Fiscal Framework

Technical Note

**October 2023**

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# Introduction

The Fiscal Framework is an agreement between the UK and Scottish Governments that sets the rules for how Scotland’s tax and social security powers are managed and implemented. It was agreed in February 2016 and reviewed in August 2023. It underpins the fiscal powers set out in the Scotland Act 2016.

This note explains how the Fiscal Framework operates in practice. It covers:

* the evolution of the fiscal powers of the Scottish Parliament and how they operate under the Fiscal Framework;
* the timelines for reconciliations and how they affect the Scottish Budget;
* the limits of the borrowing powers and Scotland Reserve;
* the Fiscal Framework Review.

This note will be updated regularly to reflect any further implementation work undertaken throughout the year.

# Operation of the Fiscal Framework

## The Block Grant and Barnett Formula

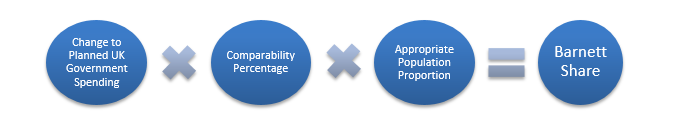
Prior to the Scotland Act 2012 and the Scotland Act 2016, the Scottish Government’s main source of funding was a Block Grant from the UK Government.

The growth of the annual Block Grant is determined by the operation of the Barnett Formula. A comprehensive explanation of the methodology for calculating the Block Grant can be found in the UK Government’s Statement of Funding Policy[[1]](#footnote-2). However, a short summary is given below.

Under Barnett, each financial year’s Block Grant is initially equal to that of the previous year. For any changes in UK Government department spending in areas which are devolved to Scotland, a population share of this increased or decreased funding is reflected in changes to the Block Grant. Barnett therefore does not determine the total allocation for the Scottish Government afresh each time it is applied, rather it applies UK Government funding increases or reductions to the previous Block Grant.

The basic calculation for changes to the Block Grant is reflected in the formula below:

Figure 2.1 - The Barnett Formula



For example, suppose that £10 million extra Home Office funding for the next financial year were announced. The Statement of Funding Policy 2020 states that the ‘comparability percentage’ of the Home Office’s functions that are devolved to Scotland is 74.1%. The appropriate population share in this case is Scotland as a proportion of England and Wales (9.19%), given UK Government spending in this area primarily covers England and Wales only. Following those three steps, the calculation for the Barnett share is as follows:

£10,000,000 x 0.741 x 0.0919 = £680,979

A £10 million increase in Home Office spending would therefore result in £680,979 being added to the Scottish Government’s Block Grant. Equally, if there were a £10 million decrease in spending, this amount would be deducted from the block grant. These amounts are referred to as ‘Barnett consequentials’. It is the sum total of these Barnett consequentials that ultimately determine whether the initial size of the Block Grant is bigger or smaller than the previous year.

## Evolution of the Scottish Parliament’s fiscal powers

The Scotland Act 2012 and the Scotland Act 2016 devolved a number of significant new fiscal powers to Scotland. This required major changes to the process of calculating Scotland’s annual Block Grant, described in a new Fiscal Framework. The new powers are set out below.

Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT) were fully devolved from the financial year 2015-16 under the Scotland Act 2012.

The Scottish Rate of Income Tax was devolved under the Scotland Act 2012, with the Scotland Act 2016 extending income tax powers significantly from 2017-18. The Scottish Parliament now has the power to set tax band thresholds (excluding the personal allowance) as well as the tax rates for all non-savings, non-dividend income of Scottish taxpayers.

The Scottish Government’s capital borrowing powers were granted in the Scotland Act 2012 and the limits were increased in the Scotland Act 2016. Its resource borrowing powers were granted in the Scotland Act 1998, and increased in both the Scotland Acts 2012 and 2016.

The Scottish Government now has a statutory, aggregate capital borrowing cap of £3 billion, of which £450 million can be borrowed in a single year. As of the 2023 Fiscal Framework Review, both are now indexed for inflation. For resource borrowing, the aggregate cap is £1.75 billion, with an annual limit of £600 million for forecast error and in-year cash management. Prior to the 2023 the annual limit for forecast error was £300 million, but could be increased to £600 million when a Scotland-specific economic shock was triggered. As part of the 2023 review, the Scotland-specific shock mechanism was abolished, the annual limit set at £600 million, and both the annual limit and aggregate cap indexed for inflation.

The Scotland Reserve replaced a previous power under the Scotland Act 2012 to operate a limited cash reserve and the Budget Exchange Mechanism operated by HM Treasury (HMT). The Reserve is capped in aggregate at £700 million. As of the 2023 Fiscal Framework Review, this will now be indexed for inflation from 2024-25, with the previous drawdown limits of £250 million for resource and £100 million for capital removed.

The Fiscal Framework and associated technical annex[[2]](#footnote-3) set the rules by which these new powers are implemented and managed.

Further tax and social security powers in the Scotland Act 2016 are being implemented over the coming years.

Three Scotland Act 2016 tax revenues are yet to be implemented: assigned VAT, Air Passenger Duty and Aggregates Levy:

Due to the current economic climate in recent years, in particular the impact of COVID-19, the Scottish Government had agreed with HM Treasury to delay implementation of VAT assignment until the Fiscal Framework Review. The Scottish Government’s view was that consideration should be given to whether other options, including the full devolution of VAT powers, would allow for tax policies which are more meaningful and appropriate to the Scottish context. Following the review, the Scottish Government and HM Treasury agreed that how and when to implement VAT Assignment should be discussed at a future Joint Exchequer Committee.

Introduction of the Air Departure Tax (ADT) in Scotland has been deferred to allow the issues raised in relation to the Highlands and Islands exemption to be resolved. The Scottish Government will continue work to find a solution for aviation that remains consistent with our climate ambitions, taking account of the UK domestic subsidy control regime.

The Programme for Government includes a commitment to a Bill setting out key arrangements for Aggregates Levy, a devolved tax on the commercial exploitation of aggregates. This Bill will draw on powers in the Scotland Act 2016, and represents a key next step in Scotland’s devolved tax journey. A public consultation to inform the development of the Bill ran from September to December 2022. A stakeholder advisory group was subsequently convened from March 2023.

The British Geological Society (BGS) was commissioned in December 2021 to undertake a survey of aggregate minerals in Scotland, which provides relevant information on both reserves and the production, sales and movement of aggregate minerals in Scotland in 2019 to and from the rest of the UK and overseas. The Scottish Government published this report later this year. A further aggregate minerals survey (for 2023) has been commissioned in conjunction with the UK and Welsh Governments and is expected to be published in late 2024.

The exact approach to the BGA methodology is still to be agreed before the Scottish Aggregates Levy is introduced.

Eleven Social Security benefits were transferred to the Scottish Parliament under the Scotland Act 2016, only one of which is yet to be implemented as detailed in Table 2.1 on the following page. Funding for three benefits is transferred into the Block Grant with no Block Grant Adjustment (BGA). No subsequent reconciliation is required for these three benefits and instead ‘Machinery of Government’ (MoG) transfers are utilised (for more details see section 3.4).

**Table 2.1 – Social Security Benefits transferring to Scotland**

|  |  |  |
| --- | --- | --- |
| Benefit | Funding Mechanism | Commencement date |
| Discretionary Housing Payments[[3]](#footnote-4) | MoG | 1 April 2017 |
| Carer’s Allowance | BGA | 3 September 2018 |
| Sure Start Maternity Grant | MoG | 10 December 2018 |
| Funeral Expenses Payment | MoG | Summer 2019 |
| Attendance Allowance | BGA | April 2020 |
| Cold Weather Payments | BGA | January 2023 |
| Disability Living Allowance | BGA | April 2020 |
| Industrial Injuries Benefits | BGA | April 2020 |
| Personal Independence Payment | BGA | April 2020 |
| Severe Disablement Allowance | BGA | April 2020 |
| Winter Fuel Payments | BGA | TBC |

**Why was a Fiscal Framework needed?**

Following the devolution of new fiscal powers, the Smith Commission[[4]](#footnote-5), whose conclusions formed the basis of the Fiscal Framework, envisaged a fundamental change in how the Scottish Government would be funded. [[5]](#footnote-6) They foresaw a substantial proportion of the Government’s Budget coming directly from tax revenues raised in Scotland. The Commission made two key recommendations:

“The Block Grant from the UK Government to Scotland will continue to be determined via the operation of the Barnett Formula.” (p.25)

“The revised funding framework should result in the evolved Scottish Budget benefiting in full from policy decisions by the Scottish Government that increase revenues or reduce expenditure, and the devolved Scottish Budget bearing the full costs of policy decisions that reduce revenues or increase expenditure.” (p.25)

The objective of the Fiscal Framework was to evolve the funding arrangement by transferring greater fiscal powers and policy responsibilities to Scotland while, to a significant extent, retaining the stability of Block Grant funding.

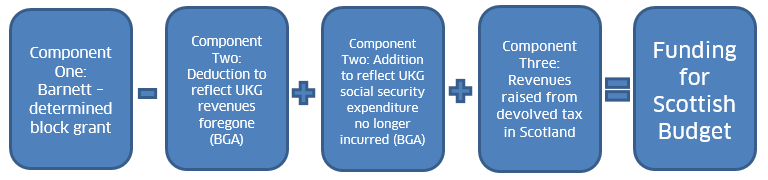
The Smith Commission laid down a number of principles to guide the development of the new Framework – including that there should be ‘No detriment as a result of the decision to devolve further power’. More specifically the Smith Commission stated that:

“…initial devolution and assignment of tax receipts should be accompanied by a reduction in the Block Grant equivalent to the revenue foregone by the UK Government, and that future growth in the reduction to the Block Grant should be indexed appropriately.” (p.25)

## How the Fiscal Framework works

Guided by the Smith Commission principles, a new Fiscal Framework was agreed between the UK and Scottish Governments in February 2016. The Framework lays down three main components for calculating the Scottish Government’s Budget.

**Figure 2.2 – Calculation of Available Funding for the Scottish Budget**



**Component One – Barnett-determined Block Grant**   
Barnett continues to determine the initial size of the Block Grant before adjustments are made to take account of tax and social security devolution.

**Component Two – Adjustment to the Block Grant**   
The Block Grant is adjusted to reflect the impact of the transfer of greater fiscal powers to the Scottish Budget. There are deductions for revenues foregone by the UK Government in devolving revenues to Scotland and additions for social security benefits.

**Component Three – Devolved Revenues**   
These are the devolved tax revenues now retained by the Scottish Government[[6]](#footnote-7).

Other powers in the Fiscal Framework can also affect the Scottish Government’s overall Budget totals. The Government can choose to borrow for capital expenditure, or carry forward underspends from previous years in the Scotland Reserve.

Overall, the net impact of forecast revenues from individual taxes and Block Grant Adjustments can move the Scottish Government’s Budget in a positive or negative direction. If the Scottish Government raises more in devolved taxes than it loses in the corresponding Block Grant Adjustment, the net position is positive. If the Scottish Government’s Budget is reduced via Block Grant Adjustments more than it raises in the corresponding devolved taxes, the net position is negative.

In the case of social security benefits, the situation is reversed – if BGA forecasts for these benefits exceed spending forecasts, this results in a positive net position; there is a negative net budget position if spending forecasts exceed the BGA. In cases where spending exceeds the BGA, the gap would need to be funded from the existing Scottish budget envelope.

**How are the Block Grant Adjustments Calculated?**

A ‘baseline value’ is required to establish the starting point for the Block Grant Adjustments. The baseline value reflects what was raised by the UK Government in Scotland in the year prior to the devolution of the tax.[[7]](#footnote-8) For example, for Scotland Act 2016 Scottish Income Tax, 2016-17 was the year prior to devolution of the tax. For LBTT and SLfT, 2014-15 was the year prior to their devolution.

To account for the revenue loss to the UK Government after the initial transfer of power, the baseline BGA is updated annually using an indexation mechanism reflecting the growth in the corresponding UK tax revenue.

The Governments agreed to apply two indexation mechanisms to track the growth in UK Government tax receipts – the Comparable Model (CM)[[8]](#footnote-9) and the Indexed Per Capita (IPC) method. The original Fiscal Framework stated that the indexation mechanism would be based on the Comparable Model (CM), but then reconciled to the IPC method. In practice, it is therefore the IPC method which determined the Block Grant Adjustment until the Fiscal Framework was reviewed.

Following the review, the Scottish Government and HM Treasury agreed that the IPC methodology would be used to calculate BGAs on a permanent basis.

Using IPC means that if corresponding UK Government tax revenues per head grow at the same rate as Scotland’s, the Scottish Budget will be no better or worse off than before devolution.

Using IPC aims to achieve the Smith Commission’s principle of no detriment - if Scotland’s economic performance and tax policy matches the rest of the UK, the Scottish Budget will be the same as under the previous arrangements.

Both the revenue being added to the Scottish Government’s Budget and the figures being deducted through the Block Grant Adjustment are based on forecasts at the time the Budget is set. Since 2018-19, the Scottish Government uses the Scottish Fiscal Commission’s[[9]](#footnote-10) forecasts for tax revenues and social security spending. To calculate the Block Grant Adjustments, HM Treasury uses the forecasts of the Office for Budget Responsibility (OBR).[[10]](#footnote-11)

As revenue and Block Grant Adjustments are based on forecasts, these figures need to be ‘reconciled’ once outturn data for tax revenues and spending on devolved social security benefits are available. This is considered in detail in the next chapter. The box on the following page illustrates how BGAs are calculated using 2021-22 Attendance Allowance as an example.

**Example - BGA calculation for Attendance Allowance in 2021-22**

For 2021-22, the addition to the Scottish Government’s Block Grant was set in Winter 2020-21 based on the OBR forecast of growth in UK Government Attendance Allowance expenditure at the UK Government Spending Review in November 2020. This was calculated in three steps:

Step One – Baseline Value – The Fiscal Framework agreed that the baseline value would be 2019-20 Attendance Allowance expenditure in Scotland – in other words, what was being spent in Scotland the year before Attendance Allowance began operating in Scotland. The outturn 2019-20 expenditure in Scotland at was **£527 million**.[[11]](#footnote-12)

Step Two – Revenue Growth–This baseline value is then indexed annually using growth in equivalent UK Government expenditure. UK Government Attendance Allowance grew by **0.75%** between 2019-20 and 2020-21 and **3.07%** between 2020-21 and 2021-22.

Step Three – Relative Population Growth– Finally, the BGA also factors in the relative difference in population growth between Scotland and the rest of the UK. A figure of **99.9%** was used for each of the years from 2020-21 to 2021-22.[[12]](#footnote-13)

Taking into account the baseline value, growth in UK Government Attendance Allowance expenditure, and relative difference in population growth, the Block Grant Adjustment for Attendance Allowance was **£546 million** in 2021-22, as set out in the table on the following page.[[13]](#footnote-14)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2019-20 (Year 0) | 2020-21 (Year 1) | 2021-22 (Year 2) |
| **Step 1 - Initial baseline value** | | | |
| Scottish expenditure (£m) | 527 |  |  |
| **Step 2 - Indexation** | | | |
| **rUK (EW) expenditure (£m)** | 5,368 | 5,408 | 5,574 |
| **% growth in UKG receipts** |  | 0.75% | 3.07% |
| **Step 3 – Adjustment for relative difference in population growth** | | | |
| **rUK (EW) population (thousand)** | 59,440 | 59,766 | 60,093 |
| **Scottish population (thousand)** | 5,463 | 5,489 | 5,514 |
| **Relative Scottish/rUK population growth** |  | 99.9% | 99.9% |
| **BGA** |  | 531 | 546 |
| \*Figures may not sum due to rounding. | | | |
| The calculation for each year can also be expressed as follows: | | | |
| **2020-21 BGA** | | | |
| £527 million | x 1.0075 | x 0.999 = | 531 |
| **2021-22 BGA** | | | |
| £531 million | x 1.0307 | x 0.999 = | 546 |
| **£546 million** was therefore added to the Scottish Government’s 2021-22 Budget to reflect the expenditure no longer incurred by the UK Government from devolving Attendance Allowance to Scotland. | | | |

**Table 2.2 – Attendance Allowance BGA Calculation**

Changes in the Geographical Coverage of the Block Grant Adjustment Indexation

Block Grant Adjustments are indexed to ‘UK Government’ receipts or expenditure rather than ‘Rest of UK’ receipts or expenditure. This means that social security BGAs and Fines Forfeitures and Fixed Penalties BGAs are indexed to growth in benefit expenditure and FFFP receipts respectively in England and Wales only, as social security and the criminal justice system are devolved to Northern Ireland.

Since the Scottish Government’s Fiscal Framework was agreed in February 2016, there has also been significant fiscal devolution to Wales. Land Transaction Tax and Landfill Disposal Tax were devolved in 2018-19, and Welsh Rates of Income Tax in 2019-20.[[14]](#footnote-15)

As these receipts are no longer retained by the UK Government, the Block Grant Adjustment indexation mechanism has to be updated to remove Welsh receipts. This is in line with paragraph C.16 of the Fiscal Framework:

“For revenues, “corresponding UK government receipts” are the revenues from the equivalent taxes or other revenue-raising powers collected by the UK government in the rest of the UK… The scope of the UK government receipts will be updated with any devolution of tax powers to other parts of the UK.”

Since 2018-19, this means that the LBTT and SLfT BGAs have been indexed to growth in England and Northern Ireland tax receipts and population.

For income tax, the BGA will still be indexed using growth in receipts and population data for England, Wales and Northern Ireland in 2019-20. This is necessary because there will be no 2018-19 outturn figure for England and Northern Ireland (ENI) income tax receipts only. Without this figure, it is not possible to measure the growth between 2018-19 and 2019-20 ENI income tax receipts, which would be needed to operate a 2019-20 BGA based on ENI only.

From 2020-21 and onwards, the income tax BGA has been indexed using growth in receipts from England and Northern Ireland only.

****Part-Year Block Grant Adjustment****

In cases where a devolved benefit is introduced in Scotland partway during a financial year, a partial forecast BGA must be calculated. The partial forecast BGA will normally be based on: (i) the previous year’s proportion of UKG expenditure for the benefit in Scotland, over the same period of the financial year in which the benefit is being devolved; compared to (ii) UKG’s previous year expenditure for the benefit over the whole financial year. The baseline year will be, as in other BGAs, the year prior to devolution, and subsequent years will likewise be indexed on the basis of whole financial years.

As an example, executive competence for Carer’s Allowance transferred to Scotland in September 2018. As the benefit was transferred partway through the 2018-19 financial year, the BGA was apportioned on a pro rata basis based on DWP’s 2017-18 expenditure during the proportion of the 2018-19 financial year for which the Scottish Government would assume responsibility for the benefit, i.e from September through to March.

As set out in table 2.3, Carer’s Allowance expenditure from September 2017 to March 2018 accounted for around 59% of DWP’s expenditure in 2017-18. Therefore, the BGA for 2018-19 is 59% of the total Carer’s Allowance 2018-19 BGA. This proportion was also used to inform the reconciliation after 2018-19 outturn data became available in autumn 2019.

**Table 2.3 Carer’s Allowance 2018-19 BGA Calculation**

|  |  |
| --- | --- |
| DWP's expenditure on Carer's Allowance in Scotland (April 2017 - March 2018) | £249m |
| DWP's expenditure on Carer's Allowance in Scotland (Sept 2017 - March 2018) | £146m |
| % of expenditure (Sept 2017 - March 2018 ) | 59% |
|  |  |
| Full-year Block Grant Adjustment (April 2018 - March 2019) | £267m |
| £267m x 59% = £157m |  |
| Applied Block Grant Adjustment (Sept 2018 - March 2019) | £157m |

BGA for Low Income Winter Heating Assistance / Cold Weather Payment

Due to the substantial volatility of the Cold Weather Payment, paragraph 13 of the Fiscal Framework agreed that the initial baseline addition to the Scottish Budget would be "an average of the UK government's spending in Scotland on this benefit from 2008-09 to the year prior to devolution." As Scottish expenditure outturn data for 2008-09 is unavailable, the Scottish and UK Governments agreed that the initial baseline addition would be calculated on the basis of the expenditure outturn from 2009-10 to 2019-20 and forecast data for 2020-21 to 2021-22.[[15]](#footnote-16)

Furthermore, the UK and Scottish Governments agreed that, for the initial BGA calculation, an average of the expenditure in England and Wales over the same period would be used for the purposes of calculating the percentage growth for UK government Cold Weather Payment expenditure in England and Wales.

The data used to determine the baselines used to calculate the initial BGA, which applied to the Scottish Budget 2022-23, is detailed in Table 2.4. The baselines were then updated for 2020-21 and 2021-22 Cold Weather Payment outturn data, with the baseline now fixed at £15 million.

**Table 2.4: Calculation of baselines for Cold Weather Payment BGA**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Outturn** | | | | | | |
| **£m** | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **2013-14** | **2014-15** | **2015-16** |
| **Scotland** | 53 | 51 | 2 | 8 | 1 | 7 | 3 |
| **England and Wales** | 245 | 384 | 127 | 133 | 8 | 4 | 0 |
|  | **Outturn** | | | | **Forecast** | | **Average** |
| **£m** | **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2009 – 2022** |
| **Scotland** | 1 | 22 | 10 | 0 | 21 | 14 | 15 |
| **England and Wales** | 2 | 93 | 17 | 0 | 79 | 86 | 91 |

# Reconciliations

At the time of each budget revenues, expenditure and BGAs are forecast. These forecasts are reconciled to the outturn data, when available, so that the funding available to the Scottish Government ultimately corresponds to actual revenues, expenditure and BGAs based on outturn data. This chapter describes the timelines for reconciliations, how they work in practice, and what the impact of reconciliations will be on the Scottish Government’s Budget. It covers income tax, the fully devolved taxes (Land and Buildings Transaction Tax and Scottish Landfill Tax), fines, and social security.

Because outturn data are available on different timescales for each of these areas, different processes determine how they are reconciled. For fully devolved taxes, social security benefits and fines, outturn data are available three to six months after the end of the financial year. This is also the case for the corresponding UK revenues, or expenditure in the case of benefits.

For income tax, outturn data are available around sixteen months after the end of the financial year. There is a greater lag for income tax largely because self-assessment income taxpayers have around 10 months after the end of the financial year to pay any income tax due to HMRC.

Once outturn data are available, a reconciliation needs to be made in the subsequent Budget to account for the difference between forecast and outturn Block Grant Adjustments – and in the case of income tax for differences between forecast and outturn tax revenues.[[16]](#footnote-17)

In addition, the fully devolved taxes and social security BGAs are also subject to an in-year reconciliation, based on updated forecasts produced at the UK’s Autumn fiscal event (normally UK Autumn Budget).

## Scottish Income Tax

A basic principle of income tax devolution under the current Fiscal Framework is that, once forecast revenue is assigned and the corresponding BGA is made, there are no changes in the Scottish Government’s funding until outturn data are available. These figures are ‘locked in’ to the Budget.

In practice, the amount of revenue that the Scottish Fiscal Commission forecasts[[17]](#footnote-18) as part of each Budget process is added to the Scottish Government’s available funding. This amount is not revisited until outturn data are available for Scottish Government income tax receipts. Likewise, for the Block Grant Adjustments, the initial deduction for income tax is based on the OBR’s forecast of growth of UK Government receipts until outturn data are available.

HMRC is responsible for the collection of Scottish income tax. Outturn data for Scottish income tax and UK Government non-savings, non-dividends receipts are available around 16 months after the end of the financial year. Given this long lag of availability of outturn data, income tax revenue and Block Grant Adjustments are fixed for three years from the time the Budget is set. For example, for 2022-23, Scottish income tax revenues will be forecast as part of the Scottish Government Budget Bill process and the BGA will be forecast at the UK Government Autumn Fiscal Event. Outturn figures will not be available until Summer 2024. The outturn figures for revenues and the BGA will then be compared with the forecasts and reconciliations will be calculated. These will then be applied in the Scottish Budget 2025-26.

**Reconciliation process for income tax**

1. To determine funding for the Scottish Budget, the SFC provides forecasts of tax revenues and OBR’s forecasts are used to inform the BGA, set by HMT.[[18]](#footnote-19)
2. The forecast BGA for income tax is deducted from the Scottish Government’s Block Grant.
3. Forecast tax revenues are added to the Scottish Government’s Block Grant. Effectively, the Block Grant includes the expected income tax revenue which is transferred by HMT.
4. Revenues and BGA are fixed until outturn data are available.
5. Reconciliations are made to reflect differences between outturn and forecast figures for revenue and the BGA. When revenues increase more (or decline less) than the BGA compared to the initial forecasts, the Scottish Government has more resources available than anticipated.
6. It is this net effect of the revenue and BGA reconciliations which determines whether the Scottish Government’s funding is higher or lower than originally forecast and thereby the impact on the subsequent Budget.

A timeline outlining the income tax reconciliation process for the 2022-23 Budget is shown on the following page.

Figure 3.1 - Timeline for Income Tax Reconciliation

HMT assigns SFC forecast amount to funding for Scottish Budget 2022-23

OBR forecasts UKG NSND income tax revenue for UK Budget 2022-23

SFC forecasts Scottish income tax revenue for Scottish Budget 2022-23

HMRC publishes Scottish income tax 2022-23 outturn

**Summer 2024**

**Autumn / Winter 2024**

**Autumn / Winter 2021**

Block Grant Adjustment

Revenue

**INCOME TAX (2022-23)**

HMT use OBR forecast to calculate forecast BGA

Forecast BGA applied to Scottish Budget 2022-23

HMRC publishes rUK NSND 2022-23 outturn, which is used to calculate outturn BGA

HMT reconciles forecast revenue to outturn revenue and applies this reconciliation to Scottish Budget 2025-26

HMT reconciles forecast BGA to outturn BGA and applies this reconciliation to Scottish Budget 2025-26

## Fully Devolved Taxes

This section focuses on the operation of the ‘fully devolved taxes’: Land and Buildings Transaction Tax, Scottish Landfill Tax, Air Departure Tax, and Aggregates Levy. These are the taxes over which the Scottish Government has full policy control and are collected by Revenue Scotland.

**Reconciliation process for fully devolved taxes**

1. In advance of the forthcoming financial year, the SFC provides forecasts of tax revenues for the Budget and the OBR provides forecasts which are used to inform the BGA, set by HMT.
2. The forecast BGA for each tax is deducted from the Scottish Government’s Block Grant for the forthcoming financial year.
3. Revenue Scotland collects revenues over that financial year.
4. Block Grant Adjustments are reconciled twice. The in-year reconciliation is made at the UK’s Autumn fiscal event (normally Autumn Budget), on the basis of the most recent OBR forecasts. Once outturn data are available, the final reconciliation is applied to the Scottish Government’s Block Grant for the subsequent financial year (i.e. two years after the Budget year).
5. Whether the Scottish Budget is in a better position at outturn than as originally forecast depends on both: i) how outturn revenues compare with forecast, and ii) how the outturn BGA compares with forecast.

****Treatment of Revenues****

For the fully devolved taxes, Revenue Scotland manages and collects revenues and sends them to Scottish Government over the course of the year. The Scottish Government manages any variation between actual receipts collected in-year and what was forecast at the Budget as part of its overall annual Budget management process.

****Reconciliation process for BGA****

The Block Grant Adjustments for the fully devolved taxes are reconciled twice. An in-year reconciliation is made during the Budget year at the UK’s Autumn fiscal event (normally UK Autumn Budget). This reflects the latest forecasts of corresponding UK Government tax receipts, and is managed as part of in-year budget management. The second reconciliation takes place once outturn data for corresponding UK Government tax revenues are available. This is applied to the Scottish Government’s Block Grant for the subsequent financial year ie two years after the Budget year. Where the Block Grant Adjustment is higher than forecasted, the Scottish Government’s Budget is reduced, and vice versa.

Changing the BGAs in this way means that the Scottish Government is shielded from Budget volatility as long as BGAs move in the same direction as tax revenues during the financial year.

A timeline outlining the fully devolved tax reconciliation process using 2022-23 as an example can be found below.

**Figure 3.2 - Timeline for Devolved Tax Reconciliation**

**Fully Devolved Taxes (2022-23)**

SG uses SFC forecasts to inform the Scottish Budget 2022-23

**Autumn / Winter 2021-22**

Block Grant Adjustment

Revenue

HMT use OBR forecasts to calculate BGAs

HMT use OBR updated forecasts to calculate updated BGAs

HMRC publishes outturn for rUK SDLT / LfT 2022-23, which is used to calculate outturn BGA

**Autumn / Winter 2022-23**

**Summer / Autumn 2023**

OBR forecasts rUK SDLT/ LfT revenues for UK Budget 2022-23

SFC forecasts SG LBTT/ SLft revenues for Scottish Budget 2022-23

BGAs applied to Scottish Budget 2022-23

OBR updates its forecasts for rUK SDLT / LfT for 2022-23

Revenue Scotland collects LBTT / SLfT revenues and transfers revenues to SG; SG manages any variation between actual revenues and forecast revenues as part of its Budget management process

Forecast BGAs reconciled to updated BGAs. Reconciliation applied in-year to Scottish Budget 2022-23

Revenue Scotland publishes annual accounts for 2022-23 detailing LBTT / SLfT revenue outturn

HMT reconciles updated BGA to outturn BGA and applies this reconciliation to Scottish Budget 2024-25

**Autumn / Winter 2023-24**

Scottish Courts and Tribunal Services and other bodies collect FFFP revenues and transfer revenues to SG; SG manages any variation between actual revenues and forecast revenues as part of its Budget management process

HMCTS publishes outturn for rUK FFFP 2019-20, which is used to calculate outturn BGA

SG publishes Scottish Consolidated Fund Accounts 2019-20 detailing FFFP revenue outturn

HMT reconciles forecast BGA to outturn BGA and applies this reconciliation to SG 2021-22 Budget

**Winter 2020**

**Autumn 2020**

BGAs applied to SG 2019-20 Budget

HMT use MoJ forecasts to calculate BGAs

## Fines, Forfeitures and Fixed Penalties

As with the fully devolved taxes and income tax, revenue from fines, forfeitures, and fixed penalties (FFFP) results in a corresponding downwards adjustment of Scotland’s Block Grant indexed using the IPC method. This Block Grant Adjustment is only reconciled after outturn data are available.

**Reconciliation process for FFFP**

1. In advance of the forthcoming financial year, the Scottish Government forecasts FFFP revenues. Ministry of Justice forecasts of FFFP revenues in the rest of the UK are used to inform the BGA, set by HMT.
2. The forecast BGA for FFFP is deducted from the Scottish Government’s Block Grant for the forthcoming financial year.
3. FFFP revenue is collected over that financial year and sent to the Scottish Consolidated Fund.
4. The Block Grant Adjustment is only reconciled once outturn data are available around three months after the end of the financial year. This reconciliation is applied to the Scottish Government’s Block Grant for the financial year thereafter (i.e. two years after the Budget year).

****Treatment of Revenues****

At every Budget, the Scottish Government forecasts what revenues it will raise from FFFP in the next financial year based on information from the Scottish Courts and Tribunal Service (SCTS).

The bulk of this revenue is collected throughout the year by the SCTS; some revenue is also collected by the Scottish Government and the Scottish Solicitors Disciplinary Tribunal. All revenue is sent to the Scottish Consolidated Fund (SCF). The Scottish Government has to deal with any variation between actual receipts and what was forecast as part of its annual budget management process.

The amount of FFFP collected throughout the year is reported in the SCF’s Accounts[[19]](#footnote-20) in autumn each year.

****Block Grant Adjustment****

Prior to the 2023 Fiscal Framework Review, the Block Grant Adjustment for FFFP was based on the growth in equivalent UKG revenues retained by the Ministry of Justice (MoJ). At Budget, the BGA was initially based on a MoJ forecast of this revenue for future years. Once a Block Grant Adjustment was agreed, there was no reconciliation until outturn data become available.

Outturn for this revenue retained by MoJ is reported in HM Courts and Tribunals Service’s Trust Statement, which is usually published around three months after the end of the financial year. A reconciliation is applied to the Scottish Government’s Block Grant for the financial year two years after the Budget year.

****Change to FFFP Block Grant Adjustments in 2023 Fiscal Framework Review****

As part of the 2023 Fiscal Framework Review[[20]](#footnote-21), both governments agreed to remove the ongoing indexation of the baseline deduction. This removes the requirement for corresponding UK Government receipts each year. This means that from 2024-25 the Block Grant adjustment for FFFP will be a flat annual deduction to the block grant.

This adjustment to the original agreement, is set out in Annex C – Part 2: indexation methodologies – with the removal of “Corresponding UK Government revenues” under ‘fines and penalties (from courts and tribunals):

|  |  |
| --- | --- |
| * Revenue source | * Corresponding UK government receipts |
| * Income tax | * Non-savings, non-divided income tax receipts |
| * Assigned VAT | * VAT receipts from the first 10p of the standard VAT rate and the first 2.5p of the reduced VAT rate |
| * Air passenger duty, aggregates levy, stamp duty land tax and landfill tax | * Corresponding UK government receipts for each of the fully devolved taxes |
| * ~~Fines and penalties (from courts and tribunals)~~ | * ~~Corresponding UK government revenues~~ |

## Social Security

The process of calculating and applying social security BGAs is similar to the fully devolved taxes in regards to forecasting and indexing, and in the timeframes for reconciling forecasts with outturn data.

**Reconciliation process for social security**

1. In advance of the forthcoming financial year, the SFC forecasts expenditure on each social security benefit for the Budget and OBR forecasts are used to inform the BGA, set by HMT.
2. The forecast BGA for each benefit is added to the Scottish Government’s Block Grant for the forthcoming financial year.
3. Social Security Scotland, or DWP through an agency agreement, administers expenditure over that financial year.
4. Block Grant Adjustments are reconciled twice. The in-year reconciliation is made at the UK’s Autumn fiscal event (normally Autumn Budget), on the basis of the most recent OBR forecasts. Once outturn data are available, a final reconciliation is applied to the Scottish Government’s Block Grant for the financial year thereafter (i.e. two years after the Budget year).

****Treatment of Expenditure****

Benefit payments will be made throughout the financial year. The Scottish Government will manage any variation between actual benefit expenditure in-year and what was forecast at the Budget as part of the overall annual Budget management process.

The Scottish Government is therefore exposed to the in-year volatility associated with benefit expenditure much in the same way it is exposed to the in-year revenue volatility for the fully devolved taxes.

****Reconciliation process for BGA****

The Block Grant Adjustments for social security are reconciled twice. An in-year reconciliation is made during the Budget year at the UK’s Autumn fiscal event (normally UK Autumn Budget). This reflects the latest forecasts of corresponding UK Government social security expenditure, and is managed as part of in-year budget management. The second reconciliation takes place once outturn data for corresponding UK Government benefit expenditure are available,[[21]](#footnote-22) when a final reconciliation is applied to the Scottish Government’s Block Grant for the subsequent financial year ie two years after the Budget year. Where the Block Grant Adjustment is higher than forecast, the Scottish Government’s Budget is increased, and vice versa.

A timeline outlining the social security reconciliation process can be found below using 2022-23 Carer’s Allowance (CA) as an example.

**Figure 3.3 - Timeline for Social Security Reconciliation**

**Winter 2019**

**Winter 2018-19**

**Social Security ( Carer’s Allowance 2022-23)**

**Autumn / Winter 2021-22**

Block Grant Adjustment

Expenditure

HMT use OBR forecasts to calculate BGA

OBR forecasts rUK CA expenditure for UK Budget 2022-23

HMT use OBR updated forecasts to calculate updated BGAs

OBR updates its forecasts for rUK CA for 2022-23

**Autumn / Winter 2023-24**

**Winter 2022-23**

**Autumn / Winter 2023-24**

SFC forecasts SG CA expenditure for 2022-23

BGA applied to Scottish Budget 2022-23

Scottish CA payments made by Social Security Scotland throughout 2022-23; SG manages any variation between actual expenditure and forecast expenditure as part of its Budget management process

Forecast BGAs reconciled to updated BGAs. Reconciliation applied in-year to Scottish Budget 2022-23

Social Security Scotland publishes its 2022-23 annual accounts detailing Scottish CA expenditure outturn

DWP publishes outturn for rUK CA 2022-23, which is used to calculate outturn BGA

HMT reconciles updated BGA to outturn BGA and applies this reconciliation to Scottish Budget 2024-25

**Machinery of Government Transfer for DEL Benefits**

Some devolved social security benefits will not have associated BGAs. They are instead initially funded by direct transfers from the Department for Work and Pensions. These are known as ‘Machinery of Government’ transfers. These transfers were made until the end of the UK Government Spending Review period. After that, funding for these benefits becomes part of the core resource block grant and is subject to the Barnett formula.

This is because the funding of these benefits is classified at UK level as part of DWP’s resource (‘Departmental Expenditure Limit’ or DEL) budget rather than funded centrally through Annually Managed Expenditure (AME). Unlike AME, DEL expenditure is not normally subject to the forecast/reconciliation cycle of AME expenditure.

The following benefits are currently funded through this process: Discretionary Housing Payments, Best Start Grant, and Funeral Support Payment.

# Scotland Reserve

The Scotland Act 2016 replaced a previous power under the Scotland Act 2012 (to operate a limited cash reserve) and the HMT rules on the Budget Exchange Mechanism with a new Scotland Reserve. This allows the Scottish Government to build up funds when devolved revenues are higher than forecast, smooth all types of spending (including carrying-forward underspends), assist the management of tax volatility and determine the timing of expenditure. The Scotland Reserve applied from 2017-18 onwards and is split between resource and capital.

The Reserve is capped at £700 million. As of the 2023 Fiscal Framework Review, this cap will now be indexed for inflation from 2023/24, with the previous drawdown limits of £250 million for resource and £100 million for capital removed.

Updates on the balance of the Scotland Reserve are published at the following times of the year:

* Spring Budget Revision (February)
* Provisional Outturn Statement (June)
* Fiscal Framework Outturn Report (September)

The Scottish Government also reports at each Budget what funding it intends to draw down from the Reserve to underpin the forthcoming year’s spending plans.

# Borrowing

The Scotland Act 1998 gave the Scottish Government power to borrow for resource and the Scotland Act 2012 gave the Scottish Government power to borrow for capital. Both powers are subject to statutory aggregate caps and annual limits, and were increased as part of Scotland Act 2016 and the Fiscal Framework.

Resource borrowing can only be funded from the National Loans Fund (NLF), whereas capital borrowing can be funded from the NLF, commercial loans or the issue of bonds. The Scottish Fiscal Commission is required to assess the reasonableness of Scottish Ministers borrowing projections and does so at each fiscal event.

## Capital Borrowing

Capital borrowing allows the Scottish Government to fund capital projects, for example to invest in schools, roads and hospitals. Following the 2023 Fiscal Framework Review, the statutory and annual limits in Table 5.1 below will be indexed for inflation from 2024-25, using the OBR’s GDP deflator forecast at the time of the Scottish Government’s draft Budget.

**Table 5.1 – Capital Borrowing**

|  |  |
| --- | --- |
| Statutory Limit | £3,000 million |
| Annual Limit | £450 million |
| Repayment Period | Normally 10 years, but where the lives of the assets being purchased through the loan justify longer or shorter terms, these can be agreed. |
| Source | NLF[[22]](#footnote-23), Commercial Loan, Bonds |

The Scottish Government usually announces its capital borrowing plans for the forthcoming financial year at the Scottish Budget. Decisions on borrowing are taken in-year dependent on factors prevailing at the time such as an ongoing assessment of programme requirements and value for money assessment of the options available, including interest rates and the impact on the resource budget.

Sometimes this means that there is a difference between planned borrowing and actual borrowing amounts. For example, the Scottish Government announced at its 2019-20 Budget in December 2018 that it would borrow £450 million for capital. The actual drawdown took place in March 2020 and was only £405 million. The Scottish Government borrowed less than was planned, mainly due to a number of significant additional Barnett consequentials confirmed in-year.

## Resource Borrowing

The Scottish Government has the power to borrow for resource spending for the following reasons:

**In-year cash management** to fund a temporary shortfall in cash flow or working capital, without affecting the overall budget balance. So far, this power has been never been used.

**Forecast error** in relation to devolved and assigned taxes and devolved social security expenditure arising from forecasts of Scottish receipts/expenditure and corresponding UK forecasts for the Block Grant Adjustments.

**Table 5.2 – Resource Borrowing**

|  |  |
| --- | --- |
| Statutory Limit | £1,750 million |
| Annual Limit | £600 million |
| Repayment Period | 3 to 5 years |
| Source | NLF |

Prior to the review, the Scottish Government was restricted to a £300 million borrowing limit for forecast error, rising to £600 million for forecast error when a Scotland-specific economic shock was triggered. The underlying borrowing limit is now doubled to £600m for forecast error and the Scotland-specific economic shock mechanism abolished. The statutory cumulative and annual limits will now indexed for inflation from 2024-25.

The Scottish Government and HM Treasury have agreed that the Scottish Government can ‘unlock’ the resource borrowing powers for forecast error based on any negative differences between forecast and outturn Budget positions. This includes:

* negative in-year reconciliations
* negative final reconciliations
* higher spend than forecast on devolved social security benefits
* lower tax revenue than forecast for fully devolved taxes

The Scottish Government can borrow for the total negative effects of forecast errors, subject to the overall limits. Forecast errors which result in increased funding for the Scottish Budget do not reduce the Government’s ability to borrow.

Resource borrowing can be drawn down at any point in the financial year. The Scottish Government can change its plans at any point and draw down more or less than planned, subject to the overall limits and the existence of reductions in funding caused by forecast error.

The resource borrowing power is deliberately restricted to very specific circumstances and does not detract from the fundamental requirement for a balanced Scottish Budget each financial year. In all circumstances, the maximum resource borrowing limit is £600 million a year.

# Fiscal Framework Review

The Smith Commission’s report recommended that, once agreed, the Fiscal Framework should be reviewed periodically to ensure arrangements “continue to be seen as fair, transparent, and effective.”[[23]](#footnote-24)

The Fiscal Framework agreed that a review of the current Framework should take place after a Parliament’s worth of experience.

Both Governments agreed that the Smith Commission principles should inform the Review. In particular, the method for adjusting the Block Grant must be agreed, and no default method will be assumed following the transitional period. In August 2023, the Scottish and UK Governments reached agreement on the first review of Scotland’s Fiscal Framework, providing greater long-term funding clarity for Scotland and some more flexibility on how the Scottish Government manages the public finances.

After a joint review, both governments agreed to permanently adopt the existing IPC method used to calculate the block grant adjustments that correspond to devolved taxes and social security benefits. The changes to borrowing and reserve limits mentioned in the above sections were also agreed by both governments.

All the agreed changes to the Fiscal Framework will take effect from 2024-25. The current Fiscal Framework will therefore still apply for 2023-24.

The main changes to the framework are detailed in the Table 6.1 below:

|  |
| --- |
| Table 6.1 Comparison table of Fiscal Framework agreement pre and post review |

|  |  |  |
| --- | --- | --- |
|  | **2016/17-2023/24** | **2024/25 onwards** |
| **BGA Mechanism** | Run both IPC and Comparable methods, but only use the IPC method in practice. | Simplify: put IPC on a permanent basis. |
| **Resource borrowing** | Up to £300m p.a. to cover forecast error, £1.75bn cumulative. | Up to £600m p.a. to cover forecast error, £1.75bn cumulative, both indexed to inflation. |
| **Capital borrowing** | Up to £450m, p.a.; £3bn cumulative cap. | Up to £450m p.a., £3bn cumulative cap, both indexed to inflation. |
| **Reserve drawdown limits** | £250m resource; £100m capital. | Abolished. |
| **Overall reserve limit** | £700m. | £700m indexed to inflation. |
| **VAT Assignment** | The two Governments have agreed that VAT assignment will be implemented in 2019-20 | How and when to implement VAT Assignment will be discussed at a future Joint Exchequer Committee. |
| **Crown Estate** | Deduction to the block grant of £6.6m p.a. | Deduction to the block grant profiled at £10m / £10m / £15m/ £20m / £40m. Fixed in nominal terms at £40m beyond. |
| **Fines and penalties** | Block Grant Adjustment to fines and penalties revenue. | Flat annual deduction to the block grant. |
| **Coastal Communities Fund** | Baseline addition made to block grant equivalent to UKG spending on CCF in year prior to transfer. | Absorbed into Barnett (no immediate impact on SG). |
| **Scotland Specific Economic Shock** | Up to £600m resource borrowing capacity when triggered. | Abolished. |

****Independent Report****

The original Fiscal Framework Agreement proposed an independent report should inform the Review of the Framework. In October 2021 the two Governments agreed to jointly commission an Independent Report that focused on the Block Grant Adjustments, including a call for stakeholder input.

The independent report, written by Professor David Bell, David Eiser, and David Phillips, was published on 02August 2023[[24]](#footnote-25). The report considers the various methods of calculating Block Grant Adjustments, and how they met the principles set out by the Smith Commission. The Scottish Government also published its response to the call for evidence[[25]](#footnote-26) which took place ahead of the independent report.

****Future Reviews****

**The technical annex of the original Fiscal Framework agreed that subsequent reviews should take place on a 5 yearly basis but not more than once in any UK or Scottish electoral cycle.** The 2023 Fiscal Framework Agreement states that in line with the Smith Commission recommendations, the fiscal framework as a whole will be reviewed periodically. It will be open to either government to propose changes to the fiscal framework as part of future reviews. The Joint Exchequer Committee will jointly agree conclusions, recommendations and revisions of the review.

1. [UK Government statement of funding policy](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1137609/Statement_of_Funding_Policy_update_Feb_2023.pdf) [↑](#footnote-ref-2)
2. [Fiscal Framework: agreement between the Scottish and UK Governments](https://www.gov.scot/publications/fiscal-framework-agreement-between-scottish-uk-governments/) [↑](#footnote-ref-3)
3. Responsibility for Discretionary Housing Payments was passed to the Scottish Government from April 2017, and these are administered through Local Authorities. [↑](#footnote-ref-4)
4. After the 2014 Scottish independence referendum, the Smith Commission made recommendations for the further devolution of powers to the Scottish Parliament. [↑](#footnote-ref-5)
5. <http://webarchive.nationalarchives.gov.uk/20151202171029/http://www.smith-commission.scot/wp-content/uploads/2014/11/The_Smith_Commission_Report-1.pdf> [↑](#footnote-ref-6)
6. Non-Domestic Rates also form part of the funding arrangements, together with other revenue raising powers (including fees, charges and sales of goods, services and assets), and borrowing. [↑](#footnote-ref-7)
7. Equivalent procedures will apply to social security Block Grant additions. The only exception is Cold Weather Payments, where the baseline is an average of payments in Scotland from 2009-10 to 2021-22 – see table 2.4 for further details. [↑](#footnote-ref-8)
8. The Comparable Model is calculated based on Scotland’s population share of the cash change in corresponding UKG receipts and multiplied by a comparability factor. [↑](#footnote-ref-9)
9. <http://www.fiscalcommission.scot/> [↑](#footnote-ref-10)
10. <https://obr.uk/topics/scotland-wales-and-northern-ireland/scottish-tax-forecasts/> [↑](#footnote-ref-11)
11. See paragraphs 61 - 63 of the [Scotland Act Implementation Report 2021](https://www.gov.scot/publications/scotland-act-2012-2016-annual-implementation-report-2021/pages/4/) for details of the OBR forecasts used to set the 2020-21 BGAs [↑](#footnote-ref-12)
12. To calculate population growth, the two Governments agreed to use the growth rate between the two most recent financial years of population outturn data. This growth rate is then applied to all future years. [↑](#footnote-ref-13)
13. For details of all Block Grant Adjustments, see the [Fiscal Framework Data Annex](https://www.gov.scot/publications/fiscal-framework-factsheet/pages/data-annex-to-fiscal-framework-outturn-report/), which sets out the revenue, expenditure and block grant adjustment forecasts and outturn since the implementation of the Fiscal Framework. [↑](#footnote-ref-14)
14. Since April 2019, the UK Government has reduced the three rates of Income Tax paid by Welsh taxpayers: basic rate from 20% to 10%; higher rate from 40% to 30%; additional rate from 45% to 35%. The National Assembly then decides the Welsh rates of Income Tax which will be added to the reduced UK rates. [↑](#footnote-ref-15)
15. Cold Weather payment expenditure outturn data for 2020-21 had not been published at the time of calculating the BGA for the UK Budget 2022-23. 2021-22 outturn data will not be available until summer / autumn 2022. [↑](#footnote-ref-16)
16. Revenue for the fully devolved taxes collected in-year by Revenue Scotland is already taken account of within the year. The corresponding Block Grant Adjustment is reconciled when the relevant UK outturn data for the year are available. [↑](#footnote-ref-17)
17. For 2017-18, the Scottish Government was the official forecaster of Scottish income tax receipts. The independent SFC found our forecasts to be reasonable. [↑](#footnote-ref-18)
18. Prior to the SFC becoming Scotland’s official, independent economic and fiscal forecaster in April 2017, the Scottish Government conducted the forecasting for tax revenues and social security expenditure for the Scottish Budget 2017-18. [↑](#footnote-ref-19)
19. <https://www.gov.scot/publications/scottish-consolidated-fund-accounts-2019-2020/pages/3/> [↑](#footnote-ref-20)
20. [Fiscal framework: agreement between the Scottish and UK Governments](https://www.gov.scot/publications/fiscal-framework-agreement-between-scottish-uk-governments/) [↑](#footnote-ref-21)
21. The UK and Scottish Governments have agreed that the UK Government’s benefit expenditure and caseload tables will be used to calculate outturn BGAs: <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2019> [↑](#footnote-ref-22)
22. The Scottish Government capital borrowing loan facility agreement can be found here: <https://www.gov.scot/binaries/content/documents/govscot/publications/factsheet/2019/03/national-loans-fund-terms-of-borrowing/documents/capital-borrowing-loan-facility-agreement/capital-borrowing-loan-facility-agreement/govscot%3Adocument> . The latest borrowing rates for the National Loans Fund can be found at the following link: <https://www.dmo.gov.uk/data/pdfdatareport?reportCode=D7A.6> [↑](#footnote-ref-23)
23. <https://webarchive.nationalarchives.gov.uk/20151202171029/http://www.smith-commission.scot/wp-content/uploads/2014/11/The_Smith_Commission_Report-1.pdf> [↑](#footnote-ref-24)
24. [Fiscal Framework Review: Independent Report](https://www.gov.scot/publications/fiscal-framework-review-independent-report/) [↑](#footnote-ref-25)
25. [Fiscal Framework: Scottish Government's Evidence to the Independent Report](https://www.gov.scot/publications/fiscal-framework-scottish-governments-evidence-independent-report/) [↑](#footnote-ref-26)