Redacted Section 38(1)(b)
OCEA-ESA
12 August 2025

First Minister
Cabinet Secretary for Finance and Local Government

GOVERNMENT EXPENDITURE & REVENUE SCOTLAND (GERS) 2024-25

Purpose

1. To inform you of the Scottish Government publication of Government Expenditure and Revenue Scotland (GERS) 2024-25 on Wednesday 13 August 2025. Please note that the report is strictly embargoed until 09:30 on Wednesday 13 August 2025. These statistics (and any conclusions drawn from these statistics) **are restricted to Ministers and officials on this copy list until publication.**

Priority

2. **Immediate.**

Background

3. GERS is an Accredited Official Statistics publication. It estimates the contribution of public sector revenue raised in Scotland towards the public services provided for Scotland for the years up to 2024-25. The estimates in this publication are consistent with the UK Public Sector Finances published in July 2025. Tables are also published showing results back to 1998-99.

Key Points

4. The key points from the publication are covered in the attached briefing pack, which includes:
- An FMQ briefing note,
- A draft Speaking Note for the media event.

5. Today's report shows that the notional Scottish fiscal position worsened in Scotland in 2024-25. North Sea Revenue fell for the second year in a row as oil and gas revenues fell from £4.9 to £4.1 billion. Total spending for Scotland has increased by 5.5 per cent, driven by additional spending on social protection and health, while spending on reserved debt interest has fallen slightly. Total revenue increased by 1.5% in 2024-25.

6. GERS 2024-25 estimates:
- Scotland's notional deficit in 2024-25 was 11.7% of GDP, worsening by 2.0 percentage points from 2023-24.
- The UK's deficit in 2024-25 was 5.1% of GDP, worsening by 0.4 percentage points from 2023-24.
- Total revenue was £91.4 billion, up £1.4 billion (1.5 per cent) from 2023-24.
- Total spending was £117.6 billion, up £6.1 billion (5.5 per cent) from 2023-24.

Handling

7. A Statistics News Release (attached) has been prepared as normal to highlight the main results from this publication. Communications colleagues will be in touch later today to agree an accompanying Ministerial statement. A copy of the full publication is also attached.

Recommendation

8. **The First Minister and Cabinet Secretary are asked to note the publication of GERS 2024-25.**

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Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Deputy First Minister and Cabinet Secretary for Economy and Gaelic					X
Cabinet Secretary for Constitution, External Affairs and Culture			X		
Minister for Public Finance			X		

Permanent Secretary
DG Economy
DG Scottish Exchequer
Chief Economist
Chief Statistician

Colin McAllister
Davie Hutchison
Emily Mackintosh
Sean McGivern

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Kathy Johnston Deputy Director
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GOVERNMENT EXPENDITURE & REVENUE SCOTLAND (GERS) 2024-25

ISSUE:

- The Scottish Government "Government Expenditure and Revenue Scotland" (GERS) report shows falling North Sea revenues and weaker onshore revenue growth caused Scotland's net fiscal balance to worsen in 2024-25.
- Scotland's fiscal deficit remains large compared to the UK and internationally.
- The 'union dividend', used by some as a measure of the benefit of remaining in the UK, increased to £2,600 per person, or £14.3 billion.

Top lines

- 90% of the GERS fiscal deficit is due to the UK Government's choices.
- Scotland's public finances are better than most other parts of the UK.
- It is normal for advanced economies to run a fiscal deficit. 31 of the 41 IMF advanced economies have a deficit. The UK deficit is £149 billion.
- The UK's approach to managing public finances means that it is paying more on debt than other comparable countries, adding £500 million to the GERS deficit.
- Leaving the EU has hit Scotland's revenues by £2.3 billion.
- Scottish revenue covers all devolved day-to-day spending and all reserved social security.
- A significant amount of the GERS spending (39%) and revenue (71%) is reserved and outside of the control of the Scottish Government.
- Devolved revenue has grown faster than devolved expenditure (9.7% compared to 6.8%).
- GERS allocates Scotland £5.1 billion of UK defence expenditure, £3 billion more than the Ministry of Defence says it spends with industry in Scotland.
- GERS allocates Scotland a share of reserved UK spending that would not be incurred under independence.
- GERS represents Scotland's fiscal position under current constitutional arrangements and the figures represent a notional fiscal deficit.

DEFICIT AND BORROWING

90% of the GERS fiscal deficit is due to the UK Government.

- The Scottish Government and Local Authorities borrowed just £2.3 billion in 2023-24, or 1% of GDP.
- 90% of the GERS fiscal deficit is therefore the consequence of the UK Government's choices.

The UK Government spends more on debt interest than other European countries with similar levels of debt.

- The UK spends the more on debt interest (2.0% of GDP) than countries with a similar level of debt to the UK, such as Belgium (1.7%) France

(1.8%), Spain (1.8%), and Portugal (1.8%). All these countries have debt to GDP ratios of around 100%.
- Were the UK to spend a similar amount to the next highest, Portugal, this would reduce debt interest spending in GERS by £500 million.

Scotland's public finances are better than most other parts of the UK
- The latest ONS figures show that Scotland is one of the better performing parts of the UK.
- Scotland has the third highest revenue per person in the UK, behind only London and the South East.
- Overall, Scotland's fiscal deficit as a share of GDP is 5th of the 12 UK countries and regions.
- GERS reflects the fact that Scotland is tied to a UK economic model which is overly reliant on London and the South East.

It is normal for advanced economies to run a fiscal deficit and the UK deficit is now £149 billion.
- Most IMF Advanced Economies ran a deficit in 2024, including the UK.
- The UK fiscal deficit in 2024-25 stood at £149 billion.
- The question shouldn't be could Scotland borrow money – of course it could – the real question people should be asking is: can Scotland afford to leave all borrowing powers in the hands of a UK Government that has delivered a failed economic model.

Growing the economy will underpin fiscal sustainability
- As we set out in the Medium Term Financial Strategy, growing the economy is one of the three pillars which support our approach to sustainable public finances – alongside focusing spending decisions on achieving our three critical missions, and maintaining and developing our strategic approach to tax.
- We have promised to act decisively to deliver our National Strategy for Economic Transformation, with a sharp focus on those policies and actions with the greatest potential to grow and change Scotland's economy, expand the tax base to fund excellent public services and make people's lives better.

Leaving the EU has hit Scotland's public finances.
- Modelling by the National Institute of Economic and Social Research suggest that compared to EU membership, the UK Economy was already 2.5% smaller in 2023, and it expects it to rise to 5.7% by 2035.
- This equates to Scottish revenues being £2.3 billion lower as a result of Brexit.

GOVERNMENT EXPENDITURE & REVENUE SCOTLAND (GERS) 2024-25

GERS SPENDING AND OTHER FIGURES

GERS represents Scotland's fiscal position under current constitutional arrangements and shows a notional fiscal deficit.

- A significant amount of the GERS spending (40%) and revenue (71%) is reserved and outside of the control of the Scottish Government.
- Scottish revenue is enough to cover all day-to-day Scottish Government spending and all reserved social security, including the State Pension.
- Devolved revenue grew by 9.7% in 2024-25, faster than devolved expenditure (6.8%).
- GERS 2024-25 assigns Scotland a population share of UK reserved debt interest (£8.5 billion) and defence spending (£5.1 billion). This takes no account of the £448 billion in revenue the UK Government has received from North Sea production in real terms over the past sixty years.
- The £5.1 billion of GERS defence spending is £3 billion more than the £2.1 billion that the Ministry of Defence says it spends with industry in Scotland.
- Other assigned spending in GERS includes spending on the UK's immigration and border policies (£560 million), spending on benefits to people living outside the UK (£390 million), and spending on the UK Parliament (£50 million).
- An independent Scotland's fiscal position would depend on a number of factors – including the policy choices made by future Scottish Governments, growth seen in advance of independence and the level of spending Scotland chose to allocate to areas such as defence.

PUBLIC SERVICE REFORM

The Public Service Reform (PSR) strategy was published on 19 June

- The Minister for Public Finance launched the Public Service Reform (PSR) strategy to Parliament on 19 June, as was committed in the Programme for Government
- The strategy sets out our commitment to public services – that services are an investment in people, communities and the future – and that we must change to deliver for people across Scotland.
- The strategy sets out clear commitments to change our system of public services to unblock barriers to change – to be preventative, to better join up and to be efficient.
- It also sets out the foundational changes we will make to enable that change – across leadership, accountability, further empowering people, places and communities, and ensuring we have the right the delivery landscape.

GOVERNMENT EXPENDITURE & REVENUE SCOTLAND (GERS) 2024-25

INCOME TAX AND SOCIAL SECURITY

Income Tax decisions taken by the Scottish Government will deliver up to £1.7bn more in 2025-26 than if we had followed UK policies.

- Over half of taxpayers continue to pay less than if they elsewhere in the UK, a position we will maintain over the lifetime of this Parliament.
- Those earning less than around £30,300 will continue to pay slightly less Income Tax in 2025-26 than if they lived elsewhere in the UK.
- Someone earning an income of £35,000 in 2025-26 will pay just 90p more in Income Tax per week compared to someone in the rest of the UK, while benefitting from Scotland's unique social contract.
- On average, households in the lower half of the income distribution are around £450 better off a year than they would be under UK tax and social security policies.

Scotland has attracted thousands of taxpayers from the rest of the UK since devolution of Scottish Income Tax.

- Between 2017-18 and 2021-22, more taxpayers have come to Scotland than left, with net inflows averaging almost 4,200 per year.
- This movement of taxpayers into Scotland has increased every year since introduction of Scottish Income Tax.
- In 2021-22, the latest year of data, net migration of taxpayers has improved across all tax bands and all age groups; and £200 million in additional taxable income was brought into Scotland.
- People choose where to live and work on a range of factors not just tax. In Scotland, people have access to a range of services not provided elsewhere such as free prescriptions and free higher education.

Our investment in the social security safety net to target help at those who need it most reflects the values that are fundamental to who we are as a nation and were unanimously enshrined in the 2018 Social Security Act.

- We have chosen to invest to enhance Social Security in Scotland above the funding we receive from the UK Government – this is projected to be less than 3.5% of the total Scottish Government Resource Budget by 2029-30.
- This gives vital assistance for older people to heat their homes, help disabled people live independent lives and keep thousands of children out of poverty.

OFFSHORE OIL AND GAS

We're clear in our support for a just transition for Scotland's oil and gas sector, which recognises the maturity of the North Sea basin and is in line with our climate change commitments.

- Offshore oil and gas licensing, as well as consenting and the associated fiscal regime, are all reserved to the UK Government.
- Any further extraction and use of fossil fuels must be consistent with Scotland's climate obligations and just transition commitments. It's vital that we take an evidence-based approach to energy transition.
- There is an urgent need to transition from fossil fuels globally if Paris Agreement goals are to be met. We are not going to deny the climate science that clearly shows the crisis we all are facing.
- We've also got to have a just transition. I saw the damage Mrs Thatcher did to communities when she threw thousands of workers on the scrapheap.
- A just transition does not mean simply stopping all future oil and gas activity overnight. That would be wrong – and could threaten energy security while destroying the very skills we need to transition.
- That is why we continue to call on UK Government to approach decisions for North Sea oil and gas projects on rigorously evidence-led, case by case, basis – with climate compatibility and energy security key considerations.
- Workers must be at the heart of a just transition., and the Scottish Government will support the energy workforce with the powers available to us.

We continue to call on UK Government to listen carefully to concerns being expressed by businesses around the impacts of its Energy Profits Levy (EPL).

- We will now await the UK Government's consultation response, which must clearly set out how a stable and long-term fiscal regime will be used to deliver business and investor certainty for the North Sea.
- The EPL was always supposed to be a temporary measure and we must see an end date, as it is now affecting investment and jobs in the North East.
- Given that we are now seeing adverse effects of this policy, the UK Government should be considering when the *earliest possible* end date could be - in order to avoid more decisions like the one seen from Harbour [in May].
- The aim must be to give the offshore energy sector much needed certainty and treat it fairly alongside other parts of the UK economy.

GOVERNMENT EXPENDITURE & REVENUE SCOTLAND (GERS) 2024-25

INCOME TAX

Income tax rates and bands in Scotland and the rest of the UK

The tables below provide a comparison of income tax rates in Scotland and the rest of the UK.

Table 1: Comparison of Tax liability in Scotland and the rUK, 2024-25

Example Income of Scottish taxpayers in 2024-25	Tax paid in Scotland	Tax paid in rUK (England & Wales)	Tax differential (Scotland minus rUK)
£15,000	463	486	-23
£19,400	1343	1366	-23
£23,400	2143	2166	-23
£28,200 (Median Income)	3119	3126	-7
£35,000	4547	4486	61
£42,600	6143	6006	137
£50,000	9028	7486	1542
£60,000	13228	11432	1796
£70,000	17428	15432	1996
£72,195	18350	16310	2040
£80,000	21778	19432	2346
£90,000	26278	23432	2846
£100,000	30778	27432	3346
£130,000	50081	44703	5378
£140,000	54881	49203	5678
£700,000	323681	301203	22478

GERS 2024-25

Speaking Note – Ms Robison

Introduction

Thank you for joining this media event on the GERS report for 2024-25.

I am joined today by the Minister for Public Finance and the Scottish Government's Chief Economist, Gary Gillespie, and we will take your questions in a moment.

Before we do, I want to a make a few opening remarks.

GERS provides notional fiscal estimates for Scotland as part of the UK. This is important context as the Scottish Government is required to balance our budget each year in line with the fiscal framework. Indeed, the Scottish Government borrowed only £139 million last year, to invest in new infrastructure. The deficit in GERS is therefore the result of decisions made by the UK Government, not the Scottish Government.

The figures included in GERS include both reserved and devolved areas of expenditure and revenue, and highlight the limits of our devolved powers: we have control over 61% of the expenditure but only 29% of revenue.

The changes that we have seen from the UK Government, such as the decision to withdraw the Winter Fuel Payment from thousands of Scottish pensioners, make it harder to manage our budget.

Commented [KJ1]: Can we pick a change from 2024-25? Or if not then remove

That said, it is clear that the report highlights challenges, not just for Scotland but for the UK.

The increase in the deficit in Scotland reflects an increase in the UK's deficit. More broadly, it reflects the fact that the current UK Government has continued the economic mismanagement of its predecessors, failing to deliver the investment needed for growth.

The decisions we have taken here in Scotland are helping support sustainable public finances. Indeed, for the fourth year in a row, devolved revenues have grown faster than devolved expenditure.

We are determined to unlock the full potential of Scotland's public services — making them more efficient, more joined-up, and more preventative in approach, so that they work better for the people of Scotland. That is why we published our Public Service Reform Strategy in June and the intention to reduce spending on corporate functions across public bodies, including the Scottish Government, to deliver £1 billion of savings in five years.

Returning to the 2024-25 year, clearly, the decline in North Sea revenue this year means that Scotland's notional fiscal deficit has increased. But as the report makes clear, this is not a reflection on the finances of the Scottish Government, or decisions that we have taken. It is instead a reflection of UK Government choices. Indeed, figures from the Office for National Statistics show that Scotland is one of the better performing parts of the UK in terms of public finances.

This underlines that the GERS numbers reflect the current constitutional arrangements – of Scotland as part of the UK – and not an independent Scotland. This highlights the importance of the economic model that underpins the public finances.

Economic model

Whilst economic conditions remain challenging globally, there are still signs of strength in the Scottish economy. Our labour market remains resilient, with payrolled employment remaining high and unemployment lower than in the UK. This is reflected in upward revisions to last year's income tax and NICs data, where we have generated more revenue than initially estimated.

However, the UK Government's current approach to the economy is failing. Its approach to immigration harms Scotland by failing to address our demographic and economic needs, exacerbating labour supply issues. And it is failing to deliver the investment needed, with our capital budget set to fall in real terms in the coming years.

Whilst we do not hold all the financial levers needed, we are using all the powers we do have to deliver our priorities of growing the economy, investing in net zero, eradicating child poverty and building stronger public services.

Headline spending and revenue numbers

Let me turn to the detail of the figures. Today's report shows that revenue in Scotland (including oil) was £91.4 billion in 2024-25, up £1.4 billion, with increases in income tax offsetting falling oil and gas revenue.

Total spending in 2024-25 was £117.6 billion, an increase from last year, as necessary spending increases in areas such as social protection and health outweighed the reduction in debt interest payments. Despite this increase in spending, Scotland's revenue is sufficient to cover all day-to-day devolved spending and all reserved social security.

Spending on reserved public sector debt interest fell slightly, but remains high. Indeed, UK public sector debt is now in excess of £2.5 trillion. Thanks in part reflects the to the impact of previous UK budgets and higher interest rates, the UK spends more than other comparable European countries on servicing its debt. We estimate that the higher cost of UK government debt adds at least £500 million to the GERS deficit this year.

Conclusion

Let me finish by making three points.

The first is to emphasise that the challenges facing Scotland are not unique. The UK's public finances are in a difficult position and for many countries government borrowing has increased.

The second is that GERS reflects the current constitutional position. An independent Scotland would have the powers to make different choices, with different budgetary results, to build a stronger economy and enable Scotland to be fairer, wealthier, and greener.

And the final point is that GERS highlights the importance of the economic model underlying the public finances. And this links back to the point about Scotland's performance compared to other parts of the UK. Scotland has the third highest revenue per person in the UK, and its notional deficit is smaller than most other UK countries and regions.

GERS highlights the imbalances in the UK economy. Scotland is tied to a low-growth, low-productivity UK.

I’m now happy to move to your questions.

END

897 words = 5.6 minutes at 160 wpm

From: <redacted Section 38(1)(b)
Sent: 13 August 2025 09:19
To: Cabinet Secretary for Finance & Local Government <CabSecFLG@gov.scot>; <redacted Section 38(1)(b)>; Gary Gillespie <Gary.Gillespie@gov.scot>
Cc: Minister for Public Finance <MinisterPF@gov.scot>; David Hutchison <David.Hutchison@gov.scot>; <redacted Section 38(1)(b)>; <redacted Section 38(1)(b)>
Subject: RE: Pre-brief - GERS - Further ask from Cab Sec

Hi <redacted Section 38(1)(b),

UK debt was 96% of GDP as of June.

<redacted Section 38(1)(b)

From: <redacted Section 38(1)(b)> **On Behalf Of** Cabinet Secretary for Finance & Local Government
Sent: 13 August 2025 09:00
To: <redacted Section 38(1)(b)>; <redacted Section 38(1)(b)>; Gary Gillespie <Gary.Gillespie@gov.scot>
Cc: Minister for Public Finance <MinisterPF@gov.scot>; David Hutchison <David.Hutchison@gov.scot>; <redacted Section 38(1)(b)>; <redacted Section 38(1)(b)>; Cabinet Secretary for Finance & Local Government <CabSecFLG@gov.scot>
Subject: RE: Pre-brief - GERS - Further ask from Cab Sec
Importance: High

Morning <redacted Section 38(1)(b)>,

Cab Sec has asked what is the UK debt as a percentage of GDP at the moment?

Thanks
<redacted Section 38(1)(b)>

<redacted Section 38(1)(b)>| Deputy Private Secretary | Cabinet Secretary for Finance and Local Government – Shona Robison MSP | Scottish Government | St Andrew's House | Regent Road | Edinburgh | EH1 3DG | M: <redacted Section 38(1)(b) | E: CabSecFLG@gov.scot

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To: Cabinet Secretary for Finance & Local Government <CabSecFLG@gov.scot>; <redacted Section 38(1)(b)>; Gary Gillespie <Gary.Gillespie@gov.scot>
Cc: Minister for Public Finance <MinisterPF@gov.scot>; David Hutchison <David.Hutchison@gov.scot>; <redacted Section 38(1)(b)>; <redacted Section 38(1)(b)>
Subject: RE: Pre-brief - GERS - Further ask from Cab Sec

Apologies, please use this version of the brief.
<< File: GERS 2024-25 - briefing - Speaking Note - Cab Sec Finance.docx >>
<redacted Section 38(1)(b)>

From: <redacted Section 38(1)(b)>
Sent: 12 August 2025 16:24
To: Cabinet Secretary for Finance & Local Government <CabSecFLG@gov.scot>; <redacted Section 38(1)(b)>; Gary Gillespie <Gary.Gillespie@gov.scot>
Cc: Minister for Public Finance <MinisterPF@gov.scot>; David Hutchison <David.Hutchison@gov.scot>; <redacted Section 38(1)(b)>; <redacted Section 38(1)(b)>
Subject: RE: Pre-brief - GERS - Further ask from Cab Sec

PO,

Please find attached an updated Speaking Note for the Cabinet Secretary following this morning's discussion, and an updated brief.
<< File: GERS 2024-25 - briefing - Speaking Note - Cab Sec Finance.docx >> << File: GERS 2024-25 - briefing - FMQ.docx >>
I have also provided some points on Ireland's economy below:

Economic Statistics: Ireland

GDP

- Ireland's GDP fell by 1.0% in Q2 2025.
- This follows growth of 7.4% in Q1 (revised down from 9.7% in the preliminary estimate).
- Over the last year, Ireland's GDP has grown 12.5%

Government Surplus

- Ireland had a surplus of €24 billion in 2024.
- This is driven by corporation tax receipts from just three multinational corporations (assumed to be Apple, Google, and Facebook/Meta).

- The Irish Fiscal Advisory Council estimates that, excluding these receipts, Ireland would have a deficit of €6 billion and that it has a structural deficit of €8 billion.
- The Irish Government is investing some of its receipts into a Future Ireland Fund.

Future Ireland Fund

- The Irish Government has established a Future Ireland Fund, which will be used to fund public services from 2041 onwards.
- It intends to pay around 0.8% of GDP, currently around €4 billion a year, into the fund. This will be invested to generate financial returns.
- The Irish Government estimates that €65 billion may be paid into the fund by 2035.

Debt

- Ireland’s debt in 2024 was less than 50% of GDP, down from over 120% of GDP a decade ago.

From: <redacted Section 38(1)(b)> **On Behalf Of** Cabinet Secretary for Finance & Local Government
Sent: 12 August 2025 11:03
To: <redacted Section 38(1)(b)>; <redacted Section 38(1)(b)>; Gary Gillespie <Gary.Gillespie@gov.scot>
Cc: Cabinet Secretary for Finance & Local Government <CabSecFLG@gov.scot>; Minister for Public Finance <MinisterPF@gov.scot>; David Hutchison <David.Hutchison@gov.scot>; <redacted Section 38(1)(b)>; <redacted Section 38(1)(b)>
Subject: Pre-brief - GERS - Further ask from Cab Sec
Importance: High

Hi <redacted Section 38(1)(b)>/<redacted Section 38(1)(b)>/Gary

Following the call this morning, Cab Sec has just been in touch with a further ask – she would also like the Irish figures on economic growth/deficit/debt level and national wealth fund later today please.

Thanks
<redacted Section 38(1)(b)>

<redacted Section 38(1)(b)> | Deputy Private Secretary | Cabinet Secretary for Finance and Local Government – Shona Robison MSP | Scottish Government | St Andrew's House | Regent Road | Edinburgh | EH1 3DG | M: <redacted Section 38(1)(b)> | E: CabSecFLG@gov.scot

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