

Scottish Budget: 2022-23



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SCOTTISH BUDGET: 2022-23

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Foreword

by the Cabinet Secretary for Finance and Economy



This Scottish Budget comes at a crucial juncture for Scotland. Over the last year, thanks to the hard work and sacrifices of everyone across Scotland, the heroic efforts of health and care staff, and the roll-out of our mass vaccination programme, we have started to look beyond the immediate impact of the pandemic. But, in the face of the crisis, a return to normal is not enough.

As the emergence of new variants demonstrates, we must remain vigilant and ensure the necessary resources are available for the continued protection of people and public services, but we must also look to the future. This budget seeks to balance the immediate pressures with the long-term imperatives – shifting the dial on inequalities, carbon emissions and economic prosperity. It delivers on our ambitious Programme for Government, as we start implementing the manifesto this government was resoundingly re-elected on in May, and our Shared Policy Programme with the Scottish Green Party.

This budget – the first of this Parliament – is progressive, but also transitional. It paves the way for a full Resource Spending Review in May 2022 which will set out the government's long-term funding plans and the roadmap for delivering key commitments, such as the establishment of a National Care Service and ending our contribution to climate change through a just transition.

This long-term approach is vital to deliver on our ambitions to transform our society and economy, and to capitalise on the opportunities the next decade could bring – but we must also act now. This budget brings forward key commitments and lays the groundwork for much of the transformational investment and innovation that is to come across three strategic priorities: tackling inequalities; securing a just transition to Net Zero; and investing in economic and public service recovery.

We will drive forwards our national mission to tackle child poverty – investing in training and employment opportunities, addressing financial insecurity and improving living standards, and ensuring that every young person is able to fulfil their potential. Fundamental to this will be our significant investment in the Scottish Child Payment. We committed to double this payment by the end of the parliament, but the decision of the UK Government to push more households into poverty by cutting universal credit, and the impact of rising living costs, makes it imperative that we act now. We will double the payment to £20 a week from April 2022, and extend it to under 16's by the end of 2022, helping lift 40,000 children out of poverty and mitigating the impact of UK Government cuts.

We will play our part in tackling the global climate emergency head on, re-invigorated by COP26 in Glasgow and our Shared Policy Programme with the Scottish Greens. Through this Budget we will provide at least £2 billion of the first, multi-billion pound, public and

private investment needed across this Parliament for a just transition – protecting and restoring our natural environment, decarbonising our homes, industries and transport, and positioning ourselves as a global leader in renewable energy, and green and digital technology.

As we move to a Net Zero economy it is critical that we secure a just transition that is led by workers, communities and industry across Scotland. This principle will underpin our efforts to transform our wider economy: supporting innovation and diversification of industries, boosting entrepreneurship and exports, and doing so in a way that improves people’s standards of living. We will help equip businesses to grasp the opportunities of a green recovery which secures new highly-skilled jobs for the future – rooted in fair work, good wages and increased prosperity. As part of this, we will continue investing in strong public infrastructure, and give confidence to businesses.

And, we will restore our precious public services, not least health and social care – providing record levels of funding to respond to the pressures created by the pandemic, and ensure that everyone can get the care they need in a time, place and way that suits. Most significantly, we will take the next steps in the single greatest public health reform since the establishment of the NHS – the creation of a new National Care Service.

Among the provisions of this budget, the Scottish Government will invest:

1. Over £4 billion in social security and welfare payments, including £197 million to double the Scottish Child Payment and extend it to under 16s.
2. £145.5 million for the sustained employment of additional teachers and classroom assistants and a further £200 million to tackle the poverty-related attainment gap.
3. £831 million for affordable housing – progressing our commitment to deliver 110,000 affordable, energy efficient homes across the next decade.
4. The first £20 million of our 10 year, £500 million Just Transition Fund – which we will increase year on year – and almost £350 million to drive forward our commitment to decarbonise the heating of 1 million homes, and the equivalent of 50,000 non-domestic buildings, by 2030.
5. £53 million to protect and restore nature, and a further £69 million in woodland creation and sustainable management of Scotland’s woodlands.
6. £304 million for bus services, plus £110 million for concessionary travel for under 22s, and £150 million for active travel – supporting our commitment to cut car kilometres by 20% by 2030.
7. £802 million of non-domestic rates reliefs – helping businesses get back on their feet following the crisis.
8. Over £1.6 billion for social care and integration – progressing our commitment to increase spend in social care by 25% by the end of parliament, and laying the groundwork for the establishment of a National Care Service.
9. £12.9 billion for health boards – delivering the first increase to ensure front-line funding which directly supports patient services increases by at least £2.5 billion by 2026-27.
10. An additional £40.5 million to maintain the police resource budget in real terms, £53.2 million to support the recovery, renewal and transformation of our justice services, and £13 million for court recovery and trial backlogs.

In delivering on these ambitions, we will harness a collaborative approach across all areas of Scottish life – public and private, national and local – capitalising on the renewed approach to partnership seen through the pandemic. As set out in our COVID Recovery Strategy, we will work jointly with local government to deliver our ambitions, and this budget provides a settlement which recognises the important role they play across all communities. It provides increased resources for social care and education – ensuring the continued delivery of vital services across Scotland – while working to increase the fiscal autonomy and power of local government, and put more say over how local budgets are raised in local hands.

While this budget lays the groundwork for a fair and green recovery from the pandemic, and invests in the infrastructure and industries of the future, we must be clear that the UK Government’s spending review hindered rather than helped us on this mission, and failed to safeguard the country against the continued impacts of the virus. Far from providing its supposed increase, with all COVID-19 funding and one-off consequentialia stripped out, we will in practice see a reduction in our day-to-day funding in 2022-23 compared to last year, at a time when we need to invest in the economy and help public services to recover.

For hard-pressed families, the UK Government’s spending review gave with one hand – with a small increase in the minimum wage, despite failing young people and failing to match the Real Living Wage – while taking with the other, doing nothing to make up for the £20 a week cut in universal credit and risking plunging more families into poverty. In the year of COP26, it turned its back on the global climate crisis – prioritising tax reliefs for domestic air travel over transformational change, and constraining our ability to deliver the capital infrastructure necessary to invest in the good, green jobs of the future. And, it continued to undermine the devolution settlement and set Scottish councils against each other – through the Levelling Up Fund, and the encroachment of the Internal Market Act – while making up little for the funds lost by, and the impacts of, EU exit.

By removing the necessary COVID-19 funding and limiting the future investment needed to seize the opportunity of reducing inequality and a just transition to Net Zero, the UK Government’s settlement means we face difficult decisions in how we manage the continued impacts of the virus while securing a brighter future.

That means this budget cannot deliver the resources all our partners will want. Instead, it addresses key priorities, targets resources on low income households, and paves the way for future investment over the life of this Parliament. Where possible, it seeks to cushion the economy against the headwinds that COVID-19, EU exit and the UK Government’s settlement have created. The Scottish Government has had to dig deep – diverting resources where necessary, and utilising some one-off funding sources to deploy the full resources available to us to start forging a different path.

As people, businesses and communities continue to feel the aftermath of the pandemic, we recognise the need for ongoing stability and certainty for taxpayers, as well as targeted support, as a foundation for the recovery. That is what our tax package delivers, through a more progressive approach to tax. It supports our spending plans, protects essential public services, and underpins support for the people and businesses that need it the most – consistent with our Scottish Approach to Taxation which we will set out in more detail in Scotland’s first Framework for Tax later this month. Alongside the budget we have also published a distributional analysis and a factsheet in relation to Scottish Income Tax.

For businesses, we will continue to offer the lowest Non-Domestic Rates poundage in the UK, as well as ongoing rates relief for the retail, hospitality and leisure sectors, at 50% relief for the first three months of 2022-23, capped at £27,500 per ratepayer. This will save ratepayers in these sectors an estimated £56 million in 2022-23. On Income Tax, the Starter and Basic Rate bands will increase by CPI, and the Higher and Top Rate thresholds will remain frozen in cash terms, raising an additional £106 million in 2022-23.

The overall fiscal and economic position has also required some challenging decisions in relation to public sector pay, while recognising the challenges increases in inflation are having on people. The public sector pay policy secures a minimum inflationary uplift for employees earning up to £25,000 and announces a minimum wage of £10.50 per hour for bodies covered by the policy, helping the lowest paid workers and supporting our poverty reduction measures, which other public sector employers are encouraged to implement within their own pay proposals. At a time of much uncertainty, the government is also maintaining the no compulsory redundancy policy.

Taken together, the Scottish Government – strengthened by the Bute House Agreement with the Scottish Green Party – is putting forward a budget which starts to deliver the necessary investment to secure our long-term ambition of a fairer, greener future. It helps families and young people to break the generational cycle of poverty; tackles the global climate and nature emergencies, and provides businesses with the confidence to invest in a just transition to Net Zero; and supports the recovery and reform of our precious public services.

Securing those long-term ambitions requires a long-term fiscal plan. Given the continued threats of the virus, and the disappointing settlement from the UK Government, this is a transitional budget. We have identified some additional non-recurring sources of funding that help us maintain levels of public spending when it is most needed. To provide certainty and stability, and demonstrate how we will deliver on our commitments in full across this Parliament, it will be followed by a Resource Spending Review in May 2022. We have published a consultative framework document for that spending review alongside this budget, setting out the priorities and approach which will guide it. This work will complement the already published Capital Spending Review to provide a comprehensive multi-year settlement for all public spending in Scotland.

While the fiscal future and state of the economy remains uncertain, we will press forward with an ambitious programme to secure a fairer, greener Scotland. It is a social, economic and environmental imperative. By investing today in the green technologies of tomorrow, and promoting good, new jobs, we can support businesses to grow and diversify, and play their part in a just transition to Net Zero. By protecting family incomes, enhancing opportunities for children and young people, and providing a strong social safety net, we will be investing in a more certain and secure future for people, and reducing the risk of long-term inequality. And, by protecting and renewing our public services, we can ensure they are equipped to focus on prevention and providing safe, healthy and prosperous lives for people across Scotland. We will use this budget, and the Spending Review, to work across the Scottish Parliament and society to grasp those opportunities, and deliver on our promises to the people of Scotland.

Kate Forbes,
Cabinet Secretary for Finance and Economy

Chapter 1

Strategic Context: A Fairer, Greener Scotland

Economic and Fiscal Context

Since the publication of Scottish Budget 2021-22, Scotland has taken significant strides in reopening our economy, and in returning our lives to something approaching normality. But the aftermath of the pandemic, together with supply chain bottlenecks, labour market shortages, inflationary pressures and rising energy prices, may hold back growth in the short term, and falling levels of trade and lower productivity growth resulting from the UK's exit from the EU may still harm long-term living standards.

The most recent Scottish Fiscal Commission (SFC) forecasts provide a more optimistic outlook on the economy – with the Scottish economy forecast to recover to pre-pandemic levels by April–June 2022, almost two years earlier than forecast at the previous Scottish Budget in January 2021. As economies across the globe reopen, there is evidence in various markets of temporary shortages or supply chain bottlenecks where demand has risen much faster than supply. These include energy markets, where soaring prices are putting pressure on businesses and households; product markets, where key components are in short supply; and labour markets, where vacancies are around 40% above pre-pandemic levels, and certain sectors – such as qualified HGV drivers – are facing skill shortages. These are holding back both our economic recovery and future prosperity.

While unemployment is still expected to rise in late 2021 due to the unwinding of the furlough scheme, labour shortages in various sectors and record levels of job vacancies mean the SFC now forecast a peak unemployment rate of 4.9% in quarter four of 2021 – reflecting a small increase after the unwinding of the Furlough scheme, although one far below the 7.6% forecast at the time of the previous Scottish Budget. Set against this, however, we know that existing inequalities have been exacerbated by the pandemic, and that those most impacted by, and at risk of, poverty have experienced unequal and disproportionate impacts.

In line with the Office for Budget Responsibility (OBR) October 2021 inflation forecast for the UK, the SFC is also forecasting significantly higher price inflation in the economy which is now expected to peak at 4.4% in April–June 2022. Consequently, the SFC forecast real earnings growth of -0.8% in 2022-23.

The SFC are now also forecasting the level of long-term economic “scarring” to the Scottish economy from COVID-19 of around -2%, similar to the OBR's forecast for the UK economy. But this means the long-term impact of Brexit on the economy will be worse

than that caused by COVID-19, with the OBR attributing a 4% long-term reduction in living standards to EU exit. Initial trade data also supports the OBR's assumption that UK trade with the EU will be 15% lower due to EU Exit. For Scotland, HMRC regional trade statistics showed that exports to the EU decreased by 8% (£584 million) to £6.4 billion in the first six months of 2021 – the first period of EU Exit trade barriers being in place – compared to the first six months of 2020.

Scottish Government funding

Against this wider economic and fiscal context, and as a result of UK Government funding decisions, the Scottish Government will face further financial pressure in delivering our ambitious programme to secure a fair and green recovery.

While the recent UK Government Autumn Budget and Spending Review announced what was described as a significant increase in Scotland's block grant, the reality is a cut in day-to-day funding for each year of the spending review compared to 2021-22 – in addition to the continuing challenges of COVID-19 and EU exit.

The average annual increase of £4.6 billion portrayed by the UK Government is only a rise after all 2021-22 COVID-19 and other one-off funding from the Block Grant is stripped out. In practical terms, between 2021-22 and 2022-23, resource funding is 7.1% less in real terms.

Alongside revenue funding, the UK Spending Review also fell short of the Scottish Government's ambitious capital spending plans – constraining our ability to invest in the infrastructure required to support our economy and public services, and deliver the green jobs and technology required to reach Net Zero. The equivalent reduction for Scotland's capital budget grant funding is a 9.7% real terms cut between 2021-22 and 2022-23. Despite that, this budget demonstrates our continued progress in delivering on our National Infrastructure Mission, with a £1.5 billion increase in infrastructure spend by 2025-26 – and a total investment of £34.1 billion between 2021-22 and 2025-26.

Over the longer term, there are similar, real terms reductions for resource and capital against the current year's funding for 2023-24 and 2024-25.

Despite being five years on from the EU referendum result, and repeated assurances, the Spending Review also failed to provide clarity on the UK Government's plans for EU Structural Funds replacement, the UK Shared Prosperity Fund. Not only has the UK Government's approach to date undermined the devolution settlement, it has left the Scottish Government – and in turn communities and industries – far short of the funding received from previous EU Structural Funds programmes.

This combines to mean a UK Government settlement which is far short of what is required for continued management of the pandemic while also enabling us to capture the opportunities of the next decade.

In the face of these pressures, the Scottish Government is committed to using the full resources at our disposal to ensure a fair and green future – supporting people, businesses and communities to recover from the impacts of the pandemic, and setting them on a path towards a wellbeing economy. The Scottish Budget provides the first investment towards meeting our key priorities of ending both child poverty and Scotland’s contribution to climate change, securing an economic transformation rooted in a just transition to Net Zero, and rebuilding our public services to best meet the needs of the people who use them.

Tables 1.01 and 1.02 show the Scottish Government’s 2022-23 Budget Control Limits, including the block grant settlement, borrowing and revenues, and 2022-23 portfolio budget plans.

Long-term spending

The UK Government Autumn Budget and Spending Review provided some clarity for the Scottish block grant in the medium-term – albeit not for the full duration of this Scottish Parliament. That allows the Scottish Government to provide greater certainty over our spending plans, and to plan now for the positive reforms in public policy and services that will be required to deliver a fair and green recovery, and to our partners who will help to deliver that recovery.

In September, the Scottish Government published our Programme for Government and Shared Policy Programme with the Scottish Green Party, setting out ambitions and commitments across this Parliament to deliver better outcomes for the people of Scotland, and meet the challenges and opportunities of our time. This was followed by an update to our Climate Change Delivery Plan, and Covid Recovery Strategy, and we will shortly publish a National Strategy for Economic Transformation, followed by a new Tackling Child Poverty Delivery Plan in spring 2022. To demonstrate how those commitments will be met, the Scottish Government will publish a Resource Spending Review in May 2022. Alongside the Scottish Budget, we have published a framework document, setting our principles and approach – for comment and consultation – to that spending review.

In February 2021, we also set out five year capital spending plans in our Capital Spending Review and Infrastructure Investment Plan. Given our Programme for Government and Shared Policy Programme commitments, and the updated financial position following the UK Spending Review, a targeted review of this will be undertaken in early 2022. In conducting this review, the Scottish Government is committed to the principles set out in the Infrastructure Investment Plan and the recommendations of the Infrastructure Commission for Scotland – maintaining our vision for future infrastructure to support and enable a just transition to Net Zero, and an inclusive economy.

Spending Priorities

While a transitional budget, ahead of the Resource Spending Review to be published next year, Scottish Budget 2022-23 begins the process of investing in our collective recovery, and directing resources towards the Scottish Government's and Scottish Green Party's shared ambition for a fairer, greener future: reducing child poverty and driving up living standards; redoubling our efforts to end Scotland's contribution to climate change through a just transition to Net Zero; securing an economic transformation which drives shared prosperity across of Scotland's communities; and protecting and rebuilding our precious public services.

Following the UK Government's decision to strip out all COVID-19 funding and other one-off consequential from their Autumn Budget and Spending Review baselines, spending figures here are provided against a directly comparable 2021-22 baseline.

Tackling inequalities

While it has been a difficult 18 months for many young people and their families, particularly those on the lowest incomes, the Scottish Government is determined that they will not bear a long-term burden. While Scotland has the joint-lowest level of child poverty in the UK (alongside Northern Ireland), we know that there is significant work to do to meet our statutory targets to end it.

Game-changing initiatives like the Scottish Child Payment will help us get there, but will not be enough in isolation. To succeed in being the country we want to be – fairer, greener, and more prosperous – this budget continues a national mission to tackle child poverty, and to make Scotland a land of opportunity for everyone, across every portfolio, and through our Shared Policy Programme with the Scottish Green Party.

The most immediate and direct way to tackle poverty is by putting more money into the pockets of those in need, increasing family incomes and ensuring they have a decent standard of living. This budget will:

- Invest £197 million in the Scottish Child Payment – doubling it to £20 per week from April 2022, and expanding eligibility to children aged 6-15 from December 2022. Once expanded, around 400,000 children will be eligible, and 40,000 are expected to be lifted out of poverty. The doubled payment, together with the three Best Start Grant payments and Best Start Foods, can give families up to £8,400 by the time their first child turns six.
- Ahead of expansion to under 16s, invest £68.2 million in Scottish Child Payment 'bridging payments' – providing a £520 payment for every child in receipt of free school meals due to low income.
- Protect the Scottish Welfare Fund with £41 million, helping people in times of crisis, and provide £80.2 million in Discretionary Housing Payments, helping people sustain tenancies and directing resources towards mitigating the UK Government's bedroom tax.

- In total, we will invest over £4 billion across social security and welfare payments, providing vital support for low income families, carers and disabled people – including £1.95 billion to start delivery of the Adult Disability Payment in 2022-23, replacing the UK Government’s controversial Personal Independence Payment.
- £24 million in a range of measures to support young people and their families with the cost of the school day – including free music tuition, the removal of curriculum charges, and increasing the school clothing grant.
- £110 million to provide free bus travel for young people from January 2022 – putting more money in their pockets, and encouraging more use of public transport as a means to tackle the global climate emergency.
- Over £72 million for the continued expansion of free school lunches – providing lunches for all children in P1-5 and special schools, and supporting the infrastructure required to roll-out lunches to all primary children. Alongside this, we will provide over £21 million to continue the provision of free lunches during school holidays, focused on those who will benefit the most, and continue to work on a phased approach for the provision of a universal milk scheme, maintaining the current subsidy arrangements for local authorities.
- £10 million to take forward our Ending Homelessness Together action plan, with a key focus on shifting to a national Housing First approach.
- £831 million for affordable housing – progressing our commitment to deliver 110,000 affordable, energy efficient homes across the next decade, leveraging further private sector investment and supporting employment in the construction sector.

While this budget invests in lifting children out of poverty now, we must work to break its generational link. Children born into poverty should not grow up to be parents in poverty. We will continue to invest in early learning and childcare and education to ensure that every child and young person has the opportunity to fulfil their potential.

Key measures will include:

- £200 million for the Scottish Attainment Challenge – the next instalment of our commitment to provide £1 billion over this Parliament to tackle the poverty-related attainment gap.
- £145.5 million for local authorities to ensure the sustained employment of additional teachers and classroom assistants recruited during the pandemic – as part of our commitment to support the recruitment of at least 3,500 teachers and 500 classroom assistants over this Parliament – and to help councils make these posts permanent, and a £2 million increase in initial teacher education places, creating a pipeline for future expansion. Our investment includes the biggest increase in funding to support teacher recruitment since 2007.
- £544 million to deliver free funded ELC for three and four year olds, and two year olds from lower income households, while taking forward work to expand that to one year olds from low income households within this Parliament.

- Provide the first £50 million of our commitment to invest £500 million in a Whole Family Wellbeing Fund across this Parliament – creating a pool of funding, with contributions across portfolios, to help ensure we #KeepThePromise priority to improve provision of holistic whole family support. Funding will ramp up significantly through the Spending Review, as capacity and capability for transformational change builds in the sector.

We want to create an enduring legacy of positive futures for all, free from the risk of poverty. We know that one of the single greatest ways we can do that is by providing good, sustainable employment – not just providing a route into jobs, but ensuring those are secure and well paid, with fair work at their heart, particularly for those most at risk of poverty. Our key actions will include:

- Over £90m to support those most impacted by the pandemic, including the long term unemployed, young people and parents. The funding will also support people upskilling and retraining, including through the Green Jobs Workforce Academy.
- £23.6 million for the delivery of Fair Start Scotland services – providing person-centred support for people furthest from the labour market, including disabled people and those with long term health conditions, people from minority ethnic communities, and those who face other barriers to moving into fair and sustained work.
- £3 million to begin the early phasing of a school age childcare offer, targeted to support the six priority groups in the Tackling Child Poverty Delivery Plan, and £10 million to support delivery of holiday childcare for low income families. We will take forward work to build an affordable and accessible system of wraparound school age childcare, free to families on the lowest incomes, within this Parliamentary term, supporting more parents to work, train or study.
- A public sector pay policy with a floor of £10.50 per hour, increasing wages for the lowest paid workers. We will also improve Fair Work Conditionality, covering all forms of Scottish Government support to business, requiring organisations in receipt of public sector grants to pay at least the real Living Wage to all employees.
- £3 million in funding for community learning and development, providing vital support to some of the most disadvantaged learners, allowing them to increase their skills for learning, life and work.

Ending Scotland's contribution to climate change

Scotland was one of the first countries in the world to declare a global climate emergency, with world-leading targets to end our contribution to climate change by 2045. We are already over halfway there, and ahead of the rest of the UK – but despite progress, the need for urgent, transformative action to tackle the twin crises of climate change and ecological decline remains. While COP26 put the international spotlight on Scotland, the focus must now be firmly set on delivery at pace and scale, and for all countries, including Scotland, to provide ambitious but credible plans to deliver the necessary reductions to meet the Paris Agreement.

Our focus now is to set Scotland on a path to achieving our 2030 targets through the delivery of our updated climate change plan, recognising that that will be harder, require more investment, and the mobilisation of public and private sector partners to achieve. The Scottish Government's approach has been strengthened by our Shared Policy Programme with the Scottish Green Party. Through this Budget, we will redouble our efforts to meet our emissions reduction targets in a fair and just way that leaves no one behind – investing billions of pounds, and attracting private investment, to decarbonise how we heat our homes and buildings, transport and industry, and in turn supporting businesses to create the good, new and green jobs of the future.

We will lay the groundwork to secure a green recovery, and follow through on our commitment to implement the recommendations of the Just Transition Commission across this Parliament. In this Budget, we provide:

- the first £20 million of our 10 year, £500 million Just Transition Fund – identifying key projects, through co-design with those impacted by the transition to Net Zero, to accelerate the development of a transformed and decarbonised economy in the North East and Moray.
- £336 million for energy efficiency, and low carbon and renewable heat – cutting emissions, making homes warmer, tackling fuel poverty and creating jobs across Scotland – including £160 million to support those least able to pay for home energy improvements and tackle fuel poverty, and £60 million for large scale heat decarbonisation projects. The budget increase will allow us to double and refocus grants for energy efficiency and heat measures, including heat pumps, open to all households, and drive forward our commitment to decarbonise the heating of one million homes, and the equivalent of 50,000 non-domestic buildings, by 2030.
- £53 million across a range of energy transition and industrial decarbonisation projects, including £20 million in a range of Energy Transition Fund projects in the north-east, to ensure Scotland's energy sector plays a leading role in the development and deployment of new, low carbon projects and the creation of new, green jobs.
- £23.5 million for our Green Jobs Fund - helping businesses create green employment through investment.

We will continue to invest in a co-ordinated approach to tackling climate change – working across and joining up sectors to harness opportunities for inclusive jobs, growth and wellbeing, and ensuring that climate change action is integrated into all of the decisions we make across government. In this Budget, we provide:

- £6 million for the Climate Justice Fund, as part of our commitment to invest £36 million across this Parliament to help those countries most affected by climate change, yet least responsible for it. As well as providing direct funding to developing countries for climate adaptation and mitigation, and tackling loss and damage, as seen through our leadership at COP26, this can also help leverage more countries to step up.

- A record £150 million for walking, wheeling and cycling – progressing our ambitions to create an active travel nation and reduce car kilometres, and putting us on track to ensure 10% of the Transport budget goes towards active travel by 2024-25.
- We will ensure all annual revenues from Scotwind, due to be confirmed early in 2022, are invested in projects that support Scotland's transition to Net Zero.
- £53 million to protect and restore nature, including our internationally important peatlands, to address the twin crises of climate change and nature loss. A further £69.5 million to be invested in woodland creation and sustainable management of Scotland's woodlands – enabling an increase of our woodland creation target to 15,000 hectares.
- Over £96 million for delivery of our place-based investment programme and a range of projects to regenerate communities – revitalising town centres, supporting local approaches to tackling inequalities and climate change, and enhancing the environment.
- Building on the platform of COP26, we will work to attract investment into Scotland's Green Investment Portfolio, which will bring together market-ready projects worth £3 billion by 2022, and accelerate work on developing our pipeline of investible projects with credible and robust business cases.
- Invest a further £1 million to widen the development of our Green Growth Accelerator programme which together could unlock £40 million of local government investment in green infrastructure, backed by long-term Scottish Government funding.

We will continue to drive concerted change through each and every sector in Scotland, to ensure they all play their part in meeting the required emissions reductions – accelerating a transition away from fossil fuels, putting land use and nature-based solutions central to emissions reductions, and decarbonising our homes and industries. This Budget provides:

- Almost £1.4 billion to maintain, improve and decarbonise Scotland's rail network, including £247 million on Major Project Enhancements which includes Decarbonisation of the Barrhead corridor, East Kilbride corridor, Fife and Borders electrification.
- £112 million to support a range of sustainable low and zero carbon transport initiatives, including investing in: bus priority as part of our over £500 million long-term commitment; growing and developing electric charging and zero emission refuelling infrastructure to accelerate the switch to zero emission vehicles across public and private fleets; and supporting employment and growth through investment in test facilities and related emerging transformative technologies.
- £35 million to support Scotland's Zero Emission Bus Challenge Fund for the purchase of ultra-low and zero emission buses, and the costs of infrastructure required to run these buses – ensuring progress towards our commitment to remove the majority of fossil-fuelled buses from public transport by 2023.

- £304 million – on top of the additional £110 million free bus travel scheme for young people – to support bus services and their users through the older and disabled persons free bus scheme, smartcard technology, increased support for services as they recover from the impacts of the pandemic and a new Community Bus Fund to help local transport authorities improve services.
- Over £50 million to support the farming sector in tackling the climate and nature emergencies and to produce food more sustainably, including £10 million for the National Test Programme to transform agriculture and £35.8 million for agri-environment schemes.
- £43 million to drive forward Scotland’s circular economy, which will reduce reliance on scarce resources and reduce waste as an essential contribution to tackling the twin crises of climate change and biodiversity loss.

Supporting Scotland’s recovery

As we recover from the pandemic, a return to how things were before is not enough. We have seen the opportunity, and the necessity, to chart a different path for Scotland’s economy and public services. This Budget invests in helping people, businesses and services to get back on their feet following the crisis, and begins the process of securing long-term transformation – securing an inclusive economy to deliver our twin ambitions for child poverty and emissions reductions, bolstering health and social care to deliver services in new and innovative ways, and supporting the recovery and transformation of our public, emergency and justice services.

Our forthcoming 10-year National Strategy for Economic Transformation will set out how we will work towards a wellbeing economy: one that supports business activity, entrepreneurship and innovation, is environmentally sustainable, enables places to thrive, and through better wages and fair work reduces the social inequalities that have been exacerbated by the pandemic. That will be a long-term process, but starting now. This Budget:

- Maintains our generous non-COVID-19 non-domestic rates reliefs package, which is forecast to save ratepayers around £745 million and help businesses get back on their feet. This includes the Small Business Bonus Scheme, which takes over 111,000 properties out of rates altogether and is the most generous relief of its type in the UK. We will also expand the Business Growth Accelerator relief for property improvements to include the installation of solar panels as a qualifying improvement, and we will extend Enterprise Areas Relief by one year to 31 March 2023.
- Building on the 100% non-domestic rates relief offered to retail, leisure, hospitality and aviation over the last two years we will support businesses in their return to more normal levels of trading, providing a below-inflation increase to the poundage and a continuation of the relief for properties in the retail, hospitality and leisure sectors at 50% relief for the first three months of 2022-23, capped at £27,500 per ratepayer.

- A further £205.9 million towards capitalisation for the Scottish National Investment Bank – helping it deliver against its missions of supporting Scotland’s transition to Net Zero; building communities and promoting equality; and harnessing innovation.
- Investment of £51 million in rural services and islands, supporting delivery of activities linked to the National Islands Plan and introducing a new Islands Bond Fund.
- £225.6 million to deliver a range of national training interventions through Skills Development Scotland, including maximising apprenticeship starts, and delivery of the Scottish Government’s national redundancy service, and local careers information, advice and guidance services.
- Over £1.9 billion for Scotland’s universities and colleges – protecting their role in driving an inclusive economy, delivering high quality education and training for the future workforce, and ensuring young people from disadvantaged backgrounds continue to have access to and succeed in higher education.
- £370.5 million to support our enterprise agencies and £49.2 million for VisitScotland to strengthen key sectors so that they prosper within and drive a Net Zero economy, promote innovation and achieve sustained success in new and emerging markets.
- £9.2 million to harness the digital ambitions of our SMEs and strengthen our digital economy.

Central to our recovery will be investment in the long-term sustainability of our public services – not least our health and social care services, and the extraordinary staff who kept them running during the toughest of times – but we know that came at a cost, and exacerbated existing pressures within the system.

As we emerge from the pandemic, we will ensure that everyone gets the care they need, while recognising and repaying the efforts of staff. We will protect the fundamental principle of free care at the point of need for everyone, while ensuring that – whether physical or mental – it is delivered in a way, place and time that works best for people, and addresses the underlying health inequalities our society faces, and the pandemic has exacerbated. This Budget invests:

- Barnett consequentials in full for front-line health and care spending in health and care services, and delivers record funding of £18 billion for Health and Social Care.
- Over 50% of front-line spend will be directed towards community health services, delivering on our commitment to increase primary care funding by 25% over this Parliament, providing more care for people in a place and in a way that meets their needs.
- £12.9 billion for health boards – delivering the first increase to ensure front-line funding which directly supports patient services increases by at least £2.5 billion by 2026-27.
- £554 million investment in health infrastructure – supporting continued delivery of our NHS Recovery Plan by increasing capacity and treatments through expansion of our network of National Treatment Centres.

- Over £1.2 billion for mental health – taking forward our commitment to ensure direct mental health funding increases by 25%, and that 10% of all front-line NHS spend goes to mental health, by the end of this Parliament – shifting the focus to prevention and early intervention, and reducing demand and waiting times for clinical services.
- £147.6 million to address the twin public health emergencies of drugs deaths and the harms from alcohol – including £61 million specifically to address the national tragedy of drugs deaths, as part of our commitment to invest £250 million over the lifetime of this Parliament.

The importance of our social care services has never been clearer. We owe an enormous debt of gratitude to our nation’s carers, paid and unpaid, for the commitment and compassion we have seen throughout the pandemic. Chief among our priorities for rebuilding health and care is the creation of the National Care Service. We will take forward ambitious reforms, but this Budget ensures we do not wait for the service to come into being to continue to drive up standards and quality.

- We will provide total investment of over £1.6 billion for social care and integration – a significant step towards our commitment to increase spend in social care by 25% by the end of this Parliament, and beginning to lay the groundwork for the establishment of a National Care Service.
- Funding of £846.6 million will be transferred from the Health and Social Care portfolio to local authorities for a range of investments in health and social care and mental health services.
- To support retention, and begin to embed improved pay and conditions for care workers, the Scottish Government considers that this funding requires local government to deliver a £10.50 minimum pay settlement for adult social care workers in commissioned services, in line with the equivalent commitment being made in the public sector pay policy. This brings the total transfer to over £1.4 billion.
- Our wider investment in social care will also see an additional £25 million for social work capacity, £50 million investment in Fair Work for adult social care staff, £40 million investment in Multi-Disciplinary teams, and £5 million to support a right to respite for unpaid carers.

Alongside health and care services, our emergency services and justice agencies were a mainstay of the pandemic. This Budget recognises the role they have played, and supports their continued operation and reform. Given the experience of the pandemic, we will also ensure the necessary funding to reform our wider justice system – tackling the pandemic-induced backlog, while making access to justice as efficient and effective as possible. That includes redoubling our focus on community justice and prevention, and on the needs of victims and their families. This Budget provides:

- An additional £40.5 million for the Scottish Police Authority – to £1.3 billion – maintaining our commitment to protect the police resource budget in real terms for the entirety of this Parliament – providing a stable basis from which to improve service delivery and enhance the safety and security of communities across Scotland.

- £53.2 million to continue Justice recovery, renewal and transformation – including £15 million for community justice services – alongside £13 million to the Crown Office and Procurator Fiscal Service for court recovery and addressing trial backlogs.
- Over £23 million support to front-line organisations that help eradicate and prevent Violence Against Women and Girls, and £4 million in additional funding to improve victim-centred support.
- An additional £9.5 million for Fire and Rescue Scotland – to £352.7 million – enabling it to expand its work on fire prevention and safety with vulnerable households, and improve firefighters’ emergency medical response capability.

In delivering on our ambitions, the Scottish Government cannot do it alone. A national recovery is a national endeavour. We are reliant on countless partners – across the public, private and third sectors – to ensure delivery, and provide joint leadership, not least within local government.

Throughout the pandemic, local government led the way in supporting the resilience of our communities and safeguarding some of our most at-risk and vulnerable people. They will continue to play a vital role in our recovery – delivering a diverse range of services, working to improve the lives of people across all of our communities, and helping support economic recovery and prosperity. In difficult financial circumstances, this Budget delivers stability and certainty for councils: protecting funding for those services in real terms, ensuring they are an equal partner in delivering on our shared ambitions, and starting to open up new revenue-raising opportunities, putting more say over local resources in local hands.

- We will provide an overall funding package of almost £12.5 billion, representing a real terms increase of 4.5%.
- This includes a real terms resource increase of 4.4%, to £11.8 billion, and a real terms capital uplift of 7.2%, to £679.5 million – ensuring a fair settlement for councils. It provides additional funding for shared commitments to deliver additional teachers, enhance social care provision, extend free school meals, and provide greater protection against flooding.
- We will provide full flexibility to local authorities in setting council tax rates – enhancing their fiscal autonomy – while taking forward our commitment to hold a Citizens’ Assembly on local government funding, including Council Tax, within this Parliament.
- For future years, we will introduce secondary legislation imminently on a Workplace Parking Levy to enable local authorities to introduce such schemes from 2022, alongside their work on low emissions zones, and will resume work on the Visitor Levy proposal. We will also work collaboratively with local government to develop and agree a fiscal framework.

Promoting Equality and Human Rights

We will provide a Promoting Equality and Human Rights budget line of £44.98 million this year – an increase of 39% – demonstrating the Scottish Government’s commitment to promoting equality and realising human rights for the people of Scotland. This will enable continued funding to organisations supporting some of the most vulnerable in society, through Delivering Equally Safe and Embedding Equality and Human Rights funds. It also delivers on a range of Programme for Government commitments in equality, inclusion and human rights, including support to front-line organisations that work to tackle gender-based violence or deliver Equally Safe.

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 has the opportunity to flourish through increased wellbeing, and sustainable and inclusive economic growth. Alongside this vision, the Scottish Budget delivers against our eleven national outcomes:



Table 1.01: Scottish Government Budget Control Limits 2020-21 to 2022-23

Cash Terms	2020-21 £m	2021-22 £m	2022-23 £m
UK Government - SR20 settlement		36,073	
UK Government - SR21 settlement			39,257
Total Budget Limit from HM Treasury (A)	35,051	36,073	39,257
<i>Of which:</i>			
Fiscal Resource Budget Limit	29,711	30,892	34,322.1
Capital Budget Limit	4,734	4,973	4,468.9
Financial Transactions	606	208	466.1
Block Grant Adjustment for Social Security (B)	3,203	3,310	3,587
Ring-fenced and Non-Barnett Funding - Resource (C)	472	756	704
Ring-fenced and Non-Barnett Funding - Capital (C)			643
Total COVID-19 Funding (D)		3,686	0
Block Grant Adjustment for Taxes and Non-Tax Income	(12,991)	(12,430)	(14,639)
Scottish revenues:			
Scottish Income Tax	12,365	12,263	13,671
Land and Buildings Transaction Tax	641	586	749
Scottish Landfill Tax	116	88	101
Non-Tax Income	25	25	25
Net Resource Budget Adjustment for Taxes and Non-Tax Income (E)	156	532	(93)
Reconciliation to Outturn (F)	(207)	(319)	(15)
Resource Borrowing (G)	207	319	15
Capital Borrowing (H)	450	450	450
Total Scottish Government Funding (A+B+C+D+E+F+G+H)	39,332	44,807	44,548

Figures may not add due to rounding

(A) 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. The Block Grant figures shown here represent core funding allocation calculated in accordance with the Barnett formula as detailed in the UK Spending Review of 27 October. This analysis is of Fiscal aggregates only and excludes ring-fenced non-cash budgets.

(B) Under the Fiscal Framework, there are additions to the block grant to reflect social security expenditure devolved to Scotland under the Scotland Act 2016. Further details on the devolved social security benefits with a corresponding Block Grant Adjustment are set out in Annex B of the Medium-Term Financial Strategy, published in December 2021.

(C) From 2020-21 Farm Subsidy direct payments are funded by HM Treasury (previously funding came from the EU). From 2021-22 HM Treasury are also funding Fisheries support that previously came from the EU. EU replacement funding is ring-fenced for that purpose. There are additional non-Barnett resource and capital allocations in respect of a specific Network Rail funding agreement.

(D) The UK Spending Review 2021 provided no COVID-19 funding for 2022-23 or beyond. The 2021-22 comparative figure here of £3,686m is £3,408m of Resource funding from a combination of 2020 UK Spending Review, UK March 2021 Budget and carry forward from 2020-21, £237m of Capital carry forward from 2020-21 and £40m of Financial Transactions carried forward from 2020-21.

(E) Under the Fiscal Framework, the block grant is reduced to reflect revenues devolved to Scotland under the Scotland Acts 2012 and 2016. The Block Grant Adjustment figures do not include Air Passenger Duty, devolution of which has been deferred. Revenues for Scottish Income Tax, Land and Building Transaction Tax and Scottish Landfill Tax are as forecast by the Scottish Fiscal Commission. Non-tax income is from Fines, Forfeitures and Fixed Penalties and Proceeds of Crime.

(F) Reconciliation to Outturn is the net impact to the Scottish Budget of the reconciliation for Income Tax, LBTT and SLfT, Non-Tax income, and devolved Social Security payments. Further details on the reconciliation to the 2022-23 Budget are set out in Annex B of the Medium-Term Financial Strategy, published in December 2021.

(G) Resource borrowing undertaken to smooth the impact of forecast errors on the budget - actual borrowing drawdown will be determined based on in-year financial position.

(H) Initial planned capital borrowing - actual borrowing drawdown will be determined based on in-year financial position.

Table 1.02: Total Proposed Budget for 2022-23

	Resource £m	Capital £m	Financial Transactions £m	Total £m	UK Funded AME £m	Total £m
2022-23 Scottish Budget						
Health and Social Care	17,378.7	554.0	10.0	17,942.7	100.4	18,043.1
Social Justice, Housing and Local Government	12,467.2	1,341.2	150.0	13,958.4	2,766.0	16,724.4
Finance and Economy	783.9	681.0	284.6	1,749.5	6,470.4	8,219.9
Education and Skills	3,279.1	484.0	22.1	3,785.2	361.3	4,146.5
Justice and Veterans	2,977.3	166.0	-	3,143.3	-	3,143.3
Net Zero, Energy and Transport	1,867.3	2,485.0	60.3	4,412.6	-	4,412.6
Rural Affairs and Islands	890.9	75.9	-	966.8	-	966.8
Constitution, External Affairs and Culture	340.0	30.5	-	370.5	-	370.5
Deputy First Minister and Covid Recovery	42.9	-	-	42.9	-	42.9
Crown Office and Procurator Fiscal Service	175.6	5.3	-	180.9	-	180.9
Scottish Government	40,202.9	5,822.9	527.0	46,552.8	9,698.1	56,250.9
Scottish Parliament and Audit Scotland	136.6	1.1	-	137.7	2.0	139.7
Total Scotland	40,339.5	5,824.0	527.0	46,690.5	9,700.1	56,390.6

Chapter 2

Tax Policy

Context

Despite the success of the vaccine roll-out allowing the Scottish economy to reopen faster than forecast at the time of the last budget, the past year has been extremely challenging for both businesses and households, and the pandemic continues to impact our society. Although unemployment is now expected to remain relatively low, and household incomes have increased as people have returned to work with the end of the furlough scheme, significant risks remain. The disruption to global supply chains caused by the pandemic has contributed to an increase in inflation, which is forecast to rise to its highest rate in a decade. This risks eroding households' living standards, particularly for low-income households, which are more exposed to rising energy prices.

Our approach

In the Programme for Government 2021-22,¹ we committed to providing certainty and stability for taxpayers, as a foundation for the ongoing recovery. That is what the tax package set out below delivers. We continue to offer the lowest Basic Property Rate for non-domestic properties in the UK and will provide ongoing relief for the retail, hospitality and leisure sectors, following two full years of 100% rates relief. Our tax policies protect essential public services and deliver the revenue we need to offer more support to those that need it the most – for example, doubling of the Scottish Child Payment for under 6s from April 2022 and for all under 16s at the end of next year.

We also continue to deliver a more progressive tax system, ensuring fairness is at the heart of our Scottish Approach to Taxation. In August we sought views on Scotland's first Framework for Tax,² which sets out our approach in more detail, underpinning the design and delivery of tax policy in Scotland. This exemplifies and reinforces our commitment to engagement, transparency and open government. The Framework will be finalised in the coming days, and we are grateful for the breadth and depth of engagement, resulting in genuine co-production.

As part of the same consultation exercise, we also sought views on how the Scottish Government should use its devolved and local tax powers in this budget. We met with, and listened carefully to, a wide range of stakeholders, including tax professionals, business representatives, civil society organisations and leading research institutes. Some important themes emerged, which have informed the development of the policy package set out below.

1 <https://www.gov.scot/publications/fairer-greener-scotland-programme-government-2021-22/documents/>

2 [Tax policy and the budget: consultation – gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/tax-policy-and-the-budget-consultation/documents/)

Key themes from Consultation Responses

Stability

Responses highlighted the ongoing need for stability in the tax system at this time. Stakeholders cautioned against tax policy changes that would add additional pressure to business or household finances. Related to this were some calls for no further divergence between Scottish and UK tax policy (e.g. income and property taxation). However, in contrast, there were also calls for the tax system to be more progressive and that stability should not necessarily mean a static approach to tax policy development. Some stakeholders also called for the Scottish Government to concentrate on improving the operation of existing national and local tax powers, and the delivery of assigned taxes, before focusing on further tax powers.

Recovery

Recovery from the pandemic was highlighted as a top priority across numerous stakeholders' responses, with calls for continued business support through the Non-Domestic Rates system. In this respect, as above, stakeholders called for a stable package of support to businesses, including the removal of conditions to access financial support and parity with the UK Business Rates system. Stakeholders cautioned against the introduction of any new business taxes or levies that may impact the recovery. Additionally, there were several calls for further financial support for high street and city centre businesses.

Reform

Among organisations' and individuals' responses there were widespread calls for tax policy reform over the course of the Parliamentary session. This was across several areas of taxation, but focused predominately on local tax powers (e.g. Non-Domestic Rates and Council Tax). Some stakeholders raised specific issues in relation to Non-Domestic Rates policy, such as revaluations policy, and some pressed the need for fundamental reform. Some stakeholders highlighted the need for more progress to be made on reforming Council Tax. Although responses welcomed a recent commitment to hold a citizens' assembly on sources of local government funding, there was a recognition that a timetable for action was also important.

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 Government through the operation of the Fiscal Framework. Responsibility for the other parts of the Income Tax system, which includes reliefs and exemptions, and setting the UK-wide Personal Allowance, remains reserved to the UK Parliament. Income Tax on savings and dividends income is also reserved and continues to be paid to the UK Government.

Policy

Significant changes to Scottish Income Tax were implemented in the Scottish Budget 2018-19, delivering a fairer and more progressive five-band structure. As set out in the Programme for Government 2021-22, our aim is to maintain current Income Tax rates and increase thresholds by no more than inflation over the duration of this parliament.

In line with this aim, Scottish Income Tax rates will remain unchanged in 2022-23. The Starter and Basic Rate bands will increase by CPI inflation (3.1%). The Higher and Top Rate thresholds will remain frozen in cash terms at £43,662 and £150,000, respectively.

In the UK Autumn Budget (October 2021), the UK Government confirmed that the UK-wide Personal Allowance would remain frozen at £12,570 in 2022-23 (and until 2025-26).

Rates and Bands

Table 2.01: Scottish Income Tax Policy Proposals 2022-23

Band	Income Range	Rate
Starter Rate	Over £12,570 - £14,732	19%
Basic Rate	Over £14,732 - £25,688	20%
Intermediate Rate	Over £25,688 - £43,662	21%
Higher Rate	Over £43,662 - £150,000*	41%
Top Rate	Over £150,000**	46%

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

** The Top Rate remains at 2021-22 level. Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000

As first set out in our paper *The role of Income Tax in Scotland's Budget* in November 2017, the Scottish Government's priority on Income Tax is to make the tax system fairer and more progressive, and to protect low- and middle-income taxpayers. At the time, we were clear that when living costs are rising, taxpayers in lower income brackets should not pay more tax, and this remains our priority. As we look ahead to 2022-23, inflation will continue to put pressure on living standards, with the impacts of rising energy prices likely to be felt by lower income families more than any other household.

Our Income Tax policy for 2022-23 therefore focuses on supporting those who are currently facing the most significant financial pressures, at the lower end of the income distribution. Our decision to increase the Starter and Basic Rate bands by inflation will maintain spending power across low- and middle-income households. Furthermore, the majority [54%] of taxpayers will continue to pay less Income Tax in 2022-23 than they would if they lived elsewhere in the UK.

According to SFC forecasts, freezing the Higher Rate Threshold will raise an additional £106 million in 2022-23. This policy only affects 17% of Scottish taxpayers, or 10% of all adults, and ensures we can continue to raise revenues to fund public services for all. Had we increased the Higher Rate Threshold by inflation, that would mean £106 million less to spend on priorities like our NHS and education system. Instead, those living in Scotland continue to have access to a wider and better funded range of free-to-access public services than elsewhere in the UK – including universal free prescriptions and tuition fees.

More information on the 2022-23 policy proposals, including a factsheet and analytical note, is available on the Scottish Government’s website.

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 2022-23, and an accompanying explanatory note, is available on the Scottish Government’s website.

Forecast

The SFC’s forecasts for Scottish Income Tax receipts in 2022-23 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 2021-22 to 2026-27

£ million	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	13,002	13,671	14,313	15,056	15,790	16,445

Land and Buildings Transaction Tax

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 maintain residential rates and bands at their current level. This preserves our progressive system, delivers certainty and stability for taxpayers and is consistent with the commitment we 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.

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

Additional Dwelling Supplement (ADS)

The ADS will continue to be charged at 4% in 2022-23.

Following the commitment in the Programme for Government 2021-22 to undertake a review, the Scottish Government will shortly launch a call for evidence and views on the ADS.

The review will not consider whether the ADS should continue, its overall impact or the specific rate at which it should be charged. Rather, our focus will be on the operation of the ADS. As a first step, we will seek views in order to build a clear and shared understanding of stakeholder and taxpayer concerns, develop a stronger evidence base on the need for change and identify any propositions for legislative change.

Rates and Bands

Rates and bands in 2022-23 will remain as follows:

Table 2.03: LBTT Rates and Bands for Residential Conveyances

Band	Relevant Consideration	Rate
Nil rate band	Not more than £145,000	0%
First tax band	More than £145,000 but not more than £250,000	2%
Second tax band	More than £250,000 but not more than £325,000	5%
Third tax band	More than £325,000 but not more than £750,000	10%
Fourth tax band	More than £750,000	12%

The ADS rate of 4% applies 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 in Table 2.03.

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

Band	Relevant Consideration	Rate
Nil rate band	Up to £150,000	0%
First tax band	Above £150,000 to £250,000	1%
Second tax band	Above £250,000	5%

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

Band	Net present value of rent payable	Rate
Nil rate band	Up to £150,000	0%
First tax band	Above £150,000 to £2m	1%
Second tax band	Above £2m	2%

Forecast

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

Table 2.06: LBTT Revenue Forecasts 2021-22 to 2026-27

£ million	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Land and Buildings Transaction Tax	720	749	796	839	881	924
<i>of which:</i>						
Residential transactions (excl. ADS)	380	390	420	451	480	510
Additional Dwelling Supplement (ADS)	125	133	141	145	148	152
Non-residential transactions	215	226	235	243	253	262

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 £98.60 per tonne and the lower rate of SLfT to £3.15 per tonne in 2022-23, maintaining consistency with Landfill Tax charges in the rest of the UK.

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, often referred to as 'waste tourism'.

The credit rate for the Scottish Landfill Communities Fund for 2022-23 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 near landfill sites to a greater degree than their UK counterparts, without any increase in the overall tax burden.

Forecast

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

Table 2.07: SLfT Revenue Forecasts 2021-22 to 2026-27¹

£ million	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Scottish Landfill Tax	123	101	83	85	70	18

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.

Policy

The Scottish Government acted swiftly to support businesses at the start of the pandemic and over the past 20 months, with a COVID-19 relief package totalling around £1.6 billion in 2020-21 and 2021-22. In 2021-22 we also took the unprecedented step of reducing the poundage mid-revaluation, saving ratepayers £127 million compared to an inflationary increase, effectively maintaining rates at the same level for three years in a row in Scotland. The Scottish Budget will deliver a below inflation uplift in the Basic Property Rate ('poundage') for the fourth year in a row, to just 49.8 pence. This continues to be the lowest poundage in the UK and will save ratepayers £40 million compared to an inflationary increase.

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. The most recent revaluation took place in 2017, with the next scheduled for 2023 having been delayed by one year due to COVID-19. This decision, alongside the introduction of a one-year tone date, will offer certainty to businesses in the recovery period and ensure that values at the next revaluation accurately reflect the property market prevailing at the time.

The main tax rate is the poundage, which is a pence in the pound tax rate set by Scottish Ministers. Two additional rates are levied on properties with rateable value over £51,000 and over £95,000, respectively.

In addition to increasing the poundage by just 0.8p, the Scottish Budget 2022-23 confirms:

- the Intermediate Property Rate at 51.1p (the poundage plus 1.3p), which will be charged on properties with a rateable value (RV) of between £51,001 and £95,000; and
- the Higher Property Rate at 52.4p (the poundage plus 2.6p), which is charged on properties with a RV above £95,000.

Taken together, these policies will ensure that at least 95% of properties are liable for a lower non-domestic tax rate than anywhere in the UK.

Table 2.08: Non-Domestic Rates

Basic Property Rate ('Poundage')	49.8p
Intermediate Property Rate (rateable values between £51,001 and £95,000)	51.1p (Poundage +1.3p)
Higher Property Rate (rateable value above £95,000)	52.4p (Poundage +2.6p)

Reliefs package

In 2021-22 the Scottish Government maintained 100% Retail, Hospitality, Leisure and Aviation relief for the entire year. This is forecast to save businesses in these sectors £712 million in 2021-22. Recognising the calls from the business community for further support, the Scottish Budget will continue this relief for properties in the retail, hospitality and leisure sectors, at 50% relief for the first three months of 2022-23, capped at £27,500 per ratepayer. This will save ratepayers in these sectors an estimated £56 million in 2022-23.

The Scottish Budget 2022-23 will also expand the Business Growth Accelerator relief for property improvements to include the installation of solar panels as a qualifying improvement. The Business Growth Accelerator provides 100% relief on new builds for up to 12 months after first occupation and no rates increases for 12 months after a qualifying property improvement. The expansion will help to promote a green recovery as we strive to meet our Net Zero emissions target.

We will also extend Enterprise Areas Relief by one year until 31 March 2023 before it is reviewed. This relief provides support to some of our most dynamic industries with the greatest potential to create new employment opportunities, stimulate private investment and boost economic growth.

The budget will also maintain the following reliefs which are set annually.

- Small Business Bonus Scheme relief, which has lifted over 111,000 properties out of rates altogether as at 1 June 2021.
- Transitional Relief, which caps annual rates bill increases at 12.5% for Aberdeen City and Aberdeenshire offices and for all but the very largest hospitality properties across Scotland.

All the other existing non-COVID-19 NDR reliefs will be maintained in 2022-23, which is forecast to save ratepayers £745 million. To level the playing field for all non-domestic properties, we will lay legislation to help local authorities tackle a known avoidance tactic on empty non-domestic properties. This policy will provide local authorities with the discretion, in prescribed circumstances, to restrict the awarding of 100% empty property rates relief where the occupier has entered insolvency, compulsorily (by the court) or voluntarily. This will deliver greater fiscal empowerment for councils in advance of the devolution of empty property relief in April 2023.

Our NDR package for 2022-23 therefore ensures that we continue to support our business community as we emerge from the pandemic.

NDR reliefs are subject to the domestic subsidy control regime, which is governed by the UK's international commitments on subsidy control arising from, amongst others, the EU-UK Trade and Cooperation Agreement, World Trade Organisation Membership and commitments arising from international treaties and agreements to which the UK is a party.

Recognising the impact of COVID-19, the Scottish Government chose last year to delay the implementation of the requirement that self-catering properties be let for 70 days in order to be classed as non-domestic. We will lay legislation for 2022-23 to deliver this anti-avoidance measure, which has been recommended by the independent Barclay Review of Non-Domestic Rates in order to tackle a known potential loophole for second homes.

Forecast tax revenues for NDR from 2021-22 are set out in Table 2.09 below.

Table 2.09: Scottish Non-Domestic Rates Revenue Forecasts 2021-22 to 2026-27

£ million	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Non-Domestic Rates	2,083	2,809	3,233	3,167	3,231	3,519

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. Every household in Scotland potentially has a council tax liability, although the council tax reduction scheme reduces this for around 500,000 households according to need and ability to pay.

In 2021-22, acknowledging the impact of the pandemic on households, the Scottish Government secured local government's agreement to freeze Council Tax at 2020-21 rates. For 2022-23, councils will have complete flexibility to set the Council Tax rate that is appropriate for their local authority area.

In setting Council Tax rates, we expect councils to take full account of local needs and of the impacts on household budgets of the decisions they make.

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 continue to progress work on a devolved levy, including through the introduction of the necessary primary legislation in this session of the Scottish Parliament.

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 had been expected to be fully implemented in April 2021, but a postponement was agreed 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.

Chapter 3

Pre-Budget Scrutiny by Parliamentary Committees

This chapter details how the Scottish Budget 2022-23 has been informed by pre-budget scrutiny from the Scottish Parliament's Committees. In addition to the content below, following the publication of the Scottish Budget, each Cabinet Secretary or relevant Minister will provide a more detailed, written response to each individual Committee on their pre-budget scrutiny reports. These will be provided within five parliamentary sitting days of the publication of this Budget.

The Scottish Government would like to thank all Committees and their witnesses for the time taken to provide such detailed pre-budget scrutiny letters and reports.

Constitution, Europe, External Affairs and Culture Committee

The Committee's report focused on the culture spending in the portfolio and its support through, and recovery from, the pandemic. The Committee welcome the Scottish Government's commitment to supporting the culture sector to make a strong recovery from the pandemic and acknowledge the dependency on Barnett consequential from the UK Government being received. The report points out the opportunity in the forthcoming resource spending review to align budget choices with the National Performance Framework and the Culture Strategy, and help mainstream culture across the Scottish Government, in particular as regards health and wider social benefits of cultural activity. The 2022 Scottish Budget confirms £277 million of support for Scotland's culture and heritage sector to protect key cultural provision and support recovery. Our Resource Spending Review Framework published alongside this Budget sets out our intentions to deliver multi-year portfolio spending plans, which will provide the culture sector with more certainty for future planning.

Criminal Justice Committee

In its pre-budget scrutiny report the Committee recognised that the justice sector, has been greatly affected by the pandemic and that although some recovery and return to normality is underway, the effects of COVID-19 will continue and that this journey of recovery will require additional funding in 2022-23, specifically to fund recovery and transformation. The Committee highlighted the court backlog and the impact of this on the victims of crime, the perpetrators of crime and on those who work across the system. In addition, the Committee concluded that many of the budget challenges across the justice system stem from long-standing problems that pre-dated the pandemic and which have not been adequately addressed over the years. It highlighted that

more needs to be done to address these challenges as we come out of the pandemic, through development of a clear and collective long-term strategy which recognises the interconnectedness of the justice system, while also resolving the systemic problems across the justice sector through targeted investment to deliver improvements and deliver savings in the longer-term.

The 2022-23 Justice budget will address many of the Criminal Justice Committee's recommendations. It includes additional funding to ensure the substantial activity on Justice recovery, renewal and transformation continues to address the courts backlog, and provides additional funding for community justice services. Additional funding will also be invested to improve victim-centred support, including for victims of violence against women and girls. The Scottish Police Authority resource budget will increase in real terms providing a stable basis from which to improve service delivery and enhance the safety and security of communities across Scotland. Additional support for the Scottish Fire and Rescue Service will allow it to expand its work on fire prevention and fire safety with vulnerable households, and improve firefighters' emergency medical response capability.

Economy and Fair Work Committee

The Committee's report focuses on three key areas: Support for businesses as part of the economic recovery; capital investment; and fair work and support for employment and skills. In terms of business support, the Scottish Government continues to offer a competitive business rates package, backed by the most generous Small Business Bonus Scheme anywhere in the UK. Furthermore, our Enterprise and Skills agencies provide access to a range of funding and support for businesses – including for those undertaking their transitions to Net Zero, a specific focus of the committee's report.

On capital investment supporting economic growth, this budget confirms that we will continue to capitalise the Scottish National Investment Bank with Financial Transactions in 2022-23. This forms part of an overall capital investment package across the Scottish Budget worth over £6 billion. In terms of fair work and support for employability and skills, there are a range of support measures in place, and our full response will set those out in more detail. Our support includes helping low income families most at risk of experiencing poverty with £8.65 million for the Parental Employability Support Fund in 2021-22, and at least a further £15 million across 2022-24. We are also ensuring that, by the end of this financial year all of Scottish Enterprise's financial support to businesses will require a commitment to Fair Work First.

Education, Children and Young People Committee

The Committee's report highlights that tackling the COVID-19 impacts on education inequalities should be at the heart of the COVID-19 response, and the Scottish Government welcomes this focus, and can confirm that reducing inequality is at the heart of the Education and Skills portfolio's investment. The report acknowledges that the full impacts are yet to be completely understood or quantified, and therefore cannot be budgeted for in their entirety. The Committee makes important calls for additional data to help in this regard, to help demonstrate the impact that new and existing policies

like the Pupil Equity Fund have on tackling inequalities. Our Education Recovery Plan references a schedule of forthcoming data and evidence releases that will help to assess the impact of the pandemic on children and young people.

The Committee welcomes the upcoming Resource Spending Review as an opportunity to set multi-year budgets and hopes this can be used to draw clear links between spending decisions and outcomes. The Scottish Government has already published local authority Scottish Attainment Challenge allocations over four years and will shortly do the same for Pupil Equity Funding allocations.

The Committee encourages Scottish Government to work with local government to deliver real-terms increases in funding for primary and secondary education and also to ensure efforts continue to be made to tackle rural deprivation. The Settlement and Distribution Group already has on its work-plan for 2022 a review of the deprivation indicators used in the settlement and the weighting they are given. The suitability of the indicators for both rural and urban areas will be included in this review.

On tertiary education, the Committee welcomes Scottish Government's acceptance of most of the recommendations in the recent Scottish Funding Council review.

Equalities, Human Rights and Civil Justice Committee

The Committee's report focuses on areas in which the Scottish Government can further embed equality and human rights in our budget processes. The report highlights recommendations from the Scottish Government's Equality Budget Advisory Group (EBAG) and the First Minister's National Advisory Council on Women and Girls (NACWG) that aim to drive progress in equality and human rights budgeting. The Scottish Government welcomes the ambitious recommendations from EBAG and the NACWG and the Committee's report.

The Scottish Government has taken a range of actions to increase the use and effectiveness of equality budgeting including establishing the Equality Budget Advisory Group, the annual publication of the Equality and Fairer Scotland Budget Statement and wider work to mainstream equality and human rights. Building on this work, the Scottish Government will provide a response to the Equality Budgeting Advisory Group (EBAG) in spring 2022 on their 2021 recommendations, which include recommendations on human rights budgeting.

The report notes that equality data is an essential component of equality and human rights budgeting as it enables spend to be tracked and monitoring of its impact across protected characteristics. The Scottish Government has taken a range of actions to improve the availability and quality of equality data including establishing the Equality Data Improvement Programme (EDIP), which is working to strengthen Scotland's equality evidence base. The Programme is led by a Board which includes representatives from key public sector organisations.

The Committee's report also calls for increased participation and transparency in financial policy making, and the importance of multi-year budgeting. A Participation

Framework has been developed as part of our membership of the Open Government Partnership, as a tool to support and promote good practice in participation and engagement across government and will be refined to focus participation on equality.

Finance and Public Administration Committee

The report offers a useful helpful summary of recent fiscal forecasts and an accessible commentary on current economic conditions, including the outlook for inflation. There are a number of important points made by the Committee around the Fiscal Framework review, including the “merit” of an ongoing minimum funding guarantee with HM Treasury. All of these Fiscal Framework points will be responded to more fully by Scottish Government in our more detailed response to the Committee.

In terms of the 2022-23 Scottish Budget specifically, the Committee once again raise the ongoing risks to Scottish Government around tax and social security forecast error – something that the pandemic has exacerbated by bringing additional uncertainty. On top of this, the report notes that many of the factors impacting on Scottish Government Budget pressures over the coming years remain, such as demographic change and skills shortages. The report notes the impact that this has on both the (income) tax base in Scotland relative to the rest of the UK and therefore revenue, and the impact on “demand-led services and social security payments”.

The Scottish Government is very conscious of the significant impact that demographic change may have in Scotland, in common with many advanced economies. For example, this was highlighted clearly in the previous (January 2021) Medium-Term Financial Strategy (MTFS), which also made clear the constraints that the current Fiscal Framework, places on our ability to manage these impacts. The previous MTFS also highlighted the key risks to Scottish Income Tax receipts across the medium-to-long term. MTFS documents will continue to reflect on demographics as one of the key strategic fiscal risks in the medium-term and accordingly the demographic change outlook will continue to inform spending decisions made by the Scottish Government.

Health, Social Care and Sport Committee

The Committee’s report covers a range of topics. The Committee champions the importance of preventative spend, and acknowledges the difficulty in prioritising this kind of spend whilst also looking to tackle acute pressures in the health system and the COVID-19 induced backlog of cases. The report also calls for a refreshed Medium-Term Financial Framework for health and social care.

The report also highlights the importance of continuing our drive toward greater health and social care integration, as part of wider calls to discourage silo working and driving continued effective co-ordination. Furthermore, the report calls for continued work to tackle health inequalities, as well as highlighting some positive innovations to come from the COVID-19 pandemic (such as the provision of digital services).

The 2022-23 Scottish Budget prioritises our work on recovery and renewal of our health and care services, with a sustained focus on tackling inequalities and ensuring that care

is provided in a way that is both sustainable and best meets the needs of the people of Scotland.

We continue to work across the public sector and with third sector and other partners to ensure a joined up approach to care. As we lay the foundations for our National Care Service, this budget underpins our ongoing commitment to shifting the balance of spend toward mental health, and to primary, social and community care and recognises the importance of preventative spend in improving health outcomes. This is informed by our Preventative and Proactive Care Programme and our work to improve the data and evidence available for decision-making and targeted interventions, including our Equality Data Improvement Programme and leading-edge work to develop economic and ethico-legal framework for priority setting in Health and Social Care partnerships, that integrates economics, decision-analysis, ethics and law.

We will revisit the performance and financial assumptions underpinning the Medium-Term Health and Social Care Financial Framework, which considers the health and care system as a whole, and review the NHS allocation formula to ensure funding is distributed equitably across the country, to support provision of sustainable, equitable health services and a fairer, healthier Scotland.

The Scottish Government remains committed to preventative spend and our Resource Spending Review Framework, published alongside this Budget, sets out our intention to develop multi-year portfolio spending plans through the review in 2022.

Local Government, Housing and Planning Committee

The Committee's report focuses predominantly on local government, and the critical role it has played in supporting our communities with the ongoing effects of the pandemic. The Scottish Government once again acknowledges that we would not have been able to get through the pandemic without local government and its employees.

The report calls on the Scottish Government to ensure that local government is funded to be able to meet the demands placed upon it – and this budget sees a real terms increase in the overall settlement available to local government for 2022-23. The Committee call for multi-year funding allocations for local government and we have today published our Spending Review Framework alongside this budget which sets out the next stage of this process.

Away from funding, the report covers a number of other topics including plans for a National Care Service, Community Wealth Building, levelling up, the Affordable Housing Programme and the Social Housing Net Zero Heat Fund. Scottish Government will respond to the Committee on these matters in more detail in our formal response letter but can confirm that this Budget delivers an increase to the Housing budget for 2022-23.

Rural Affairs, Islands and Natural Environment Committee

The Committee helpfully set out their planned approach to Budget scrutiny for the remainder of this Parliamentary session, confirming their planned approach to year-round scrutiny. The Scottish Government welcomes this, and the draft work plan for the Committee's first year. The Committee's initial interests are around the £30 million Programme for Government funding commitment for delivering the National Islands Plan and a fair, integrated, green and inclusive recovery. Their report also noted an interest in the upcoming National Islands Plan annual report and the Islands (Scotland) Act 2018.

The Scottish Government can confirm to the Committee that the expected publication date for the National Islands Plan Annual report will be 23 March 2022, and the expected date for the report on the Islands Act will be no later than 6 July 2022. During the 2021-22 financial year, we delivered £9.5 million of the £30 million Islands Programme through three key strands; the Islands Infrastructure Fund, the Island Communities Fund, and the Healthy Islands Fund. The funding allocation for the remaining financial years has been re-profiled to 'backload' funding in order to accommodate the long-term nature of the infrastructure projects that the Islands Programme will be supporting.

Social Justice and Social Security Committee

The Committee's report is centred around the spend required in 2022-23 to achieve the 2023-24 Interim Child Poverty targets. The Committee call for the doubling of the Scottish Child Payment, and this budget confirms that we will increase this to £20 per week from April 2022. The report covers an ask to support families in receipt of Universal Credit whose children do not receive free school meals. This budget commits continued support for as many children and young people as possible through Bridging Payments, worth £520 in 2022, and we remain committed to delivering the Scottish Child Payment in full by the end of 2022, subject to the necessary data being received from DWP. The report also welcomes the expansion of high quality free early learning and child care for eligible families.

Going beyond child poverty, the Committee's report also covers important issues like homelessness and support for carers, and Scottish Government can confirm that this budget includes £20.4 million to expand carer support under the Carers Act, bringing the total investment in the Act to £88.4 million per year. There is also an additional £5 million in the budget to enable more carers to access breaks from caring. We are also continuing to invest more than £350 million in 2022-23 in supporting eligible unpaid carers through Carer's Allowance, Carer's Allowance Supplement, and the Young Carer Grant.

The Committee also welcomed the Scottish Government's investment in welfare rights advice, recognising how important these services can be to ensuring benefit take up and income maximisation. The Scottish Government have committed to investing £10 million over the course of this Parliament to increase clients' access to advice services in accessible settings to maximise incomes, tackle the poverty penalty and improve wellbeing. £2.92 million of this is dedicated to expanding Welfare Advice and Health Partnerships over the next three years. The Committee report acknowledges that tackling poverty is a cross-government challenge. In 2020-21, the Scottish Government invested around £2.5 billion to support low income households, including nearly £1 billion to directly support children from across government portfolios.

Finally, the Committee's report acknowledges that Adult Disability Payment is an investment in people with disabilities. This will be funded through the budget setting process in the normal way, noting that the Scottish Fiscal Commission expect this investment to rise to over £500 million per year by 2026-27.

Net Zero, Energy and Transport Committee

The Committee's report covers a wide range of topics, including low carbon spend, climate change adaptation, the circular economy, biodiversity and natural infrastructure and transport. The Committee report notes the independent Climate Change Committee (CCC) conservative estimate that the costs of transitioning to Net Zero by 2045 could cost around 1 per cent of GDP, and that across the UK there needs to be £50 billion of low carbon investment annually, with Scotland's contribution to that is expected to be around £5 billion, with the majority of this coming from private investment.

Scotland is already in a good position with our Green Investment Portfolio aiming to reach £3 billion worth of market ready projects though we acknowledge that public finance alone will not be enough. Our Global Capital Investment Plan – published in March 2021 – seeks to achieve alignment between Scotland's investment needs and the supply of internationally mobile capital.

The NZET Committee's report asks a number of more detailed questions around Net Zero budgeting, which we will address in our response to them. The Committee also sought clarity over the detail and spending profile of the Just Transition Fund for the North East and Moray which will accelerate the just transition of the region by supporting the role of Aberdeen and the wider North East as one of Scotland's centres of excellence for the transition to a Net Zero economy which we will respond to in our detailed response.

The NZET Committee raises the issue of naturally stored carbon being re-emitted as the climate adapts as an example of how we need to consider climate adaptation as part of our budget process. We have committed an extra £150 million over this Parliament to manage risks from flooding (in addition to continuing to provide £42 million annually to local authorities), with a further £12 million for coastal change adaptation. However, we accept that more needs to be done to build resilience as part of a just transition to being a Net Zero nation and we are seeking further Scotland-specific advice from the CCC.

The Committee welcomed Scottish Government's ambitious 2025 targets around a circular economy, as well as welcoming the recent decarbonising heat in buildings strategy. We will pick up the Committee's formal asks on these policy areas as part of our more detailed response. On transport, the Committee was focused on finding ways to encourage change towards low carbon, sustainable and active travel. Our £500 million investment over five years announced in Programme for Government 2020 for active travel infrastructure, access to bikes and behavioural change schemes shows a sustained commitment to active travel and will help promote mode-shift. The 2022-23 Scottish Budget will set out a significant uplift to £150 million to support the delivery of this commitment.

Chapter 4

Health & Social Care Portfolio

Portfolio Responsibilities

The Health and Social Care portfolio is responsible for improving the health and wellbeing of the population, ensuring that care and support is delivered when, how and where people need it.

The 2022-23 budget delivers record funding of £18 billion for the portfolio, which will be used to support the remobilisation of services, as well as delivery of priorities relating to prevention and early intervention. Key to this is rethinking how services are delivered; harnessing innovation, bolstering capacity and putting people and place at the forefront of reforms to ensure sustainable recovery and equitable access to services.

The public health measures required to respond to the threat and uncertainty of COVID-19 remain a key consideration in our planning, and we await the outcome of further detail that was promised in the UK Spending Review to support our plans. Underlining our commitment to front-line services, we will nonetheless provide initial additional funding of £559 million for NHS Boards, and funding of £232 million for addressing waiting times and supporting our National Treatment Centres. We continue to be hugely indebted to our front-line staff and unpaid carers, who provide vital care day in and day out, under the toughest of circumstances. Their selfless efforts to care for others have been invaluable in our response to the pandemic so far, and our spending plans for 2022-23 continue to provide support for the mental health and wellbeing of our health and social care staff, and unpaid carers, as set out in the Programme for Government.

To ensure that care is delivered where and when it is needed, our increased investment in primary care and in social care and integration are significant steps towards the Programme for Government commitments. The investment of over £1.6 billion in social care and integration lays the groundwork for our National Care Service and includes a transfer for 2022-23 of £846.6 million to local government.

We will continue our vital work to reduce health inequalities, including £61 million to address the national tragedy of drugs deaths. It is vital that we work towards a fairer, healthier Scotland for all and recognising the crucial role of mental health and wellbeing services, the Scottish Government will make direct investment of £290 million in mental health, including £120 million for our Mental Health Recovery and Renewal Fund.

Health and Social Care

Table 4.01: Spending Plans (Level 2)

Level 2	2020-21 Budget	Restated 2021-22 Budget	2022-23 Budget
	£m	£m	£m
Health and Social Care	15,327.9	17,214.8	18,020.1
Food Standards Scotland	16.0	19.5	23.0
Total Health and Social Care	15,343.9	17,234.3	18,043.1
<i>of which:</i>			
Total Fiscal Resource	14,532.3	16,332.4	17,106.2
<i>of which Operating Costs*</i>	64.2	84.7	111.8
Non-cash	273.2	272.5	272.5
Capital	428.0	529.0	554.0
Financial Transactions (FTs)	10.0	-	10.0
UK Funded AME	100.4	100.4	100.4

Presentational Adjustments for Scottish Parliament Approval

Sportscotland (NDPB non-cash)	(1.2)	(1.1)	(1.1)
Social Care (NDPB non-cash)	(0.1)	(0.2)	(0.2)
Food Standards Scotland - shown separately	(16.0)	(19.5)	(23.0)
PPP/PFI Adjustments	21.0	21.0	21.0
Total Health and Social Care	15,347.6	17,234.5	18,039.8

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	2020-21 Budget	Restated 2021-22 Budget	2022-23 Budget
	£m	£m	£m
NHS Territorial Boards	10,704.0	10,894.4	11,508.6
NHS National Boards	1,312.1	1,345.9	1,422.6
Health Capital Investment	448.0	549.0	574.0
COVID-19 Funding	-	960.0	-
Workforce and Nursing	262.1	316.8	402.7
General Medical Services	1,035.8	1,116.8	1,162.8
Pharmaceutical Services	198.0	206.1	216.2
General Dental Services	428.6	431.0	469.0
General Ophthalmic Services	109.5	111.7	125.5
Outcomes Framework	71.9	74.1	74.1
Health Improvement and Protection	51.6	59.4	85.6
Alcohol and Drugs Policy	34.2	84.2	85.4
Mental Health Services	117.1	273.9	290.2
Quality and Improvement	20.1	37.6	65.9
Digital Health and Care	112.1	112.5	112.9
Early Years	53.4	53.4	58.9
Miscellaneous Other Services	(164.1)	(34.5)	9.5
Social Care Investment	332.4	395.4	1,137.1
Revenue Consequences of NPD	65.0	98.0	75.0
Sportscotland	32.7	33.7	34.7
Active, Healthy Lives	13.4	15.4	19.4
NHS Impairments (AME)	100.0	100.0	100.0
Financial Transactions	10.0	-	10.0
Capital Receipts	(20.0)	(20.0)	(20.0)
Total Health and Social Care	15,327.9	17,214.8	18,020.1
<i>of which:</i>			
Fiscal Resource	14,516.9	16,313.5	17,083.8
Non-cash	273.0	272.3	272.3
Capital	428.0	529.0	554.0
FTs	10.0	-	10.0
UK Funded AME	100.0	100.0	100.0

Table 4.03: Food Standards Scotland Spending (Level 3)










	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Administration	16.0	19.5	23.0
Capital Expenditure	-	-	-
Total Food Standards Scotland	16.0	19.5	23.0
<i>of which:</i>			
Fiscal Resource	15.4	18.9	22.4
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)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 4	£m	£m	£m
Improving Outcomes and Reform	228.6	241.3	373.0
Territorial Boards			
NHS Ayrshire and Arran	762.4	774.5	806.8
NHS Borders	219.8	222.7	234.8
NHS Dumfries and Galloway	316.1	320.6	334.1
NHS Fife	701.5	712.6	749.4
NHS Forth Valley	558.7	569.4	598.1
NHS Grampian	1,013.5	1,027.9	1,072.2
NHS Greater Glasgow and Clyde	2,364.7	2,398.1	2,504.0
NHS Highland	666.0	691.9	725.6
NHS Lanarkshire	1,268.1	1,286.1	1,346.8
NHS Lothian	1,540.1	1,569.5	1,639.3
NHS Orkney	52.6	54.8	57.1
NHS Shetland	53.9	54.6	57.0
NHS Tayside	808.5	819.9	856.5
NHS Western Isles	80.0	81.1	84.5
Total	10,405.9	10,583.7	11,066.1
National Boards			
National Waiting Times Centre	60.0	60.9	68.1
Scottish Ambulance Service	278.4	283.7	305.9
The State Hospital	37.6	38.1	40.0
NHS 24	72.7	73.8	78.4

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 4	£m	£m	£m
NHS Education for Scotland	461.5	471.7	492.3
NHS National Services Scotland	327.7	341.4	355.3
Healthcare Improvement Scotland	26.3	27.5	30.4
Public Health Scotland	47.9	48.6	52.1
Total	1,312.1	1,345.9	1,422.6
Other Income	69.5	69.5	69.5
Total Territorial and National Boards	12,016.1	12,240.4	12,931.2

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

Portfolio Responsibilities

Our portfolio is responsible for tackling inequalities, and we aim to embed equality, inclusion and human rights into our policy-making and public service delivery. We're also responsible for the national mission to reduce child poverty, for creating a fairer Scotland and for providing accessible and affordable housing. Together, these ambitions enhance the wellbeing, the financial capabilities and the participation of people in Scottish life.

We will continue to prioritise funding to support the development, design and implementation of our social security powers and delivery of benefits through Social Security Scotland. We are establishing a social security system that meets the needs of the people of Scotland and delivers a service that treats people with dignity, fairness and respect.

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. We support the Equality and Human Rights infrastructure across Scotland to address systemic inequality, tackle hate crime and address violence against women and girls.

Further to our commitments set out in the Programme for Government and the Covid Recovery Strategy, we continue to: prioritise funding from across government portfolios to reduce child poverty, including doubling Scottish Child Payment for eligible children under six years from April 2022, and extending it to under 16s by December 2022; invest in Discretionary Housing Payments to provide direct financial support to those struggling with housing costs; support our continued major expansion of affordable and social housing; improve safety, quality and standards of existing homes; support the third sector and develop social enterprise; and, eradicate homelessness and rough sleeping.

The portfolio also includes funding for our partners in local government to continue providing high quality, front-line services that will improve outcomes for individuals and communities across Scotland.

Spending Plans

Table 5.01: Spending Plans (Level 2)

Level 2	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m
Third Sector	24.6	26.1	25.8
Housing	1,030.7	900.5	895.3
Building Standards	2.0	16.7	11.8
Social Justice*	29.5	40.9	102.0
Connected Communities	4.4	4.7	5.2
Office of the Scottish Charity Regulator	3.3	3.6	3.4
Scottish Housing Regulator	4.3	5.1	5.3
Equalities	30.2	32.2	45.0
Social Security	367.3	472.3	536.0
Social Security Assistance	3,342.9	3,498.4	3,949.2
Local Government*	11,020.8	11,124.5	11,145.4
COVID-19 Funding	-	429.0	-
Total Social Justice, Housing and Local Government	15,860.0	16,554.0	16,724.4
<i>of which:</i>			
Total Fiscal Resource	11,277.1	12,954.9	12,416.9
<i>Of which Operating Costs</i>	91.3	94.7	99.0
Non-cash	0.7	19.9	50.3
Capital	1,434.5	1,404.7	1,341.2
Financial Transactions	307.7	84.5	150.0
UK Funded AME	2,840.0	2,090.0	2,766.0

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

Presentational Adjustments for Scottish Parliament Approval

Office of the Scottish Charity Regulator - shown separately	(3.3)	(3.6)	(3.4)
Scottish Housing Regulator - shown separately	(4.3)	(5.1)	(5.3)
Central Government Grants to Local Authorities returned to portfolios (E&S, Justice & NZET)*	(895.9)	(811.2)	(791.3)
Total Social Justice, Housing and Local Government	14,956.5	15,734.1	15,924.4
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)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Third Sector	24.6	26.1	25.8
Total Third Sector	24.6	26.1	25.8
<i>of which:</i>			
Fiscal Resource	22.6	22.6	21.8
Non-cash	-	-	-
Capital	-	-	-
FTs	2.0	3.5	4.0
UK Funded AME	-	-	-

Table 5.03: Housing Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
More Homes	896.1	748.1	744.3
Fuel Poverty and Housing Quality	1.9	2.9	2.5
Housing Support	126.5	142.9	141.5
Communities Analysis	6.2	6.6	7.0
Total Housing	1,030.7	900.5	895.3
<i>of which:</i>			
Fiscal Resource	137.7	150.3	148.5
Non-cash	-	-	-
Capital	596.5	669.2	601.8
FTs	296.5	81.0	145.0
UK Funded AME	-	-	-

Table 5.04: Building Standards Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Building Standards	2.0	16.7	11.8
Total Building Standards	2.0	16.7	11.8
<i>of which:</i>			
Fiscal Resource	2.0	3.7	3.8
Non-cash	-	-	-
Capital	-	13.0	8.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.05: Social Justice Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Social Justice*	29.5	40.9	102.0
Total Social Justice	29.5	40.9	102.0
<i>of which:</i>			
Fiscal Resource	29.5	40.9	101.0
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	1.0
UK Funded AME	-	-	-

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

Table 5.06: Connected Communities Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Total Connected Communities	4.4	4.7	5.2
<i>of which:</i>			
Fiscal Resource	4.4	4.4	5.2
Non-cash	-	-	-
Capital	-	0.3	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.07: Office of the Scottish Charity Regulator Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Total Office of the Scottish Charity Regulator	3.3	3.6	3.4
<i>of which:</i>			
Fiscal Resource	3.2	3.6	3.4
Non-cash	0.1	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.08: Scottish Housing Regulator Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Total Scottish Housing Regulator	4.3	5.1	5.3
<i>of which:</i>			
Fiscal Resource	4.1	4.7	4.9
Non-cash	0.2	0.2	0.2
Capital	-	0.2	0.2
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.09: Equalities Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Equalities	30.2	32.2	45.0
Total Equalities	30.2	32.2	45.0
<i>of which:</i>			
Fiscal Resource	30.2	32.2	45.0
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.10: Social Security (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scottish Welfare Fund - Administration	5.5	5.5	5.5
Social Security Advice, Policy and Programme	175.4	195.4	219.6
Social Security Scotland	186.4	271.4	310.9
Social Security	367.3	472.3	536.0
<i>of which:</i>			
Fiscal Resource	306.9	359.6	404.2
Non-cash	0.4	19.7	50.1
Capital	60.0	93.0	81.7
FTs	-	-	-
UK Funded AME	-	-	-

Table 5.11: Social Security Assistance (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
	£m	£m	£m
Scottish Welfare Fund	35.5	35.5	35.5
Carer's Allowance	291.6	306.0	314.9
Carer's Allowance Supplement	38.8	41.7	41.8
Adult Disability Payment	1,582.9	1,669.4	1,948.5
Attendance Allowance	532.2	549.8	544.6
Disability Living Allowance (Adult)	501.9	465.0	444.6
Child Disability Payment	216.6	230.9	265.2
Child Winter Heating Assistance	-	3.1	4.0
Industrial Injuries Disablement Scheme	80.2	80.2	80.5
Severe Disablement Allowance	7.5	6.8	6.2
Scottish Child Payment	21.0	68.0	197.4
Job Start Payment	2.0	2.0	1.1
Young Carer Grant	1.0	1.0	1.0
Best Start Grant	17.5	18.9	17.8
Best Start Foods	5.0	9.0	13.1
Funeral Support Payment	9.2	11.1	11.9
Low Income Winter Heating Assistance	-	-	21.1
Social Security	3,342.9	3,498.4	3,949.2
<i>of which:</i>			
Fiscal Resource	3,333.7	3,498.4	3,949.2
Non-cash	-	-	-
Capital	-	-	-
FTs	9.2	-	-
UK Funded AME	-	-	-

Table 5.12: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2020-21	2021-22	2022-23
Level 3	£m	£m	£m
Transfer of Management of Development Funding	92.2	92.2	92.2
Vacant & Derelict Land Grant	7.6	7.6	7.6
Total SJ,H&LG Central Gov Grants to LAs	99.8	99.8	99.8

LG also includes specific grants from Education, Justice and NZET

Table 5.13: Local Government Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
General Revenue Grant*	6,713.4	7,649.2	6,973.2
Non-Domestic Rates	2,840.0	2,090.0	2,766.0
General Capital Grant	467.9	490.0	510.5
Specific Resource Grants**	685.6	752.0	752.1
Specific Capital Grants	310.1	139.0	139.0
Local Government Advice and Policy	3.8	4.3	4.6
Total Local Government***	11,020.8	11,124.5	11,145.4
<i>of which:</i>			
Fiscal Resource	7,402.8	8,405.5	7,729.9
Non-cash	-	-	-
Capital	778.0	629.0	649.5
FTs	-	-	-
UK Funded AME	2,840.0	2,090.0	2,766.0

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

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

***Excludes COVID-19 funding

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

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m	£m	£m	£m
Non-Domestic Rates Estimate	1,816	2,083	2,809	3,233	3,168	3,231	3,519
PCA / forecast	1,916	2,062	2,809	3,233	3,168	3,231	3,519
Distributable Amount	1,868	2,090	2,766	3,169	3,104	3,231	3,519
Prior Year Adjustments	(137)	(100)	21	0	0	0	0
Yearly Balance	(89)	(128)	64	64	64	0	0
Cumulative Balance	(64)	(192)	(128)	(64)	0	0	0

Table 5.15: Specific Grant Funding and Other Local Government Funding

	Portfolio	2020-21 Budget £m	2021-22 Budget £m	2022-23 Budget £m
Criminal Justice Social Work	Justice and Veterans	86.5	86.5	86.5
Pupil Equity Fund* **	Education and Skills	120.0	120.0	120.0
Early Learning and Childcare Expansion	Education and Skills	463.2	521.9	521.9
Gaelic	Education and Skills	4.5	4.5	4.5
Inter-Island Ferries	Net Zero, Energy and Transport	11.5	19.2	19.2
Total Specific Revenue Grants		685.7	752.1	752.1
Vacant and Derelict Land	Social Justice, Housing and Local Government	7.6	7.6	7.6
Transfer of Management Development Fund (TMDF)	Social Justice, Housing and Local Government	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	8.9	23.9	23.9
Heat Networks Early Adopters Challenge Fund	Net Zero, Energy and Transport	50.0	0.0	0.0
Early Learning and Childcare	Education and Skills	121.0	0.0	0.0
Total Specific Capital Grants		295.0	139.0	139.0

*As in previous years, a portion of the raising attainment budget line will be used to top up Pupil Equity funding above the £120 million, to meet increasing costs of the programme.

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

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

	2020-21	2021-22	2022-23
	£m	£m	£m
Local Government Budget Settlement*	11,017.0	11,108.2	11,140.8
1+2 languages	3.0	2.4	1.2
Additional Support for Learning	15.0	15.0	15.0
Additional Teachers and Support Staff	0.0	0.0	145.5
Appropriate Adults	1.0	1.0	1.0
Blue Badge Scheme	0.7	0.7	0.7
British Sign Language	0.2	0.0	0.0
Building Standards Fees	(1.5)	(1.5)	(1.5)
Care at Home	0.0	0.0	124.0
Carer's Act	11.6	40.1	60.5
Child Bridging Payments	0.0	0.0	68.2
Child Burial And Crematoria Charges	0.3	0.6	0.6
Children And Young People Act	1.0	0.0	0.0
Community Justice Partnership Funding**	1.6	2.0	2.0
Customer First Digital Public Services***	1.4	1.4	1.4
Discretionary Housing Payments	71.8	83.1	80.2
Early Learning and Childcare Expansion	24.1	24.1	9.1
Educational Psychologists	0.0	(0.9)	(0.9)
Extra Environmental Health Officers	0.0	1.7	0.0
Former Housing Support Grant	1.0	1.0	1.0
Free Personal and Nursing Care	2.2	12.3	27.3
Free Sanitary Products In Public Places	2.8	2.8	2.8
Free Sanitary Products In Schools	2.1	2.1	2.1
Health and Social Care	57.2	57.2	257.2
Health and Social Care and Mental Health	120.0	120.0	120.0
Homelessness Support****	23.5	23.5	23.5
Interim Care Funding	0.0	0.0	20.0
Living Wage	25.0	59.0	233.5
Mental Health Officer Shortfall	0.5	0.0	0.0
Mental Health Recovery and Renewal	0.0	0.0	3.7
National Trauma Training	0.0	0.0	1.6
Pupil Equity Fund	0.0	0.0	10.0
Rapid Rehousing Transition Plans	8.0	8.0	8.0
Removal of Curriculum Charges	0.0	0.0	8.0
Removal of Music Tuition Charges	0.0	0.0	12.0
School Clothing Grant	6.0	6.0	11.8
School Counselling	4.0	4.0	4.0
Scottish Disability Assistance - Child Disability Payment	0.0	0.0	3.2

	2020-21	2021-22	2022-23
	£m	£m	£m
Scottish Welfare Fund	40.9	40.9	40.9
Seatbelts on School Transport	0.2	0.6	0.8
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
Total Revenue Funding within other Portfolios	428.7	512.2	1,303.5
Expansion of Free School Meals	0.0	0.0	30.0
Total Capital Funding within other Portfolios	0.0	0.0	30.0
Total Local Government Settlement in Local Government Finance Circular	11,445.7	11,620.4	12,474.3

*Excludes Local Government Advice and Policy

**Former Community Justice Transitional Funding

***Former Customer First

****Former Temporary Accommodation

Table 5.17 Local Government Funding outwith Core Settlement












	2020-21	2021-22	2022-23
	£m	£m	£m
Total Local Government Finance Circular	11,445.7	11,620.4	12,474.3
Attainment Scotland Fund	62.0	62.0	56.0
Business Gateway	1.6	1.6	0.0
City Region and Growth Deals	3.8	11.2	7.2
Clyde Gateway Urban Regeneration Company	0.5	0.5	0.5
Community Mental Health & Wellbeing	0.0	15.0	15.0
Discretionary Housing Payment (Care Experienced Young People)	2.0	0.0	0.0
Education Maintenance Allowance	25.0	25.0	25.0
Fair Start Scotland (Lot 4)	1.1	1.1	1.1
Justice Social Work*	0.0	4.0	4.0
Low Emission Zone Support	0.0	2.1	1.0
Mental Health Officer	0.0	0.5	0.0
No One Left Behind - Long-Term Unemployed	0.0	0.0	20.0
No One Left Behind (previously Local Employability Model)	7.1	7.1	15.6
Parental Employability Support Funding	5.0	5.0	5.8
Parental Employability Support Funding Boost - Disabled Parents Employability Support	2.0	2.0	0.0
Parental Employability Support Funding Boost - Early Learning and Childcare alignment	0.0	2.0	0.0
Parental Employability Support Funding Boost - Support for young parents	0.0	0.7	0.0
Private Water Supply Grants	1.7	1.7	1.5

	2020-21	2021-22	2022-23
	£m	£m	£m
Schools for the Future Programme	72.4	72.6	70.9
Support for Sustainable and Active Travel	5.3	5.3	5.3
Supporting Post 16 Transitions Towards Employment	4.3	0.0	0.0
Travel Strategy and Innovation	4.1	4.1	4.1
Young Persons Guarantee - Local Employability Partnerships	0.0	0.0	45.0
Total Revenue	197.9	223.5	278.0
Capital			
Capital Land and Works	22.0	22.0	18.9
City Region and Growth Deals	201.0	198.1	226.0
Clyde Gateway Urban Regeneration Company	5.0	5.0	5.0
Coig Tourist Routes	0.3	0.0	0.0
Future Transport Fund	18.0	51.0	51.0
Gaelic Capital Fund	0.0	3.8	3.0
Home Energy Efficiency Programmes for Scotland (HEEPS)	55.0	58.0	64.0
Low Emission Zone Support	0.0	0.0	1.0
Place Based Investment Programme**	0.0	23.0	33.0
Recycling Improvement Fund	0.0	0.0	13.2
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	55.1	35.0	16.5
Vacant & Derelict Land Investment Programme	0.0	5.0	5.0
Total Capital	382.4	426.9	462.6
Total Local Government Funding Outwith Core Settlement	580.3	650.4	740.6
Overall Scottish Government Funding for Local Government	12,026.0	12,270.8	13,214.9

*Former Community Justice Services

**Former Place, Town Centres & 20 Minute Neighbourhoods

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

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

Portfolio Responsibilities

The Finance and Economy portfolio is at the heart of Scottish Government's determination to build a Net Zero, wellbeing economy. It helps drive and shape our response to and recovery from the COVID-19 pandemic by ensuring that we protect and create good quality, green jobs in every region of Scotland and support workers to upskill and reskill so that they can prosper in the economy of the future.

The portfolio will help build a strong, vibrant and diverse economy that promotes wellbeing, attracts investment and facilitates the transition to a Net Zero economy. It 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 eradicate child poverty and face up to the challenges that come from Scotland's exit from the European Union, changing demographics and shifting global circumstances.

The portfolio is responsible for fair work, employability, enterprise, trade and investment and support to businesses across Scotland. It supports Scottish Enterprise, Highland and Islands Enterprise, South of Scotland Enterprise, VisitScotland, Accountant in Bankruptcy 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 performance, public finances, fiscal policy, taxation, procurement, digital strategy and digital economy and for the funding of Revenue Scotland, Scottish Fiscal Commission, Scottish Futures Trust, Scottish Public Pensions Agency and Registers of Scotland.

Finance and Economy

Table 6.01: Spending Plans (Level 2)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
Scottish Public Pensions Agency	5,408.9	5,879.5	6,498.7
Other Finance	155.1	184.6	244.3
Accountant in Bankruptcy	2.2	2.5	2.5
Digital	104.2	144.3	192.3
Planning	9.0	12.2	13.7
Revenue Scotland	6.6	7.1	7.9
Scottish Fiscal Commission	1.9	2.0	2.3
Registers of Scotland	12.4	11.2	8.5
Employability and Training	50.5	56.3	124.6
Enterprise, Trade and Investment	331.2	343.0	379.0
European Structural Funds	-	-	-
European Regional Development Fund	-	-	-
Economic Advice	12.7	12.7	12.4
Scottish National Investment Bank	241.1	205.0	215.7
Cities Investment and Strategy and Regeneration	253.0	321.4	329.6
Ferguson Marine	49.6	47.4	35.9
Rural Economy Enterprise	86.3	103.3	101.3
Tourism	50.6	65.1	51.2
COVID-19 Funding	-	639.0	-
Total Finance and the Economy	6,775.3	8,036.6	8219.9
<i>of which:</i>			
Total Fiscal Resource	546.4	1,265.1	736.0
<i>of which Operating Costs</i>	<i>107.9</i>	<i>115.3</i>	<i>107.1</i>
Non-cash	39.9	38.6	47.9
Capital	486.7	646.7	681.0
Financial Transactions	317.2	232.4	284.6
UK Funded AME (NHS and Teachers Pensions)	5,385.1	5,853.8	6,470.4
Presentational Adjustments for Scottish Parliament Approval			
Borrowing - not approved by Scottish Parliament	(66.0)	(96.5)	(167.8)
Revenue Scotland - shown separately	(6.6)	(7.1)	(7.9)
Scottish Fiscal Commission - shown separately	(1.9)	(2.0)	(2.3)
Registers of Scotland - shown separately	(12.4)	(25.2)	(8.5)
NHS and Teachers Pensions - shown separately	(5,385.1)	(5,853.8)	(6,470.4)
Enterprise (NDPB Non-cash)	(8.3)	(8.3)	(18.0)
Ferguson Marine (NDPB Non-cash)	-	(0.5)	(0.5)
Highland and Islands Enterprise (NDPB Non-cash)	(5.1)	(5.1)	(2.0)
South of Scotland Enterprise (NDPB Non-cash)	(2.5)	(2.5)	(1.0)
Scottish National Investment Bank (NDPB Non-Cash)	-	-	(0.8)
Scottish Futures Trust (NDPB Non-cash)	-	-	(0.1)
Tourism (NDPB Non-cash)	(1.4)	(1.4)	(2.5)
Total Finance and the Economy	1,283.0	2,030.5	1,538.1
Total Limit on Income (accruing resources)	400.0		

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Agency Administration	23.8	25.7	28.3
Scottish Teachers Pension Scheme	1,836.6	1,922.8	2,002.2
NHS Pension Scheme	3,548.5	3,931.0	4,468.2
Total SPPA	5,408.9	5,879.5	6,498.7
<i>of which:</i>			
Fiscal Resource	19.6	20.3	19.3
Non-cash	2.4	3.2	4.4
Capital	1.8	2.2	4.6
FTs	-	-	-
UK Funded AME	5,385.1	5,853.8	6,470.4

Table 6.03: Other Finance Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scotland Act Implementation	3.3	2.7	2.2
Procurement Shared Services	22.8	23.8	27.1
Scottish Futures Trust	4.1	4.1	3.9
Exchequer and Finance	21.8	23.7	14.3
Scottish Government Capital Projects	31.8	27.0	23.8
Public Information and Engagement	2.8	2.8	2.7
Growth Accelerators	1.5	1.5	1.5
Green Growth Accelerator	1.0	1.0	1.0
Finance FTs	-	1.5	-
Resource Costs of Borrowing	66.0	96.5	167.8
Total Other Finance	155.1	184.6	244.3
<i>of which:</i>			
Fiscal Resource	123.3	156.1	220.4
Non-cash	14.6	12.0	11.1
Capital	17.2	15.0	12.8
FTs	-	1.5	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Accountant in Bankruptcy	2.2	2.5	2.5
Total Accountant in Bankruptcy	2.2	2.5	2.5
<i>of which:</i>			
Fiscal Resource	0.6	0.6	0.4
Non-cash	0.8	0.8	1.0
Capital	0.8	1.1	1.1
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.05: Digital Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Digital Strategy	25.8	31.3	45.6
Digital Economy	15.0	10.2	15.2
Digital Connectivity	63.4	102.8	131.5
Total Digital	104.2	144.3	192.3
<i>of which:</i>			
Fiscal Resource	33.9	41.0	35.1
Non-cash	-	-	-
Capital	58.7	101.5	151.2
FTs	11.6	1.8	6.0
UK Funded AME	-	-	-

Table 6.06: Planning Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Planning	8.3	11.5	13.1
Planning & Environmental Appeals	0.7	0.7	0.6
Total Planning	9.0	12.2	13.7
<i>of which:</i>			
Fiscal Resource	7.0	7.2	6.7
Non-cash	-	-	-
Capital	2.0	5.0	7.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.07: Revenue Scotland Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Total Revenue Scotland	6.6	7.1	7.9
<i>of which:</i>			
Fiscal Resource	6.1	6.2	6.6
Non-cash	-	0.4	0.5
Capital	0.5	0.5	0.8
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scottish Fiscal Commission	1.9	2.0	2.3
<i>of which:</i>			
Fiscal Resource	1.9	2.0	2.3
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Registers of Scotland	12.4	11.2	8.5
<i>of which:</i>			
Fiscal Resource	4.0	4.1	-
Non-cash	4.4	4.1	6.0
Capital	4.0	3.0	2.5
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Employability and Training	50.5	56.3	124.6
Total Employability and Training	50.5	56.3	124.6
<i>of which:</i>			
Fiscal Resource	50.3	56.2	124.5
Non-cash	0.2	0.1	0.1
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Enterprise	247.1	299.6	302.6
Innovation, Industries and Trade and Investment	84.1	43.5	76.4
Total Enterprise, Trade and Investment	331.2	343.0	379.0
<i>of which:</i>			
Fiscal Resource	163.4	197.5	185.8
Non-cash	8.5	8.5	18.0
Capital	80.7	115.5	111.1
FTs	78.6	21.5	64.1
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 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)

	2020-21 Budget	2021-22 Budget	2022-23 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	-	-	-

Table 6.14: Economic Advice Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Office of the Chief Economic Adviser	7.6	7.8	7.0
Council of Economic Advisers	0.1	0.1	-
Consumer Scotland Policy and Advice	5.0	4.8	5.4
Total Economic Advice	12.7	12.7	12.4
<i>of which:</i>			
Fiscal Resource	12.7	12.7	12.4
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.15: Scottish National Investment Bank Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scottish National Investment Bank	241.1	205.0	215.7
Total Scottish National Investment Bank	241.1	205.0	215.7
<i>of which:</i>			
Fiscal Resource	21.1	5.0	9.0
Non-cash	-	-	0.8
Capital	-	-	-
FTs	220.0	200.0	205.9
UK Funded AME	-	-	-

Table 6.16: Cities Investment and Strategy and Regeneration Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Cities Investment & Strategy	205.6	209.8	233.2
Regeneration	47.4	111.6	96.4
Total Cities Investment and Strategy and Regeneration	253.0	321.4	329.6
<i>of which:</i>			
Fiscal Resource	22.0	29.0	23.6
Non-cash	-	-	-
Capital	231.0	292.4	306.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 6.17: Ferguson Marine Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Ferguson Marine	49.6	47.4	35.9
Total Ferguson Marine	49.6	47.4	35.9
<i>of which:</i>			
Fiscal Resource	-	1.9	2.0
Non-cash	-	0.5	0.5
Capital	49.6	45.0	33.4
FTs	-	-	-
UK Funded AME	-	-	-










Table 6.18: Rural Economy Enterprise Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Highlands and Islands Enterprise	58.2	67.6	64.3
South of Scotland Enterprise Agency	28.1	35.7	37.0
Total Rural Economy Enterprise	86.3	103.2	101.3
<i>of which:</i>			
Fiscal Resource	37.8	44.5	44.5
Non-cash	7.6	7.6	3.0
Capital	33.9	43.6	45.2
FTs	7.0	7.6	8.6
UK Funded AME	-	-	-

Table 6.19: Tourism Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Tourism	50.6	65.1	51.2
Total Tourism	50.6	65.1	51.2
<i>of which:</i>			
Fiscal Resource	42.7	45.2	43.4
Non-cash	1.4	1.4	2.5
Capital	6.5	18.5	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

Portfolio Responsibilities

Improving the life chances of our children, young people and learners of all ages through excellence and equity in education 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, in particular, promoting population wellbeing, tackling child poverty, and building sustainable and inclusive economic growth.

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

- deliver a statutory financial redress scheme for survivors of child abuse in care;
- keep The Promise to implement the findings of the independent Care Review;
- deliver 1140 hours of high quality early learning and childcare to all three and four year olds and eligible two year olds and extend the piloting of access to funded ELC for all children who defer school start;
- implement the refreshed Scottish Attainment Challenge in order to increase the pace of progress on closing the poverty-related attainment gap;
- invest in our colleges and 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 2022-23 we will:

- provide £145.5 million for local authorities to ensure the sustained employment of additional teachers and classroom assistants recruited during the pandemic – as part of our commitment to support the recruitment of at least 3,500 teachers and 500 classroom assistants over this Parliament – and to help councils make these posts permanent. Our investment includes the biggest increase in funding to support teacher recruitment since 2007;
- provide over £40 million of funding to deliver free school lunches to all children in Primary 4 and 5 and in special schools and £30 million capital allocation for initial investment in school kitchens ahead of roll-out of free lunches to all primary school children later in the Parliamentary term;
- invest £15 million in the infrastructure required to provide a digital device to every school-aged child by 2026;

- tackle the digital divide in further and higher education by investing £5 million for universities, colleges and community learning providers to purchase digital equipment;
- support the Scottish Funding Council and our college and university sectors in implementing the agreed recommendations from the SFC's Review of Tertiary Education and Research in Scotland;
- invest a further £5 million to renew play parks in Scotland as part of a £60 million programme over the course of this Parliament to ensure children have access to high quality outdoor play in their own communities; and
- deliver a £10 million summer holiday childcare programme for low income families and start the early phasing of community-based systems of wraparound childcare.

Education and Skills

Table 7.01: Spending Plans (Level 2)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
Learning	297.8	426.3	583.3
Children and Families	149.7	182.4	220.2
Early Learning and Childcare Programme	39.8	39.8	56.8
Higher Education Student Support	925.6	1,399.3	1,017.6
Scottish Funding Council	1,880.1	1,911.0	1,973.8
Advanced Learning and Science	13.4	20.6	22.9
Skills & Training	271.1	277.2	271.9
COVID-19 Funding	-	68.0	-
Total Education & Skills	3,577.5	4,324.6	4,146.5
<i>of which:</i>			
Total Fiscal Resource	2,497.1	2,815.0	2,927.1
<i>of which Operating Costs</i>	41.4	43.6	47.1
Non-cash	237.4	673.2	352.0
Capital	395.5	398.0	484.0
Financial Transactions (FTs)	55.0	22.1	22.1
UK Funded AME	392.5	416.3	361.3

Presentational Adjustments for Scottish Parliament Approval

Learning (NDPB Non-cash)	(3.3)	(3.7)	(4.0)
Children & Families (NDPB Non-cash)	(2.4)	(2.8)	(2.8)
SFC (NDPB Non-cash)	(27.1)	(27.6)	(27.2)
Skills & Training (NDPB Non-cash)	(0.8)	(0.9)	(1.4)
Central Government Grants to Local Authorities	708.7	666.4	646.4
Total Education and Skills	4,245.6	4,956.0	4,757.5

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Education Scotland	26.6	29.9	28.7
Gaelic	25.2	25.2	25.3
Curriculum and Qualifications	44.4	45.1	63.5
Workforce & Infrastructure	93.0	164.1	266.8
Education Reform	4.0	4.7	4.8
Education Analytical Services	5.2	4.9	5.1
Improvement, Attainment & Wellbeing	99.4	152.4	189.1
Total Learning	297.8	426.3	583.3
<i>of which:</i>			
Fiscal Resource	285.4	414.2	532.0
Non-cash	3.7	4.0	5.4
Capital	8.7	8.1	45.9
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.03: Children and Families Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Children's Rights, Protection & Justice	45.8	51.8	51.5
Strategy, GIRFEC and The Promise	33.6	26.0	26.0
Redress, Relations and Response	-	31.3	62.5
Disclosure Scotland Expenditure	21.3	22.9	24.3
Office of the Chief Social Work Adviser	20.3	21.1	21.2
Creating Positive Futures	28.7	29.3	34.7
Total Children & Families	149.7	182.4	220.2
<i>of which:</i>			
Fiscal Resource	134.2	164.0	194.4
Non-cash	8.5	10.5	12.3
Capital	7.0	7.9	13.5
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.04: Early Learning and Childcare Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Early Learning and Childcare	39.8	39.8	56.8
<i>of which:</i>			
Fiscal Resource	39.8	39.8	56.8
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.05: Higher Education Student Support Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Student Support & Tuition Fee Payments	310.9	328.2	328.2
Student Loans Company Administration Costs	9.3	8.5	6.4
Student Loan Interest Subsidy to Bank	2.0	2.8	2.8
Cost of Providing Student Loans (RAB Charge)(Non-Cash)	196.2	629.0	304.1
Student Awards Agency for Scotland Operating Costs	12.8	12.9	12.9
SAAS Capital	1.9	1.6	1.9
Net Student Loans Advanced	545.0	585.0	530.0
Capitalised Interest	(70.0)	(80.0)	(80.0)
Student Loan Fair Value Adjustment	(84.1)	(90.0)	(90.0)
Student Loan Sale Subsidy Impairment Adjustment	1.6	1.3	1.3
Total Higher Education Student Support	925.6	1,399.3	1,017.6
<i>of which:</i>			
Fiscal Resource	333.9	351.3	348.7
Non-cash	197.3	630.1	305.7
Capital	1.9	1.6	1.9
FTs	-	-	-
UK Funded AME	392.5	416.3	361.3

Table 7.06: Scottish Funding Council Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scottish Funding Council Administration	7.9	7.8	8.1
College Operational Expenditure	830.0	865.7	865.7
College Operational Income	(190.0)	(190.0)	(190.0)
<i>Net College Resource</i>	640.0	675.7	675.7
College NPD Expenditure	29.3	29.3	29.3
College Depreciation Costs	26.8	27.5	26.7
HE Resource	743.2	768.2	789.2
College Capital Expenditure	37.4	33.7	74.7*
College Capital Receipts	(1.7)	-	-
Net College Capital	35.7	33.7	74.7
HE Capital	342.2	346.7	348.0
HE FTs	61.0	30.5	31.0
HE FTs Income	(6.0)	(8.4)	(8.9)
Total Scottish Funding Council*	1,880.1	1,911.0	1,973.8
<i>of which:</i>			
Fiscal Resource	1,420.1	1,480.8	1,501.8
Non-cash	27.1	27.7	27.2
Capital	377.9	380.4	422.7
FTs	55.0	22.1	22.1
UK Funded AME	-	-	-

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

Table 7.07: Advanced Learning and Science Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Higher Education	7.4	14.6	14.9
Qualifications & Accreditation	3.0	3.0	5.0
Science Engagement and Advice	3.0	3.0	3.0
Total Advanced Learning and Science	13.4	20.6	22.9
<i>of which:</i>			
Fiscal Resource	13.4	20.6	22.9
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.08: Skills and Training Spending Plans (Level 3)










	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Skills Development Scotland	224.8	230.9	225.6
Employability & Skills	46.3	46.3	46.3
Total Skills and Training	271.1	277.2	271.9
<i>of which:</i>			
Fiscal Resource	270.3	276.3	270.5
Non-cash	0.8	0.9	1.4
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 7.09: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Gaelic	4.5	4.5	4.5
Local Government Attainment Grant**	120.0	140.0	120.0
Local Government ELC Grant	584.2	521.9	521.9
Education and Skills Central Government Grants to Local Authorities	708.7	666.4	646.4
<i>of which:</i>			
Fiscal Resource	587.7	666.4	646.4
Non-cash	-	-	-
Capital	121.0	-	-
FTs	-	-	-
UK Funded AME	-	-	-

** As in previous years, a portion of the raising attainment budget line will be used to top-up Pupil Equity Funding above £120m, to meet the increasing costs of the programme. 2021-22 figures include £20 million Pupil Equity Funding 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
	 Fair Work and Business
	 International
	 Culture
	 Economy
	 Poverty

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

Portfolio Responsibilities

The purpose of the Justice portfolio is to keep our communities safe, and to support the administration of justice. By enabling our communities to be safe and resilient, by reducing crime and offending and by supporting victims and witnesses, we aim to improve the wellbeing and life chances of all who engage with the Justice system. In doing 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.

It supports the police and fire & 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 safe, secure and more resilient communities and works to build Scotland's resilience by improving Scotland's 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 UKG, such as 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)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
Community Justice	44.0	46.3	47.2
Judiciary	36.3	37.3	38.8
Criminal Injuries Compensation	15.5	15.6	15.6
Legal Aid	137.5	138.0	151.9
Police Central Government	57.0	62.3	104.1
Safer and Stronger Communities	11.6	12.6	14.4
Police and Fire Pensions	350.6	350.6	350.6
Scottish Prison Service	442.2	460.2	476.4
Miscellaneous	54.3	55.4	116.8
Scottish Police Authority	1,240.3	1,300.8	1,341.3
Scottish Fire and Rescue Service	333.3	343.2	352.7
Scottish Courts and Tribunals Service	122.6	129.3	133.5
COVID-19 Funding	-	75.0	-
Total Justice and Veterans	2,845.2	3,026.6	3,143.3
<i>of which:</i>			
Total Fiscal Resource	2,546.5	2,722.6	2,838.4
<i>of which Operating Costs</i>	26.4	28.0	32.1
Non-cash	135.7	137.5	138.9
Capital	163.0	166.5	166.0
Financial Transactions	-	-	-
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)	(50.0)
SFRS (NDPB Non-cash)	(24.8)	(26.0)	(26.0)
Police Investigations and Review Commissioner (NDPB Non-Cash)	-	-	(0.2)
Police Loan Charges	3.8	3.8	5.1
Judicial Salaries	(35.3)	(35.3)	(36.3)
PPP/PFI Adjustments	1.2	1.2	1.6
SCTS - shown separately	(122.6)	(129.3)	(133.5)
Central Government Grants to Local Authorities	86.5	86.5	86.5
Total Justice	2,707.9	2,881.5	2,989.9
Total Limit on Income (accruing resources)	39.7		

Table 8.02: Community Justice Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Offender Services	40.8	43.1	44.0
Miscellaneous	3.2	3.2	3.2
Total Community Justice	44.0	46.3	47.2
<i>of which:</i>			
Fiscal Resource	44.0	46.3	47.1
Non-cash	-	-	0.1
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.03: Judiciary Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Judiciary	1.0	2.0	2.5
Judicial Salaries	35.3	35.3	36.3
Total Judiciary	36.3	37.3	38.8
<i>of which:</i>			
Fiscal Resource	36.3	37.3	38.8
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
CIC Scheme	13.8	13.8	13.8
Criminal Injuries Administration Costs	1.7	1.8	1.8
Total Criminal Injuries Compensation	15.5	15.6	15.6
<i>of which:</i>			
Fiscal Resource	15.5	15.6	15.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.05: Legal Aid Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Legal Aid Administration	11.7	12.2	13.6
Legal Aid Fund	125.8	125.8	138.3
Total Legal Aid	137.5	138.0	151.9
<i>of which:</i>			
Fiscal Resource	136.8	137.3	151.2
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)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
National Police Funding & Reform	56.6	61.9	103.7
Police Support Services	0.4	0.4	0.4
Total Police Central Government	57.0	62.3	104.1
<i>of which:</i>			
Fiscal Resource	49.9	55.2	94.5
Non-cash	2.5	2.5	2.5
Capital	4.6	4.6	7.1
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Safer Communities	11.6	12.6	14.4
Total Safer and Stronger Communities	11.6	12.6	14.4
<i>of which:</i>			
Fiscal Resource	11.6	12.6	14.2
Non-cash	-	-	0.2
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Police Pensions	278.4	278.4	278.4
Fire Pensions	72.2	72.2	72.2
Total Police and Fire Pensions	350.6	350.6	350.6
<i>of which:</i>			
Fiscal Resource	350.6	350.6	350.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scottish Prison Service	442.2	460.2	476.4
Total Scottish Prison Service	442.2	460.2	476.4
<i>of which:</i>			
Fiscal Resource	342.2	354.6	369.6
Non-cash	32.2	32.8	34.0
Capital	67.8	72.8	72.8
FTs	-	-	-
UK Funded AME	-	-	-

Table 8.10: Miscellaneous Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Safe and Secure Scotland	7.8	8.4	11.2
Victim/Witness Support	18.7	18.2	20.2
Other Miscellaneous	27.8	28.8	85.4
Total Miscellaneous	54.3	55.4	116.8
<i>of which:</i>			
Fiscal Resource	49.3	52.4	116.7
Non-cash	-	-	0.1
Capital	5.0	3.0	-
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scottish Police Authority	1,240.3	1,300.8	1,341.3
Total Scottish Police Authority	1,240.3	1,300.8	1,341.3
<i>of which:</i>			
Fiscal Resource	1,145.3	1,205.3	1,245.8
Non-cash	50.0	50.0	50.0
Capital	45.0	45.5	45.5
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Operating Expenditure	333.3	343.2	352.7
Total Scottish Fire and Rescue Service	333.3	343.2	352.7
<i>of which:</i>			
Fiscal Resource	276.0	284.7	294.2
Non-cash	24.8	26.0	26.0
Capital	32.5	32.5	32.5
FTs	-	-	-
UK Funded AME	-	-	-











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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Scottish Courts and Tribunals Service	122.6	129.3	133.5
Total Scottish Courts and Tribunals Service	122.6	129.3	133.5
<i>of which:</i>			
Fiscal Resource	89.0	95.7	99.9
Non-cash	25.6	25.6	25.6
Capital	8.0	8.0	8.0
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 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

Justice intended contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Communities  Human Rights	 Children and Young People  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 and Transport Portfolio

Portfolio Responsibilities

The Net Zero, Energy and Transport (NZET) portfolio is responsible for achieving a Net Zero carbon emission Scottish economy in line with the Scottish Government Climate Change Plan which requires all portfolios to respond to the global climate emergency. The portfolio is also charged with protecting and enhancing our natural environment and resources and physical connectivity and infrastructure. While there are significant challenges in this space, there are also significant opportunities to diversify our economy, create good, green jobs, and to lead the world in a just transition to Net Zero.

The overarching aim is to protect and promote Scotland's environment and to build a strong and sustainable Net Zero economy through:

- tackling climate change;
- decarbonising Scotland's public transport network and improving the use of green energy, enhancing active and sustainable travel opportunities;
- protecting our iconic species and landscapes;
- investing in biodiversity and nature restoration;
- developing a blue economy action plan;
- improving the quality of our air, land, seas and fresh water;
- developing a circular economy;
- empowering communities and improving the way land is owned, used and managed; and
- investing in the research base.

The portfolio is responsible for heat and energy; transport; environment, forestry and land reform policy, strategy and delivery. It includes Transport Scotland, the Scottish Government's national agency with responsibility for transport policy and strategy, supporting provision of public transport services, transport infrastructure and the trunk road network, accessibility and active travel and contributing to a low carbon economy. It also includes Environmental Standards Scotland, the new independent body set up to fill the potential gap in environmental governance arising from Scotland's departure from the EU. In addition it includes Forestry and Land Scotland which supports the

sustainable management of Scotland's national forests and land. This also entails the sponsorship of a number of public bodies including Scottish Environment Protection Agency, Scottish Water, NatureScot, the National Park Authorities, Royal Botanic Gardens, Edinburgh, Forest Enterprise, David MacBrayne, Caledonian Maritime Assets, Highland and Island Airports and Scottish Canals.

The portfolio also leads on strategic infrastructure planning - through the Infrastructure Investment Plan and regular reporting on major projects and programmes. The Infrastructure Investment Plan covering the years 2021-22 to 2025-26 was published earlier this year. The Plan focuses on adopting and building on the recommendations of the Infrastructure Commission for Scotland; showing how we will choose the right future investments and setting out a five-year programme of further improvements in our strategic approach.

Net Zero, Energy and Transport Portfolio

Table 9.01: Spending Plans (Level 2)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
Energy	350.8	412.9	413.9
Rail Services	1,264.1	1,339.9	1,396.9
Concessionary Fares and Bus Services	303.8	321.8	413.9
Active Travel, Low Carbon and Other Transport Policy	298.4	332.1	375.9
Motorways and Trunk Roads	748.9	825.9	855.8
Ferry Services	255.1	287.6	296.0
Air Services	86.2	107.6	88.5
Scottish Forestry	47.5	83.7	90.9
Forestry and Land Scotland	17.2	37.5	27.2
Research, Analysis and Other	71.0	90.8	88.3
Environmental Services	157.1	206.5	220.2
Environmental Standards Scotland ¹	-	-	2.2
Land Reform	16.5	16.4	13.9
Climate Change and Land Managers Renewables Fund	30.3	31.8	51.3
Scottish Water	121.4	84.1	77.7
COVID-19 Funding	-	235.2	-
Total NZET	3,768.3	4,413.8	4,412.6
<i>of which:</i>			
Total Fiscal Resource	1,281.7	1,731.0	1,672.3
<i>of which Operating Costs</i>	29.8	33.5	42.9
Non-cash	124.3	159.9	195.0
Capital	2,262.9	2,432.4	2,485.0
Financial Transactions (FTs)	99.4	90.5	60.3
UK Funded AME	-	-	-

Presentational Adjustments for Scottish Parliament Approval

Highlands and Island Airports Limited (NDPB Non-cash)	(9.5)	(9.5)	(9.5)
Scottish Canals (NDPB Non-cash)	(2.5)	(2.7)	(2.7)
Public Private Partnerships Adjustments	(18.7)	(20.9)	(23.3)
Grants to Local Authorities	100.7	58.4	58.4
Royal Botanic Gardens (NDPB Non-cash)	(2.5)	(2.5)	(2.5)
National Park Authorities (NDPB Non-cash)	(1.0)	(1.0)	(1.1)
SEPA (NDPB Non-cash)	(4.9)	(5.3)	(5.3)
NatureScot (NDPB Non-cash)	(2.5)	(2.2)	(2.2)
Scottish Water loan repayments not included in Scottish Parliamentary budgets	46.7	58.4	42.8
Environmental Standards Scotland	-	-	(2.2)
Total NZET	3,874.1	4,486.5	4465.0

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Energy	215.6	225.2	219.6
Fuel Poverty/Energy Efficiency ²	135.2	187.7	194.3
Total Energy	350.8	412.9	413.9
<i>of which:</i>			
Fiscal Resource	48.5	50.7	64.5
Non-cash	-	-	-
Capital	236.4	304.4	310.1
FTs	65.9	57.8	39.3
UK Funded AME	-	-	-

Table 9.03: Rail Services Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Major Public Transport Projects	207.0	173.0	247.0
Rail Development	3.0	2.0	2.0
Rail Franchise	520.1	663.9	720.9
Rail Infrastructure	534.0	501.0	427.0
Total Rail Services	1,264.1	1,339.9	1,396.9
<i>of which:</i>			
Fiscal Resource	241.1	371.9	409.4
Non-cash	-	-	1.5
Capital	1,023.0	968.0	986.0
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Concessionary Fares	244.8	262.8	310.6
Smartcard Programme	4.8	4.9	3.9
Support for Bus Services	54.2	54.1	99.4
Total Concessionary Fares	303.8	321.8	413.9
<i>of which:</i>			
Fiscal Resource	301.0	319.0	411.9
Non-cash	-	-	-
Capital	2.8	2.8	2.0
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Agency Administration Costs	16.0	19.2	30.0
Road Safety	3.2	4.3	20.8
Scottish Canals	23.2	24.6	25.4
Strategic Transport Projects Review	3.5	3.5	3.0
Support for Active Travel ³	76.6	91.6	126.0
Support for Sustainable Travel ⁴	41.7	39.6	17.3
Support for Freight Industry	0.7	0.7	0.7
Transport Information	0.7	0.8	0.6
Future Transport Funds	72.4	107.4	130.0
Edinburgh Tram Inquiry	0.2	0.5	0.5
Travel Strategy and Innovation	60.2	39.9	21.6
Total Active Travel, Low Carbon and Other	298.4	332.1	375.9
<i>of which:</i>			
Fiscal Resource	50.8	56.4	69.0
Non-cash	3.2	3.5	4.5
Capital	209.9	239.9	292.4
FTs	34.5	32.3	10.0
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Capital Land and Works	179.8	155.7	136.9
Forth and Tay Bridge Authorities	37.3	2.5	2.6
Queensferry Crossing	2.4	2.1	1.8
M&T Other Current Expenditure	15.6	20.5	25.4
Network Strengthening	77.5	104.4	116.0
Roads Depreciation	100.2	135.4	167.5
Roads Improvements	46.3	46.3	36.5
Routine and Winter Maintenance	94.4	106.9	117.7
Structural Repairs	45.7	100.0	119.0
Motorway and Trunk Roads PPP Payments	149.7	152.1	132.4
Total Motorways and Trunk Roads	748.9	825.9	855.8
<i>of which:</i>			
Fiscal Resource	266.6	281.1	277.3
Non-cash	100.2	135.4	167.5
Capital	382.1	409.4	411.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.07: Ferry Services Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Support for Ferry Services	199.1	231.6	228.5
Vessels and Piers	56.0	56.0	67.5
Total Ferry Services	255.1	287.6	296.0
<i>of which:</i>			
Fiscal Resource	177.3	209.8	206.7
Non-cash	-	-	-
Capital	77.8	77.8	89.3
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.08: Air Services Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Highlands and Islands Airports Limited	70.5	91.4	71.3
Support for Air Services	15.7	16.2	17.2
Total Air Services	86.2	107.6	88.5
<i>of which:</i>			
Fiscal Resource	39.9	40.4	58.6
Non-cash	9.5	9.5	9.5
Capital	36.8	57.7	20.4
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.09: Scottish Forestry Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Programme and Running costs	17.5	18.1	19.6
Depreciation	0.1	0.1	0.5
Woodland Grants	56.8	62.8	69.5
EC Receipts	(26.9)	-	(3.2)
Forest Research (Cross Border Services)	-	2.7	4.5
Total Scottish Forestry	47.5	83.7	90.9
<i>of which:</i>			
Fiscal Resource	24.9	37.6	39.2
Non-cash	0.1	0.1	0.5
Capital	19.5	45.0	50.2
FTs	3.0	1.0	1.0
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
FLS Resource	13.6	15.4	16.7
FLS Capital	3.6	22.1	10.5
Total Forestry and Land Scotland	17.2	37.5	27.2
<i>of which:</i>			
Fiscal Resource	13.6	15.4	16.7
Non-cash	-	-	-
Capital	3.6	22.1	10.5
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Strategic Policy, Research and Sponsorship	4.5	5.8	4.2
Economic and Other Surveys	4.2	4.5	5.0
Programmes of Research	47.8	50.0	50.4
Royal Botanic Garden, Edinburgh	14.5	30.5	28.7
Total Research, Analysis and Other	71.0	90.8	88.3
<i>of which:</i>			
Fiscal Resource	34.0	37.3	36.9
Non-cash	2.9	2.9	2.9
Capital	34.1	50.6	48.5
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.12: Environmental Services Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
National Parks	13.9	17.5	18.5
Environmental Quality	10.8	11.0	10.9
Natural Resources, Peatland and Flooding	29.7	44.1	56.4
Scottish Environmental Protection Agency	37.1	43.5	41.4
NatureScot	49.1	50.2	49.6
Zero Waste	16.5	40.2	43.4
Total Environmental Services	157.1	206.5	220.2
<i>of which:</i>			
Fiscal Resource	145.3	138.7	144.0
Non-cash	8.4	8.5	8.6
Capital	7.4	59.9	67.6
FTs	(4.0)	(0.6)	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Environmental Standards Scotland	-	-	2.2
Total Environmental Standards Scotland	-	-	2.2
<i>of which:</i>			
Fiscal Resource	-	-	2.2
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.14: Land Reform Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Land Reform	15.0	14.9	12.3
Scottish Land Commission	1.5	1.5	1.6
Total Land Reform	16.5	16.4	13.9
<i>of which:</i>			
Fiscal Resource	6.0	5.8	5.9
Non-cash	-	-	-
Capital	10.5	10.6	8.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.15: Climate Change and Land Managers Renewables Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Climate Change - Policy Development and Implementation	1.1	1.5	1.7
Land Managers Renewables Fund	0.5	0.5	0.5
Climate Action and Just Transition Fund ⁵	28.7	29.8	49.1
Total Climate Change and Land Managers Renewables Fund	30.3	31.8	51.3
<i>of which:</i>			
Fiscal Resource	26.3	27.8	27.3
Non-cash	-	-	-
Capital	4.0	4.0	14.0
FTs	-	-	10.0
UK Funded AME	-	-	-












Table 9.16: Scottish Water Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Interest on Voted Loans	(100.5)	(103.0)	(105.0)
Voted Loans	215.0	180.2	170.0
Hydro Nation	4.7	4.7	4.8
Drinking Water Quality Regulator	0.5	0.5	1.0
Private Water	1.7	1.7	6.9
Total Scottish Water	121.4	84.1	77.7
<i>of which:</i>			
Fiscal Resource	(93.6)	(96.1)	(97.3)
Non-cash	-	-	-
Capital	215.0	180.2	175.0
FTs	-	-	-
UK Funded AME	-	-	-

Table 9.17: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Cycling, Walking and Safer Routes	23.9	23.9	23.9
Support for Inter-Island Ferries	11.5	19.2	19.2
Regional Transport Partnership	15.3	15.3	15.3
Heat Networks Early Adopters Challenge Fund	50.0	-	-
Total Central Gov. Grants to Local Authorities	100.7	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.

- 1 Was previously part of Research, Analysis and Other
- 2 Fuel poverty/energy efficiency budget previously held within SJHLG portfolio
- 3 Budget has been split into active travel and sustainable travel for 2022-23
- 4 Budget has been split into active travel and sustainable travel for 2022-23
- 5 Formerly the Sustainable Action Fund

Chapter 10

Rural Affairs & Islands Portfolio

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.

Our priorities in this Parliament are to reform and transform key areas so this portfolio can help make Scotland greener and fairer. We will create a more prosperous country by safeguarding the natural environment and harnessing the power of all of our people and our natural assets. Sustainability is at the heart of all that we do. In the coming year, we will focus on:

- doing all we can to mitigate the impacts of EU exit;
- supporting a robust recovery from the pandemic;
- strengthening the resilience of rural, coastal and island communities, businesses and industries;
- continuing stability through maintained support across the agricultural sector and testing new approaches to help farmers and crofters cut emissions;
- developing a strong blue economy, ensuring a good environmental status for all of Scotland's marine waters;
- supporting a successful food and drink sector to produce high quality, healthy food and promote it to local, regional and international markets;
- creating the statutory framework that underpins our ambition to make Scotland a Good Food Nation;
- investing in our island communities so that they thrive and flourish in the future;
- developing and publishing a Just Transition plan for land and agriculture, and helping increase opportunities for aquaculture; and
- driving towards a Net Zero and climate resilient economy through transformation in agriculture, land use and marine sectors.

Rural Affairs and Islands

Table 10.01: Spending Plans (Level 2)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
Agricultural Support and Related	597.5	804.0	799.6
Rural Services	34.6	41.1	42.6
Fisheries and Aquaculture	5.9	20.4	20.4
Marine	65.5	86.1	95.9
Islands	-	10.5	8.3
COVID-19 Funding	-	1.0	-
Total Rural Affairs and Islands	703.5	963.1	966.8
<i>of which:</i>			
Total Fiscal Resource	776.0	837.5	880.8
<i>of which Operating Costs</i>	<i>143.8</i>	<i>163.5</i>	<i>180.8</i>
Non-cash	42.3	42.6	10.1
Capital	55.5	63.0	75.9
Financial Transactions (FTs)	(170.3)	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	703.5	963.1	966.8

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

	2020-21 Budget	2021-22 Budget	2022-23 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	48.0	61.0	61.0
Broadband	-	-	-
Convergence Funding	95.7	25.7	25.7
Agricultural Transformation	40.0	45.0	25.0
Agri Environmental Measures	42.7	34.2	35.8
Business Development	(172.3)	17.1	26.0
Crofting Assistance	0.8	0.8	0.8
EU Income	(74.3)	(24.0)	(2.5)
Forestry	0.4	0.2	0.1
Leader	22.2	10.4	11.6
Less Favoured Area Support Scheme	30.2	65.5	65.5
ARE Operations	139.5	142.6	122.1
Technical Assistance	0.6	1.5	4.5
Total Agricultural Support & Related	597.5	804.0	799.6
<i>of which:</i>			
Fiscal Resource	682.7	705.6	737.5
Non-cash	37.0	37.0	4.9
Capital	48.1	41.4	57.1
FTs	(170.3)	20.0	-
UK Funded AME	-	-	-

Table 10.03: Rural Services Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Agricultural & Horticultural Advice & Support	2.5	2.2	2.2
Animal Health	17.2	18.9	19.6
Crofting Commission	2.8	3.3	4.0
Food Industry Support	6.6	10.5	10.5
Rural Economy and Communities	0.6	1.3	1.4
Veterinary Surveillance	4.9	4.9	4.9
Total Rural Services	34.6	41.1	42.6
<i>of which:</i>			
Fiscal Resource	34.5	41.0	42.5
Non-cash	0.1	0.1	0.1
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 10.04: Fisheries Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
EU Fisheries Grants	14.1	14.1	14.1
Marine Fund Scotland	-	14.5	14.5
Fisheries Harbour Grants	1.0	1.0	1.0
Marine EU Income	(9.2)	(9.2)	(9.2)
Fisheries	5.9	20.4	20.4
<i>of which:</i>			
Fiscal Resource	1.5	16.0	16.0
Non-cash	-	-	-
Capital	4.4	4.4	4.4
FTs	-	-	-
UK Funded AME	-	-	-












Table 10.05: Marine Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Marine Scotland	65.5	86.1	95.9
Total Marine	65.5	86.1	95.9
<i>of which:</i>			
Fiscal Resource	57.3	72.9	81.7
Non-cash	5.2	5.5	5.1
Capital	3.0	7.7	9.1
FTs	-	-	-
UK Funded AME	-	-	-

Table 10.06: Islands Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Islands Plan	-	10.5	5.0
Carbon Neutral Islands	-	-	3.0
Islands Bond	-	-	0.3
Total Islands	-	10.5	8.3
<i>of which:</i>			
Fiscal Resource	-	1.0	3.0
Non-cash	-	-	-
Capital	-	9.5	5.3
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
	 Health
	 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 11

Constitution, External Affairs & Culture Portfolio

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 are committed to being a good global citizen and to playing our part in tackling global challenges, including climate change, poverty, injustice and inequality. 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 - supported by the work of our external network of offices - we will continue our commitment to internationalisation by building on relationships, celebrating cultural, educational and ancestral connections, and exchanging 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, our alignment with EU policy priorities, and make the necessary preparations for a Scottish referendum and subsequently for re-joining the EU as an independent member state.

Our diverse and evolving cultural sector is central to our aspirations as a nation. Scotland's creativity contributes to the economy and is increasingly recognised as essential to our health and wellbeing. We will continue to support creative expression in the arts and support world-class collections, ensuring these are cared for and enjoyed by new and diverse audiences as well as future generations right across Scotland. 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. Our Major Events budget continues to support a strong and inspirational programme of events and festivals each year that generates business, creates jobs and boosts the economy whilst delivering benefits to communities across the country, and promoting Scotland across the world. The portfolio also supports a range of Royal and Ceremonial matters within Scotland.

Spending Plans

Table 11.01: Spending Plans (Level 2)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
Culture and Major Events	182.2	176.6	207.4
External Affairs	27.6	30.6	33.4
Historic Environment Scotland	42.8	55.9	70.1
National Records of Scotland	65.3	63.3	59.6
COVID-19 Funding	-	23.1	-
Total Constitution External Affairs and Culture	317.9	349.5	370.5
<i>of which:</i>			
Total Fiscal Resource	279.4	316.2	323.9
<i>of which Operating Costs</i>	19.8	20.8	22.4
Non-cash	15.4	16.1	16.1
Capital	22.0	17.2	30.5
Financial Transactions	1.1	-	-
UK Funded AME	-	-	-

Presentational Adjustments for Scottish Parliament Approval

National Galleries of Scotland (NDPB Non-cash)	(2.5)	(2.5)	(2.5)
National Libraries of Scotland (NDPB Non-cash)	(3.1)	(3.1)	(3.2)
National Museums of Scotland (NDPB Non-cash)	(3.6)	(3.6)	(3.6)
Historic Environment Scotland (NDPB Non-cash)	(3.0)	(3.0)	(3.0)
Creative Scotland (NDPB Non-cash)	(0.2)	(0.2)	(0.2)
National Records of Scotland – shown separately	(65.3)	(64.4)	(59.6)
Total CEAC	240.2	271.9	298.4

Total Limit on Income (accruing resources)	200.00
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Table 11.02: Culture & Major Events Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Creative Scotland & Other Arts	67.3	63.2	69.3
Cultural Collections	79.2	75.7	90.0
Major Events & Themed Years	6.6	8.2	18.2
Culture & Major Events Staffing	4.4	4.7	5.1
National Performing Companies	22.9	22.9	22.9
Architecture & Place	1.4	1.5	1.5
Royal & Ceremonial	0.4	0.4	0.4
Total Culture & Major Events Scotland	182.2	176.6	207.4
<i>of which:</i>			
Fiscal Resource	158.6	158.9	176.9
Non-cash	9.5	9.5	9.5
Capital	13.0	8.2	21.0
FTs	1.1	-	-
UK Funded AME	-	-	-

Table 11.03: External Affairs Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
International and European Relations	27.5	30.5	33.3
British Irish Council	0.1	0.1	0.1
Total External Affairs	27.6	30.6	33.4
<i>of which:</i>			
Fiscal Resource	27.6	30.6	33.4
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-












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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Operational Costs	100.1	91.3	96.9
Capital Expenditure	6.0	6.0	6.5
Less Income	(63.3)	(41.4)	(33.3)
Total Historic Environment Scotland	42.8	55.9	70.1
<i>of which:</i>			
Fiscal Resource	33.8	46.9	60.6
Non-cash	3.0	3.0	3.0
Capital	6.0	6.0	6.5
FTs	-	-	-
UK Funded AME	-	-	-

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Operational Costs	68.1	66.1	62.4
Capital Expenditure	3.0	3.0	3.0
Less Income	(5.8)	(5.8)	(5.8)
Total National Records of Scotland	65.3	63.3	59.6
<i>of which:</i>			
Fiscal Resource	59.4	56.7	53.0
Non-cash	2.9	3.6	3.6
Capital	3.0	3.0	3.0
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

Portfolio Responsibilities

The portfolio supports the delivery of the Covid Recovery Strategy and contributes to strategic oversight and co-ordination of Covid Recovery activity across the Scottish Government. It provides the analysis underpinning the strategic response to COVID-19 including the Strategic Framework, and the “4 Harms” approach to decision-making. It also includes work to establish and support the Scottish public inquiry into the handling of COVID-19.

The portfolio also 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, including on COVID-19. The Government Business and Constitutional Relations line supports both this portfolio and the Constitution, External Affairs and Culture portfolio, including policies on constitutional change and devolution.

The portfolio 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 Organisational Readiness line specifically supports work on winter preparedness, assessment and co-ordination of concurrent risk across the Scottish Government and integrated monitoring and reporting arrangements for delivery of key government priorities.

The portfolio also promotes public sector reform and leadership development, with particular emphasis on the participation of people in all aspects of Scottish life.

Table 12.01: Spending Plans (Level 2)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
Governance and Reform	4.0	4.0	3.4
Government Business	15.0	55.6	13.9
Organisational Readiness	5.2	5.1	25.6
Total Deputy First Minister and Covid Recovery	24.2	64.7	42.9
<i>of which:</i>			
Total Fiscal Resource	24.2	64.7	42.9
<i>Of which Operating Costs*</i>	18.0	24.9	26.8
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-
Total Limit on Income (accruing resources)	0.0		

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Public Service Reform & Community Empowerment	4.0	4.0	3.4
Total Governance & Reform	4.0	4.0	3.4
<i>of which:</i>			
Fiscal Resource	4.0	4.0	3.4
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-




Table 12.03: Government Business Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Local Government Elections	2.1	2.1	3.2
Boundary Commission	0.4	0.4	0.4
Scottish Parliamentary Elections	1.0	34.9	0.1
Extension of Freedom of Information	0.1	0.1	0.1
Government Business and Constitutional Relations Policy and Co-ordination	11.4	18.1	10.1
Total Government Business	15.0	55.6	13.9
<i>of which:</i>			
Fiscal Resource	15.0	55.6	13.9
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

Table 12.04: Organisational Readiness Spending Plans (Level 3)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Office of the Chief Researcher	0.5	0.5	0.9
Organisational Readiness	-	-	4.2
Resilience	4.7	4.6	4.4
Response and Readiness	-	-	14.9
Covid Recovery	-	-	1.2
Total Organisational Readiness	5.2	5.1	25.6
<i>of which:</i>			
Fiscal Resource	5.2	5.1	25.6
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

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 and 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.

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

The complexity and profile of casework which the Service deals with has changed significantly in recent years. There continues to be an increase in complex cases which require longer investigations and court hearings. Over the last 18 months there has been a 50 per cent increase in the number of death reports received. The gathering and analysis of evidence 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.

The impact of the COVID-19 pandemic and associated restrictions, including court closures, has resulted in backlogs of cases across the Criminal Justice System which, even with welcome additional resource, will take multiple years to clear.

Crown Office and Procurator Fiscal Service






Table 13.01: Spending Plans (Level 2)

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 2	£m	£m	£m
COPFS	133.8	156.7	180.9
Total COPFS	133.8	156.7	180.9
<i>of which:</i>			
Total Fiscal Resource	124.9	146.8	169.8
Non-cash	4.6	5.1	5.8
Capital	4.3	4.8	5.3
Financial Transactions	-	-	-
UK Funded AME	-	-	-
Total Limit on Income (accruing resources)			2.0

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

	2020-21 Budget	2021-22 Budget	2022-23 Budget
Level 3	£m	£m	£m
Staff Costs	95.0	113.8	133.7
Office Costs	3.8	3.8	4.0
Case related	13.3	16.7	17.8
Centrally Managed Costs	17.4	17.6	20.1
Capital Expenditure	4.3	4.8	5.3
Total COPFS	133.8	156.7	180.9
<i>of which:</i>			
Fiscal Resource	124.9	146.8	169.8
Non-cash	4.6	5.1	5.8
Capital	4.3	4.8	5.3
Financial Transactions	-	-	-
UK Funded AME	-	-	-

Crown Office and Procurator Fiscal Service contributions to the National Outcomes

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

Annex A

Scottish Government Fiscal Control Framework and Reconciliation of Available Funding to Spending Plans

Introduction

The Scottish Government is required to set a balanced budget each year.

As the UK Budget and Spending Review has returned to an autumn timetable, in advance of the Scottish Budget being drafted, this provides some additional certainty to the resources at the Scottish Government's disposal, particularly with regard to Barnett settlements, Block Grant Adjustments and Ring-fenced funding.

However there are a significant number of challenges with the totality of funding at the Scottish Government's disposal and there remains a high level of uncertainty as to final level of resources available. These are discussed below.

Specific Funding Issues for 2022-23

Despite the ongoing impact of the COVID-19 pandemic on public services and the need to support economic recovery, the UK Government has discontinued funding for COVID-19 in 2022-23, stripping out £3.7 billion from the funding that supported the 2021-22 Budget position. After allowing for further COVID-19 2020-21 funding allocations at UK Main Estimates in May and the UK Budget in October, £5.2 billion of COVID-19 funding has been removed from Scottish Government budgets in 2022-23, despite ongoing demands on Scotland's NHS, transport networks and education system.

Whilst the core Barnett settlement from the UK Government has increased, this is not sufficient to cover the impacts of the loss of this COVID-19 funding. The real terms reduction to total Barnett Funding (excluding Financial Transactions) is £1.747 billion by comparison to the 2021-22 Budget Bill position shown in this document. This represents a real terms reduction of 4.4%.

The effects of the UK Spending Review settlement on the longer-term funding outlook for the Scottish Government are discussed in the Medium-Term Financial Strategy.

Other Funding

An element of judgement is required to assess the totality of funding that will become available to the Scottish Government in addition to what is already included in the formal aggregates set out in Table A.01.

Whilst the return to a December publication for the 2022-23 Scottish Budget provides earlier clarity to local government, public bodies and many third sector organisations funded from within the portfolio allocations set out in this document, it also increases the scope for volatility in the funding position before the start of the financial year. In particular in 2022-23 there are a number of specific sources of funding which the Scottish Government believes will be available during the financial year but for which the precise timing and scale are not yet confirmed. These include:

- The UK Spending Review included an updated assessment of 2021-22 funding but excluded some previously anticipated Barnett consequentials (linked to previous UK Government announcements of additional funding). Whilst there remains some uncertainty as to the ultimate quantum of further consequentials for 2021-22 it is reasonable to assume that some additional funding will arise as the UK Supplementary Estimate process is concluded. Based on past experience, any further funding will not be confirmed in a sufficient timescale to be effectively deployed in 2021-22 and the Scottish Government will seek agreement with HM Treasury to defer any such additional funding into 2022-23.
- The UK Main Estimate process formally approves the UK Budget allocations for that financial year. This process is usually concluded in the early part of the financial year and historically has generated additional Barnett consequentials over and above the Block Grant allocations set out at the preceding UK fiscal event. Whilst the Scottish Government has received no specific notice of such consequentials for 2022-23, past history has been factored into the overall assessment of anticipated, but unconfirmed funding.
- The Scottish Government has been in discussion with HM Treasury over the budgeting treatment of the impact of increases to the personal allowance on adjustments to the Scottish Block Grant, dating back to 2017-18. This is a technical issue but a significant one. Whilst the scale of the financial impact is disputed, both parties accept the Scottish Government will be due to receive cumulative compensation. The Scottish Government will seek to conclude this process at the earliest possible opportunity to ensure that the compensatory funding is available to support the funding position for 2022-23.
- The next round of offshore wind leasing, being managed by the Crown Estate, will generate additional funding for Scottish Government for 2022-23 and beyond. At the time of publication there remains some uncertainty to the scale and phasing of this potential income.

Table A.05 sets out all additional funding included in the 2022-23 Budget position set out here. This includes £620m from the potential sources discussed above (and also the potential for any further additions to the fiscal resource position in the Scotland Reserve) on a risk-assessed basis. The other items included in the table as

additional funding for 2022-23 include £179 million of additional Capital and Financial Transactions funding, to be drawn from the expected balance on the Scotland Reserve, along with an expected transfer from the UK Government allocating a proportional share of Immigration Health Surcharge Income of £92m.

The prior year assumptions on anticipated additional funding have been exceeded in aggregate.

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 Framework¹ 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 is 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. This has allowed an increased drawdown of an extra £79 million (over the usual limit of £100 million) of Capital and Financial Transactions funding from the Scotland Reserve in 2022-23.

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.

Final borrowing drawdown will be confirmed over the course of the financial year linked to ongoing analysis of the budget management and monitoring process.

Scottish Government Funding

The devolved administrations' budgets are set within a framework of public expenditure control and budgeting guidance determined by HM Treasury. Once overall public expenditure budgets have been determined, the Scottish Government has freedom to make its own spending and tax decisions on devolved programmes, but those decisions must take place within the budgetary controls set by HM Treasury and in compliance with HM Treasury's Consolidated Budgeting Guidance.

Scottish Government total 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), and any planned use of available devolved borrowing powers.

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 Policy.²

The block grant is adjusted upwards to reflect the devolution of social security powers, and downwards to reflect the retention in Scotland of revenues from devolved and assigned taxes and other devolved income, leaving a residual block grant. The Scottish Government then retains all devolved and assigned Scottish tax and other revenues (forecasts of tax revenues for inclusion in the budget are calculated by the Scottish Fiscal Commission). The Block Grant Adjustments - BGAs - are calculated by HM Treasury with reference to forecasts prepared by the Office for Budget Responsibility.

In simple terms the available funding for the Scottish Budget is the Block Grant, plus the BGAs for social security, less the BGAs for devolved and assigned taxes and other revenues, plus devolved revenue estimates plus borrowing.

The latest forecasts of tax revenues and social security expenditure and the comparison against the corresponding BGAs are set out in Annex B of the MTFS.

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 (including Non-Domestic Rates).

The overall budget position for any given year is dependent on the interaction between the BGAs as provided by HM Treasury and the forecast of social security costs and tax revenues provided by the SFC. The forecasts underpinning both the BGAs, the costs of devolved social security powers and the revenues for devolved and assigned taxes will

change over time until an agreed, reconciled, final outturn position is reached. The Fiscal Framework sets out the limited powers available to the Scottish Government to manage the impact of forecast errors between initial budget and the reconciled outturn position. This includes the power to undertake resource borrowing to smooth the budgetary impact of forecast errors.

The Scottish Government intends to use its resource borrowing powers under the Fiscal Framework to manage the forecast errors impacting on the 2022-23 budget limit. A decision to borrow to support capital spending will also impact on the funding available relative to the spending limits set by HM Treasury. The aggregate of the residual block grant plus devolved tax revenues plus agreed borrowing is a key control limit in defining the funding envelope within which Scottish Ministers must manage expenditure for a given year.

Table A.01 below sets out the Scottish Government Budget Control Limits:

Table A.01 Scottish Government Budget Control Limits 2020-21 to 2022-23

	2020-21	2021-22	2022-23
Cash Terms	£m	£m	£m
UK Government - SR 20 settlement	-	36,073	-
UK Government - SR 21 settlement	-	-	39,257
Total Budget Limit from HM Treasury (A)	35,051	36,073	39,257
<i>of which:</i>			
Fiscal Resource Budget Limit	29,711	30,892	34,322
Capital Budget Limit	4,734	4,973	4,469
Financial Transactions	606	208	466
Block Grant Adjustment for Social Security (B)	3,203	3,310	3,587
Ring-fenced and Non-Barnett Funding - Resource (C)	472	756	704
Ring-fenced and Non-Barnett Funding - Capital (C)	-	-	643
Total COVID-19 Funding (D)	-	3,686	-
Block Grant Adjustment for Taxes and Non-Tax Income	(12,991)	(12,430)	(14,639)
<i>Scottish revenues:</i>			
Scottish Income Tax	12,365	12,263	13,671
Land and Buildings Transaction Tax	641	586	749
Scottish Landfill Tax	116	88	101
Non-Tax Income	25	25	25
Net Resource Budget Adjustment for Taxes and Non-Tax Income (E)	156	532	(93)
Reconciliation to Outturn (F)	(207)	(319)	(15)

	2020-21	2021-22	2022-23
Cash Terms	£m	£m	£m
Resource Borrowing (G)	207	319	15
Capital Borrowing (H)	450	450	450
Total Scottish Government Funding (A+B+C+D+E+F+G+H)	39,332	44,807	44,548

Figures may not add due to rounding

(A) 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. The Block Grant figures shown here represent core funding allocation calculated in accordance with the Barnett formula as detailed in the UK Spending Review of 27 October. This analysis is of Fiscal aggregates only and excludes ring-fenced non-cash budgets.

(B) Under the Fiscal Framework, there are additions to the block grant to reflect social security expenditure devolved to Scotland under the Scotland Act 2016. Further details on the devolved social security benefits with a corresponding Block Grant Adjustment are set out in Annex B of the Medium-Term Financial Strategy, published in December 2021.

(C) From 2020-21 Farm Subsidy direct payments are funded by HM Treasury (previously funding came from the EU). From 2021-22 HM Treasury are also funding Fisheries support that previously came from the EU. EU replacement funding is ring-fenced for that purpose. There are additional non-Barnett resource and capital allocations in respect of a specific Network Rail funding agreement.

(D) The UK Spending Review 2021 provided no COVID-19 funding for 2022-23 or beyond. The 2021-22 comparative figure here of £3,686m is £3,408m of Resource funding from a combination of 2020 UK Spending Review, UK March 2021 Budget and carry forward from 2020-21, £237m of Capital carry forward from 2020-21 and £40m of Financial Transactions carried forward from 2020-21.

(E) Under the Fiscal Framework, the block grant is reduced to reflect revenues devolved to Scotland under the Scotland Acts 2012 and 2016. The Block Grant Adjustment figures do not include Air Passenger Duty, devolution of which has been deferred. Revenues for Scottish Income Tax, Land and Building Transaction Tax and Scottish Landfill Tax are as forecast by the Scottish Fiscal Commission.

Non-tax income is from Fines, Forfeitures and Fixed Penalties and Proceeds of Crime.

(F) Reconciliation to Outturn is the net impact to the Scottish Budget of the reconciliation for Income Tax, LBTT and SLfT, Non-Tax income, and devolved Social Security payments. Further details on the reconciliation to the 2022-23 Budget are set out in Annex B of the Medium-Term Financial Strategy, published in December 2021.

(G) Resource borrowing undertaken to smooth the impact of forecast errors on the budget - actual borrowing drawdown will be determined based on in-year financial position.

(H) Initial planned capital borrowing - actual borrowing drawdown will be determined based on in-year financial position.

Table A.02 Real-Terms changes to HM Treasury Spending Limits

HMT Spending Limits - Real Terms	2020-21	2021-22	2022-23
(2021-22 prices)	£m	£m	£m
Fiscal Resource Budget	29,711	34,531	33,649
Capital Budget	4,734	5,245	4,381
Total	34,445	39,777	38,030
Real-Terms Change against prior year	-	15.5%	-4.4%

Excludes Financial Transactions and non-Barnett funding

Table A.03 Real-Terms changes to Scottish Government Funding

SG adjusted spending limits - Real Terms	2020-21	2021-22	2022-23
(2020-21 prices)	£m	£m	£m
Fiscal Resource Budget	29,867	35,067	33,558
Capital Budget + Capital Borrowing	5,184	5,698	4,822
Total	35,051	40,765	38,380
Real-Terms Change against prior year	-	16.3%	-5.9%

Excludes Financial Transactions and non-Barnett funding

Real-Terms calculations use the GDP deflator as published by the UK Government at the Spending Review on 26 November as the measure of inflation within the economy. The GDP deflator as published reflects some volatility as a result of the impact of the COVID-19 pandemic - the figure for 2020-21 is significantly higher than the historic trend and the figure for 2021-22 is negative.

Within these overall budget limits there are important 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:

- Resource budgets expenditure on the day-to-day costs of delivering public services, the total resource expenditure limit is sub-divided into a fiscal (or cash) limit – the largest element of government expenditure, used for example to pay public sector staff wages and purchase goods and services; and a non-cash limit – largely for depreciation of assets (and analysed separately below at Table A.06. It is not possible to use the notional non-cash budgets to support any fiscal spending.
- 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. The overall capital funding available to the Scottish Government can be augmented by capital borrowing, the limits for which are imposed by the UK Government through the Fiscal Framework.

The Scotland Reserve allows the Scottish Government limited ability to manage spending across financial years. The Fiscal Framework sets out the limits of 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.

In summary, HM Treasury fiscal rules impose an annual limit on the Scottish Government's spending on public services that is equal to the aggregate of the residual block grant (after adjusting for devolved taxes), plus the devolved tax receipts themselves, plus borrowing within prescribed limits.

Annually Managed Expenditure (AME)

Further to the defined budget limits set out above there are two other funding elements that support the total expenditure managed by the Scottish Government; firstly Non-Domestic Rates which have been devolved since devolution in 1999, and secondly, funding for a number of demand-led programmes in Scotland. Specifically:

- Non-Domestic Rates income, responsibility for which is fully devolved and falls outside the scope of the block grant and Fiscal Framework arrangements controlled by HM Treasury. Details on the operation of Non-Domestic Rates in Scotland are available on the Scottish Government website.³
- 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 UK funded AME). These budgets are ring-fenced 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. As previously noted Social Security expenditure in Scotland is managed within the Departmental Expenditure Limit rather than AME.

Spending Plans

The full spending plans for the year are set out in Table A.04. Portfolio chapters show the allocation of these totals across individual programmes.

Table A.04 Total Proposed Budget for 2022-23

	Resource	Capital	Financial Transactions	Total	UK Funded AME	Total
2022-23 Scottish Budget	£m	£m	£m	£m	£m	£m
Health and Social Care	17,378.7	554.0	10.0	17,942.7	100.4	18,043.1
Social Justice, Housing and Local Government	12,467.2	1,341.2	150.0	13,958.4	2,766.0	16,724.4
Finance and the Economy	783.9	681.0	284.6	1,749.5	6,470.4	8,219.9
Education and Skills	3,279.1	484.0	22.1	3,785.2	361.3	4,146.5
Justice and Veterans	2,977.3	166.0	-	3,143.3	-	3,143.3
Net Zero, Energy and Transport	1,867.3	2,485.0	60.3	4,412.6	-	4,412.6
Rural Affairs and Islands	890.9	75.9	-	966.8	-	966.8
Constitution, External Affairs and Culture	340.0	30.5	-	370.5	-	370.5
Deputy First Minister and Covid Recovery	42.9	-	-	42.9	-	42.9
Crown Office and Procurator Fiscal Service	175.6	5.3	-	180.9	-	180.9
Scottish Government	40,202.9	5,822.9	527.0	46,552.8	9,698.1	56,250.9
Scottish Parliament and Audit Scotland	136.6	1.1	-	137.7	2.0	139.7
Total Scotland	40,339.5	5,824.0	527.0	46,690.5	9,700.1	56,390.6

Reconciliation of Funding to Spending Plans

There are a number of differences between the aggregate funding control limits as set out in Table A.01 and the total cost of the portfolio spending plans. Published spending plans anticipate additional funding of £1,040 million not yet reflected in those control limits (which reconcile to published HM Treasury figures). Table A.05 reconciles the aggregate funding limits to spending plans for 2020-21, 2021-22 and 2022-23 (the current budget year and the comparator years shown across the document).

Table A.05 Reconciliation of Funding to Spending Plans

	2020-21	2021-22	2022-23
SG Spending Limits - Cash Terms	£m	£m	£m
Scottish Government Funding	39,332	44,807	44,548
Reserve	168	392	179
Machinery of Government Changes	8	3	-
Anticipated Budget Transfers	246	28	92
Other Income	98	185	620
Queen's and Lord Treasurer's Remembrancer	5	5	5
City Deal Funding	-	-	100
Fossil Fuel Levy	-	-	44
Total Reconciling Items	525	614	1,040
Non Cash Budget	884	1377	1,103
Scottish Government Spending Plans	40,741	46,797	46,691

Considering each of the reconciling items in turn

Reserve Drawdown – Spending plans are underpinned by anticipated underspend carried forward from the prior year through the Reserve. The balance of £179 million here relates to Capital and Financial Transactions.

Machinery of Government Changes 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.

Anticipated budget transfers reflect UK funding for specific areas of work - this includes a share of expected income from the Immigration Health Surcharge.

The Queen's and Lord Treasurer's Remembrancer (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.

Annex B

Summary of Portfolio Spending Plans

B.01: Total Managed Expenditure

				Real terms @ 2021-22 prices		
	2020-21 Budget	2021-22 Budget	2022-23 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	15,343.9	17,234.3	18,043.1	15,236.5	17,234.3	17,565.5
Social Justice, Housing and Local Government	15,860.0	16,554.0	16,724.4	15,749.0	16,554.0	16,281.7
Finance and the Economy	6,775.3	8,036.6	8,219.9	6,727.8	8,036.6	8,002.3
Education and Skills	3,577.5	4,324.6	4,146.5	3,552.5	4,324.6	4,036.7
Justice and Veterans	2,845.2	3,026.6	3,143.3	2,825.3	3,026.6	3,060.1
Net Zero, Energy and Transport	3,768.3	4,413.9	4,412.6	3,741.9	4,413.9	4,295.8
Rural Affairs and Islands	703.5	963.2	966.8	698.6	963.2	941.2
Constitution, External Affairs and Culture	317.9	349.5	370.5	315.7	349.5	360.7
Deputy First Minister and Covid Recovery	24.2	64.7	42.9	24.0	64.7	41.8
Crown Office and Procurator Fiscal Service	133.8	156.7	180.9	132.9	156.7	176.1
Scottish Parliament and Audit Scotland	116.1	135.6	139.7	115.3	135.6	136.0
Total	49,465.7	55,259.6	56,390.6	49,119.4	55,259.6	54,897.9

Table B.02: Fiscal Resource

				Real terms @ 2021-22 prices		
	2020-21 Budget	2021-22 Budget	2022-23 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	14,532.3	16,332.4	17,106.2	14,430.6	16,332.4	16,653.4
Social Justice, Housing and Local Government	11,277.1	12,954.9	12,416.9	11,198.2	12,954.9	12,088.2
Finance and the Economy	546.5	1,268.5	736.0	542.6	1,268.5	716.5
Education and Skills	2,497.1	2,815.0	2,927.1	2,479.6	2,815.0	2,849.6
Justice and Veterans	2,546.5	2,722.6	2,838.4	2,528.7	2,722.6	2,763.3
Net Zero, Energy and Transport	1,281.7	1,731.1	1,672.3	1,272.7	1,731.1	1,628.0
Rural Affairs and Islands	776.0	837.6	880.8	770.6	837.6	857.5
Constitution, External Affairs and Culture	279.4	316.2	323.9	277.4	316.2	315.3
Deputy First Minister and Covid Recovery	24.2	64.7	42.9	24.0	64.7	41.8
Crown Office and Procurator Fiscal Service	124.9	146.8	169.8	124.0	146.8	165.3
Scottish Parliament and Audit Scotland	102.1	120.1	122.4	101.4	120.1	119.2
Total	33,987.8	39,309.8	39,236.7	33,749.9	39,309.8	38,198.1

Table B.03: Non-Cash (Ring-fenced)

				Real terms @ 2021-22 prices		
	2020-21 Budget	2021-22 Budget	2022-23 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	273.2	272.5	272.5	271.3	272.5	265.3
Social Justice, Housing and Local Government	0.7	19.9	50.3	0.7	19.9	49.0
Finance and the Economy	39.9	38.6	47.9	39.6	38.6	46.6
Education and Skills	237.4	673.2	352.0	235.7	673.2	342.7
Justice and Veterans	135.7	137.5	138.9	134.8	137.5	135.2
Net Zero, Energy and Transport	124.3	159.9	195.0	123.4	159.9	189.8
Rural Affairs and Islands	42.3	42.6	10.1	42.0	42.6	9.8
Constitution, External Affairs and Culture	15.4	16.1	16.1	15.3	16.1	15.7
Deputy First Minister and Covid Recovery	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	4.6	5.1	5.8	4.6	5.1	5.6
Scottish Parliament and Audit Scotland	10.9	12.2	14.2	10.8	12.2	13.8
Total	884.4	1,377.6	1,102.8	878.2	1,377.6	1,073.6

Table B.04: Capital (inc Financial Transactions)

				Real terms @ 2021-22 prices		
	2020-21 Budget	2021-22 Budget	2022-23 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	438.0	529.0	564.0	434.9	529.0	549.1
Social Justice, Housing and Local Government	1,742.2	1,489.2	1,491.2	1,730.0	1,489.2	1,451.7
Finance and the Economy	803.8	875.7	965.6	798.2	875.7	940.0
Education and Skills	450.5	420.1	506.1	447.3	420.1	492.7
Justice and Veterans	163.0	166.5	166.0	161.9	166.5	161.6
Net Zero, Energy and Transport	2,362.3	2,522.9	2,545.3	2,345.8	2,522.9	2,477.9
Rural Affairs and Islands	(114.8)	83.0	75.9	(114.0)	83.0	73.9
Constitution, External Affairs and Culture	23.1	17.2	30.5	22.9	17.2	29.7
Deputy First Minister and Covid Recovery	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	4.3	4.8	5.3	4.3	4.8	5.2
Scottish Parliament and Audit Scotland	1.1	1.3	1.1	1.1	1.3	1.1
Total	5,873.5	6,109.7	6,351.0	5,832.4	6,109.7	6,182.9

Table B.05: UK Funded Annually Managed Expenditure

				Real terms @ 2021-22 prices		
	2020-21 Budget	2021-22 Budget	2022-23 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	100.4	100.4	100.4	99.7	100.4	97.7
Social Justice, Housing and Local Government	2,840.0	2,090.0	2,766.0	2,820.1	2,090.0	2,692.8
Finance and the Economy	5,385.1	5,853.8	6,470.4	5,347.4	5,853.8	6,299.1
Education and Skills	392.5	416.3	361.3	389.8	416.3	351.7
Justice and Veterans	-	-	-	-	-	-
Net Zero, Energy and Transport	-	-	-	-	-	-
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	2.0	2.0	2.0	2.0	2.0	1.9
Total	8,720.0	8,462.5	9,700.1	8,659.0	8,462.5	9,443.3

ANNEX C

Budgets Split by HM Treasury Aggregate (web only)

Annex D

Table D.01: Outturn Comparison 2013-14 to 2020-21

	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Health	11,807.8	11,969.4	12,429.4	13,199.3	13,375.6	13,761.6	14,483.9	17,824.9
Sport ¹	143.5	234.1	62.8	45.1	-	-	-	-
Food Standards Scotland	10.3	10.8	15.8	16.3	15.7	16.7	17.7	17.1
Total Health and Social Care	11,961.6	12,214.3	12,508.0	13,260.7	13,391.3	13,778.3	14,501.6	17,842.0
Local Government ²	10,310.6	10,733.5	10,877.8	10,336.6	10,462.1	10,703.6	11,397.7	12,668.9
Third Sector	22.0	23.7	18.4	21.6	21.2	22.1	21.9	140.6
Housing and Regeneration	444.8	548.2	636.1	-	-	-	-	-
Housing	-	-	-	616.8	633.9	787.7	877.0	890.6
Equalities	18.8	21.7	22.5	23.8	25.1	23.1	28.1	31.1
Social Security Advice, Policy and Programme	-	-	-	1.4	12.4	258.9	149.5	278.0
Social Security Assistance	-	-	-	-	-	-	350.8	3,378.3
Social Justice & Regeneration	-	-	-	61.5	60.1	67.3	76.7	160.5
Welfare Reform Mitigation	3.6	9.2	13.3	-	-	-	-	-
Scottish Futures Fund (SJC&PR)	-	1.8	-	-	-	-	-	-
Office of the Scottish Charity Regulator	2.9	2.9	2.9	2.9	3.0	2.9	3.3	3.3
Scottish Housing Regulator	4.9	4.4	4.3	4.0	4.0	4.2	4.6	4.5
Total Social Justice, Housing & Local Gov	10,807.6	11,345.4	11,575.3	11,068.6	11,221.8	11,870.0	12,909.6	17,555.9

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

	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Scottish Public Pensions Agency	2,649.6	3,613.9	3,429.5	3,301.1	4,569.5	5,841.5	4,373.7	5,207.3
Other Finance	17.8	62.1	48.9	40.7	36.2	53.3	103.5	149.2
Planning	3.8	5.0	5.2	4.4	6.6	10.4	11.2	13.4
Accountant in Bankruptcy	0.7	0.6	1.1	1.4	2.2	1.7	2.4	1.9
Revenue Scotland	-	-	4.6	4.6	5.5	7.4	8.9	6.6
Scottish Fiscal Commission	-	-	-	0.9	1.5	1.6	1.9	2.0
Registers of Scotland	-	-	-	-	-	-	(50.0)	26.2
Rural Economy Enterprise	70.8	67.5	67.2	68.4	76.4	91.8	81.1	111.7
Enterprise	297.3	259.8	258.9	236.0	304.4	433.0	407.6	1,437.3
Economic Advice	2.0	2.0	2.1	2.5	3.6	7.8	15.2	12.6
Scottish National Investment Bank	-	-	-	-	-	-	-	64.4
Employability and Training	-	21.6	18.0	16.8	35.3	45.2	45.9	87.1
European Social Fund	-	-	-	50.1	(0.5)	(4.6)	-	38.6
European Regional Development Fund	-	-	-	(32.4)	(4.5)	-	-	(0.7)
ESF Programme Operation	2.1	3.9	32.9	(7.1)	-	-	-	-
Cities Investment & Strategy	-	-	33.1	44.4	43.7	91.7	114.9	218.3
Digital Public Services, Committees, Commissions and Other Expenditure	19.1	90.7	-	-	-	-	-	-

	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Digital ³	-	-	78.0	81.9	63.5	13.1	33.5	103.4
Ferguson Marine	-	-	-	-	-	-	16.2	84.7
Young Scots Fund	-	-	-	-	-	-	-	-
Tourism	49.7	54.3	47.5	49.3	50.4	54.6	61.5	137.7
Total Finance & Economy	3,112.9	4,181.4	4,027.0	3,863.0	5,193.8	6,648.5	5,227.5	7,701.7
Learning	159.0	156.8	173.0	183.4	213.3	257.3	293.3	382.6
Children and Families	95.7	96.5	89.5	80.6	155.0	133.2	153.3	176.2
Higher Education Student Support ⁴	670.0	810.1	883.1	906.7	881.0	1,583.8	1,143.4	1,239.5
Scottish Funding Council	1,682.4	1,712.6	1,693.8	1,780.8	1,645.3	2,014.9	2,124.0	2,055.6
Advanced Learning and Science	266.0	6.0	4.8	4.5	5.1	5.8	10.3	15.2
Early Learning & Childcare Programme	-	-	-	-	-	7.7	6.3	27.8
Skills & Training**	-	236.6	255.2	228.1	239.9	251.0	262.0	271.2
Total Education & Skills	2,873.1	3,018.6	3,099.4	3,184.1	3,139.6	4,253.7	3,992.6	4,168.3
Community Justice Services	27.8	28.3	32.6	25.0	26.1	29.4	32.2	38.3
Judiciary	50.7	53.3	40.9	31.1	32.9	34.3	36.3	35.8
Criminal Injuries Compensation	20.5	17.5	17.5	17.4	13.6	17.0	15.2	21.3
Legal Aid	166.2	155.5	145.7	146.7	140.9	135.6	158.6	134.0

³ Digital Connectivity has not split between new Finance, Economy & Fair Work and Transport, Infrastructure & Connectivity portfolios

⁴ There was a one-off non cash RAB charge of £846m in 2018-19

	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Scottish Police Authority (SPA)	1,199.9	1,153.1	1,167.3	1,142.2	1,202.3	1,269.6	1,313.9	1,267.0
Scottish Fire and Rescue Service	302.6	308.2	307.8	322.4	322.2	324.2	339.9	335.4
Miscellaneous	33.0	28.7	29.4	37.1	26.1	30.9	43.6	45.8
Police Central Government	45.4	23.5	25.9	26.7	54.9	60.8	63.2	75.4
Safer and Stronger Communities	2.9	3.8	6.2	3.8	4.4	4.9	10.1	11.0
Police and Fire Pensions	327.4	477.4	312.3	372.3	406.1	425.2	493.5	458.6
Scottish Courts and Tribunals Service	87.6	73.9	92.9	108.1	108.4	131.7	141.1	145.3
Scottish Prison Service	297.8	337.8	332.2	331.5	341.3	349.7	373.3	414.4
Total Justice & Veterans¹	2,561.8	2,661.0	2,510.7	2,564.3	2,679.2	2,813.3	3,020.9	2,982.3
Energy	39.0	53.5	41.6	36.2	33.8	89.5	62.3	170.4
Rail Services	838.0	708.3	748.6	737.9	776.0	787.4	996.7	1,581.0
Concessionary Fares and Bus Services	246.7	252.7	252.4	250.2	253.2	263.4	275.7	402.8
Active Travel, Low Carbon and Other Transport Policy	74.7	74.1	66.4	112.1	185.4	193.5	201.3	294.3
Motorways and Trunk Roads	595.9	578.8	773.4	785.0	804.1	649.9	718.4	620.9
Ferry Services	142.8	167.9	205.7	209.7	237.8	211.3	245.1	250.2
Air Services	56.5	56.9	63.2	57.6	57.5	95.8	63.5	114.2
Scottish Futures Fund	7.7	16.6	14.6	-	-	-	-	-

	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21* Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Culture and Major Events	169.7	153.0	163.2	165.1	169.7	185.8	153.4	262.8
Historic Scotland	42.7	35.6	-	-	-	-	-	-
National Records of Scotland	19.9	19.9	21.1	25.6	26.3	34.1	41.5	50.8
Historic Environment Scotland	-	-	45.3	43.1	41.5	42.7	40.7	82.5
External Affairs	12.5	12.2	14.4	11.8	15.0	15.6	18.6	21.3
Total Constitution, External Affairs and Culture	244.8	220.7	244.0	245.6	252.5	278.2	254.2	417.3
Governance, Elections & Reform	0.4	0.1	1.5	1.3	0.1	1.1	4.5	5.0
Government Business	4.8	4.4	5.0	32.1	11.1	11.3	12.7	24.8
Total Deputy First Minister & Covid Recovery	5.2	4.5	6.5	33.4	11.2	12.4	17.2	29.8
Administration	206.8	200.0	182.7	181.5	184.3	188.2	-	-
Total Administration	206.8	200.0	182.7	181.5	184.3	188.2	-	-
Total Crown Office and Procurator Fiscal Service	109.7	112.4	113.2	112.7	112.8	121.1	132.4	172.5
Total Crown Office and Procurator Fiscal Service	109.7	112.4	113.2	112.7	112.8	121.1	132.4	172.5
Total Scottish Government Budget	34,342.6	36,390.0	36,930.9	37,297.1	39,232.9	42,884.3	43,386.2	55,446.1

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	112.2	1.3	113.5
Finance and the Economy	649.3	24.9	674.2
Education and Skills	2,253.0	35.4	2,288.4
Justice and Veterans	1,781.1	76.8	1,857.9
Net Zero, Energy and Transport	213.2	23.2	236.4
Rural Affairs and Islands	3.9	0.1	4.0
Constitution, External Affairs and Culture	168.4	12.5	180.9
Total	5,181.1	174.2	5,355.3

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	18,043.1	(1.3)	-	21.0	(23.0)	-	18,039.8
Social Justice, Housing and Local Government	16,724.4	-	-	-	(8.7)	(791.3)	15,924.4
Finance and the Economy	8,219.9	(24.9)	(167.8)	-	(6,489.1)	-	1,538.1
Education and Skills	4,146.5	(35.4)	-	-	-	646.4	4,757.5
Justice and Veterans	3,143.3	(76.8)	(31.2)	1.6	(133.5)	86.5	2,989.9
Net Zero, Energy and Transport	4,412.6	(23.2)	42.8	(23.3)	(2.2)	58.4	4,465.1
Rural Affairs and Islands	966.8	(0.1)	0.1	-	-	-	966.8
Constitution, External Affairs and Culture	370.5	(12.5)	-	-	(59.6)	-	298.4
Deputy First Minister and Covid Recovery	42.9	-	-	-	-	-	42.9
Crown Office and Procurator Fiscal Service	180.9	-	-	-	-	-	180.9
National Records of Scotland	-	-	-	-	59.6	-	59.6
Teachers and NHS Pensions	-	-	-	-	6,470.4	-	6,470.4
Office of Scottish Charity Regulator	-	-	-	-	3.4	-	3.4
Scottish Courts and Tribunals Service	-	-	-	-	133.5	-	133.5
Scottish Housing Regulator	-	-	-	-	5.3	-	5.3
Scottish Fiscal Commission	-	-	-	-	2.3	-	2.3
Revenue Scotland	-	-	-	-	7.9	-	7.9
Registers of Scotland	-	-	-	-	8.5	-	8.5
Environmental Standards Scotland	-	-	-	-	2.2	-	2.2
Food Standards Scotland	-	-	-	-	23.0	-	23.0
The Scottish Government	56,250.9	(174.2)	(156.1)	(0.7)	0.0	0.0	55,919.9
Scottish Parliament and Audit Scotland*	139.7	-	-	-	-	-	139.7
Total Managed Expenditure	56,390.6	(174.2)	(156.1)	(0.7)	0.0	0.0	56,059.6

* 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 UK Funded AME £m	Other Expenditure £m	Total Budget £m
Scottish Government - Portfolios				
Health and Social Care	17,918.8	100.0	21.0	18,039.8
Social Justice, Housing and Local Government	13,158.4	2,766.0	-	15,924.4
Finance and the Economy	1,538.1	-	-	1,538.1
Education and Skills	4,396.2	361.3	-	4,757.5
Justice and Veterans	2,899.5	-	90.4	2,989.9
Net Zero, Energy and Transport	4,465.1	-	-	4,465.1
Rural Affairs and Islands	966.7	-	0.1	966.8
Constitution, External Affairs and Culture	298.4	-	-	298.4
Deputy First Minister and Covid Recovery	42.9	-	-	42.9
Total Programme	45,684.1	3,227.3	111.5	49,022.9
Crown Office and Procurator Fiscal	180.9	-	-	180.9
Total Scottish Government (Consolidated)	45,865.0	3,227.3	111.5	49,203.8
Scottish Housing Regulator	5.3	-	-	5.3
National Records of Scotland	59.6	-	-	59.6
Office of the Scottish Charity Regulator	3.4	-	-	3.4
Scottish Courts and Tribunals Service	133.5	-	-	133.5
Scottish Fiscal Commission	2.3	-	-	2.3
Revenue Scotland	7.9	-	-	7.9
Registers of Scotland	8.5	-	-	8.5
Environmental Standards Scotland	2.2	-	-	2.2
Food Standards Scotland	22.6	0.4	-	23.0
Scottish Teachers' and NHS Pension Schemes		6,470.4	-	6,470.4
Total Scottish Administration	46,110.3	9,698.1	111.5	55,919.9
Direct Funded Bodies	-	-	-	-
Scottish Parliament Corporate Body	126.1	2.0	-	128.1
Audit Scotland	11.6	-	-	11.6
Total Scottish Budget	46,248.0	9,700.1	111.5	56,059.6

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

	Budget	Adjustments		Cash Authorisation
	£m	Depreciation £m	Other £m	£m
Scottish Administration	55,919.9	(835.8)	(6,073.9)	49,010.2
Scottish Parliament Corporate Body	128.1	(13.9)	(2.0)	112.2
Audit Scotland	11.6	(0.3)		11.3
Total	56,059.6	(850.0)	(6,075.9)	49,133.6

Sources of Funding for Scottish Budget:	
Cash grant from the Scottish Consolidated Fund	29,075.9
Non-Domestic Rate Income	2,766.0
Scottish Rate of Income Tax	13,670.7
Forecast receipts from LBTT and Landfill Tax	849.8
Fines, Forfeitures and Fixed Penalties	25.0
Queen's and Lord Treasurers Remembrancer	5.0
Resource borrowing	15.0
Capital borrowing	450.0
National Insurance Contributions	2,276.2
Total Cash Authorisation	49,133.6

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

Proposed Budget	2021-22	2022-23		
	Total £m	Operating £m	Capital £m	Total £m
	124.5	127.2	0.8	128.0
Less Retained Income	-	-	-	-
Capital Receipts Applied	-	-	-	-
	124.5	127.2	0.8	128.0
Budget Analysis				
Scottish Parliament Administration Costs	123.5	127.2	-	127.2
Scottish Parliament Capital Expenditure	1.0	-	0.8	0.8
Net Expenditure	124.5	127.2	0.8	128.0

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

Proposed Budget	2021-22	2022-23		
	Total £m	Operating £m	Capital £m	Total £m
	29.8	30.6	0.3	30.9
Less Retained Income	(18.7)	(19.3)	-	(19.3)
Capital Receipts Applied	-	-	-	-
	11.1	11.3	0.3	11.6
Budget Analysis				
Audit Scotland Capital	0.3	-	0.3	0.3
Less: income from fees & charges (Accounts Commission)	(12.2)	(12.6)	-	(12.6)
Less: income from fees & charges (Parliament & the Auditor General)	(6.5)	(6.7)	-	(6.7)
Support to Parliament & the Auditor General: Current expenditure	17.3	18.0	-	18.0
Support to the Accounts Commission: Current expenditure	12.2	12.6	-	12.6
Net Expenditure	11.1	11.3	0.3	11.6

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 continue to 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 continuing to address 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. Workforce numbers are regularly published as part of the Scottish Government Workforce Information publication.

As well as these increases in the Scottish Government workforce, the associated investment in the transformation of our critical systems and infrastructure is a significant driver of increases in operating costs.

Scottish Government operating costs

The total operating cost budget for the Scottish Government in 2022-23 is £670.0 million. This represents 1.2% 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	2020-21 Budget £m	2021-22 Budget ¹ £m	2022-23 Budget £m
Health and Social Care	64.2	84.7	111.8
Social Justice, Housing and Local Government	91.3	94.7	99.0
Finance and Economy	107.9	105.3	107.1
Education and Skills	41.4	43.6	47.1
Justice and Veterans	26.4	28.0	32.1
Net Zero, Energy and Transport	29.8	33.5	42.9
Rural Affairs and Islands	143.8	163.5	180.8
Constitution, External Affairs and Culture	19.8	20.8	22.4
Deputy First Minister and Covid Recovery	18.0	24.9	26.8
	542.6	599.0	670.0

1 The 2021-22 operating costs budget has been re-stated, to reflect that £4 million was baselined from the Health & Social Care portfolio resource budget to the Deputy First Minister and Covid Recovery portfolio operating costs for financial year 2022-23.

Annex G

Carbon Assessment of the Capital Budget

Meeting our targets to achieve Net Zero greenhouse gas emissions by 2045 will require transformative action across all sectors of the economy and across society. The Scottish Government's investment in publicly-funded infrastructure has a critical role to play in supporting the transition. The Scottish Budget 2022-23 sets out almost £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 2022-23 in Low, Neutral and High carbon categories compared with Scottish Budget 2021-22 (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
2021-22	36.9%	1,924	54.6%	2,849	8.5%	442

Key Changes

The total absolute spend in Low carbon investment by this method is almost £2 billion, increasing by over £70 million in 2022-23, the highest amount spent on low carbon capital investment. The overall capital budget under consideration has increased by over £487 million to £5.7 billion. Compared to 2021-22, there is a slight decrease in the percentage in the Low carbon investment category, due to the overall budget increase and increased spend in the Neutral category. In total, 92.7 per cent of capital expenditure is categorised as either Low or Neutral, an increase from 91.5 per cent in 2021-22 resulting in a reduction in the percentage of High carbon investment from 8.5 per cent to 7.3 per cent. These figures demonstrate early progress against the ambitions for low carbon investment as set out in the Infrastructure Investment Plan.²

Investment in sectors classed as Neutral in the taxonomy has increased by £458 million. 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 Affordable Housing programme and the Health capital programme which are embedding low carbon initiatives within them but these are not separately identifiable and the programme as a whole is still classed as Neutral.

The following Low carbon projects have seen a substantial increase in investment for the upcoming year, and will be key to delivering the transition to a Net Zero emissions society and creating a greener Scotland:

- An extra £54 million on Active Travel.
- An increase of £74 million on Major Public Transport Projects.
- £47 million increase in Energy Efficiency spend.
- £20 million for the North East and Moray Just Transition Fund.

The share of High carbon investment has fallen between 2021-22 and 2022-23. 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. There is also funding to help Highlands and Islands Airports Limited to improve links between airports in the region that helps crucial communications across our Highlands and Islands communities.

Next Steps

Following the 2019 Climate Change (Emissions Reduction) (Scotland) Act, The Joint Budget Review was established to improve budget information on climate change. The Joint Budget Review is being undertaken in collaboration between Scottish Government and Scottish Parliament officials. It aims to understand and reduce government spend that would 'lock in' future greenhouse gas emissions and align the budget and climate change plans. This work is currently underway and we have engaged the Fraser of Allander Institute to provide analytical support through a project that aims to deliver feasible and proportionate recommendations to improve scrutiny practices in the context of both the Carbon Assessment of the Capital Budget (this assessment) and the Carbon Assessment of the budget. The project will conclude in summer 2022.

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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