Climate Action and Just Transition Fund	29.6	49.1	79.5
Total Climate Change	31.6	51.3	81.4
<i>of which:</i>			
Fiscal Resource	27.6	27.3	31.4
Non-cash	-	-	-
Capital	4.0	14.0	25.0
FTs	-	10.0	25.0
UK Funded AME	-	-	-

Table 9.16: Scottish Water Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Interest on Voted Loans	(103.0)	(105.0)	(105.0)
Voted Loans	180.2	170.0	170.0
Hydro Nation	4.7	4.9	3.7
Drinking Water Quality Regulator	0.5	1.0	0.4
Private Water	1.7	6.8	6.8
Total Scottish Water	84.1	77.7	75.9
<i>of which:</i>			
Fiscal Resource	(96.1)	(97.3)	(99.1)
Non-cash	-	-	-
Capital	180.2	175.0	175.0
FTs	-	-	-
UK Funded AME	-	-	-












Table 9.17: Offshore Wind Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Offshore Wind	-	-	6.2
Total Offshore Wind	-	-	6.2
<i>of which:</i>			
Fiscal Resource	-	-	6.2
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.18: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Cycling, Walking and Safer Routes	23.9	23.9	23.9
Support for Inter-Island Ferries	19.2	19.2	19.2
Regional Transport Partnerships	15.3	15.3	15.3
Total Central Gov. Grants to Local Authorities	58.4	58.4	58.4

Net Zero, Energy and Transport intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Economy	 International
 Poverty	 Communities
 Children and Young People	 Education
 Environment	 Fair Work and Business
	 Health
	 Culture
	 Human Rights

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 10

Rural Affairs & Islands

Portfolio Responsibilities

Rural Affairs and Islands is a diverse portfolio which includes farming and food production, animal health and welfare, rural and island communities, food and drink, crofting, fisheries and aquaculture. The reach of the portfolio is broad and vital, supporting the Scottish Government's overarching ambition to tackle the twin crises of climate change and biodiversity loss whilst supporting food production.

Our priorities in this Parliament are to continue reforming and transforming key areas so this portfolio can help make Scotland greener and fairer. It is essential that Scotland is steadfast in its journey to Net Zero, investing in a strong economy, and building a fairer society as one of the means of addressing the current cost crisis.

This portfolio also has a vital role in maintaining certainty across the rural economy through direct cash injections, alongside supporting the creation of a more prosperous country by safeguarding the natural environment and harnessing the power of all of our people and our natural assets.

In the coming year, we will focus on:

- strengthening the resilience of rural, coastal and island communities, businesses and industries;
- continuing stability through ongoing support across the agricultural sector alongside testing new approaches to help farmers and crofters cut emissions and enhance nature;
- developing shared stewardship of our marine assets to ensure a strong blue economy and progress towards good environmental status for all of Scotland's marine waters;
- driving towards a Net Zero and climate resilient economy through transformation in agriculture, land use and marine sectors;
- developing Scotland's second National Marine Plan, to address the global climate and nature crises by managing increasing competition for space and resources in the marine environment;

- promoting advice and skills for farmers and crofters to support a Just Transition and act on the recommendations provided by the independent Commission on land-based learning;
- supporting a successful food and drink sector to produce high quality, healthy food and promote it to local, regional and international markets;
- establishing a dedicated Food Security Unit within the Scottish Government to monitor ongoing supply chain vulnerabilities and linking with future food security work, and
- investing in our island communities so that they thrive and flourish in the future.

Rural Affairs and Islands

Table 10.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Agricultural Support and Related	793.8	788.2	772.2
Rural Services	51.5	54.2	58.4
Marine Funding	20.4	20.4	17.1
Marine	85.0	94.7	108.7
Islands	10.5	8.3	8.5
COVID-19 Funding	1.0	-	-
Total Rural Affairs and Islands	962.2	965.8	964.9
<i>of which:</i>			
Total Fiscal Resource	836.6	879.8	888.9
<i>of which Operating Costs</i>	162.5	179.9	189.2
Non-cash	42.6	10.1	10.8
Capital	63.0	75.9	65.2
Financial Transactions (FTs)	20.0	-	-
UK Funded AME	-	-	-

Presentational Adjustments for Scottish Parliament Approval

Crofting Commission	(0.1)	(0.1)	(0.1)
Animal License Fees	0.1	0.1	0.1
Total Rural Affairs and Islands	962.2	965.8	964.9

Total Limit on Income (accruing resources)	300.0
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Table 10.02: Agricultural Support and Related Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Pillar 1 - Basic payments	282.0	282.0	282.0
Pillar 1 - Greening payments	142.0	142.0	142.0
Pillar 1 - Other payments	61.0	61.0	61.0
Convergence Funding	25.7	25.7	-
Agricultural Transformation	45.0	5.0	5.0
Technical Assistance	1.5	1.5	1.0
Agri Environment Measures	34.2	35.8	35.8
Business Development	17.1	26.0	13.1
Crofting Assistance	0.8	0.8	1.9
EU Income	(24.0)	(2.5)	-
Forestry	0.2	0.1	0.1
Less Favoured Area Support Scheme	65.5	65.5	65.5
ARE Operations	142.9	122.3	125.1
Science and Advice for Scottish Agriculture	-	-	0.7
Agricultural Reform Programme	-	23.0	39.0
Total Agricultural Support & Related	793.8	788.2	772.2
<i>of which:</i>			
Total Fiscal Resource	699.2	730.0	727.1
Non-cash	37.0	4.9	5.0
Capital	37.6	53.3	40.1
FTs	20.0	-	-
UK Funded AME	-	-	-

Table 10.03: Rural Services Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Agricultural & Horticultural Advice & Support	2.2	2.2	2.2
Animal Health	18.9	19.6	25.6
Crofting Commission	3.3	4.0	4.2
Food Industry Support	10.5	10.5	8.4
Leader	10.4	11.6	11.6
Rural Economy and Communities	1.3	1.4	1.5
Veterinary Surveillance	4.9	4.9	4.9
Total Rural Services	51.5	54.2	58.4
<i>of which:</i>			
Total Fiscal Resource	47.6	50.3	58.4
Non-cash	0.1	0.1	0.1
Capital	3.8	3.8	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 10.04: Marine Funding Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
EU Fisheries Grants	14.1	14.1	5.2
Marine Fund Scotland	14.5	14.5	14.5
Fisheries Harbour Grant	1.0	1.0	1.0
Marine EU Income	(9.2)	(9.2)	(3.6)
Total Marine Funding	20.4	20.4	17.1
<i>of which:</i>			
Total Fiscal Resource	16.0	16.0	5.0
Non-cash	-	-	-
Capital	4.4	4.4	12.1
FTs	-	-	-
UK Funded AME	-	-	-












Table 10.05: Marine Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Marine Scotland	85.0	94.7	108.7
Total Marine	85.0	94.7	108.7
<i>of which:</i>			
Total Fiscal Resource	71.8	80.6	94.9
Non-cash	5.5	5.1	5.7
Capital	7.7	9.1	8.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 10.06: Islands Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Islands Plan	10.5	5.0	5.5
Carbon Neutral Islands	-	3.0	3.0
Islands Bonds	-	0.3	-
Total Islands	10.5	8.3	8.5
<i>of which:</i>			
Total Fiscal Resource	1.0	3.0	3.5
Non-cash	-	-	-
Capital	9.5	5.3	5.0
FTs	-	-	-
UK Funded AME	-	-	-

Rural Affairs and Islands intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Economy	 Children and Young People
 Environment	 Education
 Communities	 Human Rights
	 Poverty
	 International
	 Fair Work and Business
	 Culture
	 Health

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 11

Constitution, External Affairs & Culture

Portfolio Responsibilities

The Constitution, External Affairs & Culture (CEAC) portfolio engages at home and internationally to enhance Scotland's reputation, increase economic success, prosperity and wellbeing, and promote Scotland as a great place to live, visit, work, study and do business.

We remain committed to being a good global citizen and to playing our part in tackling global challenges, including climate change, poverty, injustice and inequality. Through our international work we support the National Strategy for Economic Transformation and the transition to Net Zero. We want to ensure Scotland is an open and welcoming nation for people and their families to live and work in, and to make a positive contribution to our country. Across our international and European relationships we will continue our commitment to internationalisation, supported by the work of our external network of offices. We will build our relationships, celebrate cultural, educational and ancestral connections, and exchange policy ideas to address shared challenges, ensuring Scotland remains a valued and well-connected nation. We will continue to demonstrate our commitment to EU values, and our alignment with EU policy priorities.

Our investment in culture and heritage supports our inspiring creativity, our unique historic environment, and our world-class collections, ensuring these are cared for and enjoyed by new and diverse audiences as well as future generations right across Scotland. Scotland's creativity contributes to the economy and is increasingly recognised as essential to our health and wellbeing. We will continue to promote access to our historic environment, and high-quality places and buildings to support communities contributing principally to the culture, and also Net Zero, national outcomes. In August 2023 we will see the inaugural UCI Cycling World Championships, the largest-ever cycling event, take place. This is an example of our Major Events budget supporting an inspiring programme of events that creates jobs and boosts the economy whilst delivering benefits to communities across the country, promoting Scotland across the world, and can help to accelerate wider policy ambitions across portfolios. The portfolio also supports National Records of Scotland, and a range of Royal and Ceremonial matters within Scotland.

Spending Plans

Table 11.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Culture and Major Events	176.3	207.4	206.1
External Affairs	30.9	33.4	35.1
Historic Environment Scotland	55.9	70.1	72.7
National Records of Scotland	63.3	59.6	33.0
COVID-19 Funding	23.1	-	-
Total Constitution External Affairs and Culture	349.5	370.5	347.0
<i>of which:</i>			
Total Fiscal Resource	316.2	323.9	303.8
<i>of which Operating Costs</i>	20.8	22.4	22.3
Non-cash	16.1	16.1	17.1
Capital	17.2	30.5	26.1
Financial Transactions (FTs)	-	-	-
UK Funded AME	-	-	-

Presentational Adjustments for Scottish Parliament Approval

National Galleries of Scotland (NDPB non-cash)	(2.5)	(2.5)	(2.5)
National Library of Scotland (NDPB non-cash)	(3.2)	(3.2)	(4.1)
National Museums of Scotland (NDPB non-cash)	(3.7)	(3.7)	(3.6)
Historic Environment Scotland (NDPB non-cash)	(3.0)	(3.0)	(4.0)
Creative Scotland (NDPB non-cash)	(0.2)	(0.2)	(0.2)
National Records of Scotland – shown separately	(63.3)	(59.6)	(33.0)
Total CEAC	273.7	298.4	299.6
Total Limit on Income (accruing resources)	200.00		

Table 11.02: Culture & Major Events Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Creative Scotland & Other Arts	63.2	69.3	64.2
Cultural Collections	75.7	90.0	87.9
Major Events & Themed Years	8.3	18.2	24.2
Culture & Major Events Staffing	4.5	5.1	5.0
National Performing Companies	22.9	22.9	22.9
Architecture & Place	1.5	1.5	1.5
Royal & Ceremonial	0.4	0.4	0.4
Total Culture & Major Events Scotland	176.3	207.4	206.1
<i>of which:</i>			
Total Fiscal Resource	158.6	176.9	182.6
Non-cash	9.5	9.5	10.4
Capital	8.2	21.0	13.1
FTs	-	-	-
UK Funded AME	-	-	-

Table 11.03: External Affairs Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
International and European Relations	30.8	33.3	35.0
British Irish Council	0.1	0.1	0.1
Total External Affairs	30.9	33.4	35.1
<i>of which:</i>			
Total Fiscal Resource	30.9	33.4	35.1
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-












Table 11.04: Historic Environment Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Operational Costs	91.3	96.9	114.5
Capital Expenditure	6.0	6.5	9.0
Less Income	(41.4)	(33.3)	(50.8)
Total Historic Environment Scotland	55.9	70.1	72.7
<i>of which:</i>			
Total Fiscal Resource	46.9	60.6	59.7
Non-cash	3.0	3.0	4.0
Capital	6.0	6.5	9.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 11.05: National Records of Scotland Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Operational Costs	66.1	62.4	34.8
Capital Expenditure	3.0	3.0	4.0
Less Income	(5.8)	(5.8)	(5.8)
Total National Records of Scotland	63.3	59.6	33.0
<i>of which:</i>			
Total Fiscal Resource	56.7	53.0	26.3
Non-cash	3.6	3.6	2.7
Capital	3.0	3.0	4.0
FTs	-	-	-
UK Funded AME	-	-	-

Constitution, External Affairs and Culture intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Communities	 Economy
 Culture	 Poverty
 International	 Children and Young People
	 Education
	 Fair Work and Business
	 Health
	 Environment
	 Human Rights

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 12

Deputy First Minister & Covid Recovery

Portfolio Responsibilities

The portfolio supports the government's commitment to renewing public services, through public service reform, the delivery of the Covid Recovery Strategy and its contributions to strategic oversight and co-ordination of recovery activity across the Scottish Government. It also includes work to support the operation of the Scottish public inquiry into the handling of Covid-19, and to respond to both the UK and Scottish Inquiries.

The portfolio co-ordinates the development and implementation of the Scottish Government's policies on Freedom of Information, relations with the other three UK Governments, Scottish Parliament and Local Government elections, Cabinet business and the government's legislative programme. It also includes a Strategy function which supports effective policy across the organisation. The Government Business and Constitutional Relations line supports work in both this portfolio and the Constitution, External Affairs and Culture portfolio, including policies on constitutional change and devolution.

The Organisational Readiness line supports work on winter preparedness, assessment and co-ordination of concurrent risk across the Scottish Government and integrated monitoring, reporting and analysis arrangements for delivery of key government priorities. The portfolio also supports more resilient communities and works to build Scotland's resilience by improving Scotland's understanding and preparedness against a range of hazards and threats, through multi-agency planning, strengthening national work on risk and prevention and working with partners to build and deliver capacity.

The portfolio promotes reform and leadership development reflecting the priority to create financially sustainable, excellent, person-centred public services in Scotland, with particular emphasis on the empowerment and participation of people in all communities in Scotland.

Through the Resource Spending Review (RSR), published in May 2022, we established a platform for reform to ensure sustainable public services and improved outcomes for Scotland. This Budget builds on this, refocusing where required and progressing our commitment to public service reform. The portfolio leads efforts across Scottish Government for efficient public services and a public bodies landscape which ensures these best meet the needs of people across Scotland in sustainable ways. Building on the platform of the RSR, we will engage with public bodies to set up an approach to reviewing them which identifies opportunities for modifying and transforming ways of working in order to achieve further efficiencies and improve outcomes.

Table 12.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
Governance and Reform	4.0	4.6	5.1
Government Business	55.6	13.9	13.2
Organisational Readiness	5.1	24.4	26.8
Total Deputy First Minister and Covid Recovery	64.7	42.9	45.0
<i>of which:</i>			
Total Fiscal Resource	64.7	42.9	45.0
<i>of which</i>	24.7	26.8	29.0
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions (FTs)	-	-	-
UK Funded AME	-	-	-
Total Limit on Income (accruing resources)	-	-	-

Table 12.02: Governance and Reform Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Public Service Reform & Community Empowerment	4.0	3.3	3.6
Covid Recovery	-	1.3	1.5
Total Governance and Reform	4.0	4.6	5.1
<i>of which:</i>			
Total Fiscal Resource	4.0	4.6	5.1
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-








Table 12.03: Government Business Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Local Government Elections	2.1	3.2	0.8
Boundaries Scotland	0.4	0.4	0.4
Scottish Parliament Elections	34.9	0.1	0.1
Extension of Freedom of Information	0.1	0.1	-
Government Business and Constitutional Relations Policy and Co-ordination	18.1	10.1	11.8
Total Government Business	55.6	13.9	13.2
<i>of which:</i>			
Total Fiscal Resource	55.6	13.9	13.2
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 12.04: Organisational Readiness Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Office of the Chief Researcher	0.5	0.9	0.9
Organisational Readiness	-	4.2	3.2
Resilience	4.6	4.4	5.4
Response and Readiness	-	14.9	17.4
Total Organisational Readiness	5.1	24.4	26.8
<i>of which:</i>			
Total Fiscal Resource	5.1	24.4	26.8
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Deputy First Minister and Covid Recovery intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Communities	 Economy
 Human Rights	 Poverty
	 Environment
	 Health
	 Children and Young People

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Chapter 13

Crown Office & Procurator Fiscal Service

Portfolio Responsibilities

The Crown Office and Procurator Fiscal Service (COPFS) is the sole public prosecution authority in Scotland, prosecuting cases independently, fairly and effectively in the public interest. It is also responsible for investigating sudden, unexplained and suspicious deaths and allegations of criminal conduct by police officers. Our work helps to ensure that Scotland is safe from crime, disorder and danger.

The Lord Advocate has Ministerial responsibility for the work of the service. The Lord Advocate's position as head of the systems of criminal prosecution and investigation of deaths is enshrined in the Scotland Act 1998 and exercises that responsibility independently of any other person.

COPFS is a demand-led organisation with responsibility to meet state obligations to deliver justice. COPFS operates within a complex criminal justice system to deliver justice. The volume and complexity of the service's casework continues to grow. There continues to be an increase in complex cases which require longer investigations and court hearings. Over the last 24 months there has been a 41% increase in the number of death reports received. Sexual crime has increased and makes up almost 70% of High Court cases and there has been an increase in domestic abuse cases. Violence against women and girls, sexual crime and domestic abuse will form the bulk of casework for some years to come. The gathering and analysis of evidence for cases is more time-consuming because of the expanded use of social media and electronic communications and the service increasingly relies on the evidence of expert witnesses to interpret technical, scientific and medical issues.

COPFS, along with justice partners, made a five-year commitment to address trial backlogs caused by the effects of the COVID-19 pandemic and to implement Lady Dorrian's recommendations on the management of sexual offence cases. Significant reform is anticipated following Lady Dorrian's review, supported by the service's ongoing internal review of the investigation and prosecution of sexual offending. COPFS is committed to addressing violence against women and girls, improving the experience of victims and to make our service more trauma informed. Furthermore, the Lord Advocate has a duty to meet state obligations to fully investigate the additional 7,000 deaths reported to COPFS as a result of the COVID-19 pandemic.

Crown Office and Procurator Fiscal Service






Table 13.01: Spending Plans (Level 2)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 2	£m	£m	£m
COPFS	155.5	179.7	196.6
Total COPFS	155.5	179.7	196.6
<i>of which:</i>			
Total Fiscal Resource	145.6	168.6	181.8
Non-cash	5.1	5.8	6.5
Capital	4.8	5.3	8.3
Financial Transactions (FTs)	-	-	-
UK Funded AME	-	-	-
Total Limit on Income (accruing resources)			3.0

Table 13.02: Crown Office and Procurator Fiscal Service Spending Plans (Level 3)

	2021-22 Budget	2022-23 Budget	2023-24 Budget
Level 3	£m	£m	£m
Staff Costs	112.6	132.5	148.2
Office Costs	3.8	4.0	4.5
Case related	16.7	17.8	17.1
Centrally Managed Costs	17.6	20.1	18.5
Capital Expenditure	4.8	5.3	8.3
Total Government Business	155.5	179.7	196.6
<i>of which:</i>			
Total Fiscal Resource	145.6	168.6	181.8
Non-cash	5.1	5.8	6.5
Capital	4.8	5.3	8.3
FTs	-	-	-
UK Funded AME	-	-	-

Crown Office and Procurator Fiscal Service intended contributions contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Communities	 Economy
 Human Rights	 Fair Work and Business
	 Environment

For further information on the purpose of the portfolio budget, and contributions to national outcomes (including impacts of spend on equality of outcome) please refer to the relevant portfolio annex in the published Equality and Fairer Scotland Budget Statement.

Annexes

Annex A

Scottish Government Fiscal Control Framework

(1) Introduction

The Scottish Government is required to set a balanced budget each year. This must also remain within the key control totals as illustrated below:

Table A.01 – Scottish Government Total Funding

	2021-22	2022-23	2023-24
Scottish Government Discretionary Fiscal Budget	£m	£m	£m
Fiscal Resource	39,215	39,188	41,944
Non-Domestic Rates	2,090	2,766	3,047
Capital	5,660	5,824	5,939
Financial Transactions	449	527	424
Total Discretionary Fiscal Budget	47,414	48,305	51,353

	2021-22	2022-23	2023-24
Scottish Government Non-Discretionary Budget	£m	£m	£m
Non-Cash Resource Budget	1,378	1,103	1,015
UK Funded Annually Managed Expenditure (UKAME)	6,373	6,934	7,444
Total Non-Discretionary Budget	7,750	8,037	8,459

Total Scottish Budget	55,164	56,343	59,813
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Notes: The prior year comparators throughout this document reflect the position as set out in the Scottish Budget as approved by Parliament for that year. The funding position shown is consistent with that original budget allocation. The budget position changes throughout the year and subsequent budget revisions are available from the Scottish Government website. Some figures may not sum due to roundings (all Scottish Budget figures are rounded at Level 4. Level 4 tables are published alongside the Scottish Budget document on the Scottish Government website).

This presentation draws a distinction between the discretionary budget, where the Scottish Government may deploy cash funding according to its own priorities within devolved competence, and the non-discretionary budget.

The discretionary fiscal budget comprises four sub-categories of spending subject to their own control limits. These sub-limits are imposed by HM Treasury as part of UK fiscal rules. These limits apply to:

Fiscal Resource budgets – the largest element of government expenditure, which comprise expenditure on the day-to-day costs of delivering public services, used for example to pay public sector staff wages and purchase goods and services. Full analysis of the Fiscal Resource funding envelope is detailed in Table A.02 below.

Capital budgets are used mainly to support the delivery of public infrastructure in Scotland. This is split between fiscal capital and a separate control for budgets that can only be used to support loan or equity investment in bodies outside the public sector – labelled as Financial Transactions. It is not possible within HM Treasury fiscal rules to use capital budgets to fund additional day-to-day expenditure; they must be used to support long-term investment. Full analysis of the Capital and Financial Transactions funding envelope is detailed in Tables A.03 and A.04 below.

Non-Domestic Rates income – is fully devolved and outside scope of the block grant and Fiscal Framework arrangements controlled by HM Treasury. These are forecast by the Scottish Fiscal Commission (SFC) based on Scottish Government policies and collected by local authorities. The total distributable amount used in Scottish Budgets reflects the forecasts by the SFC taking into account outturn and other adjustments managed through the NDR pool. The arrangements for operation of the Non-Domestic Rates, and the management of the pool in Scotland are available on the Scottish Government website.

Note: This is disclosed as AME within the Local Government portfolio allocation.

The non-discretionary budget reflects the items where use of funding is restricted and/or has no impact on cash deployment and has two subcategories¹.

The non-cash resource limit – largely for depreciation of assets (and analysed separately below). It is not possible to use the notional non-cash budgets to support any fiscal spending.

UK Funded AME – A small number of programmes that, whilst they fall within the devolved responsibilities of the Scottish Government, continue to be funded annually by the UK Government on the basis of demand (shown here as UK funded Annually Managed Expenditure or UKAME). These budgets are ringfenced for specific purposes – principally NHS and teachers' pension payments and Student Loans. HM Treasury fiscal rules prohibit the use of funding provided for these areas to support other expenditure. However, this is not the case for all demand-led programmes: notably Social Security expenditure in Scotland is managed within the Fiscal Resource Departmental Expenditure Limit (DEL) rather than AME.

¹ <https://www.gov.scot/policies/local-government/non-domestic-rates/>

The Scottish Government operates within the requirements of the Fiscal Framework, agreed as part of the further devolution of fiscal powers contained in Scotland Act 2016.

(2) Fiscal Resource Funding Envelope

A full breakdown of the Fiscal Resource envelope by source of funding is detailed below.

Table A.02 Fiscal Resource Funding

	2021-22	2022-23	2023-24
Fiscal Resource Funding (£m)	£m	£m	£m
Core Barnett Settlement	30,892	34,322	36,023
COVID-19 Barnett Consequentials	3,408	-	-
Ringfenced Funding	756	704	715
Total UK Settlement (A)	35,056	35,026	36,737
Social Security Block Grant Adjustment (B)	3,310	3,587	4,360
Block Grant Adjustment for Taxes and Non-Tax Income	(12,430)	(14,639)	(16,131)
Scottish Income Tax	12,263	13,671	15,810
Land and Buildings Transaction Tax	586	749	773
Scottish Landfill Tax	88	101	79
Non-Tax Income	25	25	25
Net Budget Adjustment for Taxes and Non-Tax Income (C)	532	(94)	557
Reconciliations	(319)	(15)	46
Resource Borrowing	319	15	41
Resource Borrowing Costs	(21)	(76)	(120)
Capital Borrowing Costs	(76)	(92)	(112)
ScotWind	-	40	310
Scotland Reserve	192	120	-
Migrant Surcharge	28	92	120
KLTR	5	5	5
Other	185	180	-
Spillover	-	400	-
Machinery of Government	3	-	-
Other Income and Funding Adjustments (D)	317	669	289
Total Scottish Government Fiscal Resource Funding (A+B+C+D)	39,215	39,188	41,944
<i>Non-Domestic Rates - Distributable Amount</i>	<i>2,090</i>	<i>2,766</i>	<i>3,047</i>
Total Scottish and Local Government Fiscal Resource Funding	41,305	41,954	44,991

Scottish Government budgets are determined through the combination of Block Grant funding from HM Treasury, adjusted to reflect the transfer of social security powers, devolution of taxes and other income devolved to Scotland (through the Scotland Act 2012 and Scotland Act 2016), any planned use of available devolved borrowing powers and Non-Domestic Rates Income. Specifically:

Total UK Settlement (A) – This contains the core Block Grant settlement as outlined in the UK Autumn Budget. Ringfenced funding here relates to the replacement EU funding for Agriculture and Fisheries.

Changes in the Scottish Government’s block grant continue to be determined via the operation of the Barnett formula. Under the Barnett formula, the Scottish Government’s block grant in any given financial year is equal to the block grant baseline plus a population share of changes in UK Government spending on areas that are devolved to the Scottish Parliament. Detail of how the Barnett formula works is set out in the UK Government’s Statement of Funding Policy².

Social Security Block Grant Adjustment (B) – The block grant is adjusted upwards to reflect the devolution of social security powers and is calculated by HM Treasury with reference to forecasts prepared by the Office for Budget Responsibility.

Net Budget adjustment for Taxes and Non-Tax Income (C) – The total funding available to the Scottish Government is also dependent on decisions Scottish Ministers take on tax policy. Variation of Scottish tax policy relative to that of the UK will adjust the level of tax income received by the Scottish Government and the overall level of funding available to support spending plans. For the purpose of this budget, these relativities are drawn between existing UK tax policy and the devolved tax policy proposals advanced by the Scottish Government in this budget. No assumptions are made about possible future changes to UK tax policy.

Other Income and Funding Adjustments (D) – A number of other adjustments are made to Fiscal Resource Funding these are detailed below. Note that previously the majority of these items were presented separately as reconciling differences between primary fiscal aggregates and Scottish Government spending plans. These form part of the overall fiscal envelope.

Reconciliations – This comprises positive and negative outturn movements versus previous forecasts on income tax (net of BGAs) along with final outturn reconciliations in respect of Social Security and Devolved taxes. Block Grant Adjustments (BGAs) and these reconciliations are part of the Fiscal Framework agreement between the Scottish Government and HM Treasury.

Resource Borrowing – The Scottish Government can use resource borrowing to offset any negative reconciliations arising from forecast errors, within the overall annual and cumulative resource borrowing limits as defined in the Fiscal Framework agreement. In 2023-24 this power is being deployed to offset the adverse BGA reconciliations in relation to devolved taxes and benefit expenditure and included within the net reconciliation total above.

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1030043/Statement_of_Funding_Policy_2021_-_FINAL.pdf

Borrowing Costs – All costs of capital and resource borrowing (including repayments of principal and interest) are deducted directly from Fiscal Resource Funding. In previous budget documents this was included within the Finance and Economy Budget for presentational purposes but deducted from the total requiring parliamentary approval. In this budget and going forward these forecast costs will be included as a funding deduction reflecting how they are applied to budget aggregates and managed in line with borrowing policies.

ScotWind – In 2022-23 the Crown Estate Scotland concluded the first round of offshore wind leasing which has generated in excess of £756 million of income. The amounts detailed for 2022-23 and 2023-24 are in line with the Resource Spending Review profiles agreed in May. Note that £40 million was included within the combined ‘Other Income’ £620 million assumption in the 2022-23 budget, but this has been disaggregated in the table above.

Scotland Reserve – The Scotland Reserve allows the Scottish Government limited ability to manage spending across financial years. The Fiscal Framework sets out the limits of the Scotland Reserve – up to £700 million in aggregate may be deposited in the Reserve. Maximum drawdown in any one year from the Reserve is £250 million of resource budget and £100 million of capital budget (including Financial Transactions). Under the Fiscal Framework the drawdown limits are temporarily waived where a Scotland-specific economic shock occurs. No assumption is made for fiscal resource carry over in the 2023-24 Budget.

Migrant Surcharge – This is income derived from charges on migrants for using NHS Services and is collected by the Department for the Home Office and redistributed to devolved governments on a Barnett basis. Despite the Barnett formula applying, this is not a Barnett Consequential included within the block grant as it has no relationship to UK departmental spending. Amounts are allocated to Scottish Government’s settlements incrementally and the 2023-24 figure is a forecast of the total annual transfers for the year.

King’s and Lord Treasurer’s Remembrancer (KLTR formerly QLTR) – is the Crown’s representative in Scotland who deals with ownerless property. In the Scotland Act 1998, the Crown’s property rights in ownerless goods and the revenues raised from them were transferred to Scottish Ministers and the revenues paid into the Scottish Consolidated Fund.

Spillover – As part of the 2022-23 Scottish Budget £620 million ‘Other Income’ assumption, £400 million was assumed to be forthcoming through the conclusion of a previous dispute on the application of increases to the personal allowance on adjustments to the Scottish Block Grant, dating back to 2017-18. An agreement was reached in 2022-23 reflecting all prior year adjustments up to and including financial year 2021-22 resulting in a transfer of £375 million. Any future funding transfers in respect of fiscal years 2022-23 onwards are to be subject to discussion as part of the forthcoming Fiscal Framework Review. No adjustment is made for 2023-24 onwards at this stage.

Machinery of Government – These relate to anticipated funding transfers from the UK Government for specific transfers of responsibility. These amounts are not reflected in the HM Treasury control total but are showing in portfolio spending plans. No such transfers are currently anticipated for 2023-24.

Other – There is no assumption on other income sources included for 2023-24 Fiscal Resource funding. In 2021-22 this comprised £185 million of expected voluntary donations from recipients of rate relief measures in 2020-21. In 2022-23 this was included in the total £620 million Other Income assumption (alongside anticipated Spillover and ScotWind funding) and related to expected, but unconfirmed Barnett consequential.

Non-Domestic Rates Income – This is determined by policies set by the Scottish Government. In 2023-24, £3,047 million will form part of the settlement to Local Government in Scotland. The detailed policies for 2023-24 are set out in Chapter 2.

(3) Capital and Financial Transactions Funding Envelope

Table A.03 Capital Funding Envelope

	2021-22	2022-23	2023-24
Capital Funding (£m)	£m	£m	£m
Barnett Settlement	5,210	4,469	4,757
Ringfenced Funding	-	643	632
Borrowing (per Capital Borrowing Policy)	450	450	450
Scotland Reserve	-	118	-
Fossil Fuel Levy	-	44	-
City Deals	-	100	100
Total Capital Funding	5,660	5,824	5,939

Table A.04 Financial Transactions Funding Envelope

	2021-22	2022-23	2023-24
Financial Transactions Funding (£m)	£m	£m	£m
Barnett Settlement	249	466	186
Scotland Reserve	200	61	50
Corrections to historic settlement be reflected	-	-	188
Total Financial Transactions Funding	449	527	424

Barnett Settlement – As with Fiscal Resource these amounts are as per the recent UK Autumn Budget Statement on 17 November 2022.

Ringfenced Funding – This funding relates to the separate and specific agreement to transfer capital funding to support Network Rail outside the usual Barnett arrangements.

Capital Borrowing – The Scottish Government can borrow up to £450 million per annum for capital borrowing, subject to a cumulative limit of £3 billion. The Medium Term Financial Strategy details the Scottish Government’s policy on capital borrowing which seeks to utilise borrowing capacity in a fiscally sustainable manner.

Scotland Reserve – As detailed above the Scottish Government has ability to carry forward some funds or net underspends via the Scotland Reserve. No such assumption is made for capital in 2023-24; however, £50 million of Financial Transactions is assumed to be available.

Fossil Fuel Levy – The Fossil Fuel Levy was used to compensate power companies for the higher costs involved in meeting the terms of contracts to purchase renewable electricity, awarded to certain projects during the 1990s under a former renewables support mechanism. The funding shown for 2022-23 represents a final transfer to the Scottish Government following the winding up of the scheme. No such funding is available from 2023-24 onwards.

City Deals Funding – City deals are jointly funded through agreement with the UK Government. UK Government contributions to these agreements are not yet included in the Block Grant figures. The £100 million anticipated here is consistent with the profile of UK Government contributions to these agreements.

Corrections to historic FT settlement – The methodology underpinning the Barnett calculation (and subsequent repayment requirements) of Financial Transactions (FT) was amended as part of the 2020 UK Spending Review. This drew a distinction between FTs to be allocated on a gross basis and those allocated on a net basis (where repayments can be retained for redeployment). The change revealed some previous miscalculation of the Scottish Government FT settlement since 2015. In aggregate the total change amounted to around £400 million. £190 million reflects an adjustment to the FT settlement agreed with HMT for 2023-24. The balancing amount remains subject to dispute.

(4) Specific Funding Issues for 2023-24 and beyond

Whilst Barnett funding from the UK Government has increased in real terms on the basis of the standard GDP deflator calculation this does not compensate the Scottish Budget for increases in prices over 2022-23 and 2023-24 combined. As the table below demonstrates the funding received for 2023-24 is 4.8% lower in real terms than in 2021-22, despite increases in the most recent financial year.

Table A.05 Real Terms change in Barnett Funding

Barnett Funding (2022-23 prices)	2021-22 £m	2022-23 £m	2023-24 £m
Fiscal Resource Budget	35,967	34,322	34,895
Capital Budget	5,463	4,469	4,608
Financial Transactions Budget	261	466	180
Total	41,691	39,257	39,683
Real Terms Change against prior year	-	(5.8%)	1.1%
Cumulative Real Terms changes since 2021-22	-	(5.8%)	(4.8%)
GDP Deflators for 2022-23 prices	0.954	1.000	1.032
GDP Deflators for 2021-22 prices	1.000	1.049	1.082

Table A.06 Real Terms change in Discretionary Funding

Discretionary Funding (2022-23 prices)	2021-22 £m	2022-23 £m	2023-24 £m
Fiscal Resource Budget	41,120	39,188	40,630
Capital Budget	5,935	5,824	5,754
Financial Transactions Budget	471	527	410
Total	47,526	45,539	46,794
Real Terms Change against prior year	-	(4.2%)	2.8%
Cumulative Real Terms changes since 2021-22	-	(4.2%)	(1.5%)

According to the latest data inflation now stands at 11.1%, the highest UK rate since 1981. Since 2021 the Scottish Block Grant has reduced by 4.8% in real terms when applying the GDP deflator. While the GDP deflator is the usual comparator for analysing real-terms changes in public spending, as highlighted by the OBR and SFC, it may not fully capture the inflationary pressures faced by the public sector in the current environment. Using CPI as an alternative measure of inflation, the core Barnett funding from the UK Government would be 10.8% lower than in 2021-22.

Looking at discretionary funding (incorporating the effect of Scottish Government policies on tax and borrowing) presents a similar picture, with a real-terms reduction in 2022-23 not fully compensated for by increases in 2023-24. However, the effect of Scottish Government tax and borrowing decisions has helped to mitigate this real-terms loss of funding. Whilst Barnett funding is down 4.8% since 2021-22, Scottish Government funding in total has only fallen by 1.5% after factoring in devolved funding policies.

Based on the most recent OBR analysis, the long-term fiscal outlook for Barnett Settlements presents a significant downturn to expected funding from 2025-26. This is as a result of the UK Government deferring the majority of departmental cuts to after the current UK Spending Review period, which expires in 2024-25. Therefore the full impact on the Scottish Government's funding outlook over the spending review period remains subject to considerable downside risk.

Funding Outlook

The Scottish Government published its Medium Term Financial Strategy in May 2022, alongside its Resource Spending Review and refreshed Capital Spending Review. The Medium Term Financial Strategy set out the funding outlook for the next five years; and this funding outlook was used to set the projected spending envelopes for resource and capital for the period 2023-24 to 2026-27.

There are a number of differences between the funding position set out at this 2023-24 Scottish Budget and the outlook set out in May 2022. In cash terms, there is £1.8 billion more resource funding available. This is a combination of;

- £831 million improvement to the forecast net tax position (including the effect of changes to tax policy detailed in this budget),
- £830 million more Barnett consequentials,
- £279 million from the inflationary uplift in the Social Security Block Grant Adjustment, less an offset of;
- (£127 million) across the range of items included within Other Income (D) above.

The CDEL funding position for 2023-24 remains unchanged from the outlook set out in May 2022. There is £38 million more Financial Transaction funding available. This is a result of:

- £12 million less than expected from corrections to historic settlement detailed above. The remaining £200 million was allocated to 2024-25.
- £50 million more from use of the Scotland Reserve.

An updated funding outlook for 2024-25 and subsequent years will be published as part of the Medium Term Financial Strategy in May 2023.

Further Devolution of Powers

The Scotland Act 2016 provided the Scottish Government with new powers over Social Security including responsibility for certain benefits, including Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Disablement Allowance, Personal Independence, Severe Disablement Allowance and, from 2022-23, Cold Weather Payment. Social security powers transferred to Scotland need to be managed within HM Treasury budget control limits (a difference to how they are managed in the rest of the UK where any additional spend in-year over the budgeted amount is funded by HM Treasury as annually managed expenditure). This has introduced additional volatility into the Scottish Budget. Any increase in demand against what has been forecast by the SFC will need to be managed through a combination of drawing down funding from the Scotland Reserve, drawing on resource borrowing powers or in-year adjustment to other budgets.

The transfer of greater tax and social security powers requires the Scottish Government to manage much larger levels of fiscal volatility. The Fiscal Framework³ provides for borrowing powers and the Scotland Reserve to give some assistance to stabilising spending across years.

Scotland Specific Economic Shock

The Scottish Fiscal Commission forecasts produced alongside the 2021-22 Budget indicated that the technical requirements for a Scotland-specific economic shock were met. The Scottish Fiscal Commission were clear that this does not mean that they expected economic performance to be significantly weaker in Scotland, but rather it was caused primarily by the timing of the SFC's forecasts, which took place in very different circumstances from the OBR's November 2020 forecasts. Triggering of a shock provides the Scottish Government with access to increased reserve and borrowing flexibilities until 2023-24.

Notwithstanding the increased flexibility provided by the triggering of a shock, experience to date has demonstrated that limits on borrowing and the Scotland Reserve imposed by the Fiscal Framework are too restrictive to ensure stability in the Scottish Government's budget management. Scottish Ministers will seek to renegotiate those limits as part of the upcoming review of the Fiscal Framework.

Fiscal Framework Review

The Fiscal Framework is due to be reviewed in 2022-23, after the completion of an independent report, jointly commissioned by the UK and Scottish Governments. The review must comprehensively consider the operation of the current framework and ensure the Scottish Government has the necessary powers to manage the risks we face within our devolved responsibilities, and to support economic recovery.

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/503481/fiscal_framework_agreement_25_feb_16_2.pdf

(5) Non-Cash Budget

The HM Treasury non-cash budget forms the balancing figure between Fiscal Resource (real spending power) and total resource funding. Table A:07 shows the associated non-cash budgets by year. It is not possible to use the notional non-cash budgets to support any fiscal spending.

Table A.07 Non Cash Budget Reconciliation

	2021-22	2022-23	2023-24
Non-Cash Budget (£m)	£m	£m	£m
Non-Cash Budget Aggregate	1,145	2,470	2,518
Anticipated Additional Non-Cash	233	-	-
Unallocated Non-Cash	-	(1,367)	(1,503)
Scottish Government Allocation	1,378	1,103	1,015

[Local government: Non-domestic rates \(business rates\) - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Annex B

Summary of Portfolio Spending Plans

B.01: Total Proposed Budget for 2023-24

2023-24 Scottish Budget	Fiscal Resource £m	Non Cash Resource (Ring- fenced DEL) £m	Capital £m	Financial Transactions £m	Total £m	Annually Managed Expenditure £m	Total £m
Health and Social Care	18,176	301	578	5	19,061	100	19,161
Social Justice, Housing and Local Government	13,765	67	1,333	85	15,250	3,047	18,297
Finance and Economy	595	50	577	258	1,480	6,921	8,401
Education and Skills	3,059	194	551	15	3,820	421	4,241
Justice and Veterans	3,006	156	203	-	3,366	-	3,366
Net Zero, Energy and Transport Portfolio	1,795	197	2,596	61	4,648	-	4,648
Rural Affairs and Islands	889	11	65	-	965	-	965
Constitution, External Affairs and Culture	304	17	26	-	347	-	347
Deputy First Minister and Covid Recovery	45	-	-	-	45	-	45
Crown Office and Procurator Fiscal Service	182	7	8	-	197	-	197
Scottish Government	41,816	1,000	5,938	424	49,178	10,489	59,667
Scottish Parliament and Audit Scotland	128	15	1	-	144	2	146
Total Scotland	41,944	1,015	5,939	424	49,322	10,491	59,813

B.02: Total Managed Expenditure

				Real terms @ 2022-23 prices		
	2021-22 Budget	2022-23 Budget	2023-24 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	17,235	18,044	19,161	18,072	18,044	18,561
Social Justice, Housing and Local Government	16,554	16,844	18,297	17,358	16,844	17,724
Finance and Economy	7,940	8,051	8,401	8,326	8,051	8,138
Education and Skills	4,325	4,146	4,241	4,535	4,146	4,108
Justice and Veterans	3,029	3,146	3,366	3,176	3,146	3,260
Net Zero, Energy and Transport Portfolio	4,414	4,413	4,648	4,628	4,413	4,503
Rural Affairs and Islands	962	966	965	1,009	966	935
Constitution, External Affairs and Culture	349	370	347	366	370	336
Deputy First Minister and Covid Recovery	65	43	45	68	43	44
Crown Office and Procurator Fiscal Service	155	180	197	163	180	190
Scottish Parliament and Audit Scotland	136	140	146	142	140	142
Total	55,164	56,343	59,813	57,844	56,343	57,940

Table B.03: Fiscal Resource

				Real terms @ 2022-23 prices		
	2021-22 Budget	2022-23 Budget	2023-24 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	16,333	17,107	18,176	17,127	17,107	17,607
Social Justice, Housing and Local Government	12,955	12,537	13,765	13,584	12,537	13,334
Finance and Economy	1,172	567	595	1,229	567	576
Education and Skills	2,815	2,927	3,059	2,952	2,927	2,963
Justice and Veterans	2,725	2,841	3,006	2,857	2,841	2,912
Net Zero, Energy and Transport Portfolio	1,731	1,672	1,795	1,815	1,672	1,739
Rural Affairs and Islands	837	880	889	877	880	861
Constitution, External Affairs and Culture	316	324	304	332	324	294
Deputy First Minister and Covid Recovery	65	43	45	68	43	44
Crown Office and Procurator Fiscal Service	146	169	182	153	169	176
Scottish Parliament and Audit Scotland	120	122	128	126	122	124
Total	39,214	39,189	41,944	41,120	39,189	40,630

Table B.04: Non-Cash (Ringfenced)

				Real terms @ 2022-23 prices		
	2021-22 Budget	2022-23 Budget	2023-24 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	272	272	301	286	272	292
Social Justice, Housing and Local Government	20	50	67	21	50	65
Finance and Economy	39	48	50	40	48	49
Education and Skills	673	352	194	706	352	188
Justice and Veterans	138	139	156	144	139	151
Net Zero, Energy and Transport Portfolio	160	195	197	168	195	190
Rural Affairs and Islands	43	10	11	45	10	10
Constitution, External Affairs and Culture	16	16	17	17	16	17
Deputy First Minister and Covid Recovery	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	5	6	7	5	6	6
Scottish Parliament and Audit Scotland	12	14	15	13	14	15
Total	1,378	1,103	1,015	1,444	1,103	983

Table B.05: Capital (inc Financial Transactions)

				Real terms @ 2022-23 prices		
	2021-22 Budget	2022-23 Budget	2023-24 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	529	564	583	555	564	565
Social Justice, Housing and Local Government	1,489	1,491	1,418	1,562	1,491	1,373
Finance and Economy	876	966	835	918	966	809
Education and Skills	420	506	566	441	506	548
Justice and Veterans	167	166	203	175	166	197
Net Zero, Energy and Transport Portfolio	2,523	2,545	2,657	2,645	2,545	2,574
Rural Affairs and Islands	83	76	65	87	76	63
Constitution, External Affairs and Culture	17	31	26	18	31	25
Deputy First Minister and Covid Recovery	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	5	5	8	5	5	8
Scottish Parliament and Audit Scotland	1	1	1	1	1	1
Total	6,110	6,351	6,363	6,407	6,351	6,164

Table B.06: Annually Managed Expenditure

				Real terms @ 2022-23 prices		
	2021-22 Budget	2022-23 Budget	2023-24 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	100	100	100	105	100	97
Social Justice, Housing and Local Government	2,090	2,766	3,047	2,192	2,766	2,952
Finance and Economy	5,854	6,470	6,921	6,138	6,470	6,704
Education and Skills	416	361	421	437	361	408
Justice and Veterans	-	-	-	-	-	-
Net Zero, Energy and Transport Portfolio	-	-	-	-	-	-
Rural Affairs and Islands	-	-	-	-	-	-
Constitution, External Affairs and Culture	-	-	-	-	-	-
Deputy First Minister and Covid Recovery	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	-	-	-	-	-	-
Scottish Parliament and Audit Scotland	2	2	2	2	2	2
Total	8,462	9,700	10,491	8,874	9,700	10,163

Annex C

Budgets Split by HM Treasury Aggregate (web only)

Annex D

Table D.01: Outturn Comparison 2014-15 to 2021-22

	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn	2021-22* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Health	11,969.4	12,429.4	13,199.3	13,375.6	13,761.6	14,483.9	17,824.9	18,525.9
Sport ¹	234.1	62.8	45.1	-	-	-	-	-
Food Standards Scotland	10.8	15.8	16.3	15.7	16.7	17.7	17.1	21.2
Total Health and Social Care	12,214.3	12,508.0	13,260.7	13,391.3	13,778.3	14,501.6	17,842.0	18,547.1
Local Government ²	10,733.5	10,877.8	10,336.6	10,462.1	10,703.6	11,397.7	12,668.9	12,811.7
Third Sector	23.7	18.4	21.6	21.2	22.1	21.9	140.6	37.2
Housing and Regeneration	548.2	636.1	-	-	-	-	-	-
Housing	-	-	616.8	633.9	787.7	877.0	890.6	624.0
Equalities	21.7	22.5	23.8	25.1	23.1	28.1	31.1	39.4
Social Security Advice, Policy and Programme	-	-	1.4	12.4	258.9	149.5	278.0	378.1
Social Security Assistance	-	-	-	-	-	350.8	3,378.3	3,484.4
Social Justice and Regeneration	-	-	61.5	60.1	67.3	76.7	160.5	19.8
Connected Communities	-	-	-	-	-	-	-	3.8
Welfare Reform Mitigation	9.2	13.3	-	-	-	-	-	-
Scottish Futures Fund (SJC&PR)	1.8	-	-	-	-	-	-	-
Office of the Scottish Charity Regulator	2.9	2.9	2.9	3.0	2.9	3.3	3.3	3.3
Scottish Housing Regulator	4.4	4.3	4.0	4.0	4.2	4.6	4.5	4.4
Total Social Justice, Housing and Local Government	11,345.4	11,575.3	11,068.6	11,221.8	11,870.0	12,909.6	17,555.9	17,406.2
Scottish Public Pensions Agency	3,613.9	3,429.5	3,301.1	4,569.5	5,841.5	4,373.7	5,207.3	6,020.7
Other Finance	62.1	48.9	40.7	36.2	53.3	103.5	149.2	126.9
Planning	5.0	5.2	4.4	6.6	10.4	11.2	13.4	13.2
Accountant in Bankruptcy	0.6	1.1	1.4	2.2	1.7	2.4	1.9	(0.1)

¹ Sport subsumed within Health Level 2 from 2017-18.

² Budgets for Police and Fire in excess of £1 billion were transferred from Local Government to the new police and fire authorities from 2013-14 onwards.

	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn	2021-22* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue Scotland	-	4.6	4.6	5.5	7.4	8.9	6.6	6.6
Scottish Fiscal Commission	-	-	0.9	1.5	1.6	1.9	2.0	1.9
Registers of Scotland	-	-	-	-	-	(50.0)	26.2	1.8
Rural Economy Enterprise	67.5	67.2	68.4	76.4	91.8	81.1	111.7	109.1
Enterprise	259.8	258.9	236.0	304.4	433.0	407.6	1,437.3	880.0
Economic Advice	2.0	2.1	2.5	3.6	7.8	15.2	12.6	10.8
Scottish National Investment Bank	-	-	-	-	-	-	64.4	154.5
Employability and Training	21.6	18.0	16.8	35.3	45.2	45.9	87.1	71.8
European Social Fund	-	-	50.1	(0.5)	(4.6)	-	38.6	(1.7)
European Regional Development Fund	-	-	(32.4)	(4.5)	-	-	(0.7)	(0.4)
ESF Programme Operation	3.9	32.9	(7.1)	-	-	-	-	-
Cities Investment and Strategy	-	33.1	44.4	43.7	91.7	114.9	218.3	343.1
Digital Public Services, Committees, Commissions and Other Expenditure	90.7	-	-	-	-	-	-	-
Digital	-	78.0	81.9	63.5	13.1	33.5	103.4	146.4
Ferguson Marine	-	-	-	-	-	16.2	84.7	115.1
Tourism	54.3	47.5	49.3	50.4	54.6	61.5	137.7	113.8
Total Finance and Economy	4,181.4	4,027.0	3,863.0	5,193.8	6,648.5	5,227.5	7,701.7	8,113.5
Learning	156.8	173.0	183.4	213.3	257.3	293.3	382.6	304.9
Children and Families	96.5	89.5	80.6	155.0	133.2	153.3	176.2	167.5
Higher Education Student Support ³	810.1	883.1	906.7	881.0	1,583.8	1,143.4	1,239.5	300.9
Scottish Funding Council	1,712.6	1,693.8	1,780.8	1,645.3	2,014.9	2,124.0	2,055.6	1,999.0
Advanced Learning and Science	6.0	4.8	4.5	5.1	5.8	10.3	15.2	16.7

³ There was a one-off non-cash RAB charge of £846m in 2018-19.

	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn	2021-22* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Early Learning and Childcare Programme	-	-	-	-	7.7	6.3	27.8	13.8
Skills and Training	236.6	255.2	228.1	239.9	251.0	262.0	271.2	263.2
Total Education and Skills	3,018.6	3,099.4	3,184.1	3,139.6	4,253.7	3,992.6	4,168.3	3066.0
Community Justice Services	28.3	32.6	25.0	26.1	29.4	32.2	38.3	49.5
Judiciary	53.3	40.9	31.1	32.9	34.3	36.3	35.8	41.2
Criminal Injuries Compensation	17.5	17.5	17.4	13.6	17.0	15.2	21.3	15.7
Legal Aid	155.5	145.7	146.7	140.9	135.6	158.6	134.0	133.6
Scottish Police Authority (SPA)	1,153.1	1,167.3	1,142.2	1,202.3	1,269.6	1,313.9	1,267.0	1,412.2
Scottish Fire and Rescue Service	308.2	307.8	322.4	322.2	324.2	339.9	335.4	344.6
Miscellaneous	28.7	29.4	37.1	26.1	30.9	43.6	45.8	47.3
Police Central Government	23.5	25.9	26.7	54.9	60.8	63.2	75.4	71.8
Safer and Stronger Communities	3.8	6.2	3.8	4.4	4.9	10.1	11.0	11.2
Police and Fire Pensions	477.4	312.3	372.3	406.1	425.2	493.5	458.6	514.9
Scottish Courts and Tribunals Service	73.9	92.9	108.1	108.4	131.7	141.1	145.3	171.4
Scottish Prison Service	337.8	332.2	331.5	341.3	349.7	373.3	414.4	444.5
Total Justice & Veterans	2,661.0	2,510.7	2,564.3	2,679.2	2,813.3	3,020.9	2,982.3	3,258.0
Energy	53.5	41.6	36.2	33.8	89.5	62.3	170.4	79.5
Rail Services	708.3	748.6	737.9	776.0	787.4	996.7	1,581.0	1,515.5
Concessionary Fares and Bus Services	252.7	252.4	250.2	253.2	263.4	275.7	402.8	384.7
Active Travel, Low Carbon and Other Transport Policy	74.1	66.4	112.1	185.4	193.5	201.3	294.3	289.1
Motorways and Trunk Roads	578.8	773.4	785.0	804.1	649.9	718.4	620.9	838.3
Ferry Services	167.9	205.7	209.7	237.8	211.3	245.1	250.2	258.2
Air Services	56.9	63.2	57.6	57.5	95.8	63.5	114.2	98.1
Scottish Futures Fund	16.6	14.6	-	-	-	-	-	-

	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn	2021-22* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Research, Analysis and Other Services	69.2	64.5	64.9	63.1	62.8	67.8	63.3	76.9
Environmental Services	149.1	155.8	136.2	144.8	169.4	192.5	134.2	164.8
Climate Change and Land Managers Renewable Fund	15.1	15.1	15.4	16.2	16.1	15.0	21.2	13.4
Land Reform	-	-	-	-	-	-	13.0	10.2
Scottish Water	(25.4)	(97.1)	(95.9)	22.6	110.9	114.6	125.0	127.5
Forestry Commission	56.4	54.5	56.1	67.4	68.4	-	-	-
Forestry and Land Scotland	-	-	-	-	-	19.4	22.4	43.7
Scottish Forestry	-	-	-	-	-	53.6	44.2	57.1
Net Zero, Energy and Transport	2,173.2	2,358.7	2,365.4	2,661.9	2,718.4	3,025.9	3,857.1	3,957.0
Agricultural Support and Related Services	163.6	160.6	195.5	146.4	177.8	170.7	734.9	683.9
Rural Services	35.5	82.9	162.3	174.9	(35.4)	60.8	(116.9)	42.9
Fisheries	5.6	7.8	4.4	5.4	5.0	6.5	21.9	13.3
Marine	53.8	54.1	55.6	57.8	54.6	66.3	79.5	78.2
Island Plan	-	-	-	-	-	-	-	9.2
Rural Affairs and Islands	258.5	305.4	417.8	384.5	202.1	304.3	719.4	827.5
Culture and Major Events	153.0	163.2	165.1	169.7	185.8	153.4	262.8	458.1
Historic Scotland	35.6	-	-	-	-	-	-	-
National Records of Scotland	19.9	21.1	25.6	26.3	34.1	41.5	50.8	61.2
Historic Environment Scotland	-	45.3	43.1	41.5	42.7	40.7	82.5	77.0
External Affairs	12.2	14.4	11.8	15.0	15.6	18.6	21.3	27.4
Total Constitution, External Affairs and Culture	220.7	244.0	245.6	252.5	278.2	254.2	417.3	623.7
Governance, Elections & Reform	0.1	1.5	1.3	0.1	1.1	4.5	5.0	3.7
Government Business	4.4	5.0	32.1	11.1	11.3	12.7	24.8	55.1
Total Deputy First Minister and Covid Recovery	4.5	6.5	33.4	11.2	12.4	17.2	29.8	58.8
Administration	200.0	182.7	181.5	184.3	188.2	-	-	-

	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21*	2021-22*
	£m	£m	£m	£m	£m	£m	£m	£m
Total Administration	200.0	182.7	181.5	184.3	188.2	-	-	-
Crown Office and Procurator Fiscal Service	112.4	113.2	112.7	112.8	121.1	132.4	172.5	176.6
Total Crown Office and Procurator Fiscal Service	112.4	113.2	112.7	112.8	121.1	132.4	172.5	176.6
Total Scottish Government	36,390.0	36,930.9	37,297.1	39,232.9	42,884.3	43,386.2	55,446.1	56,034.2

* Includes Covid-19 allocations of £8.6 bn

Annex E

Table E.01: Revised NDPB Cash and Resource Budgets by Portfolio, 2022–23

Portfolios (with at least one Executive NDPB)	NDPB Budget (Cash terms) £m	Non-Cash items £m	NDPB Budget (Resource Terms) £m
Health and Social Care	114.3	1.3	115.5
Finance and Economy	692.1	24.9	716.9
Education and Skills	2,282.6	32.4	2,315.0
Justice and Veterans	1,903.2	78.7	1,981.9
Net Zero, Energy and Transport	1,059.2	25.2	1,084.4
Rural Affairs and Islands	4.2	0.1	4.2
Constitution, External Affairs and Culture	169.9	14.4	184.2
Total	6,225.4	176.8	6,402.2

Table E.02: Presentational Adjustments for Parliamentary Approval

	A HMT Budget £m	B NDPB Non-cash £m	C Adjusted Budget £m	D Tech Adjust £m	E Other bodies and transfers £m	F LA grants £m	G Parliamentary Budget Approval £m
Health and Social Care	19,161.2	(1.3)	-	21.0	(23.0)	-	19,157.9
Social Justice, Housing and Local Government	18,296.7	-	-	-	(9.3)	(791.2)	17,496.2
Finance and Economy	8,401.3	(24.9)	-	-	(6,942.1)	-	1,434.2
Education and Skills	4,240.5	(32.4)	-	-	-	646.3	4,854.5
Justice and Veterans	3,365.7	(78.7)	(32.6)	1.2	(147.6)	86.5	3,194.3
Net Zero, Energy and Transport	4,648.2	(25.2)	42.8	(25.4)	(2.9)	58.4	4,695.9
Rural Affairs and Islands	964.9	(0.1)	0.1	-	-	-	964.9
Constitution, External Affairs and Culture	347.0	(14.4)	-	-	(33.0)	-	299.6
Deputy First Minister and Covid Recovery	45.0	-	-	-	-	-	45.0
Crown Office and Procurator Fiscal Service	196.6	-	-	-	-	-	196.6
National Records of Scotland	-	-	-	-	33.0	-	33.0
Teachers and NHS Pensions	-	-	-	-	6,921.0	-	6,921.0
Office of Scottish Charity Regulator	-	-	-	-	3.3	-	3.3
Scottish Courts and Tribunals Service	-	-	-	-	147.6	-	147.6
Scottish Housing Regulator	-	-	-	-	6.0	-	6.0
Scottish Fiscal Commission	-	-	-	-	2.5	-	2.5
Revenue Scotland	-	-	-	-	8.2	-	8.2
Registers of Scotland	-	-	-	-	10.4	-	10.4
Environmental Standards Scotland	-	-	-	-	2.9	-	2.9
Food Standards Scotland	-	-	-	-	23.0	-	23.0
The Scottish Government	59,666.9	(176.8)	10.3	(3.2)	-	-	59,497.1
Scottish Parliament and Audit Scotland*	146.4	-	-	-	-	-	146.4
Scottish Budget for parliamentary approval	59,813.3	(176.8)	10.3	(3.2)	-	-	59,643.5

* Annex tables E.05 and E.06 show a further breakdown

Table E.03: The Components of the Scottish Budget 2022-23

	Expenditure Within Expenditure Limit £m	Expenditure Within AME £m	Other Expenditure £m	Total Budget £m
Scottish Government – Portfolios				
Health and Social Care	19,036.9	100.0	21.0	19,157.9
Social Justice, Housing and Local Government	14,449.2	3,047.0	-	17,496.2
Finance and Economy	1,434.2	-	-	1,434.2
Education and Skills	4,433.7	420.8	-	4,854.5
Justice and Veterans	3,098.9	-	95.4	3,194.3
Net Zero, Energy and Transport	4,695.9	-	-	4,695.9
Rural Affairs and Islands	964.8	-	0.1	964.9
Constitution, External Affairs and Culture	299.6	-	-	299.6
Deputy First Minister and Covid Recovery	45.0	-	-	45.0
Total Programme	48,458.3	3,567.8	116.5	52,142.6
Crown Office and Procurator Fiscal	196.6	-	-	196.6
Total Scottish Government (Consolidated)	48,654.9	3,567.8	116.5	52,339.2
Scottish Housing Regulator	6.0	-	-	6.0
National Records of Scotland	33.0	-	-	33.0
Office of the Scottish Charity Regulator	3.3	-	-	3.3
Scottish Courts and Tribunals Service	147.6	-	-	147.6
Scottish Fiscal Commission	2.5	-	-	2.5
Revenue Scotland	8.2	-	-	8.2
Registers of Scotland	10.4	-	-	10.4
Environmental Standards Scotland	2.9	-	-	2.9
Food Standards Scotland	22.7	0.4	-	23.0
Scottish Teachers' and NHS Pension Schemes	-	6,921.0	-	6,921.0
Total Scottish Administration	48,891.5	10,489.2	116.5	59,497.1
Direct Funded Bodies				
Scottish Parliament Corporate Body	132.2	2.0	-	134.2
Audit Scotland	12.2	-	-	12.2
Total Scottish Budget	49,035.8	10,491.2	116.5	59,643.5

Table E.04: Revised Overall Cash Authorisation (Total Funding Requirement)

	Budget	Adjustments		Cash Authorisation
	£m	Depreciation £m	Other £m	£m
Scottish Administration	59,497.1	(702.9)	(7,021.0)	51,773.2
Scottish Parliament Corporate Body	134.2	(14.6)	(2.0)	117.6
Audit Scotland	12.2	(0.4)	-	11.8
Total	59,643.5	(717.9)	(7,023.0)	51,902.6

Table E.05: Scottish Parliament Corporate Body**Details of Proposed Budget**

	2022-23	2023-24		
	Total £m	Operating £m	Capital £m	Total £m
Proposed Budget	128.0	132.7	1.5	134.2
Less Retained Income	-	-	-	-
Capital Receipts Applied	-	-	-	-
	128.0	132.7	1.5	134.2
Budget Analysis				
Scottish Parliament Administration Costs	127.2	132.7	-	132.7
Scottish Parliament Capital Expenditure	0.8	-	1.5	1.5
Net Expenditure	128.0	132.7	1.5	134.2

**Table E.06: Audit Scotland
Details of Proposed Budget**

	2022-23	2023-24		
	Total £m	Operating £m	Capital £m	Total £m
Proposed Budget	30.9	35.0	0.2	35.1
Less Retained Income	(19.3)	(22.9)	-	(22.9)
Capital Receipts Applied	-	-	-	-
	11.6	12.1	0.2	12.2
Budget Analysis				
Audit Scotland Capital	0.3	-	0.2	0.2
Less: income from fees and charges (Accounts Commission)	(12.6)	(14.3)	-	(14.3)
Less: income from fees and charges (Parliament & the Auditor General)	(6.7)	(8.7)	-	(8.7)
Support to Parliament and the Auditor General: current expenditure	18.0	20.7	-	20.7
Support to the Accounts Commission: current expenditure	12.6	14.3	-	14.3
Net Expenditure	11.6	12.1	0.2	12.2

Annex F

Scottish Government Operating Costs

Overview

The total operating costs for the Scottish Government are aligned with the portfolio budget that they support. The total operating costs for a portfolio are all the core Scottish Government staff and associated operating costs incurred directly by the portfolio, plus a share of the costs, such as accommodation, IT, legal services, and HR, that cannot be readily attributed to individual portfolios. The budget for corporate capital projects is allocated entirely to the Finance and Economy Portfolio.

Through the operating costs budget, we will ensure that the organisation has the capacity and capability to support the functions of government and the delivery of the priority outcomes and objectives set by Ministers and the people of Scotland.

Scottish Government workforce

The growth in Scottish Government workforce numbers reflects the changing nature of its business, the addition of new powers and responsibilities and addressing the practical implications of EU Exit. Since early 2020, the Scottish Government workforce has responded to the continuing impact of, and recovery from, COVID-19, setting up a range of new functions. More recently the Government has had to respond to the conflict in Ukraine and the cost-of-living crisis, as well as the establishment of ScotWind within our wider Net Zero commitments. These factors, alongside pay inflation, have driven the growth in our operating costs.

To support our aims of an efficient and effective workforce, the Scottish Government put enhanced recruitment controls in place in April 2022 to ensure the organisation continues to deploy its resources flexibly, with any required growth focused on priority areas.

Workforce numbers are regularly published as part of the Scottish Government Workforce Information publication.

Scottish Government operating costs

The total operating cost budget for the Scottish Government in 2023-24 is £696.1 million. This represents 1.2 per cent of the overall Scottish Budget (as measured by Total Managed Expenditure).

Portfolio total operating costs are summarised in Table F.01.

Table F.01 Total Operating Costs by Portfolio

Portfolio	2021-22 Budget ¹ £m	2022-23 Budget ² £m	2023-24 Budget £m
Health and Social Care	85.1	112.1	109.8
Social Justice, Housing and Local Government	93.7	99.0	100.1
Finance and Economy	114.9	106.7	115.2
Education and Skills	43.6	47.1	48.9
Justice and Veterans	28.0	32.1	34.3
Net Zero, Energy and Transport	33.4	42.9	48.6
Rural Affairs and Islands	162.5	179.9	189.2
Constitution, External Affairs and Culture	20.8	22.4	21.0
Deputy First Minister and Covid Recovery	24.9	26.8	29.0
	607.0	669.1	696.1

1 The 2021-22 operating costs budget has been re-stated, mainly to address an inconsistency with the Finance and Economy chapter presentation and to reflect baseline transfers.

2 The 2022-23 operating costs budget has been re-stated, to reflect baseline transfers.

Annex G

Climate Change Assessment of the Budget

This annex is divided into two parts. Part 1 presents an overarching climate narrative, drawing on highlighted spending areas from multiple portfolios across the Scottish Budget 2023-24 that all contribute towards our response to climate change. This narrative is supported by a carbon assessment of the budget, which is published separately.

Part 2 provides a carbon assessment of the capital budget based on a taxonomy approach that allocates capital spending lines into three broad categories – low, neutral and high carbon. The carbon assessment of the capital expenditure in the Scottish Budget 2023-24 sets out around £2.2 billion of low carbon capital investment in Scotland’s public infrastructure – the highest amount spent on low carbon capital investment to date – supporting the decarbonisation of our homes and buildings, transport and industry.

This annex is presented in the context of ongoing work driven by the Scottish Government and Parliament’s Joint Budget Review in relation to Climate Change to improve transparency and scrutiny practices in the context of both the carbon assessment of the capital budget and the carbon assessment of the budget.

Part 1: Delivering the just transition to a Net Zero, climate- resilient and biodiverse Scotland and the 2023-24 Budget.

Successive budgets have demonstrated Scotland’s commitment to using the powers and resources at our disposal to accelerate the just transition to a Net Zero, climate-resilient and biodiverse Scotland.

The latest emissions data shows our carbon emissions are down by 51% since the 1990 baseline, over halfway to Net Zero. However, as highlighted by recent Climate Change Committee advice, the scale of the change needed to achieve further targets is significant. This is the most challenging moment in our journey: we need to halve our emissions again within the next eight years.

To capture the full economic, social and environmental benefits of the transition we need targeted, impactful and long-term investment. This investment will unlock the opportunities ahead, from creating good jobs, and supporting localised and decarbonised supply chains, to delivering skills provision that is designed for a Net Zero economy. It will also help us respond to the current cost-of-living crisis – from improving energy efficiency, expanding the use of renewable energy and improving access to affordable public transport.

Renewable Energy and Energy Efficiency

- Across this Parliament we have committed over £1.8 billion to accelerate the deployment of heat and energy efficiency measures to shift over a million Scottish homes to zero-carbon heating by 2030. Including an investment in 2023-24 of £366 million that will support a range of activities including work to promote the roll-out of zero emissions heat networks through our Scotland's Heat Network Fund, support energy efficiency and low carbon heating with grants for home owners through Home Energy Scotland and the public sector through the Green Public Sector Estate Decarbonisation Scheme, interest-free loans for businesses through our SME loan and Cashback Scheme, measures to tackle fuel poverty and work to decarbonise our social housing stock through the Social Housing Net Zero Heat Fund.
- Our £56 million investment in Energy Industries Net Zero funds in 2023-24 will support a wide range of energy efficiency and decarbonisation activities, including investment to maximise the economic and social outcomes of the transition to a Net Zero Scotland, and continues our commitment to focus on renewable hydrogen via the Emerging Energy Technologies Fund; support businesses in the North East of Scotland grow and diversify via the Energy Transition Fund; and co-invest with energy-intensive manufacturing industries to reduce energy costs and emissions via the Scottish Industrial Energy Transformation Fund.
- We will soon publish our finalised Hydrogen Action Plan, supported by a £100 million capital funding programme, designed to accelerate and maximise production. This includes £25 million in 2023-24 to support the development of infrastructure to deliver our ambitions for hydrogen, carbon capture, utilisation and storage and negative emissions technologies.
- Scotland has vast potential for CO₂ storage in the North Sea and Carbon Capture Utilisation and Storage (CCUS) will play a role in reducing emissions in Scotland's hard to decarbonise industrial sectors, supporting a just transition to Net Zero. We have offered £80 million from our Emerging Energy Technologies Fund to accelerate the deployment of the Scottish CCUS Cluster. Due to delays with the UK Government announcing the Scottish Cluster, we have re-profiled our offer of financial support into subsequent years.

Transport

- To expand access to affordable public transport we commit over £359 million in 2023-24 to provide free bus travel for over 2 million people, including all children and young people under 22 and older, and disabled passengers. Over 550,000 young people have signed up to the scheme since it launched in January 2022, making over 35 million journeys as of November 2022.
- In 2023-24 we will commit £35 million through the Bus Partnership Fund to address the issue of congestion; making bus travel more attractive and leading to a mode shift from car; creating better air quality and supporting a just transition to Net Zero.
- £62 million will be provided for the Bus Network Support Grant Plus which supports the bus industry across Scotland to help operators keep fares down enabling them to run services that might not otherwise be commercially viable; helps sustain the economy reducing costs to local authorities of supporting non-commercial socially necessary services. This spend also supports policy development for the Community Bus Fund.
- We will continue delivering on our ambitious target of reducing car kilometres by 20% by 2030 for a healthier, fairer and greener Scotland. We have pledged at least £197 million on active and sustainable travel programmes, including increasing access to bikes and supporting behaviour change.
- We will continue, with the private sector, to deliver the £60 million Public EV Infrastructure fund to expand Scotland's EV charging network, this will build on our existing network which sees Scotland having the most public chargers outside of London and the most 'rapid chargers' anywhere in the UK per head of population.
- We are making progress in our commitment to decarbonise passenger rail services by 2035: since 2019 approximately 75% of all rail passenger journeys in Scotland have been electric. In 2023-24 we will invest a total of £1.4 billion to maintain and enhance Scotland's railway, including activity for on-going electrification and decarbonisation through our Rail Services Decarbonisation Plan and Freight Investment Strategy.
- We have committed £60 million over 2022-23 to 2025-26 to deliver a Roads Adaptation Fund to support the delivery of minor improvement schemes on the Trunk Road Network (TRN). Our TRN is facing unprecedented vulnerability to the weather-related impacts of climate change, such as flooding and landslides, which can contribute to the deterioration of assets, disruption to networks, and potentially hazardous incidents that may cause fatalities or serious injuries. Minor improvement schemes address these impacts and their effects on road users, improving the overall safety, reliability and climate resilience of the network.

Agriculture, Rural Affairs and Islands

- This year's budget provides over £45 million to deliver a range of activities through the National Test Programme, Agricultural Reform Programme and Agricultural Transformation Fund to support the transformation of how farming and food production is supporting Scotland to become a global leader in sustainable and regenerative agriculture, and to support the industry to achieve our statutory emission targets.
- Overall funding for Carbon Neutral Islands will be £3 million in 2023-24, creating jobs, protecting our island environments from climate change impacts, and contributing to delivery of our statutory climate change targets.

Nature restoration

- We will invest over £26 million in peatland restoration as part of our multi-year spending package of £250 million over ten years, as we upscale activity to meet our target of 250,000 hectares of restored peatland by 2030.
- On reforestation, Scotland is leading the way, with over 75% of the UK's new woodland creation in recent years. In the next 12 months, we will invest over £77 million to support the scaling up of activity to meet our annual target of 18,000 hectares of woodland creation by 2024-25, alongside delivery of ambitious programmes focused on nature restoration and addressing biodiversity loss.
- Reaching our climate change targets goes hand in hand with providing access to a better natural environment for Scottish people. We are continuing to focus on protecting and restoring our natural environment, having already distributed over £20 million for projects around the country through our nature restoration fund, and with at least £13.5 million invested over 2023-24 to support recovery of Scotland's species, woodlands, rivers and seas.

Flood Management

- Scotland is embedding a sustainable and climate-resilient approach to flood risk management. Over 2023-24, we will invest £42 million to support measures to reduce flood risk, recognising the likelihood of increases in storm severity and number.

Zero Waste and Circular Economy

- We will invest over £47 million in circular economy delivery programmes including the Deposit Return Scheme, implementation of the Circular Economy Bill and Waste Route Map, Extended Producer Responsibility, incinerator research, landfill remediation, recycling single-use plastics, litter, fly tipping, as well as funding for Zero Waste Scotland.

Private Investment and Natural Capital

- The National Strategy for Economic Transformation includes a commitment to develop a high-integrity, values-led market for responsible investment. This cross-public sector programme aims to reduce pressure on public spending, help address the funding gap for nature, and increase levels of responsible private investment into the climate change policy outcomes such as increased levels of woodland creation and peatland restoration. In 2023-24, we will take this work further by establishing a new facility to stimulate responsible private investment in the restoration of nature and enhancement of Scotland's natural capital.
- We will fund the Scottish National Investment Bank with £240 million in 2023-24 to continue to invest in Scottish businesses, projects and communities across all three of the missions set for it by Scottish Ministers: Net Zero emissions, place and innovation. The Bank continues to act as a mission-focused investor, making commercial investments and crowding in private capital to deliver impact across its three missions.

Climate Change Policy Development, Implementation and Public Engagement

- In 2023-24 we will be investing over £80 million across a wide range of activities covering policy development, implementation, public engagement and supporting climate change leadership in the public sector, including:
 - investing £29 million in the Just Transition Fund for the North East and Moray, in addition to providing £21 million capital for successful projects from the first funding round. This more than doubles the 2022-23 allocation to £50 million in 2023-24, to diversify the regional economy away from carbon-intensive industries and capitalise on the opportunities, including jobs and prosperity, the transition to Net Zero brings.
 - continued delivery of our £36 million Climate Fund to include action to address climate induced loss and damage to help those communities most affected by climate change.
 - support for the Green Growth Accelerator investment programme to speed up delivery of low carbon infrastructure projects across Scotland and provide extra resources and technical support to local authorities to get projects off the ground more quickly.
 - expansion of the Climate Action Hubs programme and continuation of the Climate Action Towns programme to deliver a framework for community support to take collective action, enabling a place-based response that is locally led, anchoring climate action to local priorities and plans.
 - continuation of the multi-year Let's Do Net Zero marketing campaign, which is part of a programme to increase public awareness of the climate crisis and the action we need to take as a country to tackle it. The campaign approach maintains 'always on' communications through social media and our one-stop-shop website NetZeroNation.scot, alongside annual targeted advertising campaigns.

Looking ahead

It is essential we ensure our climate change policy approach is well planned. Planning supports value for money and effective spend, and it empowers business, communities and individuals to play their part in driving forward action.

The Scottish Budget 2023-24 supports our focus on delivering the updated Climate Change Plan, our adaptation outcomes through the 2019 Adaptation Programme and planning for a just transition across the economy.

Ambitious, enhanced policy packages will be set out in the year ahead – and before the next budget – through our upcoming Climate Change Plan and our new Just Transition Plans.

Part 2: Carbon Assessment of the Capital Budget

The Scottish Government's investment in publicly funded infrastructure is critical for Scotland to meet our target of achieving Net Zero greenhouse gas emissions by 2045. The Scottish Budget 2023-24 sets out around £2.2 billion of low carbon capital investment in Scotland's public infrastructure – supporting the decarbonisation of our homes and buildings, transport and industry.

The Scottish Government currently uses a taxonomy approach to provide a summary carbon assessment of the annual Capital Budget. This approach allocates spending lines into three broad categories – low, neutral and high carbon. The categorisation is shown in the table below and was developed and proposed by the Low Carbon Infrastructure Taskforce in 2015.¹

Category	Description	Examples
Low Carbon	Seen as necessary to the low carbon transition	Transport – bus, rail and ferry Energy – all renewable generation and electricity transmission and distribution Rural affairs and the environment – waste Housing – energy efficiency programmes
Neutral	Do not represent substantial carbon efficiency gains in their own right but are consistent with low carbon ambitions	Rural affairs and the environment – all non-waste Housing – all non-energy efficiency Water, Digital, Health, Schools, Justice Culture and heritage Regeneration
High Carbon	Relatively carbon-intensive	Transport – roads and airports Energy – fossil fuel generation

The following table provides the percentage of capital spending in the Scottish Budget 2023-24 in low, neutral and high carbon categories compared with Scottish Budget 2022-23 (at introduction). The detailed tables that accompany this annex set out a line-by-line breakdown of how these percentages are calculated. In line with previous years, local government spending lines are excluded from the measure as we do not hold specific information on low/neutral/high carbon spend made by local authorities. The total also considers net Financial Transactions funding only. This makes the total budget being assessed lower than the overall capital budget.

The tables are available in Excel format in the supporting files of this publication.

To show like-for-like comparison between financial years, each spending line is taken from that year's budget at introduction:

	Low		Neutral		High	
	%	£m	%	£m	%	£m
2022-23	35.0%	1,995	57.7%	3,288	7.3%	419
2023-24	39.2%	2,199	54.8%	3,079	6.0%	338

Key Changes

The total absolute spend in low carbon investment by this method is around £2.2 billion, increasing by £204 million from 2022-23, the highest amount spent on low carbon capital investment. Compared to 2022-23, there is a 4.2 percentage point increase in the percentage in the low carbon investment category, with increases across a number of low carbon spending lines including an additional £39.2 million for Active Travel. This overall increase demonstrates clear progress against the ambitions for low carbon investment as set out in the Infrastructure Investment Plan.²

Programmes in the neutral category are consistent with the Scottish Government's emissions reduction targets and are likely to have a considerable share of low carbon investment which is not easy to identify accurately. Examples of this are the Health capital programme and the Affordable Housing Supply programme, which are embedding low carbon initiatives within them but these are not separately identifiable and the programmes as a whole are still classed as neutral. Where information is available on the proportion of spending dedicated to low carbon initiatives, this has been attributed between the categories.

The share of high carbon investment has fallen between 2022-23 and 2023-24 by 1.3 percentage points, from 7.3 per cent to 6.0 per cent. The main areas of spending that fall into this classification relate to improving and maintaining our road and bridge networks, which is vital for the economy and connectivity, as well as road safety.

1 https://issuu.com/greenallianceuk/docs/the_case_for_low_carbon_infrastruct

2 <https://www.gov.scot/publications/national-mission-local-impact-infrastructure-investment-plan-scotland-2021-22-2025-26/>



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