

Your Scotland, Your Finances: 2021-22 Scottish Budget

Key facts and figures for 2021-22



Competent, financially prudent Scottish Government

DEVOLVED FINANCES

- The Scottish Government is accountable to the Scottish Parliament and the people in Scotland for its use of public money.
- Scottish Ministers decide spending plans that have to be approved by Holyrood.
- Since 2009-10, the Scottish Government has produced its accounts on the basis of international accounting standards.

BARNETT FORMULA



WESTMINSTER DECIDES HOW MUCH IT WILL SPEND IN ENGLAND ON PUBLIC SERVICES. HOLYROOD IS AUTOMATICALLY ALLOCATED A POPULATION SHARE OF CHANGES IN SPENDING ON PUBLIC SERVICES DEVOLVED TO SCOTLAND.

MONEY IN

BLOCK GRANT,
EU FUNDS,
SCOTTISH INCOME TAX,
LAND AND BUILDINGS
TRANSACTION TAX,
SCOTTISH LANDFILL TAX,
NON-DOMESTIC RATES,
BORROWING,
SCOTLAND RESERVE



THE SCOTTISH CONSOLIDATED FUND



MONEY OUT


SPENDING ON PRIORITIES
INCLUDING SCHOOLS, HOSPITALS,
POLICE, HOUSING, FARMING,
FISHING, INFRASTRUCTURE
AND THE ECONOMY

DELIVERED BY SCOTTISH
GOVERNMENT, EXECUTIVE
AGENCIES, NHS, CROWN OFFICE,
LOCAL COUNCILS, THIRD
SECTOR AND OTHER BODIES



Our financial system in 2021-22

**SCOTTISH BUDGET
IN 2021-22 IS
£55.3 BILLION**



SCOTLAND'S PUBLISHED ACCOUNTS

- The Scottish Government's latest published accounts are for 2019-20 and they were given a clean bill of health by Audit Scotland. This was the 15th consecutive year they received an unqualified opinion.

PAYMENTS MADE

- For financial year 2019-20 the Scottish Government, its Executive Agencies and the Crown Office and Procurator Fiscal Service made 98.7% of all payments within 10 days.

BLOCK GRANT ADJUSTMENT

- For all taxes set, raised or assigned in Scotland, the block grant is reduced.

EQUALITY AND FAIRER SCOTLAND BUDGET STATEMENT

- We have published an Equality and Fairer Scotland Budget Statement which considered how the draft Budget would impact on key inequalities across protected characteristics and socio-economic disadvantage, as well as on human rights.
[Scottish Budget 2021-2022: Equality and Fairer Scotland Budget statement - gov.scot \(www.gov.scot\)](https://www.gov.scot/Topics/Equity-and-Fairer-Scotland/Budget-Statement-2021-22)

TAXES SET IN SCOTLAND IN 2021-22:

SCOTTISH INCOME TAX

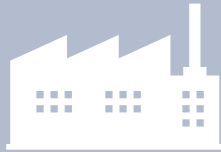


The Scottish Parliament has control over parts of Income Tax paid in Scotland, specifically the power to set the rates and bands of Income Tax paid on non-saving, non-dividends income.

This is income earned through employment, self-employment, pensions or property.

Scottish Income Tax is collected by HMRC and the money raised through the tax is transferred to the Scottish Government. The latest rates and bands can be [found here](#).

NON-DOMESTIC RATES



Non-Domestic Rates (NDR), often referred to as 'business rates', are a tax paid on non-residential property. This includes supermarkets, high street retailers, schools, and even ATM sites and billboards. The amount of NDR paid is generally based on the estimated rental value of the property on the open market.

The Scottish Government sets the tax rate, but the tax is administered and collected by local authorities to spend on local services like education, social care and waste management. More information can be [found here](#).

LAND AND BUILDINGS TRANSACTION TAX



Land and Buildings Transaction Tax is the tax payable when someone buys land or property in Scotland. A solicitor normally handles it for you when you are buying a house. It is also payable on non-residential property leases, such as hotels and student accommodation.

The current rates for Land and Buildings Transaction Tax can be [found here](#).

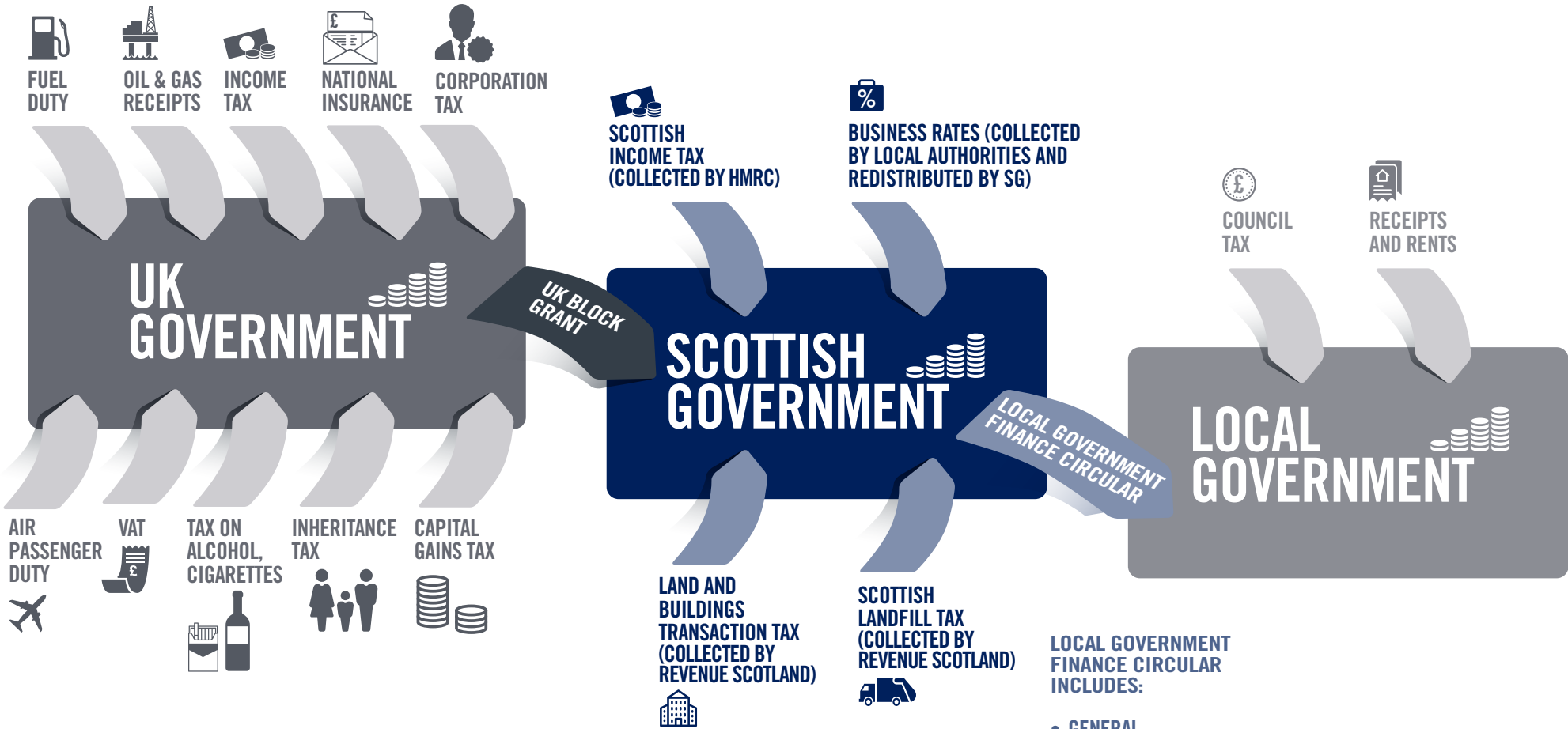
SCOTTISH LANDFILL TAX



Scottish Landfill Tax is a tax on the disposal of waste to landfill. The tax provides a financial incentive to reduce the amount of waste going to landfill, and therefore encourages recycling and the re-use of material. You will likely never pay this tax directly, instead, it is paid for by landfill operators who pass on costs to waste management services, businesses, and Local Authorities.

The current rates for Scottish Landfill Tax can be [found here](#).

The Scottish tax landscape 2021-22



ILLUSTRATIVE CHART BASED ON DEVOLVED POWERS IN 2021-22

What is planned to be spent in 2021-22

PORTFOLIO BUDGETS 2021-22 (SOME PERCENTAGES ARE ROUNDED)



FINANCE
£6.1bn 11.1%



JUSTICE
£3.0bn 5.5%



COMMUNITIES
AND LOCAL GOVERNMENT
£12.9bn 23.3%



ECONOMY, FAIR WORK
AND CULTURE
£1.5bn 2.8%



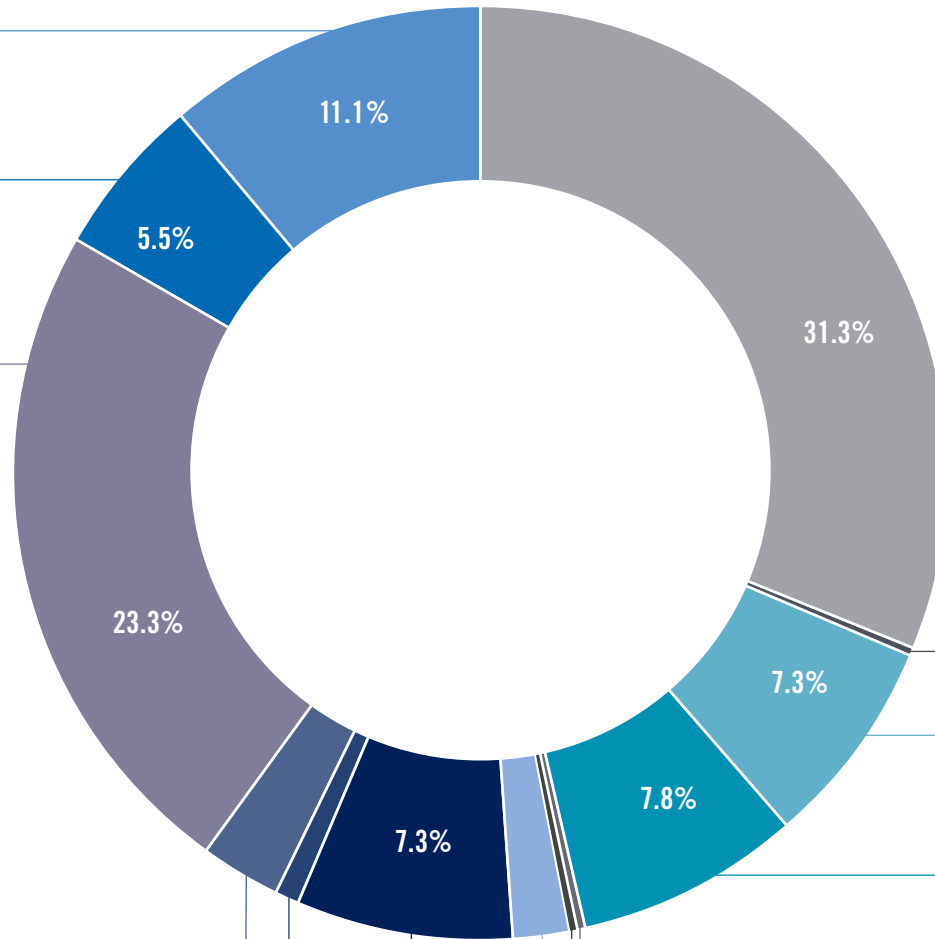
ENVIRONMENT,
CLIMATE CHANGE
AND LAND REFORM
£0.5bn 0.9%



SOCIAL SECURITY
AND OLDER PEOPLE
£4.0bn 7.3%



IN 2021-22 THE LOCAL GOVERNMENT SETTLEMENT
TO SUPPORT COUNCILS ADDS UP TO OVER £11.6 BILLION



HEALTH AND SPORT
£17.2bn 31.3%



SCOTTISH PARLIAMENT
AND AUDIT SCOTLAND
£0.1bn 0.2%



TRANSPORT, INFRASTRUCTURE
AND CONNECTIVITY
£4.0bn 7.3%



EDUCATION AND SKILLS
£4.3bn 7.8%



CROWN OFFICE AND
PROCURATOR FISCAL SERVICE
£0.2bn 0.3%



SCOTLAND, EUROPE
AND EXTERNAL AFFAIRS
£82m 0.1%






RURAL ECONOMY
AND TOURISM
£1.2bn 2.1%

TOTAL PORTFOLIO
EXPENDITURE 2021-22

£55.3bn

The Fiscal Framework - from 1999 to today

TIMELINE OF CHANGE

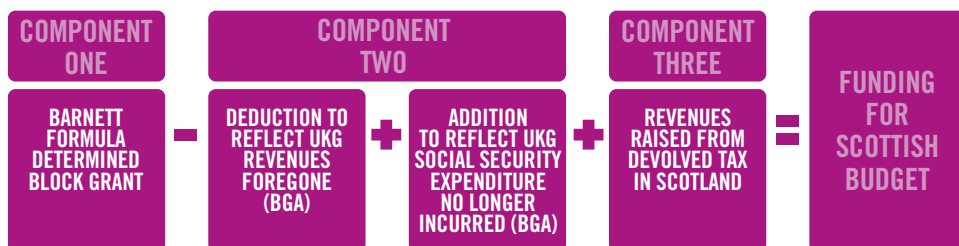
1999	2015	2016	2017	2018	2021 AND FUTURE YEARS
 <p>SCOTTISH PARLIAMENT CAN INCREASE OR REDUCE INCOME TAX BY 3P IN THE POUND</p> <p>SCOTTISH PARLIAMENT HAS POWERS OVER NON-DOMESTIC RATES</p>	 <p>LAND AND BUILDINGS TRANSACTION TAX AND LANDFILL TAX FULLY DEVOLVED TO SCOTTISH PARLIAMENT</p>	<p>%</p> <p>SCOTTISH PARLIAMENT GAINS PARTIAL POWERS TO SET THE SCOTTISH RATE OF INCOME TAX AND ALSO GAINS AN INCREASE IN BORROWING POWERS</p>	<p>%</p> <p>SCOTTISH PARLIAMENT GAINS FURTHER POWERS TO SET INCOME TAX RATES AND BANDS</p>	<p>%</p> <p>TWO NEW BANDS ARE ADDED TO THE SCOTTISH INCOME TAX SYSTEM TO IMPROVE FAIRNESS, PROTECT LOWER EARNING TAXPAYERS AND RAISE MORE FUNDING FOR PUBLIC SERVICES</p>	 <p>ASSIGNMENT OF VAT RECEIPTS</p> <p>REPLACEMENT FOR AIR PASSENGER DUTY</p> <p>AGGREGATES LEVY</p> <p>REVIEW OF THE FISCAL FRAMEWORK</p>

THE FISCAL FRAMEWORK IS AN AGREEMENT FROM 2016 BETWEEN THE UK AND SCOTTISH GOVERNMENTS THAT SETS THE RULES FOR HOW SCOTLAND'S TAX AND SOCIAL SECURITY POWERS ARE MANAGED AND IMPLEMENTED.



- **The Smith Commission** - on whose conclusions the Fiscal Framework is based - envisaged a fundamental change in how the Scottish Government would be funded. It foresaw a substantial proportion of the Government's Budget coming directly from tax revenues raised in Scotland and greater borrowing powers.
- The main objective of the **Fiscal Framework** is to support the transfer of tax and social security powers to Scotland while, to a significant extent, retaining the stability of Block Grant funding. It also increases the Scottish Government's borrowing powers.
- The guiding principle of the Framework is '**no detriment**'. This means neither the Scottish nor the UK Government being worse off as result of the powers transferring.

HOW THE SCOTTISH BUDGET IS CALCULATED



- **Component One - Barnett formula determined Block Grant** - Barnett continues to determine the initial size of the Block Grant.
- **Component Two - Adjustment to the Block Grant** - The Block Grant is adjusted to reflect the impact of the transfer of tax and social security powers to the Scottish Budget.
- **Component Three - Devolved Revenues** - These are the revenues now retained from devolved tax powers which contribute to Scotland's funding.

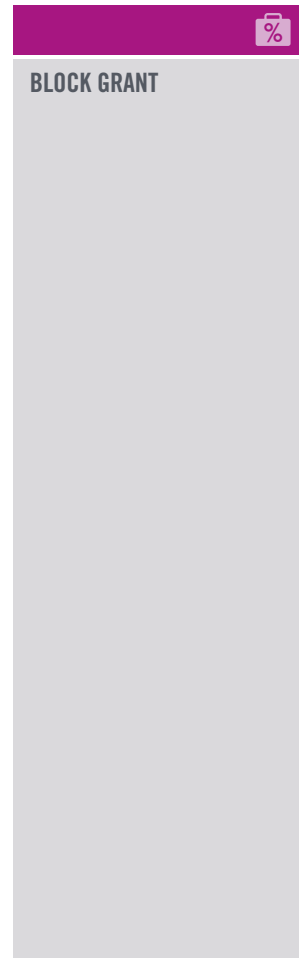
How our funding system is changing

WHERE THE SCOTTISH GOVERNMENT BUDGET COMES FROM

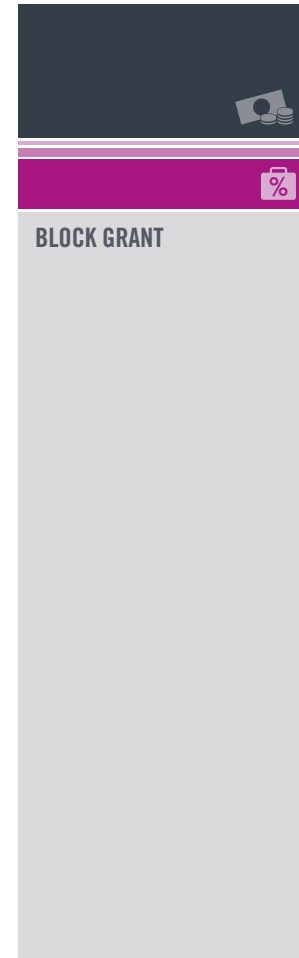
-  SCOTTISH RATE OF INCOME TAX / INCOME TAX
-  SCOTTISH LANDFILL TAX
-  LAND AND BUILDINGS TRANSACTION TAX
-  NON DOMESTIC RATES
-  VAT
-  BLOCK GRANT

CHART SHOWS ILLUSTRATIVE SHARE OF BUDGET BASED ON ESTIMATES FROM 2017-18 FIGURES.

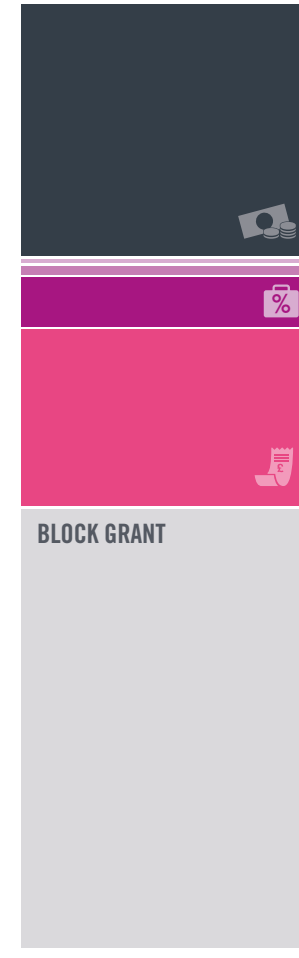
IN ADDITION LOCAL AUTHORITIES SET AND RAISE COUNCIL TAX TO FUND LOCAL SERVICES, BUT THIS IS OUTWITH THE SCOTTISH BUDGET.



SCOTLAND ACT 1998



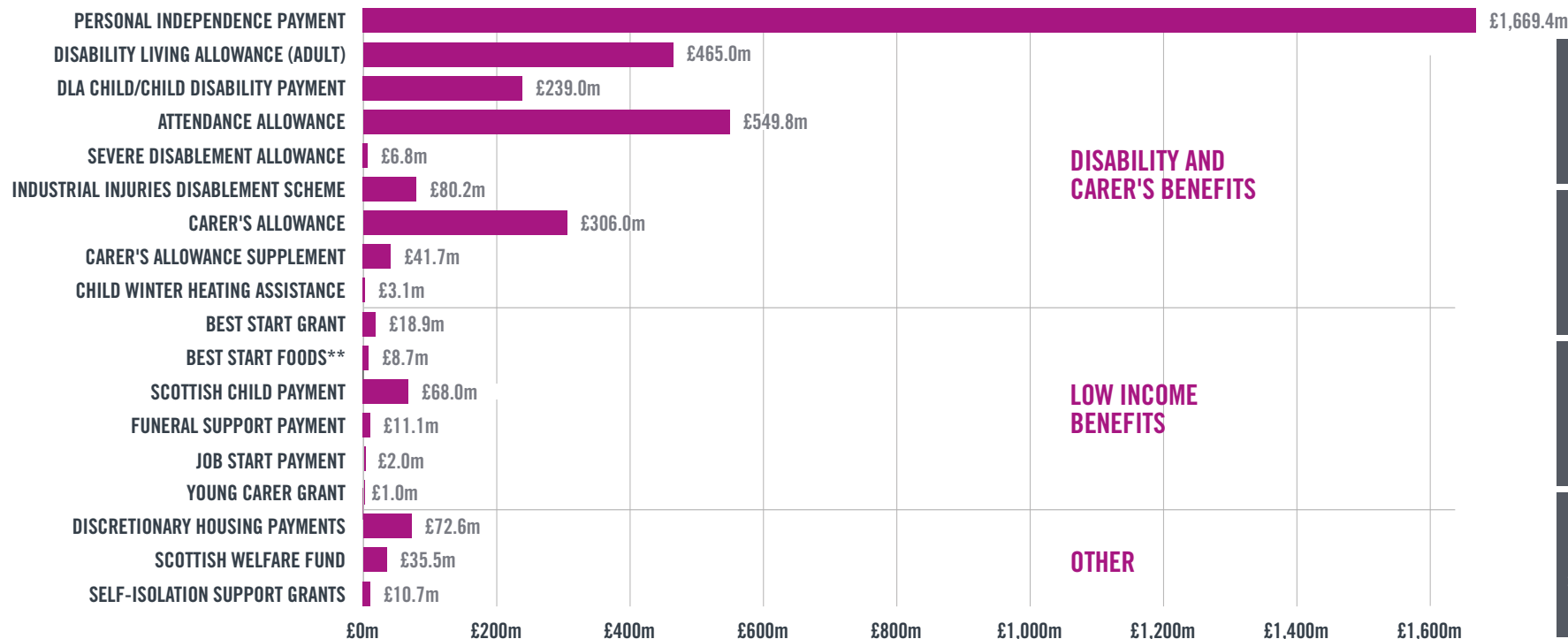
SCOTLAND ACT 2012



SCOTLAND ACT 2016

ESTIMATES ONCE ALL FISCAL POWERS HAVE BEEN DEVOLVED

SOCIAL SECURITY BENEFITS EXPENDITURE: 2021-22 BUDGET*



We have successfully introduced ten benefits up to March 2021, with a total of 17 to be delivered overall by Social Security Scotland

The Scottish Government has executive competence for 18 benefits, including the Scottish Welfare Fund and Discretionary Housing Payments

Once fully operational Social Security Scotland will support 1.8 million children and adults – around one in three people in Scotland

In 2024-25 Social Security Scotland will administer around £4.1 billion in payments per annum

FURTHER BENEFITS TO BE DELIVERED...

- CHILD DISABILITY PAYMENT
- ADULT DISABILITY PAYMENT
- WINTER HEATING ASSISTANCE AND COLD SPELL HEATING ASSISTANCE
- SCOTTISH CARER'S ASSISTANCE
- PENSION AGE DISABILITY PAYMENT
- CARER'S ASSISTANCE FOR MORE THAN ONE DISABLED CHILD
- EMPLOYMENT INJURY ASSISTANCE

* All figures (except Job Start Payment and Young Carer Grant) based on Scottish Fiscal Commission forecast January 2021

** Best Start Foods is funded through the Health and Sport portfolio



Scottish Government
Riaghaltas na h-Alba
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