

# SCOTTISH BUDGET: 2021-22



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# SCOTTISH BUDGET: 2021-22

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# FOREWORD

## by the Cabinet Secretary for Finance



The publication of Scottish Budget 2021-22 comes almost one year on from the first case of COVID-19 being notified in Scotland. We have, tragically, lost many lives. Since then, our society, economy and way of life have undergone significant change – even now, that process of change continues, as we deal with the ongoing impacts of the pandemic during a severe second wave and face the challenge of new variants.

The exceptional circumstances in which the Scottish Government is bringing forward this Budget demand an exceptional response. The Budget delivers continued, urgent measures to control the virus and protect our economy and people, while supporting the roll-out of the vaccine as quickly and as safely as possible.

The experience of the last year, however, has also laid bare the need to do things differently. This is a Budget to provide help in the immediate term, but also to rebuild a fairer, stronger, and greener economy.

I am setting out today the Scottish Government's clear priorities to help people, businesses and communities across the three guiding themes in Programme for Government 2020-21:

1. It is a Budget that delivers a **national mission for new, good, and green jobs**, backed by a large-scale and transformational programme of infrastructure investment, to boost skills and employment opportunities for all, with a supportive tax environment to deliver inclusive growth across all of Scotland.
2. It puts the **promotion of lifelong health and wellbeing** at its heart, underpinned by a world-class public health system and renewed work to tackle health inequalities, not least the drugs and mental health crises we face.
3. It **promotes equality and helps young people grasp their potential**, driving progress at all levels of learning, tackling the deep-seated inequalities in society, and supporting the renewal and recovery of our local communities.

The Budget lays out in detail how we will deliver the Scottish Government's objectives in these three areas through targeted investment, funding key policies and building on the unprecedented financial support provided in 2020-21.

It is also a Budget that reflects the incredible collective effort across Scotland's public services. I am publishing alongside the Budget a distinctive Scottish pay policy which charts a different course to the damaging pay freeze announced by the UK Government.

The policy reflects the commitment and dedication we have seen across all public sector workforces. However, the funding implications for the Scottish Budget of the UK Government's pay freeze necessitate a targeted approach that prioritises those on the lowest incomes. The policy will see those earning up to £25,000 receive a pay increase of at least 3%, through a guaranteed cash underpin of £750. We will also continue to support payment of the real Living Wage, applying the increased rate of £9.50 per hour. Those earning more than £25,000 will be guaranteed a 1% increase, capped at £800 above £80,000. Through this policy, I aim to promote a fair and progressive approach in every sector, in recognition of the vital role public sector workers are playing in keeping the country going during these difficult times.

The Budget provides an uplift in overall funding for local government, together with additional funding to deliver key priorities in early learning and childcare and social care, and significant funding increases for education, and police and fire services. In recognition of the unique pressures created by the pandemic for household incomes, the settlement also includes an additional £90 million to compensate councils who choose to freeze their council tax at 2020-21 levels.

The Budget also sets out how we will use our devolved tax powers to support Scotland's economic recovery and our public spending commitments in 2021-22 and beyond. Our tax choices recognise the impact the pandemic is having on people, households and businesses, underlining our commitment to tackle the inequalities further exposed by COVID-19. I am clear that this is a time for certainty and stability for taxpayers, underpinning targeted support for the individuals and businesses most affected. The tax package set out in this Budget delivers on that. We provide certainty and stability for Income Tax payers, with all Scottish taxpayers paying slightly less Income Tax in 2021-22 than in 2020-21, based on their current income.

We will use the powers and resources available to us to provide a significant package of support for businesses, particularly those most impacted by the crisis. The Scottish Budget commits to extending the current 100% non-domestic rates relief available to properties in the retail, hospitality, leisure and aviation sectors for at least the first three months of the financial year. This support is worth an estimated £185 million and delivers on a key priority for the business community. Should the UK Government bring forward an extension to their equivalent relief in the March budget, generating consequential funding, we will match the extension period as part of a tailored package of business support measures. We will also reduce the poundage rate for all businesses to 2019-20 levels, saving Scottish businesses over £120 million compared with previously published plans.

We cannot underestimate the scale of the challenge we face as a result of COVID-19. The measures that we have all had to take to control the virus mean that Scotland's GDP is not expected to recover to pre-pandemic levels until the start of 2024. Unemployment is expected to rise, and remain higher than pre-pandemic levels across the forecast horizon up to 2025. That requires an unprecedented response, and investing in both the immediate resilience and longer-term recovery of our businesses, which this Budget seeks to deliver.



We will continue to offer a package of financial support through the Strategic Framework Business Fund, and targeted sectoral support as it is required in the early months of the next financial year, so that there is no cliff edge for businesses. This will require careful Budget management over a two-year period. Building on this, we will also invest in economic recovery, delivering key recommendations of the Logan Review and the Tourism Task Force Report to invest in key sectors.

Against these pressing risks and uncertainties, however, we are also seeing the first signs of hope and optimism for a better future, with the approval and roll-out of vaccinations. We are working to ensure we vaccinate as quickly as supplies allow, prioritising vaccination on the basis of clinical evidence and public health.

While this is an ambitious Budget to both protect and renew Scotland, it is also one that comes with significant fiscal uncertainty. The recent UK Spending Review provided only partial information, with key details around tax and spending decisions missing. It also raised the risk of vital support, such as the Coronavirus Job Retention Scheme being wound down too quickly, threatening our public health measures.

We now know that the UK Budget on 3 March will provide further necessary detail. This may require significant revisions to the spending plans set out here, to ensure we maximise every penny available for important health, social and economic measures. We will continue to engage closely with the UK Government to seek the necessary clarity. And as we have seen this year there remains the distinct possibility that significant budget revisions will be required in the year ahead to meet the changing circumstances arising from the pandemic.

I have consistently welcomed the UK Government's COVID-19 funding and have committed every penny of consequential funding we receive to our pandemic response, notably to support our businesses, NHS, other public services and the roll-out of vaccines. But it is clear that more is needed to meet the estimated demand, and to manage the financial support that will continue into 2021-22. Costs across all areas are outstripping what the Scottish Government can provide within our budget limitations, and we have called on the UK Government to quickly release Scotland's share of its COVID-19 reserve which could provide us with up to £1.7 billion of additional funding in 2021-22. We also require certainty from the UK Government that they will continue to provide us with the funding necessary to continue paying business support grants, should restrictions still be required.

I recognise the challenges that this uncertainty presents for parliamentary scrutiny and for delivery partners who need to plan ahead, in particular in areas where current COVID-19 response measures are likely to continue to be needed early in the new financial year. I have therefore included proposals in this Budget setting out how the Scottish Government plans to deploy anticipated additional consequential funding of £500 million, subject to confirmation of the level of such funding in the delayed UK Budget. In doing so, I have made a prudent assumption against the UK Government's unallocated COVID-19 funding, based on the overall proportion of such funding that the devolved administrations have received so far during the pandemic. I emphasise that the funding position will not be confirmed until the UK Budget, but I hope this transparent and proactive approach will help to make parliamentary consideration of the Scottish



Budget as meaningful and effective as possible as the Budget Bill proceeds over the coming weeks.

These issues have also further underlined the limitations of the existing Fiscal Framework and the strain this has put on our ability to respond to the crisis – limitations in tax powers, our inability to borrow on the financial markets, or even exceptionally use unspent capital funding to address immediate day-to-day needs, leaves us reliant on decisions made by the UK Government. Our Medium Term Financial Strategy, published alongside the Budget, sets out many of these issues in more detail and what I believe to be an utterly compelling case for further fiscal devolution. With this in mind, I will work to ensure that the forthcoming review of the Fiscal Framework delivers fairer funding arrangements and much greater fiscal flexibility for Scotland.

The continued threat from COVID-19, and the need to put in place the necessary public health measures, and in turn economic and social measures, means that we must be responsive and adaptable. We cannot be certain what further risks lie ahead, and in turn what measures may be required. In our planning, we have done everything possible to build in the necessary resilience, but we will need to maintain maximum flexibility and the support of a broad range of partners to deliver what is needed.

The collaborative and partnership approach to managing the crisis across all areas of Scottish life – public and private, national and local – has been truly inspirational. People, businesses, and a wide range of organisations have come together in ways never seen in recent memory. With the uncertainties that lie ahead, but also the green shoots of hope we now see, this Budget will require a similarly collaborative approach across the Scottish Parliament. We must deliver resources where they will have the greatest impact, help manage the continued effects of the crisis and provide the strongest framework for recovery and renewal.

We have been through so much as a country already, and we cannot guarantee that difficult times do not still lie ahead, but there is light at the end of the tunnel. I give my assurance that this is a Budget that seeks to mitigate the prevailing risks as far as possible, making the light at the end of the tunnel shine that bit brighter. This is a Budget that I firmly believe can help to secure a positive future and I will engage with all parties in the Scottish Parliament to deliver it for Scotland.

**This Budget will:**

- Support the safe and sustainable recovery of the NHS, with record funding in excess of £16 billion – an increase of over £800 million in core Health and Sport funding to allow investment of £11.9 billion in Health Boards, £1.9 billion for primary care, and spend in excess of £1.1 billion for mental health services.
- Direct £145.3 million funding to alcohol and drugs support, with an increase of £50 million specifically targeted at reducing drugs deaths – part of a five-year, £250 million commitment.
- Invest £883 million in social care, including £34 million for delivery of the living wage.
- Support the economy and protect jobs through NDR measures worth almost £1 billion, extending current relief for the most affected sectors and reducing the poundage for all businesses.
- Provide £1.1 billion to drive forward our national mission for jobs, and equip our future workforce with the skills they need, including an additional £125 million of investment targeted at employment support, including the National Transition Training Fund and Young Person's Guarantee, alongside £230.9 million for Skills Development Scotland.
- Invest £2.7 billion in education and skills – alongside significant funding delivered through the local government settlement – including £125 million to help close the attainment gap, and £1.9 billion for our world-class universities and colleges.
- Support all sectors of our economy to recover and grow sustainably with £17 million additional funding for our enterprise agencies, the launch of our £100 million Green Jobs Fund, and £51.9 million of dedicated help for our tourism sector including doubling the Rural Tourism Infrastructure Fund.
- Deliver just over £6 billion of capital investment in 2021-22 through our National Infrastructure Mission – including £667.6 million grant funding to continue our ambitious programme of affordable house building, £142 million to support housing support schemes including shared equity and almost £100 million for superfast digital connectivity.
- Invest £2 billion additional funding to decarbonise the way we live, travel, and heat our buildings, and to support woodland creation – supporting new, green Scottish industries, creating thousands of low carbon jobs, and helping to end Scotland's contribution to climate change by 2045.
- Secure £3.5 billion for social security and welfare payments, including £68 million for the 'game changing' Scottish Child Payment, which once fully rolled out will help lift an estimated 30,000 children out of poverty.
- Help to protect local services by guaranteeing £11.6 billion for local government, including £90 million to deliver a national council tax freeze and £567 million to deliver our commitment to 1,140 hours funded early learning and childcare by August 2021.
- Keep our communities safe with £1.3 billion for the Scottish Police Authority, including an uplift of £60 million in the resource budget – continuing to deliver real terms protection and surpassing our commitment to deliver a £100 million boost by 2021.
- Deliver a clean, efficient, and connected transport network, with investment of £3.2 billion, maintaining our record high commitment of £100.5 million for active travel, and £15 million to deliver a concessionary travel scheme for under-19s.

**Kate Forbes,**  
Cabinet Secretary for Finance



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# CHAPTER 1

## Strategic Overview – Protecting Scotland, Renewing Scotland

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### INTRODUCTION

#### Background

This Scottish Budget is like none before it, and is informed by the experiences and impacts of the past twelve months. The pandemic, and the necessary public health measures, have had a significant cost. It has taken a heavy toll on countless people, and we have lost too many lives, each one a personal tragedy. This health crisis has in turn brought devastating consequences for the economy, impacted on education, learning, and life opportunities, and taken a toll on our communities and individuals.

As we have since the start of the pandemic, the Scottish Government will respond quickly and decisively to tackle the continued threats of the virus, while doing all we can to secure social and economic recovery, and support our collective wellbeing. We are fully utilising every resource and lever at our disposal to achieve the greatest possible impact.

During 2020, our collective effort and sacrifices helped suppress the virus to low levels, and ensured we protected lives and our health and care services. Towards the end of 2020, however, there were two significant developments in Scotland's fight against this virus: the huge positive of the start of vaccine roll out which offers us the way out of the crisis, set against the devastating blow of a new, faster-spreading variant of the virus, necessitating stronger protective measures.

In response to these challenges, the Scottish Government has made a range of significant interventions over the last twelve months and the Budget 2021-22 is built on these foundations. We have committed to spending all £8.6 billion of COVID-19 Barnett consequential to support Scotland's response over the course of 2020-21, and delivered significant support including:

- £3.2 billion for health and wider public health initiatives in response to COVID-19.
- Providing over £500 million support for local community groups, the third sector, and social protection, supplemented with a further £100 million winter package of support.
- More than £200 million to support schools and families, particularly with the challenges of remote learning, including recruitment of additional staff, additional digital devices or to provide additional family support.

- Committed more than £1.2 billion to support our economic recovery, including a £230 million package for capital projects that will stimulate the economy and £100 million focused on protecting jobs and supporting people made redundant or whose jobs are at risk.
- Over £3 billion of direct business support, enabling them to close down safely and service the crisis, protecting jobs and livelihoods.
- Our bespoke economic response has enabled us to support sectors in Scotland that have missed out on funding through UK-wide schemes.

### **Fiscal and economic context**

Scotland, in common with economies across the world, is experiencing one of the largest economic shocks in history. In turn, this economic shock will have a devastating impact on people's jobs and standards of living and on businesses.

In line with the UK as a whole, economic activity in Scotland shrank by almost a quarter in March and April 2020, during the first national lockdown. Six consecutive months of positive growth following the lockdown demonstrated that progress has been made in recovering from the initial economic impact. However, the pace of the recovery has slowed significantly from the summer months as underlying demand in the economy remains subdued. The short-term economic outlook has also deteriorated following the discovery of the faster spreading COVID-19 variant which led to further protective measures towards the end of 2020.

Given these developments, Scottish Fiscal Commission (SFC) forecasts, published alongside this Budget, show a difficult outlook for the Scottish economy. The necessary protective measures introduced in January to suppress the spread of the new variant of COVID-19 are expected to reverse some of the gains seen in the fragile economic recovery last summer, as GDP is forecast to fall by 5.2% in the first quarter of 2021. The roll-out of a vaccine, and the gradual easing of restrictions this may allow, means that the economy is expected to return to growth across 2021-22 as a whole. However, the SFC still expect a degree of longer-term damage to the economy and they do not expect GDP to return to pre-pandemic levels until the beginning of 2024.

Scotland's economy has, to date, performed very similarly to the UK's during the pandemic, and the SFC is clear that they believe the outlook for Scottish and UK GDP is broadly similar. However, the latest SFC forecasts have been produced at a time when Scotland and the rest of the UK have tightened restrictions, reducing short-term economic growth. In contrast, the OBR in November 2020 forecast that GDP would continue to grow at the beginning of the year, with the UK remaining in restrictions broadly equivalent to the English tier 3. This timing difference results in the SFC forecast meeting the conditions for a "Scotland-Specific Economic Shock" in 2021-22, which occurs when Scottish GDP growth is forecast to be significantly weaker than the UK. The SFC note that the conditions for the shock may therefore no longer be met when the OBR publish their updated forecasts in March 2021, alongside the UK Budget, or once outturn data are available.

While the triggering of a “Scotland-Specific Economic Shock” is primarily the result of a difference in timing between the SFC forecasts and those of the OBR, under the Fiscal Framework it automatically increases the Scottish Government’s borrowing and reserve flexibilities. Scottish Ministers have made clear their view that the Scottish Government’s restricted fiscal powers have been an impediment to our pandemic response. We have carefully considered how these additional flexibilities can be used to support Scotland’s response and recovery from COVID-19.

Despite the falls in economic activity, to date the labour market has been protected from the full impact of the pandemic, with changes in the headline unemployment rate in both Scotland and the UK as a whole being relatively small. This is primarily due to the UK Government’s furlough scheme, which has helped firms continue to employ and pay staff even when they are not working. This highlights the importance of providing ongoing support to continue to mitigate the worst of the impacts on households until the vaccination programme allows the economy to fully reopen.

As a result of this support, the expected fall in tax receipts is also much smaller than the contraction in economic activity. In addition, the Fiscal Framework cushions the Scottish Budget against economic shocks that affect the UK as a whole, as the reduction in tax receipts in Scotland is broadly mirrored by a corresponding fall in the Block Grant Adjustment.

In line with current UK Government policy, SFC forecasts are based on an assumption that the Coronavirus Job Retention Scheme will end in April with no replacement. This is the prime driver behind the forecast that unemployment will reach 7.6% in the second quarter of 2021. Scottish Ministers have made clear to the UK Government the critical need for the Scheme to be extended beyond April.

The table below summarises the SFC’s and OBR’s latest economic forecasts.

#### Headline Economy Forecasts

	2018-19*	2019-20*	2020-21	2021-22
<b>GDP Growth (%)</b>				
OBR (UK)	1.4	0.3	(12.9)	10.4
SFC (Scotland)	1.7	(0.4)	(12.4)	7.5
<b>Employment Growth (%)</b>				
OBR (UK)	1.2	1.1	(1.1)	(2.2)
SFC (Scotland)	0.2	(0.4)	(2.8)	(0.7)
<b>Unemployment Rate (%)</b>				
OBR (UK)	4.0	3.9	4.7	7.3
SFC (Scotland)	3.7	3.8	6.6	7.1
<b>Nominal Average Earnings Growth (%)</b>				
OBR (UK)	2.8	2.9	0.9	2.2
SFC (Scotland)	2.8	4.2	2.1	2.5

\*Outturn data, Source: SFC, OBR

While the economic and social shock has been severe, it has been felt most acutely and disproportionately across certain sectors, demographics and geographical areas. We also face the parallel threat of EU Exit, and the new trading relationship negotiated by the UK Government. The viability and competitiveness of Scottish exporters are being hampered by new trading regulations, particularly those sectors most exposed to the changes such as manufacturing, food and drink, agriculture, forestry and fisheries. These sectors have been faced with the introduction of customs controls, rules of origin and other non-tariff barriers, and left with little time to prepare. We are already seeing delays in deliveries, causing significant damage to businesses, particularly those trading in high value, but perishable and short shelf-life produce. This could, in turn, have a disproportionate impact on rural and coastal communities for which these businesses are vital.

The new and diminished trading relationship with the EU will also have a detrimental impact across the wider economy. Whether through lower levels of migration, increased barriers to trade, or detrimental impacts on future productivity and investment, there is substantial evidence that households and businesses across Scotland are likely to be worse off than if we had retained full membership in the EU. Scottish Government modelling estimates that, even with a deal of the kind that the UK has negotiated, Scotland's GDP could be around 6% lower by 2030 than it would have been had we retained full EU membership.<sup>1</sup>

In responding to these significant economic risks, there is still uncertainty around the 2021-22 financial settlement for Scotland, as a result of the UK Government's recent spending review. This only provided half the information we require. Scotland's devolved funding is contingent on information in the delayed UK Budget – including UK Government tax decisions, final block grant adjustments and potentially further consequential. The spending review also indicates the potential for quickly winding down existing support mechanisms, including job support and rates relief schemes – with no replacement support, there would be risks to our response to the pandemic.

To a significant degree, our long-term ambitions are put at risk by a worsening of the capital and financial transactions budget position as a result of the UK Spending Review, where we face a cash terms cut on the 2020-21 baseline. This undermines our ability to make the level of investment we need to secure our long-term recovery. In Scotland, our Capital Spending Review and Infrastructure Investment Plan will be published shortly after this Budget. They will set out our multi-year capital and infrastructure plans and will show a substantial pipeline of future investment, securing good jobs across Scotland.

Over the next Parliamentary term, to 2025-26, our policy is to borrow between £250 million and £450 million annually to ensure sufficient capital investment to support economic growth, and deliver the National Infrastructure Mission, while retaining sufficient headroom for future years.

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<sup>1</sup> [Scotland's Place in Europe: People, Jobs and Investment](#)



While additional pandemic-related funding received to date from the UK Government has been welcome, it is clear that it falls short of what is required to tackle the scale of the challenge, and will make recovery far harder. Further funding and additional fiscal flexibilities are required. We will work to ensure that the forthcoming review of the Fiscal Framework delivers such progress.

### **Priorities for 2021-22**

The Scottish Budget 2021-22 has been developed against the backdrop of the clear and significant threat still posed by the virus, but also the hope for better days ahead presented by the continued roll-out of the vaccination programme. The Budget sets out the Scottish Government's tax and spending plans for the year ahead, focused on the economic response to COVID-19 and the UK's exit from the EU, as well as longer-term recovery, resourcing public services for the challenges ahead, and supporting households and communities at a time of real uncertainty.

It provides the resources to deliver on the strategic approach set out in Programme for Government 2020-21, to protect and renew Scotland, and reset progress towards our national outcomes, across three core priorities: a national mission to create new jobs, good jobs and green jobs; promoting lifelong health and wellbeing; and, promoting equality and helping our young people fulfil their potential.

We will use our devolved tax powers to support our spending commitments and Scotland's economic recovery in 2021-22 and beyond. The revenues we raise from taxation will support the most comprehensive range of free to access public services in the UK, as well as ongoing COVID-19 support. We are providing certainty and stability for Income Tax payers and home buyers, supporting a council tax freeze to protect households incomes, and continuing to offer unprecedented support for businesses, including targeted support for the Retail, Hospitality, Leisure and Aviation sectors.

The full detail of tax policies is set out in Chapter 2, and includes:

- Income Tax rates will remain unchanged and the starter and basic rate bands, as well as the higher rate threshold, will increase by CPI inflation (0.5%). The top rate threshold will remain frozen in cash terms at £150,000, as has been our policy since 2017-18.
- All Scottish Income Tax payers will therefore pay slightly less in 2021-22 than in 2020-21, based on their current income, and a majority will continue to pay less tax than if they lived in other parts of the UK, based on our assumptions about the UK Budget on 3 March 2021.
- The ceiling of the nil rate band for residential Land and Buildings Transaction Tax (LBTT) will return to £145,000 from 1 April 2021, as intended when the temporary change was introduced. First-time buyers will continue to be able to claim the first-time buyer relief, which has the effect of raising the nil rate band to £175,000 and results in a reduction of tax of up to £600.

- An inflation-based increase will be applied to the standard and lower rate of Scottish Landfill Tax (SLfT), ensuring consistency with planned Landfill Tax charges in the rest of the UK.
- Our Non-domestic rates regime will continue to be the most competitive regime anywhere in the UK, with the Basic Property Rate ('poundage') being reduced to 49 pence, saving Scottish ratepayers over £120 million compared with previously published plans. The 100% relief for Retail, Hospitality, Leisure and Aviation sectors will be extended for at least three months.
- We are providing an additional £90 million to compensate councils that choose to freeze their Council Tax at 2020-21 levels, helping to protect household incomes.

**Scottish Government Budget Control Limits 2019-20 to 2021-22**

Cash Terms	2019-20 £m	2020-21 £m	2021-22 £m
UK Government Spending Review settlement – November 2015	30,870		
UK Government Spending Round settlement – September 2019		35,728	
UK Government Spending Review settlement – November 2020			37,249
Subsequent Barnett consequentials and other additions	2,384		
Anticipated Barnett Consequentials		468	
<b>Total Budget Limit from HM Treasury (A)</b>	<b>33,254</b>	<b>36,196</b>	<b>37,249</b>
<i>Of which:</i>			
Fiscal Resource Budget Limit	27,633	29,711	30,923
Non-cash Budget Limit	1,145	1,145	1,145
Capital Budget Limit	3,956	4,734	4,973
Financial Transactions	519	606	208
Block Grant Adjustment for Social Security (B)	290	3,203	3,310
Ring-fenced and Non-Barnett Funding (C)		472	756
Covid-19 funding – Spending Review settlement – November 2020			1,328
Anticipated Covid-19 Consequentials			500
<b>Total Covid-19 Funding (D)</b>			<b>1,828</b>
Block Grant Adjustment for Taxes and Non-Tax Income	(12,190)	(12,991)	(12,430)
Scottish revenues:			
Scottish Income Tax	11,684	12,365	12,263
Land and Buildings Transaction Tax	643	641	586
Scottish Landfill Tax	104	116	88
Non-Tax Income	25	25	25
<b>Net Resource Budget Adjustment for Taxes and Non-Tax Income (E)</b>	<b>265</b>	<b>156</b>	<b>532</b>
Reconciliation to Outturn (F)	(3)	(207)	(319)
Resource Borrowing (G)		207	319
Capital Borrowing (H)	450	450	450
<b>Total Scottish Government Funding (A+B+C+D+E+F+G+H)</b>	<b>34,256</b>	<b>40,477</b>	<b>44,125</b>

Figures may not add due to rounding.

For full detail regarding this table and a full reconciliation to spending plans, see Annex A.

**2021-22 Proposed Portfolio Budgets**

	Resource £m	Capital £m	Financial Transactions £m	Total £m	UK Funded AME £m	Total £m
<b>2021-22 Scottish Budget</b>						
Health and Sport	16,406.9	529.0		16,935.9	100.4	17,036.3
Communities and Local Government	8,447.1	1,363.0	100.0	9,910.1	2,631.0	12,541.1
Finance	259.5	24.0	3.3	286.8	5,853.8	6,140.6
Education and Skills	3,371.3	398.0	22.1	3,791.4	416.3	4,207.7
Justice	2,861.2	166.5		3,027.7	-	3,027.7
Transport, Infrastructure and Connectivity	1,671.9	2,246.8	54.6	3,973.3	-	3,973.3
Environment, Climate Change and Land Reform	204.2	303.0	(0.6)	506.6	-	506.6
Rural Economy and Tourism	978.7	163.2	28.6	1,170.5	-	1,170.5
Economy, Fair Work and Culture	705.1	130.6	200.0	1,035.7	-	1,035.7
Social Security and Older People	3,907.0	93.0		4,000.0	-	4,000.0
Constitution, Europe and External Affairs	80.3	-		80.3	-	80.3
Crown Office and Procurator Fiscal Service	151.9	4.8		156.7	-	156.7
<b>Scottish Government</b>	<b>39,045.1</b>	<b>5,421.9</b>	<b>408.0</b>	<b>44,875.0</b>	<b>9,001.5</b>	<b>53,876.5</b>
Scottish Parliament and Audit Scotland	132.3	1.3	-	133.6	2.0	135.6
<b>Total Scotland</b>	<b>39,177.4</b>	<b>5,423.2</b>	<b>408.0</b>	<b>45,008.6</b>	<b>9,003.5</b>	<b>54,012.1</b>

## Outcomes and Equality

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



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

## **A NATIONAL MISSION FOR NEW, GREEN AND GOOD JOBS**

The global pandemic has had a profound impact on the global economy – Scotland could never be immune to this. While that has required immediate action, it also requires us to consider the longer-term, and deliver a strong, fair and green economic recovery, across the National Outcomes.

While suppressing COVID-19 and ensuring the safety of Scotland's people will remain a priority for as long as the virus poses a public health threat, we will sharpen our focus on rebuilding for the future. We will target resources towards protecting businesses and employees where public health measures require it, while stimulating a safe, swift and sustainable recovery.

We have adopted a national mission to create new, good and green jobs which will protect people from redundancy and unemployment, and invest in our Green New Deal, along with our continued delivery of the recommendations of the [Advisory Group on Economic Recovery](#), including monitoring progress towards our National Outcomes.

### **Investing in jobs and opportunities**

Given the scale of the unfolding economic crisis, the immediate challenge is to protect and increase the number of jobs, particularly in areas of high growth and economic opportunity, and where they meet our green ambitions. That in turn can provide businesses with the confidence to invest in a resilient, sustainable and net-zero future, including social enterprises, which often lead the way in their contribution to a Wellbeing economy and which we are committed to seeing become widely accepted as a more just, democratic and inclusive way of doing business.

### **Building on the significant package of support set out in Programme for Government, the Scottish Budget provides investment of around £1.1 billion for jobs and skills.**

While the pandemic has impacted on all sectors, businesses and people, we know some have felt the impacts more acutely, particularly young people, who have seen opportunities suddenly taken away from them, and their futures made more uncertain, while being at risk from precarious work. In response to the pandemic, we established a package of support to help young people, including £60 million for the Young Person's Guarantee, and £15 million to establish the Apprenticeship Employer Grant. This has created up to 18,000 new opportunities for young people.

We will build on this in the coming year, with an initial additional investment of £125 million. This includes further development of the Young Person's Guarantee, helping achieve our ambition that within two years, every young person will have the opportunity to study; take up an apprenticeship, job or work experience; or participate in formal volunteering.

This investment will enhance existing support, and deliver a broader range of services and interventions to create more labour market opportunities, including more apprenticeships. We will continue to work with partners to ensure the Guarantee is working for all young people, helping them to prepare for and enter work as well as helping to create good, green and sustainable jobs.

This investment will also provide further funding for the National Transition Training Fund (NTTF), building on an initial £25 million already provided in 2020-21. This provides support for individuals to retrain and upskill, and for at-risk sectors to retain a skilled workforce, helping further boost the skilled working population to take advantage of new and emerging employment opportunities as part of a green economic recovery.

We will provide £5 million for Community Jobs Scotland (CJS), which works with voluntary sector employers to create job opportunities for unemployed people aged 16 to 29, particularly those most disadvantaged in the labour market. We will work with delivery partners to align this with our Young Persons Guarantee and the UK KickStart support programme, alongside future transition of CJS delivery into No One Left Behind in 2022-23.

A key part of our skills funding, and driving forward our employability agenda, is funding for Skills Development Scotland (SDS) – increasing in 2021-22 to £230 million – through the Education and Skills portfolio. This will deliver national training interventions, including apprenticeships, Individual Training Accounts, the national redundancy service (PACE), and local careers services. Together with broader employability support, it will help drive forward our national mission for jobs and ensure the future workforce is equipped with the right skills and training.

Across all our work to improve the skills and opportunities available to businesses and people in response to the pandemic, our economic recovery will be a green recovery – this is the right approach in the face of the climate and nature crisis, and provides opportunities for new work and growth in a challenging global market.

Over the next Parliament we will deliver a new £100 million Green Jobs Fund. This will invest £50 million through our enterprise agencies to help businesses which provide sustainable and/or low carbon products and services to develop, grow and create jobs. A further £50 million will support businesses and supply chains to take advantage of public and private investment in low carbon infrastructure, and the transition to a low carbon economy, boosting green employment. In 2021-22, we will allocate an initial £14 million from the Green Jobs Fund, across the enterprise agencies and supporting supply chains.

To ensure everyone can capitalise on the significant opportunities presented by a green recovery, we developed the Climate Emergency Skills Action Plan, helping the people of Scotland retrain and reskill into good, green jobs. It underpins the strategic investment set out across the Programme for Government and Scottish Budget, focused around key sectors which will play a leading role in economic recovery and net-zero: energy transition; construction; transport; manufacturing; and agriculture and land use management. This also underpins the work of the NTTF which places a focus on the provision of green skills to support Scotland's transition to net zero.

Using the experience of the NTTF, we will now work to establish a Green Jobs Workforce Academy. This will ensure our workforce has the right skills to meet the requirements of a just transition by supporting existing employees, and those who are facing redundancy, to assess their existing skills and undertake the necessary upskilling and reskilling they need to secure green job opportunities as they emerge.



Underpinning all of this activity, we remain committed to the principles of Fair Work. Through our Fair Work First approach we will extend Fair Work criteria to as many funding streams, business support grants and public contracts as we can, working with employers to commit to channels for effective voice, such as trade union recognition; investment in workforce development; no inappropriate use of zero hours contracts; action to tackle the gender pay gap and create a more diverse and inclusive workplace; and payment of the real Living Wage.

Our approach will ensure all of our infrastructure spend, but particularly our green investment, will not just provide business with the ability to grow and diversify, but in turn protect existing jobs and create new ones, in those sectors at the forefront of our net-zero ambitions.

### **A green economic recovery**

The impact of the crisis has reinforced the significant work ahead to meet our statutory commitment to be a net zero society by 2045 and to achieve the ambitions of our Environment Strategy, while also showing the opportunities it presents. As we look ahead to the COP26 summit, being hosted in Glasgow in November 2021, we will grasp those opportunities and ensure Scotland is a world-leader in green and renewable technologies, with a just transition and environmental sustainability at the heart of our economic recovery.

Programme for Government set out the initial tranche of £1.6 billion investment from the Low Carbon Fund with the final £400 million set out in the recent Climate Change Plan update. This update sets out a full range of emissions reduction policies to secure our net-zero ambitions, including new policies and outlining where existing policies have been boosted or accelerated since the initial plan in 2018.

This additional £2 billion of low carbon investment across the next five years – starting with £165 million in 2021-22 – together with wider capital investment will deliver a number of large-scale infrastructure projects, including:

- Investment of nearly £1.6 billion to transform heat and energy efficiency of buildings in Scotland, whilst directly supporting up to 5,000 jobs.
- £60 million to support the industrial and manufacturing sectors during a green economic recovery to overcome private sector investment and transition challenges, focused on decarbonisation.
- The £62 million Energy Transition Fund to provide a package of investment for the North East that will support the energy sector and help us make significant progress on energy transition, while promoting sustainable inclusive growth, as we move toward net zero by 2045.
- A £70 million fund to improve local authority recycling collection infrastructure, and develop a new route map to reduce waste and meet our waste and recycling targets for 2025, as part of growing a circular economy.
- Investing over £500 million in active travel over the next five years and a further £500 million in bus priority infrastructure.

- £150 million has been allocated for woodland and forestry through the low carbon fund, supporting an increase in tree planting and woodland creation, from 12,000 hectares in 2020-21 up to 18,000 hectares in 2024-25.
- Investing over £70 million to support a transformative shift to zero emission mobility, including in electric vehicle charging, hydrogen, research and innovation, and consumer loans.
- £120 million for Zero Emission Buses over the next five years, driving forward a fully decarbonised future for Scotland's bus fleet and supporting the Scottish supply chain.
- A new £180 million Emerging Energy Technologies Fund to support the development of hydrogen and Carbon Capture and Storage (CCS), and add impetus to the development of Negative Emissions Technologies.
- £50 million to create Active Freeways, providing sustainable transport infrastructure between settlements and major trip attractors.

Alongside our direct investment, we will continue to leverage private investment in new technologies and green sectors, boosting growth and employment opportunities. That means not just creating new jobs, but also protecting businesses and people in sectors which have been hit hard and providing opportunities to adapt. This includes hydrogen and CCS which present important opportunities for Scotland's mature oil and gas industry which the Scottish Government is supporting through our significant £180 million emerging energy technologies investment. This will bring forward projects for hydrogen, CCS, and negative emission technology as significant new components of our energy transition and critical emerging markets for the Scottish economy.

These new sectors can utilise existing skills in Scotland's oil and gas industry and supply chain to offer the workforce a just transition. Our storage potential can open up opportunities to import carbon dioxide from overseas, supporting international decarbonisation, and green hydrogen produced by utilising our offshore wind potential can open up new export markets in addition to supplying domestic ones – reflected in our £120 million investment in zero emission buses.

Capturing the cross-cutting benefits of our policies and maximising our investments will ensure we harness the power of Scottish supply chains to drive sustainable growth and a just transition. A key example is our approach to low and zero transmission heat, and we estimate our investment here will support as many as 24,000 jobs in Scotland. Developing a skilled workforce based on high-quality jobs and successfully building strong and competitive Scottish supply chains will be critical to unlocking high-volume delivery of heat decarbonisation and offers the potential to compete in markets outside Scotland.

There is also clear scientific evidence on the links between the twin crises of climate change and biodiversity loss, and we will continue to address these hand in hand, with investment in nature-based solutions. Biodiversity sits at the heart of our green infrastructure investment, with significant investment in our natural economy through the Low Carbon Fund.

We will provide an extra £150 million for flood risk management, with an additional £10 million in 2021-22. This is in addition to our ongoing commitment to provide £42 million annually to local authorities for flood risk management. In 2020 we set out ambitious plans to invest a cumulative £250 million in peatland restoration by 2030. This budget confirms that peatland restoration spend will increase by 10%, to £22 million in 2021-22 as part of a multi-year spending package. This will allow multi-year and large-scale projects to be implemented to boost restoration activity and deliver co-benefits for biodiversity and flood mitigation.

This investment will directly tackle the twin crises of climate change and biodiversity loss while also providing good green jobs, particularly in many of our remote and rural communities. Funding for biodiversity projects also compensates, to some extent, for the UK Government's failure to provide clarity on a replacement for the EU LIFE scheme, and we will increase funding for biodiversity projects to £5 million in 2021-22, complementing the wide range of Scottish Government-funded activity that delivers positive outcomes for biodiversity.

2021 is a vital year for climate change action and COP26 in Glasgow puts Scotland at the centre of global commitment. The Budget includes over £8 million for outreach and engagement activities connected to COP26, enhancing our leadership and impact. We are also fully meeting our commitments to international climate justice, renewing our £3 million Climate Justice Fund, and to supporting change by local communities, with £10 million for the Climate Challenge Fund. This includes an element of capital spend, allowing communities to invest in vital infrastructure.

### **No one left behind**

The National Performance Framework promotes greater equality in Scotland and ensures we put the needs of our most disadvantaged and marginalised communities at the forefront of our action. We will ensure everyone can benefit from our economic recovery. The pandemic has shone a light on the disparity in employment for those most at risk of poverty and the barriers they can face, and the importance of access to good-quality, fair work. Increasing family incomes from employment is also crucial to meet our statutory child poverty targets, which underpins our No One Left Behind Delivery Plan. Published at the end of 2020 this sets out how, together with local government and partners in the public, third and private sectors, we will secure transformational change in the delivery of employability services.

We will continue to invest in employability support that helps low-income parents, focused on those family groups identified as being at greatest risk of experiencing poverty within the Tackling Child Poverty Delivery Plan. In 2021-22, we will invest £5 million in the Parental Employability Support Fund (PESF), providing dedicated support for low-income families. We will also continue our boost to PESF for Early Learning and Childcare and young parents support, which will work alongside ongoing employability support to disabled parents. We will provide funding of £27 million for our devolved employment service, Fair Start Scotland, part of a two-year extension of the service, from which we expect to see support up to 29,000 people. It also provides £14.1 million for the Employability Fund, supporting up to 8,300 training places.

Recognising the importance of flexible working patterns, particularly people with caring responsibilities – often women – to be able to stay in paid work and develop their own careers, we will continue to fund support and advice for employers on flexible working, and will support women to return to the workplace through our Women Returners Programme. We are committed to tackling the gender pay gap and creating a more diverse and inclusive workplace to progress towards our vision for making Scotland a Fair Work Nation by 2025.

We will also continue to support the Workplace Equality Fund, supporting a range of fair work projects for disabled, women and minority ethnic workers, and work to at least halve the disability employment gap by 2038. This includes undertaking a review of supported employment provision in Scotland, providing support for disabled people on their employment rights and discrimination redress, and support to improve recruitment and retention of disabled people.

### **Supporting a sustainable recovery for business**

Non-domestic rates (NDR) relief formed a key part of our emergency package of measures to support business during the pandemic. We provided additional relief worth £965 million (as at 1 July 2020), including 100% relief to all retail, hospitality, leisure and aviation premises. This was on top of the most competitive relief package in the UK, worth over £700 million, including the Small Business Bonus Scheme which benefits more than 117,000 premises. This provided unprecedented support to businesses, and effectively underwrote almost £1.6 billion of NDR income for local government. Uniquely in the UK, we guaranteed all NDR income for local authorities.

Extensive engagement with businesses has made it clear that their overriding priority in 2021-22 is continued certainty of NDR relief, and to avoid a cliff edge in support. While the lack of clarity from the UK Government has undermined our ability to provide this, we recognise the need to provide the greatest certainty and confidence for businesses that we can. The Scottish Budget commits to extending the current NDR relief available to properties in the retail, hospitality, leisure and aviation sectors for at least the first three months of the financial year. This relief – forecast by the Scottish Fiscal Commission to be worth £185 million – will be funded through the receipts received from businesses who have chosen to reimburse the NDR relief provided in 2020-21, and will provide a degree of early certainty to the most directly affected sectors despite the lack of clarity from the UK Government.

This responds directly to the key ask from businesses within the fiscal limitations of the devolution settlement. It recognises business confidence is fragile, particularly in light of uncertainties over the UK Government's support measures such as the furlough scheme. Chiefly, it does not preclude further intervention following the UK Budget in March. Should the UK Government bring forward an extension to their equivalent RHL relief that generates consequential funding, the Scottish Government will match the extension period as part of a tailored package of business support measures.

Early confirmation of an extension to NDR relief will be welcome news for those sectors that directly benefit, but we recognise that COVID-19 has had a broader impact on the

Scottish economy and the commercial property market. Following two years of offering the lowest poundage in the UK, the Scottish Budget now delivers the unprecedented step of reducing the poundage mid-revaluation. This decision will save Scottish businesses over £120 million compared with previously published plans.

The commercial property market is likely to evolve as we emerge from the pandemic and the Scottish Budget commits to an expansion of the Business Growth Accelerator and Fresh Start reliefs which are unique to Scotland. This will encourage changes in the use of existing assets as well as the reoccupation of long-term empty properties.

The Budget maintains our commitment to a competitive rates regime. It delivers an unprecedented reduction in the poundage as well as the most generous reliefs in the UK for small businesses; for nurseries; for low carbon technologies; for new-builds and building improvements; and for the sectors most directly affected by the current COVID-19 pandemic. The Scottish Government is unable to replace the income lost by businesses due to COVID-19, but these NDR measures, worth almost £1 billion, highlight the priority that the Scottish Government place on guiding the economy into recovery after the most challenging of years.

### **Investing for growth, jobs and prosperity**

Making the right investments in the right places is crucial, to sustainable and inclusive growth, and our capital funding decisions matter just as much as our day-to-day spending – supporting employment and economic recovery through large-scale infrastructure plans.

Our ability to do that has been severely impacted by the UK Government Spending Review which saw a cash terms cut to the Scottish Government's budget across capital and financial transactions. Despite this, we will take forward an ambitious programme of investment within the resources available to us. We will shortly publish our final Infrastructure Investment Plan (IIP) and Capital Spending Review (CSR), setting out a common, single vision for all infrastructure investment choices: that our infrastructure supports Scotland's resilience and enables inclusive, net-zero and sustainable growth.

The IIP covers 2021-22 to 2025-26 and will set out a significant pipeline of projects and programmes to stimulate Scotland's economy. The CSR will set out budgets for the five years of the IIP, demonstrating the affordability of these programmes and projects, and confirming that we will deliver our National Infrastructure Mission to increase annual investment in infrastructure by £1.56 billion by 2025-26 – a total investment value of over £33 billion pounds in the next five years.

The IIP will be key to the success of the National Mission for Jobs, offering a robust pipeline of work that will help stimulate a green recovery – providing good, green jobs, stimulating supply chains and building market confidence. It is estimated that just over £6 billion of investment in 2021-22 set out in National Infrastructure Mission, rising to around £7.2 billion in 2025-26, will support 45,000 full-time equivalent jobs across those years. This includes the jobs supported directly, mainly in the construction sector, but also the indirect jobs supported in the supply chain.



These efforts are enhanced by the Scottish National Investment Bank – the single biggest economic development in the history of the Scottish Parliament, and the UK's first development bank. We are capitalising the bank with £2 billion over the next ten years, and will provide £200 million fresh capital, alongside the Bank recycling its own receipts, for investment in 2021-22.

The bank has a primary mission to provide the investment needed to put business at the forefront of driving forward our net-zero ambitions. It will provide finance and catalyse private investment to achieve a step change in economic growth by powering innovation and accelerating the move to a net zero emissions, high-tech, connected, globally competitive and inclusive economy.

### **Investing in a digital economy**

Scotland's tech scene is one of the most innovative, high-growth sectors we have and it will be critical to our economic recovery. As we continue to renew our economy that innovation is even more important. The Scottish Government commissioned the Scottish Technology Ecosystem Review (STER) to recommend how we can harness the enormous potential of the tech sector and how it can contribute to Scotland's economic recovery following the pandemic. That review attracted critical acclaim, and provided an industry-led blueprint for the Scottish tech industry, outlining the actions necessary to elevate the sector to a world-class level.

This budget provides £7 million to drive implementation. This will allow us to create a national network of 'tech scalers', world class startup development facilities delivering first rate commercial training to Scotland's most promising early stage businesses. We will also create a £500,000 Ecosystem Fund, which we will seek to top-up with private investment. This fund will be used to invest in the strategic assets which underpin the world's best entrepreneurial ecosystems. We expect this network to be benefiting at least 300 startups by 2025. In addition, this budget will further support the recommendations in STER to improve the performance of university spinouts, an improved early stage investment market, and increasing the involvement of industry in supporting school age learners to develop as confident and creative coders.

To truly reap the economic rewards of technological advancement we must also support our SME businesses in more traditional sectors to adopt and successfully integrate new technologies. In January 2021 we provided a further £21.8 million of funding to help Scotland's businesses to realise their digital ambitions. We will monitor the progress of this new programme closely and, if appropriate, will look to build on it in the forthcoming year.

The pandemic has highlighted the benefits of a more digitally connected world, for health and care, for businesses and for social connection, but the crisis has also shone a stark spotlight on continued digital exclusion in Scotland. As we harness the potential of Scotland as a world-class digital nation, we will also ensure the benefits are felt widely.

In 2021-22, we will provide capital investment of £98.2 million in digital connectivity, helping bring more people into the digital world. This includes continued funding for our Reaching 100% (R100) programme, to ensure that all premises in Scotland can access

superfast broadband. It also provides continued funding for improved mobile coverage through delivery of 4G and 5G infrastructure, including the Scottish 4G Infill programme and The Scotland 5G Centre. Mobile coverage will be enhanced by extensive commercial roll-out of 5G and a new industry-led programme, the Shared Rural Network, which will further improve 4G coverage in rural Scotland.

As part of our work to ensure digital inclusion for all, we will continue delivery of our Connecting Scotland programme which provides families with a device, 24 months' unlimited data as well as technical support to get online safely and securely. This builds on support we provided for the 'shielding' group during the first lockdown, to support families with children and young care leavers over the winter. It will bring the total number of digitally excluded households we have helped to get confidently online up to 55,000 by the end of 2021, backed by total investment of £45.6 million.

### **Promoting Scotland's place in the world economy**

With the twin threats of the continuing economic impact of the pandemic, and the immense harm that will be caused by the UK's withdrawal from the EU, our work to promote Scotland's place in the world as a high-performing economy, with a significant amount to offer our trade partners and inward investors, is vital. Scottish Government modelling suggests that the UK Government-negotiated Trade and Cooperation Agreement (TCA) will remove around £9 billion from the Scottish economy by 2030 compared to continued EU membership. In contrast we will build a wellbeing economy that is global in outlook, providing funding to deliver our ambitions both for inward investment and outward trade and exports. Importantly, we will ensure our approach always aligns with our values of fair work, net zero and sustainable and inclusive growth.

Enterprise, Trade and Investment funding of £311.3 million will support work on the three pillars of internationalisation of our economy – inward investment, trade, and capital – all underpinned by our soon to be published, values-led, trade policy vision.

The Budget also supports our work with Scottish Enterprise and others in delivering our commitment to create a more prosperous, innovative nation, with more jobs, fair work and a dynamic, sustainable and inclusive economy. It promotes Scotland's interests and enhances our external relationships through our GlobalScot network, our Trade Envoys and our work to promote Brand Scotland – building our international presence and development of trade policy. To achieve maximum impact we will promote Scottish businesses, products and investment opportunities to a global market, focusing on areas where engaging internationally will lead to economic growth.

Inward investment brings significant value to Scotland's economy, both in terms of the direct benefits that accrue from job creation, but also the wider economic benefits such as Scottish business access to global technology, markets, talent and finance. Inward investors constitute 3% of Scotland's businesses, yet are responsible for 34% of employment and 50% of turnover in Scotland. Through our Inward Investment Plan and 'A Trading Nation: A Plan For Growing Scotland's Exports', we aim to attract more foreign



investment and help our exporters be more successful. We are working to support more strategic investments up to £20 million per annum, and grow exports from 20% of GDP to 25% by 2029. Our Capital Investment Plan will also provide a set of actions to improve performance in attracting internationally mobile private capital.

Underpinning Scotland's position as a responsible global partner, we will continue to deploy £10 million through the International Development Fund, supporting development programmes delivered by a range of organisations in Scotland, and working with partners overseas, clearly focused on the achievement of the UN Sustainable Development Goals.

Across the Constitution, Europe and External Affairs (CEEA) portfolio, we will invest to continue our engagement at home and internationally to enhance Scotland's reputation and increase sustainable economic growth, pursue our interests overseas, and promote Scotland as a great place to live, visit, work and do business. This delivers funding for our international and European relationships – supported by our external network of offices – ensuring Scotland remains a valued and well-connected nation. We will work to protect the rights of EU citizens and ensure that those resident in Scotland are provided with information, support and practical advice on their rights as a result of the UK leaving the EU.

### **Ensuring economic prosperity across Scotland**

The shock of the pandemic has exposed the fragility of some parts of our economy and our communities. Across all of our actions to deliver social and economic renewal, and secure a fairer, stronger recovery, we will deliver inclusive growth, felt in every area across Scotland.

We have catalysed local economic development in recent years through the expansion of our City Region and Growth Deals programme. Seven regional Deals are now in delivery (Glasgow, Aberdeen, Inverness and Highland, Edinburgh and South East Scotland, Stirling and Clackmannanshire, Ayrshire, and Tay Cities); Heads of Terms have been agreed for Borderlands and Moray; and, discussions are ongoing on reaching Heads of Terms for Falkirk, Argyll and Bute, and the Islands (Outer Hebrides, Orkney and Shetland).

Since 2014, the Scottish Government has committed over £1.9 billion to Deals and associated investments, with a further £2.2 billion committed by regional partners and £1.5 billion by UK Government. Each Deal represents a long-term commitment that will help secure inclusive growth, delivering significant and lasting economic benefits for individuals, businesses and communities, creating thousands of jobs, and upskilling local labour markets.

In 2021-22 we will invest £210 million in the City Region and Growth Deal programme, and related activity. This funding will enable key projects to be realised across the Deals in delivery, including:

- The Tay Cities Biomedical Cluster, which will build on the University of Dundee's international reputation by developing an innovation hub for new businesses.

- Inverness Castle, which will be opened to the public and be a focal point for tourism in the area and wider highlands, and revitalise Inverness city centre.
- The Great Harbour, Irvine Harbourside and the Ardeer project in Ayrshire, which will secure the Great Harbour as a major regional destination that will physically transform the wider location and create capacity to support community participation and commercial opportunities.

We will also continue our work with partners to progress all Deals that are not yet in delivery, with the aim of concluding full Deals for all regions by the end of 2022.

This also underpins our commitment to community wealth building. Building on success in places like Ayrshire, we are supporting five additional areas – Clackmannanshire, South of Scotland, Western Isles, Tay Cities and Glasgow City Region partners – to identify bespoke community wealth building solutions that will support local people and economies to thrive. Three of these areas (Clackmannanshire, Western Isles and Tay Cities Region) have finalised action plans for their areas and we expect to have all action plans by the end of March.

Our ambition is to ensure that no part of Scotland is left behind, but we know that across Scotland there are many communities who have faced significant damage from the impacts of COVID-19, and are at even greater risk from the UK's exit from the EU. Particularly within our rural and island communities, the impacts have been severe and in 2021-22, we will provide almost £1.2 billion of funding across the Rural Economy and Tourism portfolio.

An area of most marked risk for our rural economy is in agriculture, fishing, and seafood. Despite being only a few weeks since the end of the transition period, we have already seen significant impacts for rural and agricultural businesses, and know that more risk lies ahead. At present, Scottish farmers and crofters stand to lose out on equivalent Common Agricultural Policy Funding of £170 million through to 2025. It is absolutely vital that the UK Government maintains their promise to at least match EU funding.

In the year ahead, and as part of our £801 million investment in agricultural support, we will offer much needed stability to our farmers, crofters and land managers through CAP payments, and deliver and fund activities to ensure our agriculture sector plays a leading role in net-zero through our work with sector-led groups. We will also ensure that those farming and crofting in our most remote and fragile areas continue to be supported through the Less Favoured Areas scheme.

The Budget will also renew our work across the wider marine economy, guided by the new Blue Economy Action Plan. We will support fisheries and seafood sector priorities and potential realignment after EU Exit, delivering sustainable activity which will in turn support the economies of coastal communities. Wider support will also deliver investment in the seafood processing sectors, improving efficiency and reducing emission. However necessary, replacement funding for the European Maritime and Fisheries Fund is estimated to be £62 million – as such, a UK Spending Review allocation of just £14 million will severely limit the scope of aspirations.

We will continue to support agricultural transformation, assisting the sector to reduce greenhouse gas emissions, improve efficiency and enhance Scotland's natural environment, backed by the £40 million Agriculture Transformation Fund. We will also build on the pilot Sustainable Agricultural Capital Grants Scheme, and continue existing mechanisms such as the Farm Advisory Service, Knowledge Transfer and Innovation Fund; and, Farming for a Better Climate.

The Scottish Budget also maximises the contribution of Scotland's forests and land to the economy and net zero, and the wider social, health and environmental benefits they create. £150 million has been allocated for woodland and forestry through the low carbon fund, supporting an increase in tree planting and woodland creation, from 12,000 hectares in 2020-21 up to 18,000 hectares in 2024-25. This sits alongside total funding in the 2021-22 Budget for Forestry and Land Scotland and Scottish Forestry of £121.2 million – an increase of £26.9 million on the previous year. Both organisations will double their youth employment offering, creating economic and employment opportunities across the country, particularly in rural areas; increase capability and capacity within the forestry sector, delivering economic and employment opportunities, particularly in rural communities; and make significant contribution to our net-zero ambitions.

This will help drive forward our ambitions to strengthen our rural, island and coastal communities by helping to create a low carbon rural economy and encouraging more people to live and work in rural parts of Scotland.

Across many of our communities – but particularly in rural and island areas – there have also been significant economic benefits felt through European Structural Funds. These have been key to economic development, investing more than £5.6 billion into a wide range of projects. Following the UK's departure from the EU, the Scottish Government has been clear that we expect to receive our full share from the replacement funding programme, the UK Shared Prosperity Fund (UKSPF) – at least £1.3 billion for a replacement seven-year programme – with Scotland having full say over how these funds are used. Recently, however, the UK Government have announced that they will bypass the Scottish Government, delivering the UKSPF directly. This is a clear incursion into a devolved policy area and overturns many years of established practice. Unlike the UK Government, we have published clear plans for how we would use this funding – which we are being prevented from rolling out. We will continue to press for full control of funding in Scotland.

Tourism also has a key role in bolstering Scotland's place in the world, showcasing our outstanding natural assets and providing an important economic contribution, particularly in rural areas – but the sector has been devastated by the impact of the pandemic. We have commissioned work in response to the recommendations to develop a five-year recovery and investment plan to set the tourism sector back on track to deliver the 2030 tourism strategy, working alongside VisitScotland, the Enterprise agencies, and sector stakeholders. This has already been supported in 2020-21 by a package of £104.3 million.

In 2021-22, we will provide £55.1 million for Tourism. Recognising the acute impact seen by our rural communities, we will double the Rural Tourism Infrastructure Fund, to £6.2 million, helping tourist attractions and their communities make improvements to cope with increased visitors, such as parking areas, visitor facilities and recycling points. This will support the resumption of domestic tourism when the time is right.

We will also provide £103.3 million funding for Highlands and Islands Enterprise and South of Scotland Enterprise – an increase of £17 million – whose work to retain existing jobs and deliver our national mission to create new, good and green jobs is critical to economic recovery. They will continue to provide front line support to businesses and communities in areas disproportionately impacted because of their rurality and their reliance on jobs in the hardest-hit sectors.

Across Scotland we are working to ensure that our diverse and evolving cultural heritage is valued, nurtured, and celebrated, and protects jobs in the culture sector. The 2021-22 budget of £176.7 million for culture and major events will support ongoing delivery of A Culture Strategy for Scotland, focused on three main ambitions: strengthening culture, transforming through culture and empowering through culture.

The Budget will invest in a diverse and resilient culture sector in Scotland, including:

- £63.2 million for our creative industries and the creative economy, including Screen Scotland and Creative Scotland.
- £77.7 million for the national collections, maintaining free access to the permanent collections.
- £22.9 million for the five National Performing Companies, ensuring Scotland's unique culture reaches a wide audience, both digitally and through live performances once safe to resume.
- £75.9 million for Historic Environment Scotland, caring for our heritage and communities, creating local training and employment and supporting the maintenance of traditional craft skills.

The Budget also provides £63.3 million for National Records of Scotland to provide statistics benefiting the public and other stakeholders, including the vital role of regular information and analysis to help monitor the impact of the COVID-19 pandemic. Due to the impact of the pandemic Scottish Ministers also made the decision to move Scotland's Census to 2022 to ensure that it can deliver the benefits required by the people of Scotland.

## **PROMOTING LIFELONG HEALTH AND WELLBEING**

The response of our health and social care staff to the pandemic has been nothing short of heroic. We are hugely grateful for the extraordinary hard work, dedication, skill and commitment of all those working in health and social care during the COVID-19 emergency. We are making a one-off thank you payment of £500 for all full-time NHS and adult social care workers by March 2021, with part-time workers receiving a proportionate share. This investment of about £195 million will benefit over 300,000 staff, including nurses, porters, doctors, primary care staff, homecare workers, care home staff, hospice staff and residential child care staff.

In response to significant additional pressures caused by the pandemic, healthcare staff worked quickly to remobilise and reconfigure both physical and mental health services, with healthcare students stepping into front line care to provide additional support. Social care has played a crucial and critical role throughout, particularly in caring for some of those most at-risk. We must now ensure the necessary investment to appropriately tackle the continued challenges presented by COVID-19, and secure a sustainable renewal and recovery of services which is safe and person-centred. In this, we start from a position of strength.

In 2020-21, before the crisis, we had committed over £15 billion for the Health and Sport portfolio – a record amount and one that ensured we maintained our commitment to pass on all health resource consequential in full, and put health and care on the strongest footing to face the crisis. A further £3.2 billion has been provided in-year for health and wider public health initiatives in response to COVID-19. In the year ahead, we will build on this investment, locking in positive developments, reforming services, and addressing underlying health and wellbeing inequalities.

In 2021-22, investment in the Health and Sport Portfolio will increase to over £16 billion – an increase of over £800 million (5.4%) to the core Health and Sport budget, along with a further £869 million to continue to address COVID-19. This additional funding builds on our record level of health spending in Scotland to ensure that our front line services receive the support that they need to respond to the unprecedented and ongoing challenges presented by COVID-19. We will continue to assess the impact of COVID-19 and its financial implications for our health service and expect the UK Government to deliver its commitment to provide the NHS with whatever it needs throughout this pandemic.

### **Investing in a world-class public health system**

The reality is that COVID-19 is likely to be with us for some time to come. This means we will need to maintain and grow our COVID-19 public health infrastructure including Test and Protect, outbreak management and vaccination programme throughout 2021-22.

The COVID-19 vaccination programme is the most significant logistical operation in Scotland's post-war history, drawing on skills and expertise from across the public sector and beyond. It will help us significantly on the path back to greater normality and gives us real hope for the future. The current national vaccination programme will be offered to the entire adult population, but it is likely that we may need to undertake routine annual vaccinations. That is why we will ensure that the infrastructure we are putting in place is sufficiently robust to stand us in good stead in the future should this be required. This includes, for example, the development of a national vaccination scheduling system and digital platform to record vaccinations, which as well as being critical for the COVID-19 programme, will be rolled out to other Scottish immunisation programmes.

Test and Protect remains a critical part of our response to the pandemic, and we are continuing to expand the use of testing within Scotland, including the more widespread use of asymptomatic testing.



Each and every health board across Scotland is playing a hugely significant role in managing the crisis, and ensuring the necessary capacity is available to prevent the system from being overwhelmed, while continuing to provide excellent care for the most seriously ill. As our initial efforts to suppress the virus made progress, increasingly more and more services were able to restart, with the efforts of healthcare professionals ensuring a safe and sustainable remobilisation where it was possible. In response to the unique challenges of the winter period, we have put in place robust and resilient winter preparedness plans, supported by additional investment of £37 million. While these plans were impacted by the development of the new strain of the virus that emerged towards the end of 2020, we have worked closely with health boards to ensure that as many routine functions are able to operate as is safe to do so.

Our health service remains on emergency footing and any change to this will need to be judged on the prevalence and risk of the virus. To ensure however that we put health boards on the strongest footing to secure recovery, in 2021-22, we will provide £10.6 billion of baseline funding for NHS territorial boards. We will also provide £1.3 billion for our NHS national boards.

We have made significant progress in reducing waiting times over the last few years but we know that progress has been interrupted by the pandemic, with an attendant increase in the numbers of patients waiting for routine appointments and treatments. NHS Boards paused all non-urgent elective surgery during the first wave of the pandemic in March 2020. Over the summer period, NHS Boards developed new processes for admissions for elective surgery in line with infection control measures, and in September 2020 elective surgery activity was at around 65% of the level in the previous year. We will fully pass on £869 million of health COVID-19 consequential, which amongst other areas of critical focus, will enable boards to start to address the pandemic induced backlog and improve access to hospital-based services.

We are taking forward substantial capital investment in the NHS estate, backed by £550 million capital funding for territorial and national boards, delivering the construction of new Elective Care Centres, plus the Baird Family Hospital and Anchor Centre in Aberdeen.

We will also continue to use the NHS Louisa Jordan, which has played a significant role in providing additional capacity over the winter period. The latest available data shows that, since July 2020, over 21,000 patients have been seen at the hospital across 14 specialties. In addition, over 39,000 NHS staff have been vaccinated and over 5,500 individuals from NHS Boards, the Royal College, Universities and Colleges have been trained using the healthcare facilities and simulations on site.

As we continue to learn and respond to the pandemic, there is emerging evidence that a significant number of people who have suffered from COVID-19 are experiencing long-term physical and mental health issues. We know that rehabilitation, clinical input and research are all critical to understanding and supporting recovery – it is crucial decisions about treatment are based on the latest available evidence. The Scottish Government is already investing over £2 million in a portfolio of nine Scottish-led research projects that will greatly increase the clinically relevant knowledge base on the longer-term effects of COVID-19 infection. As our understanding of people's

treatment and support needs develop, further investment will be provided and the final Respiratory Care Action Plan will play a key role in responding to the implications and consequences of COVID-19 for many aspects of respiratory care.

In light of the benefits seen from the use of genomic medicine in improving prevention, diagnosis and treatment for patients with a range of conditions, we are increasing our investment in this area to £2.3 million. The investment will support our implementation plan, which will be published in response to the [UK Government's Genome UK: the future of healthcare Strategy](#). The plan will set out actions in line with the three pillars in the strategy – Diagnosis and personalised medicine, Prevention and Research. We will work closely with the NHS Scotland Laboratory Genetic Services to continue our approach to embedding genomics in routine healthcare.

We will continue to fund the NHS Scotland National Planning Board to support strategic planning of NHS Scotland services in the medium- to long-term, part of which involves taking account of new and emerging areas of health technology and innovation. This investment of £0.5 million will support health boards in shaping their services to meet the needs of the population.

### **Investing in the right care, in the right place, at the right time**

Primary care is the cornerstone of the NHS with the vast majority of healthcare delivered in primary care settings. It is vital in promoting good health self-care, providing care and support in communities for those with long-term health needs (including co-ordination of care for those with co-morbidities), and reducing demands on the rest of the health and social care system. This has arguably never been as important as over the last year, as the system has flexed and worked together to tackle the pandemic.

Our mission now is to lock-in the investment in primary care and build upon it. To do this, in 2021-22 we will invest over £1.9 billion in Primary Care. We will further increase our Primary Care Fund from £195 million to £250 million in 2021-22, which includes support for delivery of the new GP contract and for wider Primary Care reform.

The pandemic has provided an opportunity to rethink how people access quick advice and, in cases where there isn't a life threatening illness or an emergency, help them to get support when and how they need it.

In July 2020, we rolled out our new NHS Pharmacy First service – backed by £7.5 million investment in 2021-22, and due to rise to £10 million by 2022-23. This enables community pharmacies to give people expert help for more minor ailments and common clinical conditions, offering advice, treatment or referral to other healthcare teams if required.

In response to the pandemic, we also set up and delivered COVID-19 Community Pathway to triage and treat COVID-19 cases in the community – keeping the virus out of General Practice. We've invested over £30 million in Community hubs in 2020-21 and will maintain this service while it is still required. This is alongside our continued support for multi-disciplinary teams, which are supporting GPs to fulfil their role as expert medical generalists in the community.



Backed by £20 million, we have introduced a new route through the NHS24 line, providing a remote consultation, avoiding unnecessary waits in crowded waiting areas and offering care much closer to home whenever possible. If A&E is the most appropriate place to provide the right care, patients will either be directly referred to it by NHS24 or through a telephone or video consultation with a senior clinical decision maker. Funding will continue in 2021-22 to support the next phase of implementation, which will include enhancing interfaces with GP in hours, mental health hubs, community pharmacists and the Scottish Ambulance Service.

We also continue to invest in digital health and care, increasing digital capabilities and putting a greater emphasis on digital access to care for the public. Over the last year, we have scaled up the 'Near Me' video consulting service, with over 20,000 consultations per week now being held. With further funding of £2 million in 2021, the Near Me service is now being offered to all public service organisations across Scotland. We will build upon work to support more self-management at home, drive greater collaboration through increased digital infrastructure and take forward work addressing digital inclusion, including a £1 million commitment to support care homes.

From 1 November, dentists have been able to provide a full range of care to their NHS patients, but we recognise that the impact of lockdown has brought financial difficulties. Remobilisation came with additional financial support to NHS dental services, with emergency payments of £12 million per month to support dental incomes and an additional £2.75 million per month as specific sectoral support. In 2021-22, we will provide £431 million for general dental services, helping to support their recovery, accelerate the reform programme for NHS dental services, and take forward a new model of preventive oral health care for NHS patients.

Through the General Ophthalmic Services budget, we provided a substantial package of financial support measures to the community optometry sector during the pandemic. Patients have been supported safely throughout, helped by additional Scottish Government investment in the establishment of Emergency Eyecare Treatment Centres in the early stages of the pandemic, free provision of PPE to practitioners, remote consultations, roll-out of tele-ophthalmology technology and the shared care of hospital patients. In 2021-22, as well as continuing to support existing services through the £111.7 million General Ophthalmic Services budget, the Scottish Government will continue to deliver the recommendations of the Community Eyecare Services Review.

### **Social care**

Those within the care sector – both social care staff and people providing unpaid care – have responded heroically to the challenges of the pandemic, continuing to provide excellent care and support for some of those most at-risk in our society. We will continue to invest in them and the sector, raising its status and excellence as a profession, and ensuring that people using social care support can live independently, be active citizens, and maintain dignity and human rights.

While the impact of the pandemic has been experienced across all of our health and social care services, we recognise that at times it has been most keenly felt in social care, including in care homes. In response, we put in place a number of measures to assist the social care and support system, including provision of funding for PPE and

for costs associated with the additional administration required by care homes as a result of COVID-19. We initially allocated an additional £150 million for social care, and in response to the unique challenges of winter, developed an Adult Social Care Winter Preparedness Plan, backed by an additional £112 million in funding. We introduced the Social Care Staff Support Fund to ensure social care workers receive their expected income, should they be off ill or self-isolating due to coronavirus, and put in place the social care death in service benefit to provide financial assistance for the next of kin of social care workers who have died in service as a result of, or the suspected result of, contracting COVID-19 at work.

Whilst we acted at all times to ensure the protection of staff and residents, and ensure high standards of care, we know that there have been particular challenges and lessons that must be learnt. The pandemic has required us to reconsider our current model of adult social care support, and how this could be improved for the future, to ensure the very highest standards of support for the independence and wellbeing of people who use adult social care support.

In September 2020, we established an independent review of adult social care, to work quickly to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families, and the experience of people who work in it. This includes consideration of a national care service. We will take careful account of the review's recommendations when it is published.

Ahead of the independent review reporting, it is vital that we continue to invest in a high quality social care system and provide the very best standards for staff and social care providers, and those who use or require social care support, and their families, friends and support networks. In 2021-22, an additional £72.6 million will be transferred from the health portfolio to local authorities for investment in social care to support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1 million).

In total, this will take our investment in social care in excess of £883 million in 2021-22.

The integration of health and social care has played an invaluable role in our response to the pandemic – ensuring people can receive the care they need, in a setting that is right for them. In 2021-22, integration authorities will manage nearly £10 billion of funding previously managed separately by health boards and local authorities. This ensures that resources are spent effectively, improving the health and wellbeing of their local communities.

The pandemic has highlighted issues of fairness in employment practice and opportunities for social care workers. Through the Fair Work in Social Care group we are urgently developing proposals to embed the fair work principles, which will lead to better terms and conditions, as well as more rewarding roles for the social care workforce.

Alongside social care, there is an immense and invaluable role played by unpaid carers, a role which came under even greater strain as a result of lockdown. Quite simply, the pressures on health and social care would be unsustainable without the support provided by unpaid carers.

In 2021-22, additional investment of £28.5 million will ensure the ongoing implementation of carers rights under the Carers (Scotland) Act. This includes funding to enable health and social care partnerships to expand their provision of adult carer support plans, young carer statements and support for carers in order to meet projected increases in demand. We will continue to support those who work in the third sector, health and social care and education so that they have the skills, knowledge and confidence to identify, support and involve carers as equal partners and are included in relevant conversations and decision-making.

### **Improving population health**

While much focus has been given to the direct health impacts of COVID-19, it is imperative that attention is given to its wider implications: the virus has exacerbated existing health inequalities and heightened awareness of the need to protect those at risk.

Interlinked with issues of social inequality, one of the greatest health inequalities Scotland faces is the disproportionate harm caused by drugs and alcohol in some communities. The number of drug-related deaths in Scotland is far too high and is a public health emergency – these deaths are tragic and avoidable. Reducing them is a national mission for Scottish Government and for our country as a whole. While it is a complex challenge, that cannot be an excuse and we recognise the need to take action quickly to support people, their families, and their communities. Across government and our public services we will act decisively to support and save the lives of those with problem drug use. We will do so by reducing harm and promoting recovery in communities and in residential rehabilitation settings.

Since 2008, the Scottish Government has invested over £930 million to tackle problem drug and alcohol abuse – but we recognise that our progress on drugs deaths has not been good enough, and we must do more to ensure people do not fall through cracks in support systems.

In 2021-22, we will provide £145.3 million funding for action on alcohol and drugs – an increase of £50 million on 2020-21, targeted towards reducing drugs deaths:

- £79.7 million for drug and alcohol services, delivered through joint decision-making by Integration Authorities and Alcohol and Drug Partnerships;
- £4.6 million for mental health workers who will provide support to those experiencing problem drug use; and
- £61 million of additional funding specifically to support reducing drug deaths.

This life saving work cannot be done by government alone or just by one part of government. It requires genuine partnership-working with people with lived experience, working with services in the public and third sectors. The Drug Deaths Taskforce, established in 2019, plays a key role in advising government on emergency actions that will save lives. The actions we are now taking include an immediate increase in the distribution of naloxone kits. Getting naloxone to someone who is experiencing opiate overdose can save their life and the Police and Ambulance Service have started to make kits available to their staff. We will work to significantly increase the number of paramedics and police officers carrying naloxone kits in 2021-22.

The additional funding next year – part of a total of £250 million over the next five years – will support further investment in a range of community-based interventions, including primary prevention and expansion of residential rehabilitation. Given the scale of the emergency, we will be constantly monitoring the impact of investment and will ensure we get resources to where they are most needed. We will also commit additional funding, if required, to improve toxicology services and to enhance public health surveillance of drugs issues, which is essential to ensuring effective and timely interventions. It is expected that much of the funding will flow to grass-roots organisations, which do so much vital work in our communities.

### **Mental health and wellbeing**

The experience of COVID-19 has taken its toll on all of us, and for many this will have been an especially difficult time, with significant impacts on mental health and wellbeing. Lockdown and the continued restrictions have impacted many people in terms of health consequences, economic impacts and financial insecurity. This is on top of the effects of social isolation and the anxiety that will inevitably arise from a difficult and uncertain time. Throughout the pandemic, mental health has continued to be an absolute priority. We have invested an additional £6 million on a new support service and seen significant innovations in how this is delivered. Our mission now must be to lock in these positive developments, and drive forward new innovations to improve mental health and wellbeing across the population.

In 2021-22, Scottish Government direct investment in mental health will increase to £139 million and will support overall spending on mental health in excess of £1.1 billion. This funding will underpin our continued approach to improving mental health services and support for children, young people and adults. We know that the COVID-19 pandemic will have a substantial impact on the mental health of the population for a long period of time, and the *Mental Health Transition and Recovery* plan, published in October 2020, set out over 100 actions we are taking forward with partners to improve mental health and wellbeing.

The plan builds on innovations and new service designs that have emerged in response to the pandemic, such as the ‘Clear Your Head’ campaign and continued expansion of digital services. We worked quickly with health boards to scale up digital therapies, with the potential to support 30,000 people to access therapy. We recognise the importance of these services, which are particularly suited for use in remote and rural areas.

As well as promoting good mental health and wellbeing, the plan prioritises rapid and easily accessible support for those in distress and ensures safe, effective treatment and care of people living with mental illness. A tailored programme of work will help individual health boards recognise, learn from, and respond effectively to the challenges of COVID-19. It delivers continued support for Mental Health Assessment Services, which have helped ease the pressure on front line health services, particularly A&E, and ensured people receive the right support.

We will make £15 million available to support the continued establishment of new Community Mental Health and Wellbeing Services. While the pandemic has had an impact on the planning and development of those services, we are working with local authorities to ensure they are ready to start supporting children, young people and their families as soon as possible, with support available across all 32 local authorities in 2021.

Given the added pressures on students in the last few months, we have provided £1.32 million of additional funding to support student welfare, building upon the £3.6 million invested as part of our commitment to provide more than 80 additional counsellors in colleges and universities in Scotland. In 2021-22, we will also continue to transfer £16 million to local government for school counselling services.

In 2021-22, we will invest £10 million in relation to childhood obesity and adult weight management, recognising that for people living with obesity, diabetes and respiratory and cardiovascular disease, new vulnerabilities have been exposed by COVID-19. 2021-22 represents the fourth year of our programme to improve weight management services for people with, or at risk of developing type 2 diabetes or prediabetes. We will continue to expand access to weight management services for those at such risk and extend access to weight management services to everyone living with obesity. This presents opportunities to focus on people at risk of severe COVID-19 outcomes, including as a result of their ethnicity, and to work with minority ethnic groups to develop culturally competent interventions. We will also continue to invest to help meet our ambitions to halve childhood obesity by 2030 and significantly reduce diet-related health inequalities, including by supporting a targeted approach to improve healthier eating for people with low incomes.

As we look to respond to the pandemic, and renew and recover as a society, we will ensure the necessary resource is directed at addressing health inequalities. Importantly this will be focused on tackling the leading determinants of poor health through efforts to eradicate poverty and also through direct health interventions to create a Scotland where we can all live longer, healthier lives.

## **PROMOTING EQUALITY AND HELPING YOUNG PEOPLE GRASP THEIR POTENTIAL**

In response to the heavy toll the pandemic has had on our society, communities and lives, we have worked tirelessly to support those affected. More than £500 million has been provided in 2020-21 for social protection, including over £350 million through a communities funding package, and £100 million Winter Plan. While this has provided immediate support for those who need it most, the drive to tackle the damaging impacts of inequalities in our communities has come into even sharper focus.

As we renew our society, the Scottish Budget will build on both the challenges we have faced, but also the positive changes we have seen. We will ensure no one is left behind. We seek to provide the best start in life for everyone, and to renew our efforts to improve the spaces we live in. The Social Renewal Advisory Board was set up by Scottish Ministers to make proposals that can renew Scotland. The final report, *If not now, when?*, published on 21 January, sets out 20 Calls to Action which have the power to transform Scotland, focusing on the people most affected.



## Increasing household incomes

The pandemic has reinforced the urgent need to tackle inequality, and drive progress towards our statutory targets to reduce, and ultimately eradicate, child poverty, by 2030. We are continuing with a direct programme of action to meet those targets across 2018-2022, backed by a £50 million Tackling Child Poverty Fund which this Budget confirms we will invest in full. Reducing poverty and inequality also sits at the heart of our investment across all portfolios. In 2019-20, we invested around £2 billion in support targeted at low income households, including over £672 million to support children in low income families, including our priority groups. We expect 2021-22 investment to be at a similar level.

We know that one of the key drivers to tackling child poverty is increasing family incomes, including through social security. Since being established in 2018, Social Security Scotland has delivered 10 benefits, seven of which are new, and the others more generous than the UK benefits they have replaced. We will deliver more benefits in the years ahead, supporting people in need, and helping to mitigate the damaging impact of UK Government welfare reforms.

In the coming year, social security assistance will reach almost £3.6 billion, funding devolved Scottish social security, along with wider social support delivered via local government.

## Social Security Assistance Spending Plans

Assistance	2021-22 Budget (£m)
<b>Devolved benefit spend:</b>	
Best Start Foods*	12
Best Start Grant	19
Carer's Allowance Supplement	42
Child Disability Payment	231
Child Winter Heating Assistance	3
Funeral Support Payment	11
Scottish Child Payment	68
Young Carer Grant	1
Job Start Payment	2
Attendance Allowance	550
Carer's Allowance	306
Disability Living Allowance Adult	465
Industrial Injuries Disablement Scheme	80
Personal Independence Payment	1,669
Severe Disablement Allowance	7
<b>Spend via local authorities and other bodies:</b>	
Discretionary Housing Payments**	82
Scottish Welfare Fund	36
Self-Isolation Support Grant	6
<b>Total spending</b>	<b>3,590</b>

\* In Health and Sport portfolio

\*\* In Communities and Local Government portfolio

All of the benefits administered by Social Security Scotland are demand-led, with budget allocations based on forecasts produced by the Scottish Fiscal Commission. This means that the actual amount spent can vary, depending on how many people become eligible and apply for them. As the long-term challenges of the pandemic continue, we anticipate that more people will become eligible for social security – maximising take-up is a moral imperative and a fundamental priority. We published our first Benefit Take-up Strategy in October 2019, and continue to work to increase awareness of and access to Scottish benefits, actively promoting each benefit.

The ambitious use of our new social security powers to tackle child poverty includes significant investment in our Scottish Child Payment. We will begin these payments from February 2021, with expected investment in 2021-22 of £68 million. We have introduced the payment first for families with children under six, recognising the particular risk of poverty for younger children. Our ambition is to then deliver this for children under 16 by the end of 2022, subject to the Department for Work and Pensions (DWP) supplying the data that we need, with up to 252,000 households eligible. Upon, full roll-out, we expect total investment to reach £184 million. Reflecting our desire to ensure that every child has the best start in life, Social Security Scotland are also expected to pay out £31 million across Best Start Grants – three distinct payments to help families, across pregnancy, early years, and school – and Best Start Foods which provides payments for healthy food.

Taken together, these payments provide over £5,200 of financial support for low income families by the time their first child turns six, and over £4,900 for second and subsequent children.

The benefits which Social Security Scotland has delivered thus far are focused on providing financial support to people on low incomes. In 2021-22, we will move into delivery of the first of the more complex disability assistance payments. The first disability benefit will be the Child Disability Payment, which provides support for some of the additional costs that children and young people with long-term health conditions or disabilities, and their families, are likely to face. Social Security Scotland will start taking applications from summer 2021 as part of a pilot, ahead of a full roll-out across the country from autumn 2021, with expected spending of £231 million.

Our system of disability assistance will be centred on the needs of our clients, from the initial application onwards, ensuring people are treated fairly at every stage, and there will be no DWP-style assessments.

In addition to funding for new and devolved benefit payments, we will also provide £118 million for local authorities to support low income families and those who may be impacted by UK Government welfare cuts, through the Scottish Welfare Fund and Discretionary Housing Payments. This includes £71 million to mitigate the UK Government's bedroom tax.

Our wider investment through local authorities also provides much needed support to families on low incomes. Together with local authority partners we will invest at least £6 million each to deliver a School Clothing Grant worth at least £100 to every eligible child. At least £53 million is available for the provision of universal Free School Meals to



all Primary 1 and Primary 3 children in school. We will also continue to build on the local partnership working in place between local authorities and third sector groups to make sure people are able to access wraparound support in a crisis.

### **Improving life chances through education**

Alongside our immediate efforts to lift more families out of poverty, the single greatest way to break deep and long-standing structural inequality is through education, and improving life chances and opportunities for all. In 2021-22, we will provide £2.7 billion across the Education and Skills budget to deliver on this ambition, alongside significant funding for education delivered through the local government settlement.

We have been clear throughout the pandemic that education is an enduring priority, ensuring that ‘in-person’ learning could continue where it was safe to do so. We have seen a heroic effort from local government, providers and staff, and families and young people themselves, to adapt and respond to the challenges presented, and to ensure that high quality learning – whether in-person, online, or blended – continues. One of the most difficult decisions taken early in the crisis, and again in response to the spike in cases and new strain which developed towards the end of 2020, was to restrict in-person learning and access to childcare.

While remote learning poses challenges, we worked quickly to ensure greater access to digital devices – investing £25 million to support digital inclusion amongst school-aged children, expected to support up to 70,000 children from lower income households – and significantly enhanced online and remote learning options for pupils. Local authorities have also been able to use their share of an additional £45 million, as they provide remote learning during lockdown, including for the provision of additional digital devices and connectivity solutions for disadvantaged children and young people. The publication of the Scottish Budget is coming ahead of the expected return of schools and early learning and childcare, but our priority will always be ensuring settings can open again for all pupils as quickly as possible, and then to keep them open.

The majority of schools funding is delivered from the core local government settlement, but the Scottish Government provides additional ring-fenced funding for specific priorities. In 2021-22, our priority remains closing the poverty-related attainment gap.

As part of our response to the pandemic, Pupil Equity Fund allocations of over £250 million were confirmed for two years (2020-21 and 2021-22), with almost £128 million in 2021-22. This will give headteachers assistance in their planning and decision-making, and provides a firm guarantee of our ambition to give every child the best start in life. It takes total investment in the Scottish Attainment Challenge to over £750 million over the last five years, and extends the programme for a further year. This provides invaluable support for schools and the young people who need it most, allowing headteachers to direct it towards those areas where it will have the greatest impact.

Since the start of the pandemic additional funding of £80 million has led to the recruitment of an additional 1,400 teachers and over 200 support staff for the 2020-21 school year. In 2021-22, we will provide over £29 million for teacher training.

We recognise that excellence in education requires excellence in the estate. Since 2009, our £1.8 billion Scotland's Schools for the Future programme has delivered 116 new or refurbished learning estate projects, with the final project in the programme due to open in April 2021. This programme will have benefited around 78,000 pupils since it was established in 2009. We are now taking forward a second phase of new schools projects as part of the £2 billion Learning Estate Investment Programme. The first of these projects is due to start construction in 2021-22. In total this programme will deliver 36 new schools and campuses and provide modern, state of the art learning facilities for a further 21,000 pupils.

The wider education portfolio budget aims to ensure all children and young people grow up loved, safe and respected, so that they realise their full potential. We will be the first country in the UK to incorporate the UN Convention on the Rights of the Child into law, enhancing the rights-based approach of Getting It Right for Every Child, and helping ensure children, young people and families, including pregnant women, have the right support at the right time, particularly those who are or may otherwise become looked after. This will be at the heart of our collective work to Keep The Promise, changing the focus of Scotland's 'care system' from protecting against harm to protecting safe, loving and respectful relationships. Our commitments to deliver these significant initiatives for children, young people and families are backed by £62 million, which includes providing financial redress for abuse survivors.

We will continue to support children, young people and families (including pregnant women) in the most vulnerable situations, and who may have been significantly affected by the detrimental impact of the pandemic on inequalities. We will strengthen our approach to child protection through an increased focus on prevention and early support before issues escalate and statutory measures are needed.

Providing the best start in life forms a central part of our ambition to invest in high-quality early learning and childcare, with our commitment to deliver the most ambitious childcare offer anywhere in the UK – 1,140 funded hours for all three and four year olds and eligible two year olds.

When the scale of the crisis became clear, we took the difficult decision to temporarily pause the statutory roll-out to allow local authorities to focus on responding to the pandemic and providing critical childcare, which was crucial to supporting key workers. Following a joint assessment with local government, we now expect full implementation to be achieved by August 2021.

Despite the pandemic, Councils have continued to develop their offer, and in many parts of the country, they are able to provide 1,140 hours to eligible children – the most recent statistics show that 61% of those receiving funded ELC are already receiving 1,140 hours. To support reaching full implementation, in 2021-22 we will provide £567 million revenue grant funding for Early Learning and Childcare to local authorities.

As we look ahead to our recovery and renewal, and ensuring we have the right skills and people to secure a fairer and stronger economy, investment in further and higher education becomes ever more important. But we recognise the significant risks posed

by the UK's exit from the EU – taking away Scotland's full participation in Erasmus Plus, threatening the ability for collaborative research activity, removing vital opportunities for our youth work and adult learning providers to work collaboratively across Europe, and risking the ability of our institutions to attract a globally diverse staff and student population.

Our universities and colleges are a significant strength of our economic and social offering – promoting Scotland's place in the world, playing a leading role in economic recovery, providing the highly skilled workforce of the future and offering a route out of poverty. Through our efforts on widening access, at least 20% of university entrants will come from our 20% most deprived communities by 2030.

In 2021-22, we will provide over £1.9 billion to the Scottish Funding Council, to fund our university and college sector, including £700 million for colleges and £1.1 billion for universities.

This investment will maintain tertiary education as a central part of Scotland's recovery and help support and grow the economy. For universities it provides the necessary funding to continue to deliver a high quality learning experience for their students and ensures considerable investment in world-class university research. We are increasing funding to our colleges to ensure they can continue to produce a highly skilled population, and be a key delivery partner in our wider employability and skills agenda, particularly through the Young Persons' Guarantee. We will prioritise a further £30 million to support the continuation of Foundation and Graduate Apprenticeships, and support in our colleges digital learning and mental health programmes for staff and students.

To ensure that students are provided with the financial support they need to succeed, we will invest in increased levels of student support, including over £328 million for higher education student support. The Budget ensures we maintain our commitment to free education and the lowest debt levels in the UK, provides an enhanced care experienced bursary in both further and higher education, and delivers the most generous bursary support in the UK for college students.

### **Supporting our communities**

Even before the pandemic, we recognised the power of local government as a key partner in driving inclusive economic growth, delivering vital services, and improving the lives of people across all of our communities. That was further established through their response to the crisis, quickly remobilising their efforts to deliver vital support for people and businesses, all while retaining a high quality of service and keeping important every day services running.

We know that there has been significant pressure on local government finances this year, and have committed over £382 million of additional funding to local authorities to support them during the pandemic. Recognising the longer-term pressures, we have also agreed a package of financial flexibilities and extra funding for councils which could be worth up to £750 million over 2020-21 and 2021-22. We have also agreed additional financial support through a Lost Income Scheme, initially worth an estimated £90 million but now increased to £200 million for 2020-21. Taken together with the £49 million

committed previously, for top up support for trusts delivering services on behalf of councils, this brings the total additional funding to £249 million to support councils losses due to the pandemic in 2020-21.

In arriving at the local government settlement for 2021-22, the financial risks have been fully recognised by Scottish Government. We will make available to local government a total funding package amounting to £11.6 billion. This figure includes both general and specific revenue and capital grants as well as the 2021-22 distributable amount of non-domestic rate income. Our package of support includes specific funding to deliver on shared priorities, including:

- £59 million revenue to support the final tranche of increased funding for the expansion in funded Early Learning and Childcare (ELC) entitlement to 1,140 hours.
- A further £72.6 million – in addition to the £100 million already available in-year – for investment in health and social care, and mental health services. This includes a contribution towards continued delivery of the real Living Wage (£34.1 million), uprating of free personal and nursing care payments (£10.1 million), and implementation of the Carers Act (£28.5 million).
- Funding to maintain the pupil : teacher ratio nationally, and secure places for all probationers who require one under the teacher induction scheme.
- Continued support for Teachers Pay (£156 million) and Pensions (£97 million).
- An increase of £7.7 million in grant support for inter-island ferries.
- A capital uplift of £10 million in provision for flood risk schemes.

Council tax is a significant source of income to local government whilst also ensuring councils are accountable to voters for local tax and spending choices. However, in recognition of the unique pressures created by the pandemic the settlement also includes an additional £90 million available to compensate councils who choose to freeze their council tax at 2020-21 levels, helping to protect household incomes. This additional allocation provides compensation to support services and equates to an increase in council tax of around 3%. The settlement continues to include provision to fund the Council Tax Reduction Scheme which protects around 500,000 low income households from local tax liabilities they would not be able to meet.

It is important to note that this does not represent the totality of funding that local authorities will benefit from. In addition to the core local government finance settlement, the Scottish Government provides local authorities with other funding streams for individual key government priorities – in 2021-22 these total £631 million.

Alongside local government, Scotland's third sector proved the crucial role they play, and their ability to act swiftly to deliver vital support for people at a significant scale. Over £37 million was invested through the Wellbeing Fund which helped organisations to pivot quickly to provide emergency community support. Our £22 million Third Sector Resilience Fund also provided grants to 1,323 organisations, safeguarding over 14,000 jobs. Looking forward, we will provide over £26.1 million in third sector support in 2021-22. This will provide investment in the local and national third sector infrastructure, support the capacity and growth of social enterprises, and ensure the third sector can help people and communities recover from the impact of the pandemic.

## Ensuring vibrant, healthy and safe places

The experience of the pandemic has shown us the need to rethink how we live, work, learn and shop, and ensure local spaces are green, vibrant and safe. Underpinning this is our commitment to the concept of the 20 minute neighbourhood – where people can meet their needs within a 20 minute walk from their house – bringing together a number of priority policies and investments, including active travel, regeneration, town centres, air quality, infrastructure investment, climate change, Community Wealth Building, access to greenspace and local services.

Supporting these ambitions, we will establish a new Place Based Investment Programme which will be backed with initial investment of £55 million in 2021-22. This is included in an overall commitment to invest over £275 million over the next five years in support of community-led regeneration, town centres, and 20 minute neighbourhoods ambitions, as well as our ongoing sponsorship of the Clyde Gateway.

This programme will provide a framework to ensure that our investment in places to deliver national priorities is framed by local characteristics, needs and opportunities. It will support our ongoing commitment to revitalise our town centres and to take forward the recommendations of the Town Centre Action Plan Review Group. It will also play a vital role in helping secure our net-zero commitments and delivering a green recovery.

As we witnessed during the pandemic, decisions on how to tackle disadvantage and bring about regeneration in our communities are often best taken by the people who live in those communities. In 2021-22, we will provide £81.6 million for regeneration programmes, including our Empowering Communities Programme which funds communities to undertake projects which tackle poverty and inequality on their own terms, in turn supporting community regeneration and inclusive growth.

We will continue to take action to tackle vacant and derelict land which can have negative environmental and health impacts, and affect how we view our communities. We will begin a five-year £50 million programme of investment to regenerate Scotland's vacant and derelict land as part of a green recovery. It will help bring persistent vacant and derelict land back into appropriate uses – for example, creating community gardens, providing a local food supply, improving biodiversity or by creating space for community renewables projects, low carbon affordable housing, urban farms, woodland and green spaces.

Underpinning our ambitions for Place we will take forward Scotland's Fourth National Planning Framework, ensuring we can better understand how wellbeing, place and economic disadvantage vary across Scotland and provide a clear picture of priorities, supported by investment in powerful new Digital tools. We have now launched Transforming Places Together: Scotland's Digital Strategy for Planning, and in 2021-22 will start investing in our £35 million commitment to a five-year transformation programme for planning.

As we rethink how we live, and the communities we live in, housing will be central to our ambitions for a strong recovery and fairer Scotland – creating jobs, tackling social and health inequalities, and ensuring strong, sustainable communities. At the start of



this Parliamentary term we embarked on the single biggest investment and delivery of affordable housing since devolution, backed by investment of over £3.5 billion. While the pandemic impacted on the construction industry, the most recent statistics show that by end September 2020 we had delivered 36,046 affordable homes, with over 24,000 of these for social rent.

As we reach the end of our existing commitments, and with the need to think differently about housing and its place within our communities, we have undertaken detailed engagement across Scotland on how our homes and communities should look and feel in 2040. Housing to 2040 will be published later in 2021, and will set out a 20 year plan to deliver good quality, energy efficient, net zero carbon housing with access to outdoor space, transport links, digital connectivity and community services. Ahead of this, the Scottish Budget provides capital grant funding of £667.6 million for affordable housebuilding in 2021-22, including £575.4 million through the Affordable Housing Supply Programme, and £92.2 million through local government.

Alongside this grant funding, we will also utilise £142 million of financial transactions – capital funding that must be used in the form of loans outwith the public sector – to support housing, including shared equity schemes. However, our ability to fully fund these programmes has been significantly hampered by the UK Spending Review in November. This resulted in a significant reduction to the Scottish Government's FT budget of £412 million, compared with 2020-21, almost all of this relating to UK Government FT spending on housing. We have called on the UK Government to reinstate this funding in the March Budget.

Our housing investment will make a vital contribution to Scotland's recovery, leveraging significant economic output, supporting over 10,000 jobs a year, and producing social and environmental benefits. It also complements our wider multi-billion commitment to invest in new and green technologies. We will issue guidance this year to ensure our investment delivers social housing that: achieves net zero carbon standards as soon as possible, through greater use of offsite construction; offers private or communal outdoor space, and space for home working or study; and is digitally enabled. We will work with partners to review grant subsidy benchmark levels and ensure that these homes are delivered as efficiently as possible. We will also act on the recommendations of the Parliamentary Working Group for Tenement Maintenance, to help owners work together to invest in their buildings, keep them in good condition, and make them safer and greener.

We have taken significant action to tackle fuel poverty head on – and by the end of 2021 expect to have allocated over £1 billion since 2009 to tackling fuel poverty and improving energy efficiency – but the pandemic has renewed our urgency to ensure everyone can afford to keep their homes warm, particularly those most vulnerable to the health impacts of a cold home.

As part of our transformational £1.6 billion investment in energy efficiency and heat decarbonisation over the next Parliament, we will invest significantly to remove poor energy efficiency as a driver of fuel poverty. With around 20% of Scotland's emissions coming from heating buildings, making homes greener will make a significant

contribution towards net zero, and we will ensure we do this in a way that supports progress towards our fuel poverty targets. In 2021-22, we will invest over £150 million in fuel poverty and energy efficiency measures. This includes Warm Homes Scotland, our national service to deliver energy efficiency improvements to individual properties, and Area Based Schemes, funding local councils to deliver energy efficiency improvement projects to whole streets, flats, and estates.

Our vision is to ensure everyone has access to a safe, warm place to call home – but we know that too many are still at great risk of homelessness. The experience of the pandemic has shown us what is possible when we work collectively, and has increased our determination to end homelessness. Drawing on what we have learned from the crisis, we and our partners in local authorities and the third sector will build on this momentum.

With COSLA, we have refreshed our Ending Homelessness Together action plan, backed by £50 million across 2018-2023. In 2021-22, we will provide over £12 million to support this, with an emphasis on the prevention of homelessness and specific actions to scale up Housing First more rapidly; end the use of communal night shelters; advance legislative protections for people experiencing domestic abuse; and explore alternative routes to reduce migrant homelessness.

### **A greener, connected transport system**

As part of our work to develop our communities, the transport budget will deliver significant investment to ensure we meet the necessary balance between increasing social and economic opportunities and delivering inclusive growth through connected communities, while driving progress towards our net-zero ambitions. In 2021-22, we will invest almost £3.2 billion across all modes of transport, underpinning our National Transport Strategy and the second Strategic Transport Review. This will ensure future transport investment decisions make Scotland more accessible for residents, visitors and business, create better connectivity with sustainable, smart and cleaner transport options, and contribute to Scotland's inclusive economic growth.

A key positive we saw across many of our communities during the pandemic was the growth of active travel, contributing to healthy, active communities, and helping meet our net-zero commitments. We will support transformational change to our streetscapes with a five year commitment to maintain the active travel budget at a record high of £100.5 million per year. This will help fund measures to lock in positive changes and promote active travel as a healthier, greener alternative. This includes building high quality, attractive infrastructure, reallocating road space in favour of active travel, access to bikes, and behaviour change initiatives.

Public transport will play an important role here, backed by investment of over £1.6 billion across bus and rail services. This will ensure it can provide a viable alternative to private transport for more people, further reducing our reliance on cars and providing a cleaner form of mass transport, and promoting the wide benefits of our 20 minute neighbourhood ambitions.



This includes renewing our commitment to take forward our £500 million long-term capital investment in bus priority measures, to tackle the impacts of congestion on bus services and raise bus usage. While this needed to be paused during the pandemic, in the interim we launched the £10 million Bus Priority Rapid Deployment Fund for temporary bus priority measures, and the Bus Partnership Fund in November 2020, which invites local authorities to work with bus operators to submit ambitious proposals for permanent bus priority infrastructure. Funding for that, and work on reallocation of road space on Glasgow motorways to buses, is provided in 2021-22. As part of our £2 billion Low Carbon Fund, we will also invest £120 million, over five years, in Zero Emission Buses, putting Scotland on track to a fully decarbonised bus fleet.

We remain committed to delivering a national concessionary travel scheme for free bus travel for under-19s, subject to Parliamentary approval with draft legislation laid on 21 January. We are working with delivery partners with a view to implementation as soon as practicable in the coming financial year and have budgeted £15 million in 2021-22.

Supporting our ambitions for rail, we will provide total rail services investment of £1.3 billion in 2021-22. Our Rail Enhancements and Capital Investment Strategy (RECIS, published March 2018), sets out an investment framework and approach for the next 10-15 years to better connect our communities and support sustainable economic growth and jobs across the country. The Decarbonisation Action Plan (DAP), sets out how we will decarbonise domestic passenger services in Scotland by 2035. Schemes emanating from both are being progressed via a Projects Pipeline which includes reopening the line to Levenmouth by 2024, with associated stations at Cameron Bridge and Leven, as well as providing new stations across the network at Dalcross (Inverness Airport), East Linton (East Lothian) and Reston (eastern Borders).

Our significant investment in public transport will ensure it can be a viable and greener alternative for many more people – however, in a country as geographically diverse as Scotland, we recognise that roads policy must remain a central part of our transport infrastructure. This supports freight, bus and private car use, providing the only viable route for many remote and rural communities to stay connected, receive goods, and access to our world-leading tourist offering and economic benefits for countless communities. We remain committed to ensuring more communities can be connected, and addressing road infrastructure where it is in the local and national interest, for example the dualling of the A9. Alongside that commitment, we will continue to take bold action to reduce both car usage and the emissions of road vehicles.

Our Climate Change Plan update set a new policy outcome to reduce car kilometres by 20% by 2030 – a world-leading commitment, demonstrating our level of ambition in meeting Scotland's statutory carbon reduction targets. We will continue taking action to phase out the need for new petrol and diesel cars and vans by 2030, work with public bodies to lead the way by phasing out the need for new petrol and diesel light commercial vehicles by 2025, and with the freight industry to remove the need for new petrol and diesel heavy vehicles by 2035. We will provide over £30 million for the Low Carbon Transport Loan Fund to support loans for electric vehicles and e-bikes.

## Ensuring safer communities

Across our justice and emergency response sector, Police Scotland and Scottish Fire and Rescue; the courts and tribunals system; the Scottish Prison Service; victims services; community justice organisations; and legal profession have all provided a significant response through the pandemic in keeping our communities safe. In the year ahead, we want to ensure they are supported to renew their core priorities and transform for the future, with a total justice portfolio investment of over £3 billion.

We will continue to support a modern and effective police service to ensure the safety and security of Scotland's people and communities. The publication of Police Scotland's Strategic Workforce Plan is an important step and means that Police Scotland and the Scottish Police Authority can ensure the police workforce is shaped around the needs of citizens and communities by having the right people with the right skills, in the right places.

Police Scotland has been at the front and centre of the response to COVID-19 in Scotland, and continues to work closely with all partners including in local authorities and health to support the collective effort to combat COVID-19. Throughout the COVID-19 crisis their 4Es approach to policing – Engaging, Explaining, Encouraging and only as a last resort Enforcing – has been central in ensuring our collective approach to the unprecedented but necessary public health measures put in place.

We have committed to protecting Police Scotland's revenue budget during this current Parliament, and have surpassed our commitment to deliver a £100 million boost by 2021. In 2021-22, we will provide a total funding settlement of £1.3 billion for the Scottish Police Authority, including an uplift of £60 million in the resource budget that will wipe out Police Scotland's structural deficit and deliver a sustainable policing budget. An additional £15 million will be provided to the Scottish Police Authority to mitigate the impacts of COVID on the policing budget. We have provided one-off capital funding to support the use of Body Worn Video in a limited capacity.

In addition we will continue to provide reform funding to support a range of transformation activities across policing, to support the delivery of the Joint Strategy on Policing; and will work with the Scottish Police Authority, Police Scotland and other partners in Scotland, as well as the UK Government to support the delivery of a safe and secure COP26 summit. We will also support a statutory public inquiry under the Inquiries Act 2005 into the circumstances leading up to and following the death of Sheku Bayoh.

In 2021-22, we will help our partners support people across Scotland to be, and to feel, safe within their communities, and to support our ongoing response to COVID-19. This includes supporting local community safety partners, the delivery of information, advice and prevention activities to improve safety, including fire safety, and reduce violence and harm to improve lives for our most vulnerable people and communities.

We will increase the Scottish Fire and Rescue Service (SFRS) budget to £343.2 million, to enhance the safety and wellbeing of communities across Scotland. This will allow SFRS to proceed with its ambitions to modernise the service it provides, to better match the risks faced by individual communities with the resources needed to tackle those risks.

Investment will allow SFRS to support the Scottish Government's Out of Hospital Cardiac Arrest Strategy (OHCA) and to recover from the impact of Covid for example through providing additional training for firefighters and recommencing the programme of home fire safety visits to vulnerable people.

Capital funding for SFRS has been maintained at £32.5 million to allow the Service to invest in fire-fighting vehicles and equipment and to maintain its estate of fire stations across Scotland.

Across the wider justice system, we recognise the pandemic has had considerable impacts – not least within the courts system, with a backlog in cases waiting to come to court, impacting those accused of crime, victims and witnesses. In response we have provided additional funding for investment in greater digital solutions including remote juries across Scotland. We have also ensured additional support through the Third Sector Resilience Fund for front line victim support organisations and increased direct financial assistance for victims of crime.

We established a Recover, Renew, Transform Programme, to consider proposals for the reform of the justice system, including greater use of digital tools, support for victims and witnesses, and ways to prevent repeat offending and manage the prison population, through more effective community-based interventions. This year we will make an additional £50 million available to this programme and to begin to address the backlogs that have built up.

Our commitment to investing in reducing reoffending is helping bring down recorded crime, making our streets safer, and reducing the number of victims of crime. Our sustained and long-term programmes to promote community safety, crime prevention, and the rehabilitation of offenders have meant less crime and fewer victims than a decade ago – key indicators of what works. To support our priorities for justice reform we intend to continue to invest in reducing reoffending, which can be the direct result of multiple inequalities and risk factors, including deprivation, adverse childhood experiences, and health problems. Community Justice Scotland supports this holistic approach to prevent and reduce further offending and reports against local Community Justice Outcome Improvement Plans annually.

We will increase by £1.5 million our support to victims, including to organisations which provide crucial emotional, financial and practical assistance to victims and survivors of crime, recognising the value of a gendered approach. This will take account of the significant challenges posed by the pandemic and the associated impacts for victims and witnesses and the organisations supporting them. We also recognised the particular impact of the pandemic on women involved in prostitution and created a bespoke fund to provide immediate crisis funding as well as offering advice and guidance in navigating mainstream services. We will continue our work with key stakeholders to build on the learning, overcome the challenges and enhance capacity within the sector to respond to the varied needs of individuals.

We will build on the work of the Victims Taskforce, focusing on a victim-centred approach, trauma informed practice and key aspects of our response to gender-based violence. This will include an evaluation of the first commencement provisions for the Vulnerable Witnesses (Criminal Evidence) (Scotland) Act 2019 to help inform the next stage of the implementation plan. We will also continue our work with partners exploring how Barnahus could operate in Scotland, noting that the child protection landscape has changed in terms of redesigning children's systems for children in care and on the edge of care, with an increased focus on prevention and early intervention for child victims and for children who are suspected of causing harm. We will build on learning from COVID-19 and the current Children and Families, Health, and Justice policy landscape to support the continued co-design of the draft standards for consultation.

Our approach to justice is to ensure a sustained reduction in offending, and in turn imprisonment – but we recognise that we face significant challenges with the current prison population. While far fewer people now receive custodial sentences each year, those that do on average receive longer sentences and are increasingly complex to manage.

The impact of COVID-19 on the operation of the prison service has been unique. The Scottish Prison Service will continue to prioritise its response to this to ensure the safety and wellbeing of the prison population for the duration of the pandemic. In 2021-22, we will provide £460.2 million for the Scottish Prison Service. This includes £72.8 million to modernise Scotland's prison estate to ensure it is fit for the future and able to meet the changing demands and complexities of the prison population who often face multiple disadvantages. Key priorities for investment are the new female custodial estate and progressing the work to replace HMP Barlinnie and HMP Inverness. This also includes continuing the infrastructure improvements at HMP Barlinnie with upgrades to the reception area and healthcare facilities which are currently underway.

We know that women in the justice system often have a range of complex needs including experience of trauma and abuse. The Scottish Prison Service and other agencies will continue to take forward our progressive plans to transform the female custodial estate to address the specific needs of women. This includes progressing the construction of two innovative community-based custody units in Glasgow and Dundee, to be operational in 2022, as well as a national facility at HMP Cornton Vale. These facilities and support services will help women in custody to overcome issues such as alcohol and drug abuse, mental health and trauma, which evidence shows can drive offending behaviour.

Scotland's prison population is ageing with the proportion of people in prison aged 55 or older more than doubling in the past ten years. Work will continue with health and social care partnerships to improve the provision of integrated social care and support service in prisons.

The use of new methods of maintaining family contact has been vital in order to mitigate the impact of social harms such as parental imprisonment and social isolation for families and prisoners throughout the pandemic.

## CONCLUSION

The spending priorities set out in Scottish Budget 2021-22 represent the Scottish Government's contract with the people of Scotland. It sets out our continuing commitment to protect Scotland against the impacts of the virus – on our health, but also on our economy and communities. It also shows how we will renew Scotland, and ensure a strong, fair, and green recovery.

Across all of our commitments, we are ambitious for the future while being informed by the experiences of the pandemic. We do not propose a return to the status quo, but instead targeting investment at where it will help secure a brighter future, while learning from and building upon the significant innovations that were put in place in response to the pandemic, and harnessing the potential for further reforms.

In arriving at the Budget, we are committed to delivering the strongest possible recovery across the National Outcomes. We know the scale of the challenge ahead is immense. We will use all the levers possible to maximise our resources, while continuing to work with the UK Government to make clear the need for a fairer fiscally sustainable package, now and in the future.

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# CHAPTER 2

## Tax

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### CONTEXT

As part of our immediate response to COVID-19 in 2020-21, we have used our limited devolved tax powers and the local tax system to support businesses and the property market. This has been provided alongside a substantial package of support measures for the individuals and businesses most affected by the pandemic.

Our focus is now on delivering tax policies that will help and support Scotland's economy to recover in 2021-22 and beyond, recognising the role tax can play in supporting the individuals and businesses most affected. This is an incredibly challenging economic, health and social landscape within which to make tax policy decisions, with unprecedented uncertainty, in particular due to the impacts of COVID-19 and EU Exit. This is exacerbated by the delay to the UK Budget, which means that we do not know what the full suite of UK tax, fiscal and economic policies will be before making our own policy decisions.

### Our Approach

In September 2020 we published a consultation<sup>1</sup> on devolved tax policy choices for Budget 2021-22 and the Fiscal Framework, in line with our commitment to engage openly and honestly on tax policy. As part of that process, we met with, and listened carefully to, a wide range of stakeholders including tax professionals, business representatives, civil society organisations and leading research institutes.

There was a clear message that now is a time for stability, certainty and targeted support for the individuals and businesses most impacted by COVID-19. This is not the time for sweeping tax cuts across the board, nor significant tax rises. This budget is about striking the right balance between raising the revenue required to fund our public services, through a fair and progressive approach to tax, and supporting the economic recovery through targeted interventions.

The tax package set out below supports the economy, and underlines our recognition of, and commitment to tackle the inequalities further exposed by COVID-19. The revenues we raise from taxation will support the most comprehensive range of free to access public services in the UK, as well as ongoing COVID-19 support. This package is part of a Budget that invests in Scotland's recovery, supporting the individuals and businesses

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<sup>1</sup> Devolved Tax Policy Consultation, <https://www.gov.scot/isbn/9781800046177>



most affected. We are providing certainty and stability for Income Tax payers and home buyers, supporting a Council Tax freeze to protect household incomes and continuing to offer unprecedented support for businesses, including targeted support for the Retail, Hospitality, Leisure and Aviation sectors.

The UK Government must take the same approach at the UK Budget, focusing on stimulating the UK economy and targeting those individuals and businesses in most need of support. This must include extending rates relief for the Retail, Hospitality, Leisure and Aviation sectors, so that we have the funding required to offer a more comprehensive package for Scottish businesses.

Another important message from stakeholders was the need for an open and honest conversation on future tax policy. We will continue to engage the public and stakeholders on how the tax system can underpin a wellbeing economy, and deliver the healthier, wealthier, fairer and greener Scotland we want to see. But we need, and have called for, further devolution of tax and fiscal levers in order to achieve our ambitions.

We also continue to adhere to Adam Smith's four maxims on tax policy, namely that our taxes:

- are proportionate to the ability to pay;
- offer certainty for taxpayers;
- are convenient and easy to pay; and
- are economically efficient.

## **INCOME TAX**

The Scottish Parliament has the power to set Income Tax rates and bands for the non savings non dividend (NSND) income of Scottish taxpayers, with the revenue received coming to the Scottish Government. However, responsibility for defining the Income Tax base, which includes the setting or changing of Income Tax reliefs and exemptions, and the tax-free Personal Allowance, remains reserved to the UK Parliament. Income Tax on savings and dividends is also reserved, and continues to be paid to the UK Government.

### **Policy**

Significant changes to Scottish Income Tax were implemented in the Scottish Budget 2018-19, delivering a fairer and more progressive five-band structure. At the time, a commitment was made that the tax system should be seen as settled for the remainder of this Parliament.

In line with that commitment, Income Tax rates will remain unchanged and the starter and basic rate bands, as well as the higher rate threshold, will increase by CPI inflation (0.5%). The top rate threshold will remain frozen in cash terms at £150,000, as has been our policy since 2017-18.



## Rates and Bands

**Table 2.01: Scottish Income Tax Policy Proposals 2021-22**

Band	Income Range	Rate
Starter Rate	Over £12,570 - £14,667	19%
Basic Rate	Over £14,667 - £25,296	20%
Intermediate Rate	Over £25,296 - £43,662	21%
Higher Rate	Over £43,662 - £150,000*	41%
Top Rate	Over £150,000**	46%

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

\*\* The Top Rate remains at 2020-21 level. Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000

As a result, all Scottish taxpayers will pay slightly less Income Tax in 2021-22 than in 2020-21, based on their current income. Furthermore, based on our assumptions about the UK Budget on 3 March 2021, 54% of Scottish taxpayers will continue to pay less tax than if they lived in other parts of the UK in 2021-22. At a time when people across our country are dealing with the economic and social impacts brought on by the pandemic, this policy delivers the certainty and stability they need from the tax system.

In the UK Spending Review (November 2020), the UK Government announced that the UK wide Personal Allowance and the UK higher rate threshold would be uprated by CPI inflation (0.5%) for the tax year 2021-22 (to £12,570 and £50,270 respectively). All other policy decisions about UK rates and bands will be announced at the UK Budget on 3rd March 2021.

It had been our intention to implement an 'effective Personal Allowance' of £12,750 by the end of this parliamentary term. However, due to the unprecedented circumstances we now face, we have taken the difficult decision to not include this change as part of our 2021-22 Income Tax policy proposals. We are, and should be, focusing on supporting those lower earners who are currently facing the most significant financial pressures, rather than delivering above inflation benefits for all Income Tax payers, including higher earners.

More information on the 2021-22 policy proposals, including a factsheet and analytical note, is available on the Scottish Government's website.

## Scottish Rate Resolution

The Scottish Government will introduce a Scottish Rate Resolution to set the rates and bands for Scottish Income Tax for the 2021-22 tax year. A draft of this motion and an accompanying explanatory note is also available on the Scottish Government's website.

## Forecast

The SFC's forecasts for Scottish Income Tax receipts in 2021-22 determine the revenue that the Scottish Government will be able to draw down from HM Treasury during the year ahead. Forecasts for Income Tax receipts are set out in Table 2.02.

**Table 2.02: SFC Scottish Income Tax Revenue Forecasts**

£ million	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Income Tax Revenue Forecasts	11,556*	11,838	11,850	12,263	12,907	13,481	14,080	14,718

\* 2018-19 figure represents outturn

## LAND AND BUILDINGS TRANSACTION TAX

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

### Policy

The temporary change to the residential LBTT nil rate band introduced in July 2020<sup>2</sup> has provided support for Scotland's housing market at a difficult time, and helped contribute to a robust recovery throughout the year to date.

However, as intended, for transactions with an effective date from 1 April 2021 onwards, the ceiling of the nil rate band for residential LBTT will return to £145,000. First-time buyers will continue to be able to claim the first-time buyer relief, which has the effect of raising the nil rate band to £175,000 and results in a reduction of tax of up to £600.

No legislative changes are required to provide for this. This approach will provide certainty, ensure ongoing support for first-time buyers, and generate revenue to support public services through a fair and progressive approach.

The ADS rate will remain at 4%. The Scottish Government recognises, however, that there are a number of long-standing calls for change regarding aspects of the ADS, in particular to extend the length of time within which a previous main residence must be sold for a repayment to be claimed, and to address various scenarios involving joint buyers. The Scottish Government acknowledges the need for reform in light of this, but it will not be possible to bring forward legislative proposals in this Parliament. As such, the intention would be to consult on this early in the next Scottish Parliament to identify and agree reforms that can address the concerns, without adding further complexity and unintended consequences.

Existing non-residential LBTT rates and bands for conveyances and leases will remain unchanged. These rates and bands continue to be broadly competitive compared to the position across rUK and provide stability for businesses currently trading under difficult conditions.

<sup>2</sup> Introduced through the Land and Buildings Transaction Tax (Tax Rates and Tax Bands) (Scotland) Amendment (No.2) (Coronavirus) Order 2020

As a result of the impact of COVID-19 and the continued uncertainty around the terms of the UK's future relationship with the EU, it has not been possible to issue a planned consultation on legislation to provide for proposed targeted LBTT reliefs related to: the 'seeding' (initial transfer) of properties into a Property Authorised Investment Fund (PAIF) or Co-owned Authorised Contractual Scheme (CoACS); and the exchange of units within a CoACS. This will now be a matter for the next Scottish Parliament.

## Rates and Bands

**Table 2.03: LBTT Rates and Bands for Residential Conveyances 2021-22**

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

The ADS rate of 4% applies to the total price of the property for all relevant transactions above £40,000, and will be charged in addition to the rates set out in Table 2.03.

**Table 2.04: LBTT Rates and Bands for Non-Residential Conveyances 2021-22**

Band	Relevant Consideration	Rate
Nil rate band	Not more than £150,000	0%
First tax band	More than £150,000 but not more than £250,000	1%
Second tax band	More than £250,000	5%

**Table 2.05: LBTT Rates and Bands for Non-Residential Leases 2021-22**

Band	Net present value of rent payable	Rate
Nil rate band	Not more than £150,000	0%
First tax band	More than £150,000 but not more than £2,000,000	1%
Second tax band	More than £2,000,000	2%

## Forecast

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

**Table 2.06: SFC LBTT Revenue Forecasts 2020-21 to 2025-26<sup>3</sup>**

£ million	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Land and Buildings Transaction Tax	517	586	629	664	701	740
<i>of which:</i>						
Residential transactions (excl. ADS)	251	299	325	347	372	398
Additional Dwelling Supplement (ADS)	108	108	120	127	131	134
Non-residential transactions	157	178	184	190	199	207

## SCOTTISH LANDFILL TAX

Scottish Landfill Tax (SLfT) is a tax on the disposal of waste to landfill, charged by weight on the basis of two rates: a standard rate and a lower rate for less polluting materials. The tax serves as a financial incentive to support a more circular economy and the delivery of our ambitious targets to reduce waste, increase recycling and cut waste going to landfill.

### Policy

The Scottish Government proposes to increase the standard rate of SLfT to £96.70 per tonne and the lower rate of SLfT to £3.10 per tonne with effect from 1 April 2021. This inflation-based increase ensures consistency with planned Landfill Tax charges in the rest of the UK.

This will continue to provide a stable tax environment for industry to invest in alternative waste treatment options, whilst addressing concerns over potential 'waste tourism' should one part of the UK have a lower tax charge than another. The increased rates will also support progress towards full implementation of the ban on the landfilling of biodegradable municipal waste, which will now take effect on 31 December 2025.

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

The credit rate for the SLCF for 2021-22 will remain at a maximum of 5.6% of an operator's tax liability. This will ensure that landfill site operators can continue to contribute to community and environmental projects near landfill sites, without any increase in the overall tax burden.

<sup>3</sup> Figures may not add to total due to rounding.

## Forecast

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

**Table 2.07: SFC Scottish Landfill Tax Revenue Forecasts 2020-21 to 2025-26<sup>1</sup>**

£ million	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Scottish Landfill Tax	95	88	86	72	74	61

<sup>1</sup> Adjusted downwards for payments to the Scottish Landfill Communities Fund.

## NON-DOMESTIC RATES

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

## Policy

We are acutely aware that COVID-19 has had a damaging and widespread impact on the economy and the commercial property market more generally. Other Devolved Governments have recognised this broader impact in their decisions to freeze their poundage rates. Following two years of offering the lowest poundage in the UK, the Scottish Budget goes further by proposing the unprecedented step of reducing the poundage mid-revaluation and offering the lowest poundage level available anywhere in the UK.

The decision to reduce the Basic Property Rate ('poundage') to 49 pence, the same as in 2019-20, will save Scottish ratepayers over £120 million compared with previously published plans. Notwithstanding the limitations of the devolved settlement, we are fully committed to doing all we can to prioritise support for businesses and this unprecedented step will ensure that properties' gross liabilities are no higher than they were prior to the pandemic, all else being equal. Due to the introduction of the Intermediate Property Rate (IPR) on 1 April 2020, properties liable for the IPR will pay less than they did in 2019-20.

The Scottish Government has delivered the UK's most competitive NDR regime for a number of years. Following the publication of the Scottish Budget 2020-21, and in direct response to COVID-19, we introduced 100% relief for the Retail, Hospitality, Leisure and Aviation sectors (RHL relief) and a 1.6% universal relief. The 1.6% universal relief will end on 31 March 2021 as legislated and the lack of clarity from the UK Government at successive fiscal events has seriously constrained our ability to directly respond to one of the principle asks from the business community to provide early confirmation that the RHL relief will be extended into 2021-22.

However, recognising the priority that the business community has placed on rates relief to provide an element of confidence in the face of continued uncertainty, the Scottish Budget commits to extending the 100% RHL relief for at least three months.

In recent months a number of businesses have publicly stated their desire to repay the value of rates relief provided in 2020-21. Scottish Ministers have been clear that any receipts returned through this public spirited decision would be directed towards supporting economic recovery. Whilst the level of funding to be returned remains uncertain, based upon correspondence and public statements of intent from major corporations, we forecast that this funding will be sufficient to fully fund this extension and provide a unique opportunity to give additional support to the most directly affected sectors within the limitations of the devolved settlement.

Should the UK Government bring forward an extension to their equivalent RHL relief that generates consequential funding, Ministers will match the extension period as part of a tailored package of business support measures. We hope that this interim measure will provide a degree of certainty in the absence of any clarity from UK Government over both the future of their equivalent RHL relief and other macroeconomic support measures such as the furlough scheme.

## **Rates**

The amount of tax due is based on the rateable value of the property multiplied by the poundage (or the Intermediate, or Higher Property Rate, where relevant), minus any reliefs to which the property is entitled.

Independent Assessors set the rateable value of a non-domestic property, which is based on the notional annual rent the property would attract on the open market if vacant and to let. Non-domestic properties are periodically revalued to reflect prevailing economic circumstances. The most recent revaluation took place in 2017, with the next now scheduled for 2023, this having been delayed by one year due to COVID-19. The decision will offer certainty to businesses in the recovery period and ensure that values at the next revaluation accurately reflect the property market prevailing at the time.

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

In addition to reducing the poundage by 0.8p, the Scottish Budget 2021-22 maintains:

- the Intermediate Property Rate at 50.3p (the poundage plus 1.3p), which will be charged on properties with an RV of between £51,001 and £95,000; and
- the Higher Property Rate at 51.6p (the poundage plus 2.6p), which is charged on properties with a rateable value (RV) above £95,000.

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



**Table 2.08: Non-Domestic Rates 2021-22**

Basic Property Rate ('Poundage')	49p
Intermediate Property Rate (rateable values between £51,001 and £95,000)	50.3p (Poundage +1.3p)
Higher Property Rate (rateable value above £95,000)	51.6p (Poundage +2.6p)

### Reliefs package

The Scottish Budget 2021-22 also introduces the following policies that respond directly to the immediate challenges posed to the commercial property market by the COVID-19 pandemic and the need to promote a green recovery as we strive to meet our net zero emissions target:

- The rateable value upper threshold in order to qualify for Fresh Start Relief will be increased from £65,000 to £95,000 to match the Higher Property Rate threshold. This relief encourages the use of empty property by offering 100% relief for up to twelve months to properties that have been empty for six months or more;
- Business Growth Accelerator (BGAc) relief will be expanded to property improvements where there has been a concurrent change of use to incentivise the re-use of existing assets. This component of BGAc that any increases in NDR due to improvements to, or the expansion of, existing properties will not take effect until twelve months after those changes are made to the property.
- Unoccupied new builds will be able to claim BGAc relief for up to three years, providing certainty to investors and developers.
- One hundred per cent Day Nursery Relief for all standalone nurseries in the public, private and charitable sectors will be extended to at least 30 June 2023.
- In order to provide investor certainty and also respond to the findings of the Tretton Review of Small Scale Hydro Plant and Machinery, the Budget extends the current 60% hydro relief and the 50% District heating Relief until 31 March 2032.
- Where district heating networks are powered by renewables, as part of the Heat in Building Strategy, the District Heating Relief will be expanded to offer 90% relief instead of 50% for new District Heating networks. The 90% relief will be available to 31 March 2024.

The Budget will continue to fund the following reliefs which are set annually:

- Small Business Bonus Scheme relief, which has lifted over 117,000 properties out of rates altogether as at 1 July 2020.
- Transitional Relief, which caps annual rates bill increases at 12.5% for Aberdeen City and Aberdeenshire offices and for all but the very largest hospitality properties across Scotland.

The following reliefs will also be maintained: charitable rates relief, disabled rates relief, district heating relief; empty property relief; Enterprise Areas relief; hardship relief; mobile masts relief; new fibre relief; renewable energy relief; reverse vending machine relief; rural relief; sports club relief; and stud farms relief. Discretionary sports club relief will be subject to new statutory guidance, subject to parliament, from 2021-22, to ensure that it supports affordable community-based facilities, as recommended by the independent Barclay Review of non-domestic rates.

NDR reliefs, like other subsidy or support measures, may be subject to the conditions set out in the EU-UK Trade and Cooperation Agreement, which in certain cases limits sectoral public subsidisation to 325,000 Special Drawing Rights (equivalent to approximately £350,000) over any period of three fiscal years. The Retail, Hospitality and Leisure relief is provisionally being awarded as 'no aid' although this, and the position in relation to the Aviation relief, will be confirmed following the conclusion of the UK Budget. The final policy design will take into account the UK Government's own position on any RHL relief and related Barnett consequential payments accruing to the Scottish Government.

Due to COVID-19, the implementation of the requirement that self-catering properties be let for 70 days or more in order to be classed as non-domestic, as recommended by the independent Barclay Review of non-domestic rates, was initially delayed and will now be in place for 2021-22.

SFC forecasted tax revenues for NDR from 2020-21 to 2025-26 are set out in Table 2.09 below.

**Table 2.09: Scottish Non-Domestic Rates SFC Revenue Forecasts 2020-21 to 2025-26**

£ million	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Non-Domestic Rates	1,848	2,680	2,930	3,224	3,231	3,216

## COUNCIL TAX

Council Tax is a local tax with receipts, which make a significant contribution to the funding of public services, retained by local government and separate from the Scottish Budget. Every household in Scotland potentially has a Council Tax liability, although the Council Tax Reduction scheme reduces this for around 500,000 households according to need and ability to pay.

In recognition of the unique pressures created by the pandemic the settlement also includes an additional £90 million available to compensate councils that choose to freeze their Council Tax at 2020-21 levels, helping to protect household incomes. This additional allocation provides compensation to support services and equates to an increase in Council Tax income of around 3%.

## **AIR DEPARTURE TAX**

The Scottish Government remains fully committed to introducing the Air Departure Tax (ADT) when a solution to the Highlands and Islands exemption issue has been found. We will engage with the UK Government on their planned consultation on Air Passenger Duty reform and work with stakeholders to find a solution for aviation that remains consistent with our climate ambitions.

The UK Government will maintain the application and administration of Air Passenger Duty in Scotland in the interim.

## **AGGREGATES LEVY**

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

Outstanding state aid issues related to the UK Aggregates Levy have now been resolved and the UK Government has completed its review of the UK levy. Whilst a timeline has not yet been agreed for introduction of a devolved levy, the Scottish Government will continue the necessary work to allow for this, building on the research published in 2020.

It will be for the next Scottish Parliament to consider the legislation that would be required to provide for a devolved levy in Scotland. The UK levy will continue to apply in the interim.

## **VAT ASSIGNMENT**

The Scotland Act 2016 provides for receipts from half of the VAT raised in Scotland to be assigned to the Scottish Budget (known as VAT assignment). VAT assignment had been expected to commence with effect from April 2021, with full fiscal impact in the Scottish Budget 2021-22. Due to the current economic climate, the Scottish Government has agreed with HM Treasury to delay implementation of VAT assignment until the Fiscal Framework Review. To ensure robust and prudent fiscal management, it is our belief that we must avoid introducing a new element of unpredictable volatility to the Scottish Budget at this time. We have provided more detail on the options around VAT assignment implementation in the Medium Term Financial Strategy, published alongside the Budget.

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# CHAPTER 3

## Pre-Budget Scrutiny by Parliamentary Committees

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This chapter details how the Scottish Budget 2021-22 has been informed by pre-budget scrutiny from the Scottish Parliament's committees.

### **Culture, Tourism, Europe and External Affairs Committee**

The Culture, Tourism, Europe and External Affairs Committee's pre-budget scrutiny focused on the impact of COVID-19 on the culture and tourism sectors. A number of evidence sessions were held, including with representatives across Scotland's venues and arts spaces, to discuss strategic long-term funding for the culture sector.

The committee requested that the culture budget be focused on responding to the pandemic while seeking to build a sustainable industry which meets the longer-term aspirations of the culture strategy. There was a particular request that consideration is given to ensuring organisations and individuals are supported with recovery from the pandemic and that there is continued investment in skills. To help address this, the Scottish Government is maintaining levels of funding to key priority areas in the culture budget, such as Screen Scotland and Youth Music Initiative, both of which provide opportunities for freelancers, which the committee noted played a vital role within the creative industries. Continued funding for Creative Communities will enable community organisations to provide local access to culture to groups across Scotland, as we move out of the pandemic.

### **Economy, Energy and Fair Work Committee**

The Economy, Energy and Fair Work Committee's 2021-22 pre-budget scrutiny covered the impact of COVID-19 on businesses, workers and the economy. The Committee also welcomed the alignment across local economic development agencies in response to the crisis but noted there is still work to be done on longer-term strategic alignment.

There was a focus on economic recovery and the government's response to the Advisory Group on Economic Recovery (AGER) report and performance and outcomes linked to the National Performance Framework. The Committee raised a number of concerns covering the impact of COVID-19 on the labour market including on young people, women, graduates and apprenticeships. The Scottish Government shares these concerns and has provided an additional £125 million support for the Young Person's Guarantee, Employability and Skills provision. This funding will help deliver the Young Person's Guarantee and continue investment in wider training and skills opportunities, like the National Transition Training

Fund and the Flexible Workforce Development Fund. The funding recognises the increasing challenges we are likely to see in the Labour Market this year, whilst also contributing to our national mission for new green and good jobs, alongside our Fair Work and equality commitments.

The Committee noted that the launch of the Scottish National Investment Bank (SNIB) would support the economic recovery of Scotland and agreed it should maintain its long-term focus. The Committee also considered the level of flexibility of the enterprise agencies' budgets, their ability to respond to unforeseen circumstances and how the annuality of their budgets can be challenging, particularly in relation to capital commitments. The Scottish Government recognises the difficulties an annual budget presents and to address these issues and to provide further confidence and stability to capital planning we are publishing our five-year Capital Spending Review and, following consultation, a strategic five-year Infrastructure Investment Plan in February 2021.

### **Education and Skills Committee**

Pre-budget scrutiny from the Education and Skills Committee highlighted the important role that our colleges and universities will play in Scotland's economic recovery and focused on funding for those sectors. The Scottish Government recognises the impact the pandemic has had on learners in Scotland's schools and those continuing their learning into our colleges and universities.

Colleges and universities are key to Scotland's economic recovery, including through upskilling and reskilling and in ensuring our young peoples' future is not damaged by the pandemic. They are also central to the delivery of our commitment to support young people as part of our Young Persons' Guarantee. We are therefore increasing funding available to colleges and universities to fund additional places, ensuring that no learner is disadvantaged by COVID-19 impacts on the 2020 exam diet; to support the delivery of our foundation and graduate apprenticeship programmes and wider skills qualifications; and to support college sustainability by increasing funding towards college pay and pension obligations. In addition we recognise the pandemic has impacted not only student learning but also, for many, their finances. This budget will therefore increase the support available to students.

### **Environment, Climate Change and Land Reform Committee**

The Environment, Climate Change and Land Reform Committee's pre-budget scrutiny focused on the alignment of spending plans to the delivery of strategic goals on green recovery, climate change and the ecological crisis. The report was published alongside its report on Green Recovery and the reports complement one another.

The Committee articulated that a green, just and resilient recovery requires substantial effort from all economic sectors and society, and clear Scottish Government leadership. The Committee recommended that the Scottish Government use the 2021-22 Budget to set such a pathway and through other multi-year spending plans ensure that capital is invested in a way that supports recovery and delivers green jobs. The Committee is keen to ensure the long-term carbon impact of spend is assessed and reported.

The Scottish Government is fully aligned to the Committee's ambition on this and through the Climate Change Plan update has set out a green recovery from COVID-19. Alongside the commitments set out in the Programme for Government, this will protect biodiversity, create good, green jobs and accelerate our just-transition to net-zero.

### **Equalities and Human Rights Committee**

The Equalities and Human Rights Committee's pre-budget scrutiny reflected a wide cross-section of policy commitments, including interrogation of the budget-setting process; how equality and human rights considerations are taken into account when making budgetary decisions; and scrutiny of third sector funding. The Committee also looked at the range of support that was put in place to support community-led responses to the pandemic.

The Scottish Government welcomes the important points raised in the Committee's pre-budget scrutiny, in particular the recognition that equality and human rights considerations are central to policy and financial decisions across government, and the increased importance of these considerations throughout the COVID-19 pandemic.

In the Scottish Budget 2020-21 the Promoting Equality and Human Rights budget line increased to £30.2 million. This was a significant increase from the 2019-20 budgetary position, and has been increased by a further six per cent to £32.2 million for the 2021-22 budget, signalling the Scottish Government's commitment to this work. In this exceptionally challenging year the budget prioritised support for those most at risk from the pandemic, extending existing funding streams to provide clarity and consistency to our funded organisations and enable them to provide flexible support to communities. In 2021-22, we will deliver streamlined funding streams – Delivering Equally Safe and Embedding Equality and Human Rights – that will more closely align our funding with the National Performance Framework outcomes, in line with the Committee's recommendations, and will encourage and support partnership working to tackle some of the more entrenched issues of inequality across our society.

### **Finance and Constitution Committee**

The Finance and Constitution Committee's pre-budget scrutiny report recognised the enormity of the economic and fiscal challenges facing the Scottish Government in preparing the Budget, and highlighted the need for transparency and collaborative working between the Parliament and government to meet these challenges. While welcoming the funding guarantee provided by the UK Government, the Committee also considered whether the current Fiscal Framework is appropriate, and whether it strikes the right balance between protection against UK-wide shocks and the ability of the Scottish Government to tailor its response and recovery interventions to Scottish priorities.

The Scottish Government welcomes the findings of the Committee's report, and agrees that it is essential that the Government and Parliament work together closely to tackle the unprecedented challenges that COVID-19 presents. We remain committed to transparency and working with Parliament to ensure it can undertake effective scrutiny of the public



finances. The Scottish Government has been clear that in order to meet the ongoing challenges of COVID-19, as well as support economic recovery, it is critical that the UK Government provides additional fiscal flexibilities. We therefore welcome the Committee's recommendation that the UK Government should provide greater access to borrowing in emergency situations. Beyond this, the Scottish Government is advocating a suitably wide scope for the review of the Fiscal Framework so that it supports a fair funding outcome and delivers much greater fiscal flexibility for Scotland.

### **Health and Sport Committee**

Pre-budget scrutiny from the Health and Sport Committee highlighted the importance of understanding and addressing the impact of COVID-19 on the health and care system, on those it serves and on how care is delivered.

This budget will prioritise our work in embedding a world-class public health system, with a focus on improving population health and tackling inequalities. In responding to COVID-19, we will continue our focus on the vaccination and Test and Protect programmes, and take forward our work on remobilisation, recovery and re-design. In recognising non-COVID harms, our Framework for NHS Mobilisation sets out how we will ensure a safe, phased reintroduction of elective care and manage the unscheduled care pathways in an optimal manner.

We will continue to drive long-term reform to support safe, effective and faster care at home or in the community by building on innovation achieved during the pandemic. We will also shortly be receiving the report from the Independent Review of Adult Social Care – Scottish Ministers will then consider the recommendations for improvements along with options to ensure that policy developments are appropriately funded.

We will revisit the performance and financial assumptions underpinning the Medium Term Health and Social Care Financial Framework, which considers the health and care system as a whole, along with our expectations of demand and future resourcing. This will set out the anticipated next steps in securing a sustainable and balanced health and care sector and supporting delivery of world-class, sustainable services.

### **Justice Committee**

The pre-budget scrutiny from the Justice Committee and the Justice Sub-Committee on Policing focused on the impact of the COVID-19 pandemic across the justice system.

The Scottish Government welcomes this approach. The Justice Committee rightly recognises the significant work that has been undertaken across the justice system to adapt to the challenging circumstances that it continues to face – as reinforced by the Lord President's recent decision to reduce court business in line with public health advice. The Scottish Government continues to work closely with the Justice Board and Criminal Justice Board to support the recovery, renewal and transformation of the justice system.

As acknowledged by the Sub-Committee, Police Scotland has dealt with extraordinary circumstances this year and continues to have a key role in the response to the COVID-19 pandemic, working alongside partners in local authorities and health. The Scottish Government will continue to work closely with the Scottish Police Authority and Police Scotland to support the ongoing policing response to COVID-19, and to ensure a modern police service fit for the 21st century, through supporting transformation as outlined in the Joint Strategy for Policing.

### **Local Government and Communities Committee**

The Local Government and Communities Committee's pre-budget scrutiny focused, on a range of predominantly COVID-19-related issues including: the resilience of local services as we head into winter; our position and approach to evictions; homelessness, rough sleeping and the use of temporary accommodation; as well as the affordable housing supply programme.

The Scottish Government continues to work closely with partners, including local government and COSLA, to assess and mitigate the harms caused by the COVID-19 pandemic, and has committed over £500 million of investment in social protections, including for the winter period.

During its scrutiny, the Committee raised a number of important points about how best to support tenants who are struggling to pay rent and how to ensure people experiencing homelessness are helped into permanent accommodation. The Committee will be aware that in 2020-21 the Scottish Government made a further £8 million available for discretionary housing payments and provided a £5 million boost to help local authorities accelerate their rapid rehousing transition plans.

Evidence given to the committee in September from the housing sector emphasised the importance of keeping up the momentum on building affordable homes. We have since made a forward commitment in the draft Infrastructure Investment Plan to the Affordable Housing Supply Programme, and ahead of the Scottish Budget the interim funding available for the Programme in 2021-22 was increased from £300 million to £500 million, providing greater funding certainty for local authorities, housing associations and the construction sector.

Having taken the decision to announce the Scottish Budget before the delayed UK Budget for the second year in a row, the Scottish Government has listened carefully to representations made by COSLA on behalf of local government about the damaging impact any further delay would have on vital local services. During these discussions COSLA made the case for a fair financial settlement for 2021-22 particularly in recognition of the contribution made by local authorities in dealing with the ongoing pandemic.

Again, due to the lack of future funding figures from the UK Government and unreasonable constraints to the timetable for producing Scottish Budget 2021-22, the Scottish Government has no option but to provide local government with a single-year settlement, a position COSLA understands and accepts. However, the Scottish Government remains committed to providing local government with long-term financial certainty and will

continue to work on this with COSLA, and press the UK Government to carry out a multi-year spending review to ensure that long-term financial certainty can be provided to our partners in local government at the earliest possible opportunity.

### **Rural Economy and Connectivity Committee**

The Rural Economy and Connectivity Committee's pre-budget scrutiny focused on a range of issues including: the impact of COVID-19 and EU Exit on the rural economy and the critical role businesses have in both a blue and green recovery from the pandemic; financial support for transport operators during the pandemic; and the use of future budgets to lock in the shift towards active travel.

Funding for farmers, crofters and land managers is critical in ensuring that producers are able to remain viable. The Scottish Government has established industry-led groups to help us develop and define practical measures to change farming and food production for the better. The outputs from the groups will support action on climate change, contribute towards biodiversity targets and build resilience.

The Committee welcomed the commitment to develop a Blue Economy Action Plan, noting that annual funding will be required now that Scotland and the rest of the UK no longer have access to the European Maritime Fisheries Fund.

We recognise the ongoing uncertainty around the impacts of the pandemic and how long they will persist. Funding will support rural areas, businesses and the creation of new green, fair jobs as part of longer-term recovery plans across Scotland's hardest hit sectors.

COVID-19 continues to have a significant impact on the demand for public transport. The budget reflects initial continuing support for public transport modes and this will be reviewed as we transition from responding to the pandemic and see the benefit of the vaccine roll-out. This support is needed to ensure that public transport remains in place during the pandemic for those who need it, consistent with relevant restrictions and to retain a viable public transport system. This is crucial to the post-pandemic recovery, delivery of the national transport strategy and the achievement of climate change targets.

Transport Scotland identified significant uncertainty in future transport demand, which has now intensified due to COVID-19 and a range of factors such as the extent of continued home working, future public attitudes to public transport use and the viability of commercial operators.

This budget builds on the shifts towards active travel and supports the associated long-term Programme for Government commitment, with over £100 million designated for active travel in 2021-22 alongside continued investment in the Bus Priority Fund. The budget also provides for continued investment in low carbon transport programmes and initiatives to support a green recovery with significant transport measures within the Climate Change Plan update (CCPu).

The Scottish Government welcomes the Committee's input on these issues and will keep the committee and Parliament informed on developments.

### **Social Security Committee**

The Social Security Committee commented on a range of issues in its pre-budget scrutiny report including the Scottish Child Payment (SCP), reserved benefits, the Scottish Welfare Fund and benefit take-up strategy.

The SCP has been described as a game-changing intervention in tackling child poverty. It opened for applications on 9 November 2020, with the benefit starting on 15 February 2021, and the Scottish Parliament has agreed a duty to uprate annually from April 2022. The Scottish Government's ambition remains to roll out SCP to under-16s by the end of 2022; however there is a critical dependency on the UK Department of Work and Pensions (DWP) to provide the data needed for 6-16 year olds in order to make top-up payments. We cannot proceed without it.

The Scottish Government has continued to call for the retention of the £20 uplift to Universal Credit and Working Tax Credits, and to extend this to legacy benefits, as well as fixing the other well-known issues with Universal Credit such as the five week wait for first payment, two child limit and benefit cap.

We remain absolutely committed to maximising the take-up of Scottish benefits, which is both a legal and moral duty. We will continue to lead calls for DWP to adopt a more considered and collaborative approach to maximising benefit take-up across the reserved and devolved benefits systems.

The Scottish Government will continue to work closely with local authorities and COSLA to ensure we understand how the Scottish Welfare Fund is meeting the needs of people across Scotland. We will also ensure that awareness of the Fund is considered as part of a wider income maximisation and financial support campaign in the coming months.

### **Further Pre-Budget Scrutiny Responses**

In addition to the content above, following the publication of the Scottish Budget, each Cabinet Secretary or relevant Minister will provide a written response to each individual committee on their pre-budget scrutiny reports. These will be provided within five parliamentary sitting days of the publication of this budget.

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# CHAPTER 4

## Health and Sport

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### **PORTFOLIO RESPONSIBILITIES**

The Health and Sport portfolio is responsible for promoting and improving lifelong health and wellbeing. In responding to the unprecedented challenges facing our health and care system – those that existed before the pandemic and the pandemic itself – the portfolio is responsible for supporting remobilisation and long-term reform of services in order to embed a world-class public health system that delivers the right care, in the right place, at the right time to improve population health and address inequalities.

In 2021-22, investment in the Health and Sport Portfolio will increase to over £16 billion, with a further £869 million of funding to address pressures related to COVID-19. In the immediate term, this will ensure that there is appropriate funding for our public health infrastructure, including in relation to our testing and vaccinations programmes. While our national health service remains on an emergency footing – and we continue to owe a huge debt of gratitude to our NHS and social care staff – we will work with our health boards over the course of the next year and beyond to remobilise and reform services.

As has been seen throughout the pandemic, Primary Care is central to our health and care services, and we will further increase our Primary Care Fund from £195 million to £250 million in 2021-22. This includes support for delivery of the new GP contract and for wider Primary Care reform. Direct investment in mental health services will increase to £139 million, taking overall spending in mental health to over £1.1 billion. Recognising the continued importance of the care sector, a total of £883 million will be passed from the Portfolio in 2021-22 to support social care and integration.

Our additional £50 million in 2021-22 to support our national mission to reduce drug deaths is just one example of supporting those most at risk, as we seek to save and improve lives by reducing harm and promoting recovery. We will continue to provide investment for direct interventions to address health inequalities, exacerbated by COVID-19, to create a Scotland where we can all live longer, healthier lives.

## SPENDING PLANS

**Table 4.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Health and Sport	14,311.1	15,327.9	17,016.8
Food Standards Scotland	16.0	16.0	19.5
<b>Total Health and Sport</b>	<b>14,327.1</b>	<b>15,343.9</b>	<b>17,036.3</b>
<i>of which:</i>			
Total Fiscal Resource	13,607.4	14,532.3	16,134.4
<i>of which Operating Costs*</i>	53.9	64.7	84.7
Non-cash	273.3	273.2	272.5
Capital	336.0	428.0	529.0
Financial Transactions (FTs)	10.0	10.0	–
UK Funded AME	100.4	100.4	100.4

### Presentational Adjustments for Scottish Parliament Approval

	2019-20 Budget	2020-21 Budget	2021-22 Budget
	£m	£m	£m
Sportscotland (NDPB Non Cash)	(1.1)	(1.2)	(1.1)
Care, Support and Rights (NDPB Non cash)	(0.1)	(0.1)	(0.2)
Food Standards Scotland – shown separately	(16.0)	(16.0)	(19.5)
PPP/PFI Adjustments	138.0	21.0	21.0
<b>Total Limit on Income (accruing resources)</b>	<b>14,447.9</b>	<b>15,347.6</b>	<b>17,036.5</b>
Total Limit on Income (accruing resources)	2,050.1		



**Table 4.02: Health and Sport Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
NHS Territorial Boards	10,070.1	10,704.0	10,894.4
NHS National Boards	1,225.6	1,312.1	1,345.9
Health Capital Investment	356.0	448.0	549.0
COVID Funding	-	-	869.0
Workforce and Nursing	216.2	262.1	317.8
General Medical Services	931.2	1,035.8	1,116.8
Pharmaceutical Services	191.9	198.0	206.1
General Dental Services	416.6	428.6	431.0
General Ophthalmic Services	108.4	109.5	111.7
Outcomes Framework	75.7	71.9	74.1
Health Improvement and Protection	46.8	51.6	59.4
Alcohol and Drugs Policy	21.5	34.2	84.2
Mental Health Services	85.5	117.1	139.2
Additional Social Care Support	120.0	220.0	292.6
Quality and Improvement	18.7	20.1	32.0
Digital Health and Care	88.9	112.1	112.5
Early Years	52.7	53.4	62.5
Miscellaneous Other Services	(12.0)	(164.1)	(29.8)
Care, Support and Rights	111.3	112.4	121.3
Revenue consequences of NPD	50.0	65.0	98.0
Sportscotland	32.6	32.7	33.7
Active Healthy Lives	13.4	13.4	15.4
NHS Impairments (AME)	100.0	100.0	100.0
FTs	10.0	10.0	-
Capital Receipts	(20.0)	(20.0)	(20.0)
<b>Total Health</b>	<b>14,311.1</b>	<b>15,327.9</b>	<b>17,016.8</b>
<i>of which:</i>			
Fiscal Resource	13,592.0	14,516.9	16,115.5
Non-cash	273.1	273.0	272.3
Capital	336.0	428.0	529.0
FTs	10.0	10.0	-
UK Funded AME	100.0	100.0	100.0









**Table 4.03 Territorial and National Boards Spending Plans (Level 4)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 4	£m	£m	£m
Improving Outcomes and Reform	189.2	228.6	241.3
<b>Territorial Boards</b>			
NHS Ayrshire and Arran	720.0	762.4	774.5
NHS Borders	207.7	219.8	222.7
NHS Dumfries and Galloway	299.1	316.1	320.6
NHS Fife	661.4	701.5	712.6
NHS Forth Valley	527.0	558.7	569.4
NHS Grampian	957.9	1,013.5	1,027.9
NHS Greater Glasgow and Clyde	2,231.2	2,364.7	2,398.1
NHS Highland	627.5	666.0	691.9
NHS Lanarkshire	1,199.3	1,268.1	1,286.1
NHS Lothian	1,441.5	1,540.1	1,569.5
NHS Orkney	49.6	52.6	54.8
NHS Shetland	50.6	53.9	54.6
NHS Tayside	762.9	808.5	819.9
NHS Western Isles	75.7	80.0	81.1
<b>Total</b>	<b>9,811.4</b>	<b>10,405.9</b>	<b>10,583.7</b>
<b>National Boards</b>			
National Waiting Times Centre	54.2	60.0	60.9
Scottish Ambulance Service	259.9	278.4	283.7
The State Hospital	35.3	37.6	38.1
NHS 24	68.6	72.7	73.8
NHS Education for Scotland	425.9	461.5	471.7
NHS National Services Scotland	338.5	327.7	341.4
Healthcare Improvement Scotland	24.9	26.3	27.5
Public Health Scotland	-	47.9	48.6
NHS Health Scotland	18.3	-	-
<b>Total</b>	<b>1,225.6</b>	<b>1,312.1</b>	<b>1,345.9</b>
Other Income	69.5	69.5	69.5
<b>Total Territorial and National Boards</b>	<b>11,295.7</b>	<b>12,016.1</b>	<b>12,240.4</b>

**Table 4.04: Food Standards Scotland Spending (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Administration	16.0	16.0	19.5
Capital Expenditure	-	-	-
<b>Total Food Standards Scotland</b>	<b>16.0</b>	<b>16.0</b>	<b>19.5</b>
<i>of which:</i>			
Fiscal Resource	15.4	15.4	18.9
Non-cash	0.2	0.2	0.2
Capital	-	-	-
FTs	-	-	-
UK Funded AME	0.4	0.4	0.4

### Health and Sport contributions to the National Outcomes

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

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

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# CHAPTER 5

## Communities and Local Government

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### **PORTFOLIO RESPONSIBILITIES**

The portfolio's overarching aims are to tackle inequalities and reduce child poverty, to create a fairer Scotland, support regeneration and inclusive growth, ensure provision of accessible, affordable, energy efficient housing for all, and to promote community empowerment and the participation of people in all aspects of Scottish life.

Further to our commitments set out in the Programme for Government, we continue to prioritise funding to reduce child poverty; to continue to invest in Discretionary Housing Payments to provide direct financial support to those struggling with housing costs; to support our continued major expansion of affordable and social housing; to improve safety, quality and standards of existing homes and to tackle fuel poverty and support our targets for net zero buildings; to continue our programme of Planning reform, including launching a programme of digital transformation and complete our review of Scotland's National Planning Framework to deliver a world-class planning system which enables inclusive and long-term, sustainable development; to regenerate, strengthen and empower our communities; to revitalise our towns; to support the third sector and develop social enterprise; and eradicate homelessness and rough sleeping.

The portfolio also incorporates the Scottish Government's funding for local authorities in Scotland, allowing them to deliver the full range of services, from education and social care to transport and planning.

## SPENDING PLANS

**Table 5.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Planning and Building Standards	9.5	12.4	30.4
Third Sector	24.9	24.6	26.1
Governance and Reform	5.6	4.5	4.5
Housing	1,031.6	1,165.9	923.2
Social Justice and Regeneration	66.9	76.9	122.5
Connected Communities	-	4.4	4.7
Office of the Scottish Charity Regulator	3.3	3.3	3.6
Scottish Housing Regulator	4.5	4.3	5.1
Local Government	10,872.9	11,020.8	11,112.0
Allocation of COVID consequentials			309.0
<b>Total Communities and Local Government</b>	<b>12,019.2</b>	<b>12,317.1</b>	<b>12,541.1</b>
<i>of which:</i>			
Fiscal Resource	7,166.9	7,649.8	8,446.9
<i>of which Operating Costs</i>	35.8	40.2	42.7
Non-cash	0.3	0.3	0.2
Capital	1,737.5	1,488.5	1,363.0
Financial Transactions (FTs)*	261.5	338.5	100.0
UK Funded AME	2,853.0	2,840.0	2,631.0

\*The Financial Transactions total presented here represents the 'net' portfolio position after adjusting for forecast Financial Transactions income. To see the 'gross' or total amount of financial transactions that will be spent by the portfolio in 2021-22, please see ANNEX A.

### Presentational Adjustments for Scottish Parliament Approval

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Office of the Scottish Charity Regulator - shown separately	(3.3)	(3.3)	(3.6)
Scottish Housing Regulator - shown separately	(4.5)	(4.3)	(5.1)
Central Government Grants to Local Authorities returned to portfolios (E&S, Justice and TIC)	(740.7)	(895.9)	(791.2)
<b>Total Communities and Local Government</b>	<b>11,269.7</b>	<b>11,413.6</b>	<b>11,741.2</b>
Total Limit on Income (accruing resources)			80.0

**Table 5.02: Planning and Building Standards Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Architecture and Place	1.4	1.4	1.5
Building Standards	0.9	2.0	16.7
Planning	6.5	8.3	11.5
Planning and Environmental Appeals	0.7	0.7	0.7
<b>Total Planning and Building Standards</b>	<b>9.5</b>	<b>12.4</b>	<b>30.4</b>
<i>of which:</i>			
Fiscal Resource	9.0	10.4	12.4
Non-cash	-	-	-
Capital	0.5	2.0	18.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 5.03: Third Sector Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Third Sector	24.9	24.6	26.1
<b>Total Third Sector</b>	<b>24.9</b>	<b>24.6</b>	<b>26.1</b>
<i>of which:</i>			
Fiscal Resource	24.9	22.6	22.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	2.0	3.5
UK Funded AME	-	-	-



**Table 5.04: Governance and Reform Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Local Governance	0.5	0.5	0.5
Public Service Reform and Community Empowerment	5.1	4.0	4.0
<b>Total Governance and Reform</b>	<b>5.6</b>	<b>4.5</b>	<b>4.5</b>
<i>of which:</i>			
Fiscal Resource	5.6	4.5	4.5
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 5.05: Housing Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
More Homes	788.7	896.1	628.1
Fuel Poverty/Energy Efficiency	119.6	137.1	145.6
Housing Support	117.1	126.5	142.9
Communities Analysis	6.2	6.2	6.6
<b>Total Housing</b>	<b>1,031.6</b>	<b>1,165.9</b>	<b>923.2</b>
<i>of which:</i>			
Fiscal Resource	142.3	150.9	163.5
Non-cash	-	-	-
Capital	627.8	678.5	663.2
FTs	261.5	336.5	96.5
UK Funded AME	-	-	-

**Table 5.06: Social Justice and Regeneration Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Social Justice	24.6	29.5	40.9
Regeneration	42.3	47.4	81.6
<b>Total Social Justice and Regeneration</b>	<b>66.9</b>	<b>76.9</b>	<b>122.5</b>
<i>of which:</i>			
Fiscal Resource	41.9	46.9	58.2
Non-cash	-	-	-
Capital	25.0	30.0	64.3
FTs	-	-	-
UK Funded AME	-	-	-

**Table 5.07: Connected Communities Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Total Connected Communities</b>	<b>-</b>	<b>4.4</b>	<b>4.7</b>
<i>of which:</i>			
Fiscal Resource	-	4.4	4.4
Non-cash	-	-	-
Capital	-	-	0.3
FTs	-	-	-
UK Funded AME	-	-	-

**Table 5.08: Office of the Scottish Charity Regulator Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Total Office of the Scottish Charity Regulator</b>	<b>3.3</b>	<b>3.3</b>	<b>3.6</b>
<i>of which:</i>			
Fiscal Resource	3.2	3.2	3.6
Non-cash	0.1	0.1	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 5.09: Scottish Housing Regulator Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Total Scottish Housing Regulator</b>	<b>4.5</b>	<b>4.3</b>	<b>5.1</b>
<i>of which:</i>			
Fiscal Resource	4.1	4.1	4.7
Non-cash	0.2	0.2	0.2
Capital	0.2	-	0.2
FTs	-	-	-
UK Funded AME	-	-	-

**Table 5.10: Central Government Grants to Local Authorities Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Transfer of Management of Development Funding	111.8	92.2	92.2
Vacant and Derelict Land Grant	11.4	7.6	7.6
<b>Total Communities and Local Government Central Government Grants to Local Authorities</b>	<b>123.2</b>	<b>99.8</b>	<b>99.8</b>

**Total Local Government Funding 2021-22**

	£m
Budget Core Local Government Allocations (Table 5.11)	11,108.2
Revenue Funding within other Portfolios (Table 5.14)	512.2
<b>Total Local Government Finance Circular</b>	<b>11,620.4</b>
Local Government Funding outwith Core Settlement (Table 5.15)	631.4
<b>Total Scottish Government funding to Local Government</b>	<b>12,251.8</b>

**Table 5.11: Local Government Spending Plans (Level 3)**

	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m
General Revenue Grant	6,733.5	6,713.4	7,108.2
Non-Domestic Rates	2,636.0	2,840.0	2,631.0
Support for Capital	598.4	467.9	478.0
Specific Resource Grants	273.7	685.6	752.0
Specific Capital Grants	278.0	310.1	139.0
Local Government Advice and Policy	-	3.8	3.8
<b>Total Local Government</b>	<b>10,519.6</b>	<b>11,020.8</b>	<b>11,112.0</b>
<i>of which:</i>			
Fiscal Resource	7,007.2	7,402.8	7,864.0
Non-cash	-	-	-
Capital	826.4	778.1	617.0
FTs	-	-	-
UK Funded AME	2,636.0	2,840.0	2,631.0
<b>Other Sources of Support</b>			
Health and Social Care Integration	-	355.0	427.6

Note: The Scottish Government guarantees the combined General Revenue Grant plus the distributable non-domestic rates (NDR) income figures.

**Table 5.12: Specific Grant Funding and Other Local Government Funding**

	Portfolio	2020-21 Budget £m	2021-22 Budget £m
Criminal Justice Social Work	Justice	86.5	86.5
Pupil Equity Fund	Education and Skills	120.0	120.0
Early Learning and Childcare Expansion	Education and Skills	463.2	521.9
Gaelic	Education and Skills	4.5	4.5
Support for Inter-Island Ferries	Transport, Infrastructure and Connectivity	11.5	19.2
<b>Total Specific Revenue Grants</b>		<b>685.7</b>	<b>752.0</b>
Vacant and Derelict Land	Housing and Social Justice	7.6	7.6
Transfer of Management of Development Funding (TMDF)	Housing and Social Justice	92.2	92.2
Regional Transport Partnership	Transport, Infrastructure and Connectivity	15.3	15.3
Heat Networks Early Adopters Challenge Fund	Transport, Infrastructure and Connectivity	50.0	-
Cycling Walking and Safer Routes	Transport, Infrastructure and Connectivity	8.9	23.9
Early Learning and Childcare	Education and Skills	121.0	-
<b>Total Specific Capital Grants</b>		<b>295.0</b>	<b>139.0</b>

**Table 5.13: Scottish Fiscal Commission (SFC) Non-Domestic Rate Income Forecast**

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Non-Domestic Rates Estimate	1,848	2,680	2,930	3,224	3,231	3,216
PCA/forecast	1,916	2,680	2,930	3,224	3,231	3,216
Distributable Amount	1,868	2,631	2,855	3,224	3,231	3,216
Prior Year Adjustments	(129)	(68)	-	-	-	-
Yearly Balance	(80)	(19)	75	-	-	-
Cumulative Balance	(56)	(75)	-	-	-	-

**Table 5:14: Revenue Funding within Other Portfolios to be Transferred In-Year**










	2020-21	2021-22
	£m	£m
<b>Local Government Budget Settlement</b>	<b>11,017.0</b>	<b>11,108.2</b>
Additional Revenue		
1+2 Languages	3.0	2.4
Additional Support for Learning	15.0	15.0
Appropriate Adults	1.0	1.0
Blue Badge Scheme	0.7	0.7
British Sign Language	0.2	-
Building Standards Fees	(1.5)	(1.5)
Carers Act	11.6	40.1
Child Burial and Crematoria Charges	0.6	0.6
Children and Young People Act	1.0	-
Community Justice Transitional Funding	1.6	2.0
Customer First	1.4	1.4
Discretionary Housing Payments	71.8	83.1
Early Learning and Childcare Expansion	24.1	24.1
Former Housing Support Grant	1.0	1.0
Free Personal and Nursing Care	2.2	12.3
Free Sanitary Products in Public Places	2.8	2.8
Free Sanitary Products in Schools (listed as tbc in 19-20 budget)	2.1	2.1
Health and Social Care	57.2	57.2
Health and Social Care and Mental Health	120.0	120.0
Living Wage	25.0	59.0
Mental Health Officer Shortfall	0.5	-
Rapid Rehousing Transition Plans	8.0	8.0
School Clothing Grant	6.0	6.0
School Counselling	4.0	4.0
Scottish Welfare Fund	40.9	40.9
Seatbelts on School Transport	0.2	0.6
Self-Directed Support	3.5	3.5
Sensory Impairment	0.3	0.3
Temporary Accommodation	23.5	23.5
Tobacco-Related Issues	1.3	1.3
Extra Environmental Health Officers	-	1.7
Educational Psychologists	-	(0.9)
<b>Total Revenue Funding within other Portfolios</b>	<b>428.7</b>	<b>512.2</b>
<b>Total Local Government Settlement in Local Government Finance Circular</b>	<b>11,445.7</b>	<b>11,620.4</b>



**Table 5.15: Local Government Funding outwith Core Settlement**

	2020-21	2021-22
	£m	£m
<b>Total Local Government Finance Circular</b>	<b>11,445.7</b>	<b>11,620.4</b>
Revenue		
Attainment Scotland Fund	62.0	62.0
Business Gateway	1.6	1.6
City Region and Growth Deals	3.8	11.2
Clyde Gateway Urban Regeneration Company	0.5	0.5
Discretionary Housing Payment (Care Experienced Young People)	2.0	-
Education Maintenance Allowance	25.0	25.0
Fair Start Scotland	1.1	1.1
No One Left Behind (formerly Local Employability Model)	7.1	7.1
Parental Employability Support Funding (PESF)	5.0	5.0
(PESF) Boost - Disabled Parents Employability Support	2.0	2.0
PESF -Boost - ELC alignment	-	2.0
PESF Boost - Support for young parents	-	0.7
Private Water Supply Grants	1.7	1.7
Schools for the Future Programme	72.4	72.6
Supporting Post-16 Transitions Towards Employment	4.3	-
Support for Sustainable and Active Travel	5.3	5.3
Low Emission Zone Support	-	2.1
Travel Strategy and Innovation	4.1	4.1
Mental Health Officer Shortfall	-	0.5
<b>Total Revenue</b>	<b>197.9</b>	<b>204.5</b>
Capital		
Capital Land and Works	22.0	22.0
City Region and Growth Deals	201.0	198.1
Clyde Gateway Urban Regeneration Company	5.0	5.0
Coig Tourist Routes	0.3	-
Future Transport Fund	18.0	51.0
Home Energy Efficiency Programmes for Scotland (HEEPS)	55.0	58.0
Regeneration Capital Grant Fund	25.0	25.0
Support for Sustainable and Active Travel	1.0	1.0
Travel Strategy and Innovation	55.1	35.0
Gaelic Capital Fund	-	3.8
Vacant and Derelict Land Investment Programme	-	5.0
Place, Town Centres and 20 Minute Neighbourhoods	-	23.0
<b>Total Capital</b>	<b>382.4</b>	<b>426.9</b>
<b>Total Local Government Funding outwith Core Settlement</b>	<b>580.3</b>	<b>631.4</b>
<b>Overall Scottish Government Funding for Local Government</b>	<b>12,026.0</b>	<b>12,251.8</b>

## Communities and Local Government contributions to the National Outcomes

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

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

# CHAPTER 6

## Finance

### PORTFOLIO RESPONSIBILITIES

The portfolio is responsible for key functions of Government around performance, public finances, fiscal policy, taxation, procurement and digital strategy & digital economy.

It is also responsible for the funding of Revenue Scotland, Scottish Fiscal Commission, Scottish Futures Trust, Scottish Public Pensions Agency and Registers of Scotland.

### FINANCE

**Table 6.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Scottish Public Pensions Agency	4,568.2	5,408.9	5,879.5
Finance	130.7	155.1	184.4
Digital Strategy	28.4	25.8	31.2
Digital Economy	14.7	15.0	10.2
Revenue Scotland	7.6	6.6	7.1
Scottish Fiscal Commission	1.9	1.9	2.0
Registers of Scotland	-	12.4	11.2
Allocation of Covid consequentials	-	-	15.0
<b>Total Finance</b>	<b>4,751.5</b>	<b>5,625.7</b>	<b>6,140.6</b>
<i>of which:</i>			
Total Fiscal Resource	155.4	184.1	239.8
<i>of which Operating Costs</i>	<i>59.1</i>	<i>61.4</i>	<i>66.4</i>
Non-cash	16.5	21.4	19.7
Capital	22.6	23.5	24.0
Financial Transactions (FTs)*	12.0	11.6	3.3
UK Funded AME (NHS and Teachers Pensions)	4,545.0	5,385.1	5,853.8

\* The Financial Transactions total presented here represents the 'net' portfolio position after adjusting for forecast Financial Transactions income. To see the 'gross' or total amount of financial transactions that will be spent by the portfolio in 2021-22, please see ANNEX A.

**Presentational Adjustments for Scottish Parliament Approval**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Borrowing - not approved by Scottish Parliament	(49.0)	(66.0)	(96.5)
Revenue Scotland - shown separately	(7.6)	(6.6)	(7.1)
Scottish Fiscal Commission - shown separately	(1.9)	(1.9)	(2.0)
Registers of Scotland - shown separately	-	(12.4)	(11.2)
NHS and Teachers Pensions - shown separately	(4,545.0)	(5,385.1)	(5,853.8)
<b>Total Finance</b>	<b>148.0</b>	<b>153.7</b>	<b>170.0</b>

Total Limit on Income (accruing resources)	50.0
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**Table 6.02: Scottish Public Pensions Agency Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Agency Administration	23.2	23.8	25.7
Scottish Teachers Pension Scheme	1,525.0	1,836.6	1,922.8
NHS Pension Scheme	3,020.0	3,548.5	3,931.0
<b>Total SPPA</b>	<b>4,568.2</b>	<b>5,408.9</b>	<b>5,879.5</b>
<i>of which:</i>			
Fiscal Resource	17.3	19.6	20.3
Non-cash	1.9	2.4	3.2
Capital	4.0	1.8	2.2
FTs	-	-	-
UK Funded AME	4,545.0	5,385.1	5,853.8

**Table 6.03: Other Finance Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scotland Act Implementation	4.0	3.3	2.8
Procurement Shared Services	22.9	22.8	23.6
Scottish Futures Trust	4.4	4.1	4.1
Exchequer and Finance	15.7	21.8	23.6
Finance Financial Transactions	-	-	1.5
Scottish Government Capital Projects	31.8	31.8	27.0
Public Information and Engagement	2.9	2.8	2.8
Growth Accelerators	-	1.5	1.5
Green Growth Accelerator	-	1.0	1.0
Resource Costs of Borrowing	49.0	66.0	96.5
<b>Total Other Finance</b>	<b>130.7</b>	<b>155.1</b>	<b>184.4</b>
<i>of which:</i>			
Fiscal Resource	98.9	123.3	155.9
Non-cash	14.6	14.6	12.0
Capital	17.2	17.2	15.0
FTs	-	-	1.5
UK Funded AME	-	-	-

**Table 6.04: Digital Economy Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Total Digital Economy</b>	<b>14.7</b>	<b>15.0</b>	<b>10.2</b>
<i>of which:</i>			
Fiscal Resource	2.7	3.4	8.4
Non-cash	-	-	-
Capital	-	-	-
FTs	12.0	11.6	1.8
UK Funded AME	-	-	-

**Table 6.05: Digital Strategy Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Total Digital Strategy</b>	<b>28.4</b>	<b>25.8</b>	<b>31.2</b>
<i>of which:</i>			
Fiscal Resource	28.4	25.8	27.9
Non-cash	-	-	-
Capital	-	-	3.3
FTs	-	-	-
UK Funded AME	-	-	-

**Table 6.06: Revenue Scotland Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Total Revenue Scotland</b>	<b>7.6</b>	<b>6.6</b>	<b>7.1</b>
<i>of which:</i>			
Fiscal Resource	6.2	6.1	6.2
Non-cash	-	-	0.4
Capital	1.4	0.5	0.5
FTs	-	-	-
UK Funded AME	-	-	-

**Table 6.07: Scottish Fiscal Commission Spending Plans (Level 3)**








	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Scottish Fiscal Commission</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>
<i>of which:</i>			
Fiscal Resource	1.9	1.9	2.0
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-



**Table 6.08: Registers of Scotland Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Registers of Scotland</b>	-	<b>12.4</b>	<b>11.2</b>
<i>of which:</i>			
Fiscal Resource	-	4.0	4.1
Non-cash	-	4.4	4.1
Capital	-	4.0	3.0
FTs	-	-	-
UK Funded AME	-	-	-

**Finance contributions to the National Outcomes**

Primary National Outcomes	Secondary National Outcomes
 Economy	 Communities
 Fair Work & Business	 Education
 Poverty	 Environment
	 International

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

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# CHAPTER 7

## Economy, Fair Work and Culture

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### **PORTFOLIO RESPONSIBILITIES**

The Economy, Fair Work and Culture portfolio is at the heart of delivering the Scottish Government's purpose through sustainable and inclusive growth, whilst ensuring that Scotland's diverse and evolving culture and heritage thrives and is celebrated. It plays a crucial role in our response to and recovery from the COVID-19 pandemic. Our plans for economic recovery include our commitment to protect existing jobs, to support workers to upskill and reskill and to create good-quality jobs for the future. As our Programme for Government sets out we have adopted a national mission to create new jobs, good jobs and green jobs.

The portfolio is responsible for fair work, employability, enterprise, trade and inward investment and support to businesses, as well as for Scottish Enterprise, Accountant in Bankruptcy, Scottish National Investment Bank, Historic Environment Scotland, Cultural Collections and National Performing Centres.

The portfolio will help to build a strong, vibrant and diverse economy that promotes wellbeing, attracts investment and facilitates the transition to a net-zero economy. It will help tackle the global climate emergency, grow an inclusive economy, and face up to the challenges following Scotland's exit from the European Union, changing demographics and shifting global circumstances.

The portfolio also ensures our diverse and evolving cultural heritage thrives and is celebrated, and that our historic environment, world-class collections and performing companies are cared for and enjoyed by new and diverse audiences as well as future generations right across Scotland. It protects and provides access to our historic environment, promotes the delivery of high quality places and buildings to support communities contributing principally to the culture national outcomes. Our Major Events budget continues to support a strong and inspirational programme of events and festivals each year that generates business, creates jobs and boosts the economy whilst delivering benefits to communities across Scotland.

**Table 7.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Employability and Training	56.7	57.5	63.3
Enterprise, Trade and Investment	383.4	334.3	311.3
European Structural Funds	-	-	-
European Regional Development Fund	-	-	-
Economic Advice	11.0	12.7	12.7
Scottish National Investment Bank	130.9	241.1	205.0
Accountant in Bankruptcy	3.3	2.2	2.5
Culture and Major Events	184.6	180.4	174.7
Historic Environment Scotland	39.8	42.8	55.9
National Records of Scotland	37.4	65.3	63.3
Allocation of COVID Consequential	-	-	147.0
<b>Total EFW&amp;C</b>	<b>847.1</b>	<b>936.3</b>	<b>1,035.6</b>
<i>of which:</i>			
Total Fiscal Resource	479.6	508.2	679.6
<i>of which Operating Costs</i>	43.3	45.1	45.9
Non-cash	25.8	24.9	25.5
Capital	86.7	103.5	130.6
Financial Transactions (FTs)*	255.0	299.7	200.0
UK Funded AME	-	-	-

\* The Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions (spending power) for each portfolio is listed in the Infrastructure Investment Chapter. For EFWC portfolio it is £244.3 million.

### Presentational Adjustments for Scottish Parliament Approval

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Enterprise (NDPB Non-cash)	(8.3)	(8.3)	(8.3)
Culture (NDPB Non-cash)	(9.5)	(9.5)	(9.5)
Historic Environment Scotland (NDPB Non-cash)	(3.0)	(3.0)	(3.0)
National Records of Scotland – shown separately	(37.4)	(65.3)	(63.3)
Central Government Grants to LAs	50.0	-	-
<b>Total Economy, Fair Work and Culture</b>	<b>838.9</b>	<b>850.2</b>	<b>951.6</b>

Total Limit on Income (accruing resources)	350.0
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**Table 7.02: Employability and Training Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Employability and Training	56.7	57.5	63.3
<b>Total Employability and Training</b>	<b>56.7</b>	<b>57.5</b>	<b>63.3</b>
<i>of which:</i>			
Fiscal Resource	56.1	57.3	63.2
Non-cash	0.4	0.2	0.1
Capital	0.2	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 7.03: Enterprise, Trade and Investment (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Enterprise	273.5	247.1	267.4
Innovation and Industries	109.9	87.2	43.9
<b>Total Enterprise, Trade and Investment</b>	<b>383.4</b>	<b>334.3</b>	<b>311.3</b>
<i>of which:</i>			
Fiscal Resource	176.8	166.5	190.5
Non-cash	8.5	8.5	8.5
Capital	64.6	80.7	112.3
FTs*	133.5	78.6	-
UK Funded AME	-	-	-

\* The Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions (spending power) for each portfolio is listed in the Infrastructure Investment Chapter. For Scottish Enterprise it is £27.3 million.

**Table 7.04: European Structural Funds 2014-20 Programmes Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
ESF Central Government Spend – EC Income	-	-	-
ESF Central Government Spend	-	-	-
ESF Grants to Local Authorities	-	-	-
ESF Grants to Local Authorities – EC Income	-	-	-
<b>Total ESF 2014-20 Programmes</b>	-	-	-
<i>of which:</i>			
Fiscal Resource	-	-	-
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 7.05: European Regional Development Funds Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
ESF Central Government Spend – EC Income	-	-	-
ESF Central Government Spend	-	-	-
ESF Grants to Local Authorities	-	-	-
ESF Grants to Local Authorities – EC Income	-	-	-
<b>Total ERDF 2014-20 Programmes</b>	-	-	-
<i>of which:</i>			
Fiscal Resource	-	-	-
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 7.06: Economic Advice Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Office of the Chief Economic Adviser	7.7	7.6	7.8
Council of Economic Advisers	0.1	0.1	0.1
Consumer Scotland Policy and Advice	3.2	5.0	4.8
<b>Total Economic Advice</b>	<b>11.0</b>	<b>12.7</b>	<b>12.7</b>
<i>of which:</i>			
Fiscal Resource	11.0	12.7	12.7
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 7.07: Scottish National Investment Bank Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scottish National Investment Bank	130.9	241.1	205.0
<b>Total Scottish National Investment Bank</b>	<b>130.9</b>	<b>241.1</b>	<b>205.0</b>
<i>of which:</i>			
Fiscal Resource	10.9	21.1	5.0
Non-cash	-	-	-
Capital	-	-	-
FTs	120.0	220.0	200.0
UK Funded AME	-	-	-



**Table 7.08: Accountant in Bankruptcy (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Accountant in Bankruptcy	3.3	2.2	2.5
<b>Total Accountant in Bankruptcy</b>	<b>3.3</b>	<b>2.2</b>	<b>2.5</b>
<i>of which:</i>			
Fiscal Resource	1.0	0.6	0.6
Non-cash	1.5	0.8	0.8
Capital	0.8	0.8	1.1
FTs	-	-	-
UK Funded AME	-	-	-

**Table 7.09: Culture and Major Events Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Creative Scotland and Other Arts	66.0	67.3	63.2
Cultural Collections	74.6	79.2	75.7
Major Events and Themed Years	16.8	6.6	8.2
Culture and Major Events Staffing	4.3	4.4	4.7
National Performing Companies	22.9	22.9	22.9
<b>Total Culture and Major Events</b>	<b>184.6</b>	<b>180.4</b>	<b>174.7</b>
<i>of which:</i>			
Fiscal Resource	161.5	156.8	157.0
Non-cash	9.5	9.5	9.5
Capital	12.1	13.0	8.2
FTs	1.5	1.1	-
UK Funded AME	-	-	-

**Table 7.10: Historic Environment Scotland Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Operational Costs	93.5	100.1	91.3
Capital Expenditure	6.0	6.0	6.0
Less Income	(59.7)	(63.3)	(41.4)
<b>Total Historic Environment Scotland</b>	<b>39.8</b>	<b>42.8</b>	<b>55.9</b>
<i>of which:</i>			
Fiscal Resource	30.8	33.8	46.9
Non-cash	3.0	3.0	3.0
Capital	6.0	6.0	6.0
FTs	-	-	-
UK Funded AME	-	-	-











**Table 7.11: National Records Scotland Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Administration costs	40.2	68.1	66.1
Capital Expenditure	3.0	3.0	3.0
Less income	(5.8)	(5.8)	(5.8)
<b>Total NRS</b>	<b>37.4</b>	<b>65.3</b>	<b>63.3</b>
<i>of which:</i>			
Fiscal Resource	31.5	59.4	56.7
Non-cash	2.9	2.9	3.6
Capital	3.0	3.0	3.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 7.12: EFWC Central Government Grants to LAs**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Town Centre Fund	50.0	-	-
<b>Total Central Government Grants to LAs</b>	<b>50.0</b>	<b>-</b>	<b>-</b>
<i>of which:</i>			
Fiscal Resource	-	-	-
Non-cash	-	-	-
Capital	50.0	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Economy, Fair Work and Culture contributions to the National Outcomes**

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

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

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# CHAPTER 8

## Education and Skills

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### PORTFOLIO RESPONSIBILITIES

Improving the life chances of our children and young people through excellence and equity in education continues to be the principal mission of this government. Education and Skills portfolio invests in changing lives for the better and underpins key government priorities, in particular, promoting population wellbeing, tackling child poverty, and building sustainable and inclusive economic growth.

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

- Invest over £30 million to support our schools to mitigate the impacts of COVID on the learning experiences of our children and young people.
- Invest a further £59 million to deliver on our commitment to expand funded early learning and childcare from 600 hours to 1140 hours to all three and four year olds and eligible two year olds, bringing our additional annual revenue investment to £567 million.
- Work to deliver a statutory financial redress scheme for survivors of child abuse in care and to make advanced payments to elderly and ill survivors.
- Keep The Promise to implement the findings of the independent Care Review.
- invest over £60 million of additional resource and capital funding in universities and their students to support the development of well-educated, highly skilled people and securing world-class research and cutting edge innovation.

Ensuring the best start in life for every child is key to delivering our priorities, and a clear focus for our policies and spending plans is to continue to ensure every child will grow up loved, safe and respected so that they reach their maximum potential. In 2021-22 we will:

- work hard through the Scottish Attainment Challenge to accelerate and deepen recovery, and to focus on those who need it most, recognising that the equity audit has shown that COVID has had a negative impact on the attainment gap;
- incorporate the UN Convention on the Rights of the Child into law; and
- deliver on our commitment to the expansion of early learning and childcare.

Our further and higher education sectors and skills provision priorities will also continue to support the development of well-educated, highly skilled people, supporting sustainable and inclusive growth and delivering our Young Person's Guarantee. In 2021-22 we will:

- boost resources for our colleges to mitigate the effects of COVID, including the challenges of blended learning;
- maintain our links with Europe following the UK's exit from the EU and promote Scottish learning and research internationally through our Global Alumni Network and expansion of our Saltire Scholarship Programme;
- provide support for our world-leading university research to allow Higher Education Institutions to secure substantial additional funding from other research funders and strengthen international collaboration opportunities – including COVID research projects; and
- offer apprenticeship opportunities that are open to all by investing through Skills Development Scotland (SDS) to maximise apprenticeship starts.

**Table 8.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Learning	257.8	297.8	316.5
Children and Families	123.9	149.7	182.4
Early Learning and Childcare Programme	40.5	39.8	39.8
Higher Education Student Support	922.5	925.6	1,399.3
Scottish Funding Council	1,839.3	1,880.1	1,911.0
Advanced Learning and Science	10.0	13.4	20.5
Skills and Training	254.0	264.1	270.2
Allocation of COVID Consequential	–	–	68.0
<b>Total Education and Skills</b>	<b>3,448.0</b>	<b>3,570.5</b>	<b>4,207.7</b>
<i>of which:</i>			
Total Fiscal Resource	2,657.1	2,490.1	2,698.1
<i>of which Operating Costs</i>	37.3	41.4	43.6
Non-cash	243.4	237.4	673.2
Capital	94.5	395.5	398.0
Financial Transactions (FTs)*	55.5	55.0	22.1
UK Funded AME	397.5	392.5	416.3

\*The Financial Transactions total presented here represents the 'net' portfolio position after adjusting for forecast Financial Transactions income. To see the 'gross' or total amount of financial transactions that will be spent by the portfolio in 2021-22, please see ANNEX A.

**Presentational Adjustments for Scottish Parliament Approval**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Learning (NDPB Non-cash)	(2.8)	(3.3)	(3.7)
Children and Families (NDPB Non-cash)	(1.8)	(2.4)	(2.7)
SFC (NDPB Non-cash)	(30.4)	(27.1)	(27.7)
Skills & Training (NDPB Non-cash)	-	(0.8)	(0.9)
Central Government Grants to Local Authorities	561.7	708.7	646.4
<b>Total Education and Skills</b>	<b>3,974.7</b>	<b>4,245.6</b>	<b>4,819.1</b>

Total Limit on Income (accruing resources)			350.0
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**Table 8.02: Learning Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Education Scotland	23.0	26.6	29.9
Gaelic	23.5	25.2	25.2
Curriculum and Qualifications	39.3	44.4	45.1
Workforce, Infrastructure and Reform	83.4	97.0	108.8
Education Analytical Services	4.5	5.2	4.9
Improvement, Attainment and Wellbeing	84.1	99.4	102.6
<b>Total Learning</b>	<b>257.8</b>	<b>297.8</b>	<b>316.5</b>
<i>of which:</i>			
Fiscal Resource	251.0	285.4	304.4
Non-cash	3.2	3.7	4.0
Capital	3.6	8.7	8.1
FTs	-	-	-
UK Funded AME	-	-	-

**Table 8.03: Children and Families Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Care and Justice	39.1	43.0	44.3
Care and Protection	26.8	34.5	60.3
Disclosure Scotland Expenditure	11.4	21.3	22.9
Office of the Chief Social Work Adviser	19.9	20.3	21.1
Creating Positive Futures	26.7	30.6	33.8
<b>Total Children and Families</b>	<b>123.9</b>	<b>149.7</b>	<b>182.4</b>
<i>of which:</i>			
Fiscal Resource	114.5	134.2	164.0
Non-cash	5.5	8.5	10.5
Capital	3.9	7.0	7.9
FTs	-	-	-
UK Funded AME	-	-	-

**Table 8.04: Early Learning and Childcare Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
<b>Early Learning and Childcare</b>	<b>40.5</b>	<b>39.8</b>	<b>39.8</b>
<i>of which:</i>			
Fiscal Resource	40.5	39.8	39.8
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-



**Table 8.05: Higher Education Student Support Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Student Support and Tuition Fee Payments	301.6	310.9	328.2
Student Loans Company Administration Costs	4.2	9.3	8.5
Student Loan Interest Subsidy to Bank	2.0	2.0	2.8
Cost of Providing Student Loans (RAB Charge)(Non-Cash)	203.2	196.2	629.0
Student Awards Agency for Scotland Operating Costs	12.1	12.8	12.9
SAAS Capital	1.9	1.9	1.6
Net Student Loans Advanced	550.0	545.0	585.0
Capitalised Interest	(70.0)	(70.0)	(80.0)
Student Loan Fair Value Adjustment	(84.1)	(84.1)	(90.0)
Student Loan Sale Subsidy Impairment Adjustment	1.6	1.6	1.3
<b>Total Higher Education Student Support</b>	<b>922.5</b>	<b>925.6</b>	<b>1,399.3</b>
<i>of which:</i>			
Fiscal Resource	318.8	333.9	351.3
Non-cash	204.3	197.3	630.1
Capital	1.9	1.9	1.6
FTs	-	-	-
UK Funded AME	397.5	392.5	416.3

**Table 8.06: Scottish Funding Council Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scottish Funding Council Administration	7.5	7.9	7.8
College Operational Expenditure	796.5	830.0	865.7
College Operational Income	(190.0)	(190.0)	(190.0)
<i>Net College Resource</i>	<i>606.5</i>	<i>640.0</i>	<i>675.7</i>
College NPD expenditure	29.3	29.3	29.3
College Depreciation costs	30.1	26.8	27.5
HE Resource	1,025.3	743.2	768.2
College Capital Expenditure	49.6	37.4	33.7
College Capital Receipts	(2.0)	(1.7)	-
Net College Capital	47.6	35.7	33.7
HE Capital	37.5	342.2	346.7
HE FTs	55.5	61.0	30.5
HE FTs Income	-	(6.0)	(8.4)
<b>Total Scottish Funding Council</b>	<b>1,839.3</b>	<b>1,880.1</b>	<b>1,911.0</b>
<i>of which:</i>			
Fiscal Resource	1,668.3	1,420.1	1,480.8
Non-cash	30.4	27.1	27.7
Capital	85.1	377.9	380.4
FTs	55.5	55.0	22.1
UK Funded AME	-	-	-

**Table 8.07: Advanced Learning and Science Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Higher Education	5.3	7.4	14.5
Qualifications and Accreditation	1.7	3.0	3.0
Science Engagement and Advice	3.0	3.0	3.0
<b>Total Advanced Learning and Science</b>	<b>10.0</b>	<b>13.4</b>	<b>20.5</b>
<i>of which:</i>			
Fiscal Resource	10.0	13.4	20.5
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-










**Table 8.08: Employment and Training Interventions Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Skills Development Scotland	214.7	224.8	230.9
Employability and Skills	39.3	39.3	39.3
<b>Total Skills and Training</b>	<b>254.0</b>	<b>264.1</b>	<b>270.2</b>
<i>of which:</i>			
Fiscal Resource	254.0	263.3	269.3
Non-cash	-	0.8	0.9
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 8.09: Central Government Grants to Local Authorities Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Gaelic	4.5	4.5	4.5
Local Government Attainment Grant	120.0	120.0	120.0
Local Government ELC Grant	437.2	584.2	521.9
<b>Education and Skills Central Government Grants to Local Authorities</b>	<b>561.7</b>	<b>708.7</b>	<b>646.4</b>
<i>of which:</i>			
Fiscal Resource	386.7	587.7	646.4
Non-cash	-	-	-
Capital	175.0	121.0	-
FTs	-	-	-
UK Funded AME	-	-	-

## Education and Skills contributions to the National Outcomes

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

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

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# CHAPTER 9

## Justice

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### **JUSTICE PORTFOLIO RESPONSIBILITIES**

The purpose of the Justice portfolio is to keep our communities safe and secure, and to administer justice in its various forms. The portfolio both tackles inequalities and ensures an environment where sustainable economic activity can prosper, enabling our communities to be safe and resilient, reducing crime and offending, supporting victims and witnesses and improving wellbeing and life chances.

The Justice portfolio has responsibility for the civil, criminal and administrative justice systems which include Scotland's prisons, courts, tribunals, the legal aid system and criminal justice social work services. It supports the police and fire and rescue services.

The portfolio supports safe, secure and more resilient communities and works to build Scotland's resilience by improving Scotland's preparedness against a range of hazards and threats, including cyber attacks and terrorism, through multi-agency planning, strengthening national work on risk and prevention, and working with partners to build and deliver capacity. The Justice portfolio provides a range of vital public services in which powers are largely devolved to the Scottish Parliament. It also works closely with the UK Government and its agencies to ensure that Scotland and its communities are appropriately and proportionately protected from terrorism.

**Table 9.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Community Justice	37.1	44.0	46.3
Judiciary	34.3	36.3	37.3
Criminal Injuries Compensation	15.5	15.5	15.6
Legal Aid	137.5	137.5	138.0
Safer and Stronger Communities	6.4	11.6	12.6
Police Central Government	66.8	57.0	62.3
Police and Fire Pensions	350.6	350.6	350.6
Scottish Prison Service	393.7	442.2	460.2
Miscellaneous	53.5	58.6	59.5
Scottish Police Authority	1,180.1	1,240.3	1,300.8
Scottish Fire and Rescue Service	327.2	333.3	343.2
Scottish Courts and Tribunals Service	116.6	122.6	129.3
Allocation of Covid Consequential	-	-	72.0
<b>Total Justice</b>	<b>2,719.3</b>	<b>2,849.5</b>	<b>3,027.7</b>
<i>of which:</i>			
Total Fiscal Resource	2,442.0	2,550.8	2,723.7
<i>of which Operating Costs</i>	27.5	30.1	31.7
Non-cash	133.3	135.7	137.5
Capital	144.0	163.0	166.5
Financial Transactions (FTs)	-	-	-
UK Funded AME	-	-	-

**Presentational Adjustments for Scottish Parliament Approval**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Legal Aid (NDPB Non-cash)	(0.6)	(0.6)	(0.6)
SPA (NDPB Non-cash)	(50.0)	(50.0)	(50.0)
SFRS (NDPB Non-cash)	(24.8)	(24.8)	(26.0)
Police Loan Charges	3.6	3.8	3.8
Judicial Salaries	(33.3)	(35.3)	(35.3)
PPP/PFI Adjustments	-	1.2	1.2
SCTS - shown separately	(116.6)	(122.6)	(129.3)
Central Government Grants to Local Authorities	86.5	86.5	86.5
<b>Total Justice</b>	<b>2,584.1</b>	<b>2,706.5</b>	<b>2,878.0</b>
Total Limit on Income (accruing resources)	39.7	-	-

**Table 9.02: Community Justice Services Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Offender Services	33.9	40.8	43.1
Miscellaneous	3.2	3.2	3.2
<b>Total Community Justice</b>	<b>37.1</b>	<b>44.0</b>	<b>46.3</b>
<i>of which:</i>			
Fiscal Resource	37.0	44.0	46.3
Non-cash	0.1	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-



**Table 9.03: Judiciary Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Judiciary	1.0	1.0	2.0
Judicial Salaries	33.3	35.3	35.3
<b>Judiciary</b>	<b>34.3</b>	<b>36.3</b>	<b>37.3</b>
<i>of which</i>			
Fiscal Resource	34.3	36.3	37.3
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.04: Criminal Injuries Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
CIC Scheme	12.8	13.8	13.8
Criminal Injuries Administration Costs	2.7	1.7	1.8
<b>Total Criminal Injuries</b>	<b>15.5</b>	<b>15.5</b>	<b>15.6</b>
<i>of which:</i>			
Fiscal Resource	15.5	15.5	15.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.05: Legal Aid Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Legal Aid Administration	11.7	11.7	12.2
Legal Aid Fund	125.8	125.8	125.8
<b>Total Legal Aid</b>	<b>137.5</b>	<b>137.5</b>	<b>138.0</b>
<i>of which:</i>			
Fiscal Resource	136.8	136.8	137.3
Non-cash	0.6	0.6	0.6
Capital	0.1	0.1	0.1
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.06: Safer and Stronger Communities Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Safer Communities	6.4	11.6	12.6
<b>Total Safer and Stronger Communities</b>	<b>6.4</b>	<b>11.6</b>	<b>12.6</b>
<i>of which:</i>			
Fiscal Resource	6.4	11.6	12.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.07: Police Central Government Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
National Police Funding and Reform	66.4	56.6	61.9
Police Support Services	0.4	0.4	0.4
<b>Total Police Central Government</b>	<b>66.8</b>	<b>57.0</b>	<b>62.3</b>
<i>of which:</i>			
Fiscal Resource	59.7	49.9	55.2
Non-cash	2.5	2.5	2.5
Capital	4.6	4.6	4.6
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.08: Police and Fire Pensions Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Police Pensions	278.4	278.4	278.4
Fire Pensions	72.2	72.2	72.2
<b>Total Police and Fire Pensions</b>	<b>350.6</b>	<b>350.6</b>	<b>350.6</b>
<i>of which:</i>			
Fiscal Resource	350.6	350.6	350.6
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.09: Scottish Prison Service Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scottish Prison Service	393.7	442.2	460.2
<b>Total Scottish Prison Service</b>	<b>393.7</b>	<b>442.2</b>	<b>460.2</b>
<i>of which:</i>			
Fiscal Resource	312.2	342.2	354.6
Non-cash	34.0	32.2	32.8
Capital	47.5	67.8	72.8
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.10: Miscellaneous Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Safe and Secure Scotland	12.0	12.3	13.0
Victim/Witness Support	18.0	18.7	18.2
Other Miscellaneous	23.5	27.6	28.3
<b>Total Miscellaneous</b>	<b>53.5</b>	<b>58.6</b>	<b>59.5</b>
<i>of which:</i>			
Fiscal Resource	47.5	53.6	56.5
Non-cash	-	-	-
Capital	6.0	5.0	3.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.11: Scottish Police Authority Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scottish Police Authority	1,180.1	1,240.3	1,300.8
<b>Total Scottish Police Authority</b>	<b>1,180.1</b>	<b>1,240.3</b>	<b>1,300.8</b>
<i>of which:</i>			
Fiscal Resource	1,095.1	1,145.3	1,205.3
Non-cash	50.0	50.0	50.0
Capital	35.0	45.0	45.5
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.12: Scottish Fire and Rescue Service Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Operating Expenditure	327.2	333.3	343.2
<b>Total Scottish Fire and Rescue Service</b>	<b>327.2</b>	<b>333.3</b>	<b>343.2</b>
<i>of which:</i>			
Fiscal Resource	269.9	276.0	284.7
Non-cash	24.8	24.8	26.0
Capital	32.5	32.5	32.5
FTs	-	-	-
UK Funded AME	-	-	-









**Table 9.13: Scottish Courts and Tribunals Service Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scottish Courts and Tribunals Service	116.6	122.6	129.3
<b>Total Scottish Courts and Tribunals Service</b>	<b>116.6</b>	<b>122.6</b>	<b>129.3</b>
<i>of which:</i>			
Fiscal Resource	77.0	89.0	95.7
Non-cash	21.3	25.6	25.6
Capital	18.3	8.0	8.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 9.14: Central Government Grants to Local Authorities Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Criminal Justice Social Work	86.5	86.5	86.5
<b>Total Justice Central Government Grants to Local Authorities</b>	<b>86.5</b>	<b>86.5</b>	<b>86.5</b>

**Justice contributions to the National Outcomes**

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

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

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# CHAPTER 10

## Transport, Infrastructure and Connectivity

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### **PORTFOLIO RESPONSIBILITIES**

The Transport, Infrastructure and Connectivity (TIC) portfolio is responsible for both physical and digital connectivity and infrastructure through working with the public, private and third sectors and with local communities.

The Transport, Infrastructure and Connectivity portfolio is responsible for heat and energy policy and delivery; for transport policy and strategy; for City Region and Growth Deals and for implementation of the Islands (Scotland) Act 2018 through the National Islands Plan. It includes Transport Scotland, the Scottish Government's national agency with responsibility for delivery of transport policy and strategy, public transport services, transport infrastructure including the trunk road network, accessibility and active travel and transport's contribution to the development of a low carbon economy. This also entails the sponsorship of a number of public bodies.

The portfolio contributes to all the National Outcomes that form part of the National Performance Framework by undertaking these responsibilities which underpin the effective functioning of our economy and society.

The portfolio leads on strategic infrastructure planning - through the Infrastructure Investment Plan and regular reporting on major projects and programmes. Following consultation on the draft plan in autumn 2020, a final Infrastructure Investment Plan covering the years 2021-22 to 2025-26 will shortly be published. The Plan focuses on adopting and building on the recommendations of the Infrastructure Commission for Scotland; showing how we will choose the right future investments and setting out a five year programme of further improvements in our strategic approach.

## SPENDING PLANS

**Table 10.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Digital Connectivity	32.9	63.4	102.7
Energy	105.1	215.6	215.2
Cities Investment and Strategy	192.4	205.6	209.8
Rail Services	989.0	1,264.1	1,314.9
Concessionary Fares and Bus Services	272.9	303.8	304.6
Active Travel, Low Carbon and Other Transport Policy	184.0	298.4	317.1
Motorways and Trunk Roads	833.1	748.9	825.9
Ferry Services	233.1	255.1	287.6
Air Services	67.7	86.2	107.6
Islands Plan	-	-	10.5
Ferguson Marine	-	49.6	47.4
Allocation of COVID consequentials	-	-	230.0
<b>Total Transport, Infrastructure and Connectivity</b>	<b>2,910.2</b>	<b>3,490.7</b>	<b>3,973.3</b>
<i>of which:</i>			
Total Fiscal Resource	1,000.0	1,121.3	1,523.0
<i>of which Operating Costs</i>	<i>10.6</i>	<i>10.3</i>	<i>14.3</i>
Non-cash	155.6	112.9	148.9
Capital	1,718.1	2,196.1	2,246.8
Financial Transactions (FTs)*	36.5	60.4	54.6
UK Funded AME	-	-	-

\* The Financial Transactions total presented here represents the 'net' portfolio position after adjusting for forecast Financial Transactions income. To see the 'gross' or total amount of financial transactions that will be spent by the portfolio in 2021-22, please see ANNEX A.

## Presentational Adjustments for Scottish Parliament Approval

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Highlands and Islands Airport Limited (NDPB Non-cash)	(9.5)	(9.5)	(9.5)
Ferguson Marine (NDPB Non-cash)	-	-	(0.5)
Scottish Canals (NDPB Non-cash)	-	(2.5)	(2.7)
Public Private Partnerships Adjustments	(17.8)	(18.7)	(20.9)
Grants to Local Authorities	42.5	100.7	58.4
<b>Total TI&amp;C</b>	<b>2,925.4</b>	<b>3,560.7</b>	<b>3,998.1</b>
 Total Limit on Income (accruing resources)			100.0



**Table 10.02: Digital Connectivity Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Digital Connectivity	32.9	63.4	102.7
<b>Total Digital Connectivity</b>	<b>32.9</b>	<b>63.4</b>	<b>102.7</b>
<i>of which:</i>			
Fiscal Resource	4.7	4.7	4.5
Non-cash	-	-	-
Capital	28.2	58.7	98.2
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.03: Energy Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Energy	105.1	215.6	215.2
<b>Total Energy</b>	<b>105.1</b>	<b>215.6</b>	<b>215.2</b>
<i>of which:</i>			
Fiscal Resource	28.6	35.3	37.5
Non-cash	-	-	-
Capital	50.0	154.4	155.4
FTs	26.5	25.9	22.3
UK Funded AME	-	-	-

**Table 10.04: Cities Investment and Strategy Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Cities Investment and Strategy	192.4	205.6	209.8
<b>Total Cities</b>	<b>192.4</b>	<b>205.6</b>	<b>209.8</b>
<i>of which:</i>			
Fiscal Resource	4.6	4.6	11.7
Non-cash	-	-	-
Capital	187.8	201.0	198.1
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.05: Rail Services Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Major Public Transport Projects	207.0	207.0	173.0
Rail Development	3.0	3.0	2.0
Rail Franchise	417.0	520.1	638.9
Rail Infrastructure	362.0	534.0	501.0
<b>Total Rail Services</b>	<b>989.0</b>	<b>1,264.1</b>	<b>1,314.9</b>
<i>of which:</i>			
Fiscal Resource	153.0	241.1	346.9
Non-cash	-	-	-
Capital	836.0	1,023.0	968.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.06: Concessionary Fares and Bus Services Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Concessionary Fares	210.5	244.8	245.5
Smartcard Programme	5.2	4.8	4.9
Support for Bus Services	57.2	54.2	54.2
<b>Total Concessionary Fares and Bus Services</b>	<b>272.9</b>	<b>303.8</b>	<b>304.6</b>
<i>of which:</i>			
Fiscal Resource	266.7	301.0	301.8
Non-cash	-	-	-
Capital	6.2	2.8	2.8
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.07: Active Travel, Low Carbon and Other Transport Policy Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Agency Administration Costs	15.8	16.0	19.2
Road Safety	3.2	3.2	4.3
Scottish Canals	15.0	23.2	24.6
Strategic Transport Projects Review	3.5	3.5	3.5
Support for Sustainable and Active Travel	79.0	107.4	105.3
Support for Freight Industry	0.7	0.7	0.7
Transport Information	1.2	0.7	0.8
Future Transport Funds	60.3	83.3	118.3
Edinburgh Tram Inquiry	0.2	0.2	0.5
Travel Strategy and Innovation	5.1	60.2	39.9
<b>Total Active Travel, Low Carbon and Other</b>	<b>184.0</b>	<b>298.4</b>	<b>317.1</b>
<i>of which:</i>			
Fiscal Resource	51.2	50.8	56.4
Non-cash	0.6	3.2	3.5
Capital	122.2	209.9	224.9
FTs	10.0	34.5	32.3
UK Funded AME	-	-	-

**Table 10.08: Motorways and Trunk Roads Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Capital Land and Works	212.1	179.8	155.7
Forth and Tay Bridge Authorities	21.5	37.3	2.5
Queensferry Crossing	8.1	2.4	2.1
M&T Other Current Expenditure	15.7	15.6	20.5
Network Strengthening	70.9	77.5	104.4
Roads Depreciation	145.5	100.2	135.4
Roads Improvements	58.8	46.3	46.3
Routine and Winter Maintenance	91.8	94.4	106.9
Structural Repairs	44.7	45.7	100.0
Motorway and Trunk Roads PPP Payments	164.0	149.7	152.1
<b>Total Motorways and Trunk Roads</b>	<b>833.1</b>	<b>748.9</b>	<b>825.9</b>
<i>of which:</i>			
Fiscal Resource	278.4	266.6	281.1
Non-cash	145.5	100.2	135.4
Capital	409.2	382.1	409.4
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.09: Ferry Services Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Support for Ferry Services	178.1	199.1	231.6
Vessels and Piers	55.0	56.0	56.0
<b>Total Ferry Services</b>	<b>233.1</b>	<b>255.1</b>	<b>287.6</b>
<i>of which:</i>			
Fiscal Resource	178.1	177.3	209.8
Non-cash	-	-	-
Capital	55.0	77.8	77.8
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.10: Air Services Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Highlands and Islands Airports Limited	45.9	70.5	91.4
Support for Prestwick Airport	6.0	-	-
Support for Air Services	15.8	15.7	16.2
<b>Total Air Services</b>	<b>67.7</b>	<b>86.2</b>	<b>107.6</b>
<i>of which:</i>			
Fiscal Resource	34.7	39.9	40.4
Non-cash	9.5	9.5	9.5
Capital	23.5	36.8	57.7
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.11: Islands Plan Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Islands Plan	-	-	10.5
<b>Total Islands Plan</b>	<b>-</b>	<b>-</b>	<b>10.5</b>
<i>of which:</i>			
Fiscal Resource	-	-	1.0
Non-cash	-	-	-
Capital	-	-	9.5
FTs	-	-	-
UK Funded AME	-	-	-









**Table 10.12: Ferguson Marine Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Ferguson Marine	-	49.6	47.4
<b>Total Ferguson Marine</b>	<b>-</b>	<b>49.6</b>	<b>47.4</b>
<i>of which:</i>			
Fiscal Resource	-	-	1.9
Non-cash	-	-	0.5
Capital	-	49.6	45.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 10.13: Central Government Grants to Local Authorities Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Cycling, Walking and Safer Routes	8.9	23.9	23.9
Support for Inter-Island Ferries	10.5	11.5	19.2
Regional Transport Partnership	23.1	15.3	15.3
Heat Networks Early Adopters Challenge Fund	-	50.0	-
<b>Total Central Gov. Grants to Local Authorities</b>	<b>42.5</b>	<b>100.7</b>	<b>58.4</b>

### Transport, Infrastructure and Connectivity contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Economy  Environment	 Communities  Fair Work & Business  Health  Human Rights  International  Poverty

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

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# CHAPTER 11

## Environment, Climate Change and Land Reform

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### **PORTFOLIO RESPONSIBILITIES**

The Environment, Climate Change and Land Reform portfolio works across government to support and facilitate a green economic recovery and the pivot towards a net-zero trajectory which requires all portfolios to respond to the global climate emergency. The portfolio is also charged with protecting and enhancing our natural environment and resources. While there are significant challenges in this space there are also significant opportunities to diversify our economy, create good, green jobs, and to lead the world in transitioning to net-zero.

The overarching aim is to protect and promote Scotland's environment and to build a strong and sustainable net-zero economy through:

- tackling climate change;
- protecting our iconic species and landscapes;
- investing in biodiversity and natural capital;
- developing a blue economy action plan;
- improving the quality of our air, land, seas and fresh water;
- developing a circular economy;
- empowering communities and improving the way land is owned, used and managed; and
- investing in the research base.

## SPENDING PLANS

**Table 11.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Research, Analysis and Other	66.6	71.0	90.8
Marine	64.7	65.5	84.0
Environmental Services	134.1	157.1	196.5
Land Reform	17.1	16.5	16.4
Climate Change and Land Managers Renewables Fund	22.7	30.3	31.8
Scottish Water	121.4	121.4	84.1
<i>Allocation of COVID Consequentials</i>	-	-	3.0
<b>Total ECCLR</b>	<b>426.6</b>	<b>461.8</b>	<b>506.6</b>
<i>of which:</i>			
Fiscal Resource	168.5	175.3	187.3
<i>of which Operating Costs*</i>	63.3	70.1	83.5
Non-cash	13.1	16.5	16.9
Capital	245.0	274.0	303.0
Financial Transactions (FTs)**	-	(4.0)	(0.6)
UK Funded AME	-	-	-

\*The ECCLR operating costs budget for 2021-22 includes a transfer of budget from the UK Government for income that had previously been directly received from the EU and which was used to offset staffing costs. This adjustment alone accounts for a £3 million increase in the 2021-22 ECCLR operating cost budget from that of preceding years.

\*\*The Financial Transactions total presented here represents the 'net' portfolio position after adjusting for forecast Financial Transactions income. To see the 'gross' or total amount of financial transactions that will be spent by the portfolio in 2021-22, please see ANNEX A.

### Presentational Adjustments for Scottish Parliament Approval

	2019-20 Budget	2020-21 Budget	2021-22 Budget
	£m	£m	£m
Royal Botanic Gardens (NDPB Non-cash)	(2.4)	(2.5)	(2.5)
National Park Authorities (NDPB Non-cash)	(0.9)	(1.0)	(1.0)
SEPA (NDPB Non-cash)	(2.7)	(4.9)	(5.3)
SNH (NDPB Non-cash)	(1.9)	(2.5)	(2.2)
Scottish Water loan repayments not included in Scottish Parliamentary budgets	37.6	46.7	58.4
<b>Total ECCLR</b>	<b>456.3</b>	<b>497.6</b>	<b>554.0</b>
<b>Total Limit on Income (accruing resources)</b>			<b>500.0</b>

**Table 11.02: Research, Analysis and Other Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Strategic Policy, Research and Sponsorship	3.8	4.5	5.8
Economic and Other Surveys	1.4	4.2	4.5
Programmes of Research	47.7	47.8	50.0
Royal Botanic Garden, Edinburgh	13.7	14.5	30.5
<b>Total Research, Analysis and Other</b>	<b>66.6</b>	<b>71.0</b>	<b>90.8</b>
<i>of which:</i>			
Fiscal Resource	50.7	34.0	37.3
Non-cash	2.8	2.9	2.9
Capital	13.1	34.1	50.6
FTs	-	-	-
UK Funded AME	-	-	-

**Table 11.03: Marine Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Marine Scotland	64.7	65.5	84.0
<b>Total Marine</b>	<b>64.7</b>	<b>65.5</b>	<b>84.0</b>
<i>of which:</i>			
Fiscal Resource	58.9	57.3	70.8
Non-cash	4.8	5.2	5.5
Capital	1.0	3.0	7.7
FTs	-	-	-
UK Funded AME	-	-	-



**Table 11.04: Environmental Services Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
National Parks	13.4	13.9	17.5
Environmental Quality	14.7	10.8	11.0
Natural Resources, Peatland and Flooding	4.6	29.7	34.1
Scottish Environmental Protection Agency	34.4	37.1	43.5
NatureScot	46.5	49.1	50.2
Zero Waste	20.5	16.5	40.2
<b>Total Environmental Services</b>	<b>134.1</b>	<b>157.1</b>	<b>196.5</b>
<i>of which:</i>			
Fiscal Resource	123.2	145.3	138.7
Non-cash	5.5	8.4	8.5
Capital	5.4	7.4	49.9
FTs	-	(4.0)	(0.6)
UK Funded AME	-	-	-

**Table 11.05: Land Reform Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Land Reform	15.6	15.0	14.9
Scottish Land Commission	1.5	1.5	1.5
<b>Total Land Reform</b>	<b>17.1</b>	<b>16.5</b>	<b>16.4</b>
<i>of which:</i>			
Fiscal Resource	6.6	6.0	5.8
Non-cash	-	-	-
Capital	10.5	10.5	10.6
FTs	-	-	-
UK Funded AME	-	-	-








**Table 11.06: Climate Change and Land Managers Renewables Fund Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Climate Change - Policy Development and Implementation	1.1	1.1	1.5
Land Managers Renewables Fund	2.0	0.5	0.5
Sustainable Action Fund	19.6	28.7	29.8
<b>Total Climate Change and Land Managers Renewables Fund</b>	<b>22.7</b>	<b>30.3</b>	<b>31.8</b>
<i>of which:</i>			
Fiscal Resource	22.7	26.3	27.8
Non-cash	-	-	-
Capital	-	4.0	4.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 11.07: Scottish Water Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Interest on Voted Loans	(100.5)	(100.5)	(103.0)
Voted Loans	215.0	215.0	180.2
Hydro Nation	4.7	4.7	4.7
Drinking Water Quality Regulator	0.5	0.5	0.5
Private Water	1.7	1.7	1.7
<b>Total Scottish Water</b>	<b>121.4</b>	<b>121.4</b>	<b>84.1</b>
<i>of which:</i>			
Fiscal Resource	(93.6)	(93.6)	(96.1)
Non-cash	-	-	-
Capital	215.0	215.0	180.2
FTs	-	-	-
UK Funded AME	-	-	-

## Environment, Climate Change and Land Reform contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Environment	 Economy  Health  Communities  Fair Work & Business  International  Human Rights

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

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# CHAPTER 12

## Rural Economy and Tourism Portfolio

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### **PORTFOLIO RESPONSIBILITIES**

Rural Economy and Tourism is a diverse portfolio which includes farming and food production, animal health and welfare, plant health, food and drink, fisheries, crofting, aquaculture, forestry and rural enterprise and economic development, as well as tourism and hospitality.

It covers a range of responsibilities which contribute to the economic wellbeing of rural Scotland whilst protecting and improving the natural environment, helping address the impact of climate change through sector-led groups and biodiversity loss by working with the public, private and third sectors as well as our local communities.

The portfolio remains focused on minimising and addressing the significant impacts of the UK's exit from the EU as well as the extraordinary challenges in terms of survival and green recovery from an unprecedented global pandemic. It will invest to create stability and mitigate those impacts on rural, coastal and island communities and businesses.

Investment will support building towards a better sustainable green future through job creation and retention, enhancing the contribution of forestry by significantly increasing woodland creation, and supporting tourism, hospitality and food and drink as well as rural communities in their recovery.

**Table 12.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Agricultural Support and Related Services*	176.8	597.5	801.2
Rural Services	35.1	34.6	41.1
Fisheries and Aquaculture	5.9	5.9	20.4
Rural Economy Enterprise	74.4	86.3	106.5
Scottish Forestry	43.2	47.5	83.7
Forestry and Land Scotland	15.7	17.2	37.5
Tourism	45.2	50.6	55.1
Allocation of COVID consequentials	-	-	25.0
<b>Total Rural Economy and Tourism</b>	<b>396.3</b>	<b>839.6</b>	<b>1,170.5</b>
<i>of which:</i>			
Total Fiscal Resource	281.3	837.7	932.5
<i>of which Operating Costs</i>	<i>89.0</i>	<i>95.4</i>	<i>102.0</i>
Non-cash	39.1	46.2	46.2
Capital	70.9	116.0	163.2
Financial Transactions (FTs)**	5.0	(160.3)	28.6
UK Funded AME	-	-	-

\* The increased spend reflects EU funding now being received from the UK Government.

\*\* The Financial Transactions total presented here represents the 'net' portfolio position after adjusting for forecast Financial Transactions income. To see the 'gross' or total amount of financial transactions that will be spent by the portfolio in 2021-22, please see ANNEX A.

### Presentational Adjustments for Scottish Parliament Approval

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Crofting Commission (NDPB Non-cash)	(0.1)	(0.1)	(0.1)
Highland and Islands Enterprise (NDPB Non-cash)	(5.0)	(5.1)	(5.1)
South of Scotland Enterprise (NDPB Non-cash)	-	(2.5)	(2.5)
VisitScotland (NDPB Non-cash)	(1.4)	(1.4)	(1.4)
Animal Licence Fees (Other)	0.1	0.1	0.1
<b>Total Rural Economy and Tourism</b>	<b>389.9</b>	<b>830.6</b>	<b>1,161.5</b>
 Total Limit on Income (accruing resources)	 800.00		

**Table 12.02: Agricultural Support and Related Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Pillar 1 – Basic payments	262.0	282.0	282.0
Pillar 1 – Greening payments	131.5	142.0	142.0
Pillar 1 – payments	44.5	48.0	61.0
Convergence Funding	–	95.7	25.7
Agricultural Transformation Fund	–	40.0	40.0
Agri-Environmental Measures	43.0	42.7	34.2
Business Development*	24.1	(172.3)	17.1
Crofting Assistance	0.8	0.8	0.8
EU Income**	(533.7)	(74.3)	(24.0)
Forestry	0.9	0.4	0.2
Leader	20.4	22.2	10.4
Less Favoured Area Support Scheme	52.4	30.2	65.5
ARE Operations	129.9	139.5	144.8
Technical Assistance	1.0	0.6	1.5
<b>Total Agricultural Support and Related</b>	<b>176.8</b>	<b>597.5</b>	<b>801.2</b>
<i>of which:</i>			
Fiscal Resource	113.2	682.7	707.8
Non-cash	32.5	37.0	37.0
Capital	27.1	48.1	36.4
FTs	4.0	(170.3)	20.0
UK Funded AME	–	–	–

\* In 2020-21, budget includes a technical adjustment of -£190.3 million which represents planned loan repayments across the portfolio.

\*\* The reduction in EU income reflects funding now being received from the UK Government. The remainder of the EU income relates to funding for legacy projects.

**Table 12.03: Rural Services Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Agricultural and Horticultural Advice and Support*	2.2	2.5	2.2
Animal Health	17.8	17.2	18.9
Crofting Commission	2.8	2.8	3.3
Food Industry Support	6.5	6.6	10.5
Rural Cohesion*	0.6	0.6	1.3
Veterinary Surveillance	5.2	4.9	4.9
<b>Total Rural Services</b>	<b>35.1</b>	<b>34.6</b>	<b>41.1</b>
<i>of which:</i>			
Fiscal Resource	35.0	34.5	41.0
Non-cash	0.1	0.1	0.1
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-

\* From 2021-22 the budget for LANTRA (the Sector Skills Council for Land-based industries) is now included within Rural Cohesion.

**Table 12.04: Fisheries Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Marine Fund Scotland	-	-	14.5
EU Fisheries Grants	14.1	14.1	14.1
Fisheries Harbour Grants	1.0	1.0	1.0
Marine EU Income	(9.2)	(9.2)	(9.2)
<b>Total Fisheries</b>	<b>5.9</b>	<b>5.9</b>	<b>20.4</b>
<i>of which:</i>			
Fiscal Resource	1.5	1.5	16.0
Non-cash	-	-	-
Capital	4.4	4.4	4.4
FTs	-	-	-
UK Funded AME	-	-	-

**Table 12.05: Rural Economy Enterprise Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Highlands and Islands Enterprise	61.1	58.2	67.6
South of Scotland Enterprise	13.3	28.1	35.7
Low Carbon Economy	-	-	3.2
<b>Total HIE and SOSE</b>	<b>74.4</b>	<b>86.3</b>	<b>106.5</b>
<i>of which:</i>			
Fiscal Resource	34.5	37.8	44.5
Non-cash	5.0	7.6	7.6
Capital	33.9	33.9	46.8
FTs	1.0	7.0	7.6
UK Funded AME	-	-	-

**Table 12.06: Scottish Forestry Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Programme and Running costs	17.9	17.5	18.1
Depreciation	0.1	0.1	0.1
Woodland Grants	46.0	56.8	62.8
Forest Research (Cross Border Services)	-	-	2.7
EC Receipts	(20.8)	(26.9)	-
<b>Total Scottish Forestry</b>	<b>43.2</b>	<b>47.5</b>	<b>83.7</b>
<i>of which:</i>			
Fiscal Resource	43.1	24.9	37.6
Non-cash	0.1	0.1	0.1
Capital	-	19.5	45.0
FTs	-	3.0	1.0
UK Funded AME	-	-	-











**Table 12.07: Forestry and Land Scotland Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
FLS Resource	14.1	13.6	15.4
FLS Capital	1.6	3.6	22.1
<b>Total Forestry and Land Scotland</b>	<b>15.7</b>	<b>17.2</b>	<b>37.5</b>
<i>of which:</i>			
Fiscal Resource	14.1	13.6	15.4
Non-cash	-	-	-
Capital	1.6	3.6	22.1
FTs	-	-	-
UK Funded AME	-	-	-

**Table 12.08: Tourism Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Tourism	45.2	50.6	55.1
<b>Total Tourism</b>	<b>45.2</b>	<b>50.6</b>	<b>55.1</b>
<i>of which:</i>			
Fiscal Resource	39.9	42.7	45.2
Non-cash	1.4	1.4	1.4
Capital	3.9	6.5	8.5
FTs	-	-	-
UK Funded AME	-	-	-

## Rural Economy and Tourism contributions to the National Outcomes

Primary National Outcomes	Secondary National Outcomes
 Economy	 Communities
 Environment	 Fair Work & Business
 Culture	 Health
	 Education
	 International

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

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# CHAPTER 13

## Constitution, Europe and External Affairs

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### **PORTFOLIO RESPONSIBILITIES**

The Constitution, Europe and External Affairs (CEEA) portfolio engages at home and internationally to enhance Scotland's reputation and increase sustainable economic growth, pursue our interests overseas, and promote Scotland as a great place to live, visit, work and do business through European and wider International Affairs. We are committed to being a good global citizen, and to playing our part in tackling global challenges including poverty, injustice and inequality. We want to make Scotland an open and welcoming nation for people and their families to live, work and make a positive contribution to our country.

With the end of the EU Exit transition period, our role as an open, outward-looking, connected country is more important than ever. Across our international and European relationships - supported by the work of our external network of offices - we will continue our commitment to internationalisation by building on relationships, sharing the skills and expertise of our colleges and universities, celebrating cultural and ancestral connections and exchanging policy ideas to address shared challenges, ensuring Scotland remains a valued and well-connected nation, despite the UK's decision to leave the EU. We will demonstrate our commitment to EU values and our alignment with EU policy priorities.

The portfolio also coordinates the development and implementation of the Scottish Government's policies on constitutional change, devolution, relations with the other three UK Governments, elections, veterans, Freedom of Information, the legislative and constitutional impacts of EU exit, and Cabinet business and the government's legislative programme, including on COVID-19.

## SPENDING PLANS

**Table 13.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
External Affairs	24.0	24.5	26.6
Government Business	12.1	16.1	53.7
<b>Total Constitution, Europe and External Affairs</b>	<b>36.1</b>	<b>40.6</b>	<b>80.3</b>
<i>of which:</i>			
Total Fiscal Resource	36.1	40.6	80.3
<i>of which Operating Costs*</i>	19.9	21.9	26.8
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME*	-	-	-
Total Limit on Income (accruing resources)			-

\*Annual Managed Expenditure









**Table 13.02: External Affairs Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
International and European Relations	23.9	24.4	26.5
British Irish Council	0.1	0.1	0.1
<b>Total External Affairs</b>	<b>24.0</b>	<b>24.5</b>	<b>26.6</b>
<i>of which:</i>			
Fiscal Resource	24.0	24.5	26.6
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

**Table 13.03: Government Business Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Office of the Chief Researcher	0.6	0.5	0.5
Royal and Ceremonial	0.4	0.4	0.4
Local Government Elections	0.4	2.1	2.1
Boundary Commission	0.5	0.4	0.4
Scottish Parliamentary Elections	0.2	1.0	34.9
Extension of Freedom of Information Coverage	0.1	0.1	0.1
Citizens' Assembly	-	0.2	-
Veterans	-	0.2	0.5
Referendums Act Implementation	-	0.1	-
Government Business and Constitutional Relations Policy and Co-ordination	9.9	11.1	14.8
<b>Total Government Business</b>	<b>12.1</b>	<b>16.1</b>	<b>53.7</b>
<i>of which:</i>			
Fiscal Resource	12.1	16.1	53.7
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

**Constitution, Europe and External Affairs contributions to the National Outcomes**

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

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

# CHAPTER 14

## Social Security and Older People

### PORTFOLIO RESPONSIBILITIES

The portfolio focuses on our overarching aim to create a Fairer Scotland. We will continue to prioritise funding to support the development, design and implementation of our social security powers and delivery of benefits through Social Security Scotland, improving on the current system wherever we can. The portfolio will continue to tackle poverty and inequality, provide assistance to ensure that every child has the best start in life and improve the lives of those in need.

The portfolio supports a wide range of work to prevent discrimination and promote equality and human rights. We continue to support the embedding of equality and human rights in the development of policy across government and the improvement of public sector delivery on equality, and support the Equality and Human Rights infrastructure across Scotland.

### SPENDING PLANS

**Table 14.01: Spending Plans (Level 2)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
Equalities	24.6	30.2	32.2
Social Security	124.3	367.3	472.3
Social Security Assistance	371.6	3,337.9	3,495.5
<b>Total Social Security and Older People</b>	<b>520.5</b>	<b>3,735.4</b>	<b>4,000.0</b>
<i>of which:</i>			
Fiscal Resource	510.5	3,665.8	3,887.3
<i>of which Operating Costs</i>	68.1	61.4	62.4
Non-cash	-	0.4	19.7
Capital	10.0	60.0	93.0
Financial Transactions (FTs)	-	9.2	-
UK Funded AME	-	-	-
<b>Total Limit on Income (accruing resources)</b>			<b>10.0</b>

**Table 14.02: Equalities Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Promoting Equality and Human Rights	24.6	30.2	32.2
<b>Total Equalities</b>	<b>24.6</b>	<b>30.2</b>	<b>32.2</b>
<i>of which:</i>			
Fiscal Resource	24.6	30.2	32.2
Non-cash	-	-	-
Capital	-	-	-
FTs	-	-	-
UK Funded AME	-	-	-




**Table 14.03: Social Security Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scottish Welfare Fund – Administration	5.0	5.5	5.5
Social Security Advice, Policy and Programme	77.8	175.4	195.4
Social Security Scotland	41.5	186.4	271.4
<b>Social Security</b>	<b>124.3</b>	<b>367.3</b>	<b>472.3</b>
<i>of which:</i>			
Fiscal Resource	114.3	306.9	359.6
Non-cash	-	0.4	19.7
Capital	10.0	60.0	93.0
FTs	-	-	-
UK Funded AME	-	-	-

**Table 14.04: Social Security Assistance Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Scottish Welfare Fund	33.0	35.5	35.5
Carer's Allowance	283.0	291.6	306.0
Carer's Allowance Supplement	37.0	38.8	41.7
Personal Independence Payment	-	1,582.9	1,669.4
Attendance Allowance	-	532.2	549.8
Disability Living Allowance (Adult)	-	501.9	465.0
Child Disability Payment	-	216.6	230.9
Child Winter Heating Assistance	-	-	3.1
Industrial Injuries Disablement Scheme	-	80.2	80.2
Severe Disablement Allowance	-	7.5	6.8
Job Start Payment	-	2.0	2.0
Young Carer Grant	-	1.0	1.0
Best Start Grant	12.4	17.5	18.9
Funeral Support Payment	6.2	9.2	11.1
Scottish Child Payment	-	21.0	68.0
Self-Isolation Support Grant	-	-	6.1
<b>Social Security Assistance</b>	<b>371.6</b>	<b>3,337.9</b>	<b>3,495.5</b>
<i>of which:</i>			
Fiscal Resource	371.6	3,328.7	3,495.5
Non-cash	-	-	-
Capital	-	-	-
FTs	-	9.2	-
UK Funded AME	-	-	-

**Social Security and Older People contributions to the National Outcomes**

Primary National Outcomes	Secondary National Outcomes
 Poverty  Human Rights	 Children and Young People

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



# CHAPTER 15

## Crown Office and Procurator Fiscal Service

### PORTFOLIO RESPONSIBILITIES

The Crown Office and Procurator Fiscal Service (COPFS) is the sole public prosecution authority in Scotland, prosecuting cases independently, fairly and effectively in the public interest. It is also responsible for investigating sudden, unexplained and suspicious deaths and allegations of criminal conduct by police officers.

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

The complexity and profile of casework which the Service deals with has changed significantly in recent years. There is an increase in complex cases which require longer investigations and court hearings. The gathering and analysis of evidence is more time-consuming because of the expanded use of social media and electronic communications and the Service increasingly relies on the evidence of expert witnesses to interpret technical, scientific and medical issues.

### Crown Office and Procurator Fiscal Service

**Table 15.01: Spending Plans (Level 2)**






	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 2	£m	£m	£m
COPFS	120.7	133.8	156.7
<b>Total COPFS</b>	<b>120.7</b>	<b>133.8</b>	<b>156.7</b>
<i>of which:</i>			
Total Fiscal Resource	113.4	124.9	146.8
Non-cash	3.7	4.6	5.1
Capital	3.6	4.3	4.8
Financial Transactions	-	-	-
UK Funded AME	-	-	-

Total Limit on Income (accruing resources)			2.0
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**Table 15.02: Crown Office and Procurator Fiscal Service Spending Plans (Level 3)**

	2019-20 Budget	2020-21 Budget	2021-22 Budget
Level 3	£m	£m	£m
Staff Costs	84.6	95.0	113.8
Office Costs	3.6	3.8	3.8
Case related	12.9	13.3	16.7
Centrally Managed Costs	16.0	17.4	17.6
Capital Expenditure	3.6	4.3	4.8
<b>Total COPFS</b>	<b>120.7</b>	<b>133.8</b>	<b>156.7</b>
<i>of which</i>			
Fiscal Resource	113.4	124.9	146.8
Non-cash	3.7	4.6	5.1
Capital	3.6	4.3	4.8
Financial Transactions	-	-	-
UK Funded AME	-	-	-

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

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

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

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# ANNEXES

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## ANNEX A

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

#### **Introduction**

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

The UK Government's decision to defer the UK Budget - to 3 March 2021 - means that the tax and spending plans for Scotland in this document must once again be set without certainty over key elements that determine the fiscal position next year. As a result, some pragmatic decisions have had to be taken when determining the funding available to support this budget for a year when Scotland is still living with the impact of COVID-19. There is therefore less than the usual certainty in the funding envelope set out in the reconciliation below.

#### **Specific Funding Issues for 2021-22**

For this budget, an assumption has been made about additional Barnett consequentials for funding the response to COVID-19 that will be added to the Scottish block grant as a result of the upcoming UK Budget. The UK Spending Review provided for £55 billion in funding for the COVID-19 response in 2021-22. Allocations of £34 billion of that funding were set out in the UK Spending Review in November 2020, including £1,328 million in consequentials for Scottish Government, leaving funding as yet unallocated of £21 billion. That remaining fund is expected to be allocated to a mix of UK-wide support measures and England only measures, on which additional Barnett consequentials would be generated. The total COVID-19 funding set out in Table A.01 therefore assumes a proportion of the remaining unallocated £21 billion will generate additional funding for the Scottish Government.

We have taken a prudent assessment in estimating a £500 million increase in COVID-19 consequential funding for 2021-22 will arise from the allocation of the remaining £21 billion of UK funding available. This amount is based on the proportion of overall COVID-19 funding that the devolved administrations have received so far during the pandemic, but with a balancing methodological reduction of around 40 per cent to account for scenarios where the UK Government chooses not to fully allocate the

Reserve or to allocate a larger proportion of funding to UK-wide measures that do not generate Barnett consequentials.

### **Tax Assumptions and Provisional Block Grant Adjustments**

As was the case for the 2020-21 Budget, decisions about devolved tax policy have been made without knowledge of future UK policy. The Scottish Fiscal Commission (SFC) has also had to produce forecasts before the UK Budget and accompanying Office for Budget Responsibility (OBR) forecasts. Provisional Block Grant Adjustments (BGAs) have been used, based on the OBR forecasts published alongside the UK Government's Spending Review on 25 November 2020.<sup>1</sup> This means that the SFC forecasts of tax and social security include more up-to-date information than the BGAs used in the preparation of the 2021-22 budget. The approach taken by the SFC is set out in their report available at:

#### [Scottish Fiscal Commission](#)

Updated BGAs will be calculated alongside the UK Budget on 3 March 2021. The Scottish Government has the option to continue to use the provisional BGAs or change to the updated BGAs; either way, adjustments to the financial position will flow through as part of the normal operation of the Fiscal Framework. For Income Tax, any change to the funding position will be reflected in the reconciliation that takes place in 2024-25. For LBTT, Scottish Landfill Tax and social security benefits, an in-year reconciliation will take place within 2021-22, with a final reconciliation taking place in 2022-23.

### **Further Devolution of Powers**

New social security powers over Attendance Allowance, Disability Living Allowance, Industrial Injuries Disablement Allowance, Personal Independence Payment and Severe Disablement Allowance commenced in 2020-21. Social security powers transferred to Scotland need to be managed within HM Treasury budget control limits (a difference to how they are managed in the rest of the UK where any additional spend in-year over the budgeted amount is funded by HM Treasury as annually managed expenditure). This has introduced additional volatility into the Scottish Budget. Any increase in demand against what has been forecast by the SFC will need to be managed through a combination of drawing down funding from the Scotland Reserve, drawing on resource borrowing powers or in-year adjustment to other budgets.

The transfer of greater tax and social security powers requires the Scottish Government to manage much larger levels of fiscal volatility. The Fiscal Framework<sup>2</sup> provides for borrowing powers and the Scotland Reserve to give some assistance to stabilising spending across years.

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1 The Fiscal Framework sets out (in paragraph C.47 of Annex C) that, where the Scottish Budget takes place before the UK Budget, the Scottish Budget will be based on provisional BGAs for budgeting purposes. The Framework also sets out that, where the UK Budget takes place less than three months before the start of the financial year, these provisional BGAs will then be applied to the block grant for that year. However, the Scottish Government as agreed with the UK Government that it can use the updated BGAs calculated alongside the UK Budget, should it wish to do so.

2 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/503481/fiscal\\_framework\\_agreement\\_25\\_feb\\_16\\_2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503481/fiscal_framework_agreement_25_feb_16_2.pdf)

## Scotland Specific Economic Shock

The SFC forecasts produced alongside the Budget indicate that the technical requirements for a Scotland-specific economic shock are met. The SFC has been clear that this does not mean that they expect economic performance to be significantly weaker in Scotland, but rather it is caused primarily by the timing of the SFC's forecasts, which take place in very different circumstances from the OBR's November 2020 forecasts. Triggering of a shock provides the Scottish Government with access to increased reserve and borrowing flexibilities. This is set out in more detail in the Medium Term Financial Strategy document (MTFS).

Notwithstanding the increased flexibility provided by the triggering of a shock, experience to date has demonstrated that limits on borrowing and the Scotland Reserve imposed by the Fiscal Framework are too restrictive to ensure stability in the Scottish Government's budget management. That said, in an attempt to manage volatility risk to some degree, in 2021-22 Scottish Ministers plan to borrow £319 million to smooth the negative budget impact of forecast errors arising from tax and social security reconciliations. A decision has been taken to borrow £450 million to support infrastructure investment.

Final borrowing drawdown will be confirmed over the course of the year in the normal way.

## Scottish Government Funding

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

Scottish Government total budgets are determined through the combination of block grant funding from HM Treasury, adjusted to reflect the transfer of social security powers, devolution of taxes and other income devolved to Scotland (through the Scotland Act 2012 and Scotland Act 2016), and any planned use of available devolved borrowing powers.

Changes in the Scottish Government's block grant continue to be determined via the operation of the Barnett formula. Under the Barnett formula, the Scottish Government's block grant in any given financial year is equal to the block grant baseline plus a population share of changes in UK Government spending on areas that are devolved to the Scottish Parliament. Detail of how the Barnett formula works is set out in the UK Government's Statement of Funding Policy.<sup>3</sup>

As indicated above, this budget includes an estimate of COVID-19 consequentialials that are expected to flow from the UK Budget 2021-22; no non-COVID-19 additional

<sup>3</sup> [Statement of Funding Policy 2020.docx \(publishing.service.gov.uk\)](#)

consequential are assumed on top of the UK Spending Review consequential from November 2020. The purpose of including this estimate is to limit as far as possible the potential variance between the Budget Bill implementing this budget, and the subsequent outcomes from the UK Budget on 3 March 2021. The portfolio allocation of COVID-19 Consequential is set out in the table below and is reflected within portfolio Level 2 budgets received from the UK Spending Review:

**Table A.01: Allocations of COVID-19 funding**

	2021-22 Budget £m
Health and Sport	869
Communities and Local Government*	399
Finance	15
Education and Skills	68
Justice	72
Transport, Infrastructure and Connectivity	230
Environment, Climate Change and Land Reform	3
Rural Economy and Tourism	25
Economy, Fair Work and Culture	147
<b>Total</b>	<b>1,828</b>

\* £90 million attributed to local government is assigned to the General Revenue Grant and so does not appear as COVID allocations in the CLG portfolio Level 3.

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

In simple terms, the available funding for the Scottish Budget is the Block Grant, plus the BGAs for social security, less the BGAs for devolved and assigned taxes and other revenues, plus devolved revenue estimates plus borrowing. For the purpose of this budget, provisional BGAs have had to be used. These have been provided by HM Treasury for this purpose. It will be open to the Scottish Government to use the updated BGAs that will be generated by the UK Budget should it choose to do so.

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

The total funding available to the Scottish Government is also dependent on decisions Scottish Ministers take on tax policy. Variation of Scottish tax policy relative to that of the UK will adjust the level of tax income received by the Scottish Government and the overall level of funding available to support spending plans. For the purpose of this

budget, these relativities are drawn between existing UK tax policy and the devolved tax policy proposals advanced by the Scottish Government in this budget. No assumptions are made about possible changes to UK tax policy (including Non-Domestic Rates) that could be announced in the UK Budget in March 2021.

The overall budget position for any given year is dependent on the interaction between the BGAs as provided by the OBR and the forecast of social security costs and tax revenues provided by the SFC. The forecasts underpinning both the BGAs, the costs of devolved social security powers and the revenues for devolved and assigned taxes will change over time until an agreed, reconciled, final outturn position is reached. The Fiscal Framework sets out the limited powers available to the Scottish Government to manage the impact of forecast errors between initial budget and the reconciled outturn position. This includes the power to undertake resource borrowing to smooth the budgetary impact of forecast errors.

The Scottish Government intends to use its resource borrowing powers under the Fiscal Framework to manage the forecast errors impacting on the 2021-22 budget limit. A decision to borrow to support capital spending will also impact on the funding available relative to the spending limits set by HM Treasury. The aggregate of the residual block grant plus devolved tax revenues plus agreed borrowing is a key control limit in defining the funding envelope within which Scottish Ministers must manage expenditure for a given year.

Table A.02 below sets out the Scottish Government Budget Control Limits:

**Table A.02: Scottish Government Budget Control Limits 2019-20 to 2021-22**

Cash Terms	2019-20 £m	2020-21 £m	2021-22 £m
UK Government Spending Review settlement - November 2015	30,870		
UK Government Spending Round settlement - September 2019		35,728	
UK Government Spending Review settlement - November 2020			37,249
Subsequent Barnett Consequentials and Other Additions	2,384		
Anticipated Barnett Consequentials		468	
<b>Total Budget Limit from HM Treasury (A)</b>	<b>33,254</b>	<b>36,196</b>	<b>37,249</b>
<i>Of which:</i>			
Fiscal Resource Budget Limit	27,633	29,711	30,923
Non-cash Budget Limit	1,145	1,145	1,145
Capital Budget Limit	3,956	4,734	4,973
Financial Transactions (FTs)	519	606	208
<b>Block Grant Adjustment for Social Security (B)</b>	<b>290</b>	<b>3,203</b>	<b>3,310</b>
<b>Ring-fenced and Non-Barnett Funding (C)</b>		<b>472</b>	<b>756</b>
COVID-19 funding - Spending Review settlement - November 2020			1,328
Anticipated COVID-19 Consequentials			500
<b>Total COVID-19 Funding (D)</b>			<b>1,828</b>
Block Grant Adjustment for Taxes and Non-Tax Income	(12,190)	(12,991)	(12,430)
Scottish revenues:			
Scottish Income Tax	11,684	12,365	12,263
Land and Buildings Transaction Tax	643	641	586
Scottish Landfill Tax	104	116	88
Non-Tax Income	25	25	25
<b>Net Resource Budget Adjustment for Taxes and Non-Tax Income (E)</b>	<b>265</b>	<b>156</b>	<b>532</b>
<b>Reconciliation to Outturn (F)</b>	<b>(3)</b>	<b>(207)</b>	<b>(319)</b>
<b>Resource Borrowing (G)</b>		<b>207</b>	<b>319</b>
<b>Capital Borrowing (H)</b>	<b>450</b>	<b>450</b>	<b>450</b>
<b>Total Scottish Government Funding (A+B+C+D+E+F+G+H)</b>	<b>34,256</b>	<b>40,477</b>	<b>44,125</b>



Figures may not add due to rounding

(A) The prior year comparators throughout this document reflect the position as set out in the original authorised parliamentary approved Budget for that year. The funding position shown is consistent with that original Budget allocation. The Budget position changes throughout the year and subsequent budget revisions are available from the Scottish Government website. The Block Grant figures shown here represent core funding allocation calculated in accordance with the Barnett formula.

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

(C) From 2020-21 Farm Subsidy direct payments are funded by HM Treasury (previously funding came from the EU). From 2021-22 HM Treasury are also funding pillar 2 schemes and Fisheries support that previously came from the EU. EU replacement funding is ring-fenced for that purpose. There are additional non-Barnett allocations in respect of a Network Rail funding agreement and for the administration costs for additional powers devolved under the Scotland Act 2016.

(D) No COVID-19 related funding was set out in the 2020-21 Budget document as this was published on (6 February 2020). Details of allocations of COVID-19 funding in 2020-21 are set out in the Budget Revision documents for 2020-21. Guaranteed funding for COVID-19 in 2020-21 is £8.6 billion. The spending plans set out in this document contain allocations of £1,828 million of COVID-19 funding from the UK Government - £1,328m allocated at the UK Spending Review - and £500 million of anticipated funding in estimated future consequentials. The anticipated consequentials are a prudent estimate of a further distribution of the remaining balance of COVID-19 funding identified but unallocated by the UK Government in the UK November 2020 Spending Review.

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

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

(F) Reconciliation to Outturn is the net impact to the Scottish Budget of the reconciliation for Income Tax, LBTT and SLfT, Non-Tax income, and devolved Social Security payments. Further details on the reconciliation to the 2021-22 Budget are set out in the Medium Term Financial Strategy 2021.

(G) Resource borrowing undertaken to smooth the impact of forecast errors on the Budget- actual borrowing drawdown will be determined based on the in-year financial position. The Scotland-specific economic shock provisions extend the maximum borrowing available to £319 million.

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

**Table A.03: Real Terms changes to HM Treasury Spending Limits**

HMT Spending Limits - Real Terms (2020-21 prices)	2019-20 £m	2020-21 £m	2021-22 £m
Fiscal Resource Budget	29,567	29,711	31,815
Capital Budget	4,233	4,734	5,116
<b>Total</b>	<b>33,800</b>	<b>34,445</b>	<b>36,931</b>
<b>Real-Terms Change against prior year</b>	-	1.9%	7.2%
<b>Average Annual Real Terms growth 2019-20 to 2021-22</b>	-	-	4.5%

Excludes Financial Transactions

**Table A.04: Real Terms changes to Scottish Government Funding**

HMT Spending Limits - Real Terms (2020-21 prices)	2019-20 £m	2020-21 £m	2021-22 £m
Fiscal Resource Budget	29,851	29,867	32,362
Capital Budget + Capital Borrowing	4,714	5,184	5,579
<b>Total</b>	<b>34,565</b>	<b>35,051</b>	<b>37,942</b>
<b>Real-Terms Change against prior year</b>	<b>-</b>	<b>1.4%</b>	<b>8.2%</b>
<b>Average Annual Real Terms growth 2019-20 to 2021-22</b>	<b>-</b>	<b>-</b>	<b>4.8%</b>

Excludes Financial Transactions

Real Terms calculations use the GDP deflator as published by the UK Government at the Spending Review on 25 November 2020 as the measure of inflation within the economy. The GDP deflator as published reflects some volatility as a result of the impact of the COVID-19 pandemic - the figure for 2020-21 is significantly higher than the historic trend and the figure for 2021-22 is negative. As was the case in the UK Spending Review, to smooth the distortion of this anomalous impact an average annual uplift in core funding between 2019-20 and 2021-22 has been presented using the GDP deflators shown below.

	2019-20	2020-21	2021-22
Index for Real Terms calculation (HMT 11/20)	0.935	1.00	0.972
Latest GDP deflators as per HMT (11/20)	1.0	1.07	1.04

Within these overall budget limits there are important sub-categories of spending subject to their own control limits. These sub-limits are imposed by HM Treasury as part of UK fiscal rules. These limits apply to:

- Resource budgets expenditure on the day-to-day costs of delivering public services, the total resource expenditure limit is sub-divided into a fiscal (or cash) limit – the largest element of government expenditure, used for example to pay public sector staff wages and purchase goods and services; and a non-cash limit – largely for depreciation of assets. It is not possible to use the notional non-cash budgets to support any fiscal spending.
- Capital budgets are used mainly to support the delivery of public infrastructure in Scotland. This is split between fiscal capital and a separate control for budgets that can only be used to support loan or equity investment in bodies outside the public sector – labelled as Financial Transactions. It is not possible within HM Treasury fiscal rules to use capital budgets to fund additional day-to-day expenditure; they must be used to support long-term investment. The overall capital funding available to the Scottish Government can be augmented by capital borrowing, the limits for which are imposed by the UK Government through the Fiscal Framework.

The Scotland Reserve allows the Scottish Government limited ability to manage spending across financial years. The Fiscal Framework sets out the limits of Scotland Reserve – up to £700 million in aggregate may be deposited in the Reserve. Maximum drawdown in any one year from the Reserve is £250 million of Resource budget and £100 million of capital budget (including Financial Transactions). Under the Fiscal Framework the drawdown limits are temporarily waived where a Scotland-specific economic shock occurs.

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

### **Annually Managed Expenditure (AME)**

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

- Non-Domestic Rates income, responsibility for which is fully devolved and falls outside the scope of the block grant and Fiscal Framework arrangements controlled by HM Treasury. Details on the operation of Non-Domestic Rates in Scotland are available on the Scottish Government website.<sup>4</sup>
- A small number of programmes that, whilst they fall within the devolved responsibilities of the Scottish Government, continue to be funded annually by the UK Government on the basis of demand (shown here as UK funded Annually Managed Expenditure or UK-funded AME). These budgets are ring-fenced for specific purposes – principally NHS and teachers' pension payments and Student Loans. HM Treasury fiscal rules prohibit the use of funding provided for these areas to support other expenditure.

<sup>4</sup> [Local government: Non-domestic rates \(business rates\) - gov.scot \(www.gov.scot\)](http://gov.scot)

## Spending Plans

The full spending plans for the year are set out in Table A.05. Portfolio chapters show the allocation of these totals across individual programmes.

**Table A.05: Total Proposed Budget for 2021-22**

2021-22 Scottish Budget	Resource £m	Capital £m	Financial Transactions £m	Total £m	UK Funded AME £m	Total £m
Health and Sport	16,406.9	529.0	-	16,935.9	100.4	17,036.3
Communities and Local Government	8447.1	1,363.0	100.0	9,910.1	2,631.0	12,541.1
Finance	259.5	24.0	3.3	286.8	5,853.8	6140.6
Education and Skills	3,371.3	398.0	22.1	3,791.4	416.3	4,207.7
Justice	2,861.2	166.5		3,027.7	-	3,027.7
Transport, Infrastructure and Connectivity	1,671.9	2,246.8	54.6	3,973.3	-	3,973.3
Environment, Climate Change and Land Reform	204.2	303.0	(0.6)	506.6	-	506.6
Rural Economy and Tourism	978.7	163.2	28.6	1,170.5	-	1,170.5
Economy, Fair Work and Culture	705.1	130.6	200.0	1,035.7	-	1,035.7
Social Security and Older People	3,907.0	93.0	-	4,000.0	-	4,000.0
Constitution, Europe and External Affairs	80.3	-	-	80.3	-	80.3
Crown Office and Procurator Fiscal Service	151.9	4.8	-	156.7	-	156.7
<b>Scottish Government</b>	<b>39,045.1</b>	<b>5,421.9</b>	<b>408.0</b>	<b>44,875.0</b>	<b>9,001.5</b>	<b>53,876.5</b>
Scottish Parliament and Audit Scotland	132.3	1.3	-	133.6	2.0	135.6
<b>Total Scotland</b>	<b>39,177.4</b>	<b>5423.2</b>	<b>408.0</b>	<b>45,008.6</b>	<b>9,003.5</b>	<b>54,012.1</b>

## Reconciliation of Funding to Spending Plans

There are a number of differences between the aggregate funding control limits as set out in Table A.01 and the total cost of the portfolio spending plans. Published spending plans anticipate additional funding of £784 million not yet reflected in those control limits (which reconcile to published HM Treasury figures). Table A.06 reconciles the aggregate funding limits to spending plans for 2019-20, 2020-21 and 2021-22 (the current budget year and the comparator years shown across the document).

**Table A.06: Reconciliation of Funding to Spending Plans**

SG Spending Limits – Cash Terms	2019-20 £m	2020-21 £m	2021-22 £m
<b>Scottish Government Funding</b>	<b>34,256</b>	<b>40,477</b>	<b>44,125</b>
	-	-	-
Additional Funding	94	98	-
Reserve	313	168	431
Machinery of Government Changes	28	8	3
Anticipated budget transfers	269	246	28
Anticipated additional Non-cash	-	-	232
Unallocated Non-cash budget	(230)	(261)	-
Voluntary Income from rate relief recipients	-	-	185
Queen's and Lord Treasurer's Remembrancer	5	5	5
	-	-	-
<b>Total Reconciling Items</b>	<b>479</b>	<b>264</b>	<b>884</b>
	-	-	-
<b>Scottish Government Spending Plans</b>	<b>34,735</b>	<b>40,741</b>	<b>45,009</b>

**Considering each of the reconciling items in turn**

Barnett consequentials – this is the additional UK consequential funding identified to support amendments to the Budget Bill. The spending plans presented for comparator years reflect those amendments made during the passage of the Bill for that year.

Reserve Drawdown – Spending plans are underpinned by anticipated underspend carried forward from the prior year through the Reserve.

Machinery of Government Changes relate to anticipated funding transfers from the UK Government not reflected in the HM Treasury control total but showing in portfolio spending plans.

Anticipated budget transfers reflect UK funding for specific areas of work, including funding for Administration costs of powers devolved in the Scotland Act 2016, that are not yet reflected in HM Treasury budget limits.

HM Treasury non-cash budget for 2021-22 is a flat roll forward of the previous years. Changes to the basis of the calculations for the non-cash budget requirement for student loans have increased the requirement. This will impact on the non-cash budget requirement for all UK nations. Additional budget cover for this is anticipated to be provided.

The HM Treasury non-cash budget allocation in prior years was more than required to meet the current needs of the Scottish Government. Accordingly, not all of this is yet allocated out to portfolios. As indicated above this budget cannot be used to support fiscal spending.

The Queen's and Lord Treasurer's Remembrancer (QLTR) is the Crown's representative in Scotland who deals with ownerless property. In the Scotland Act 1998, the Crown's property rights in ownerless goods and the revenues raised from them were transferred to Scottish Ministers and the revenues paid into the Scottish Consolidated Fund. The £5 million shown against 2020-21 and 2021-22 represents the estimated receipts of each year.

## ANNEX B

### Summary of Portfolio Spending Plans

#### B.01: Total Managed Expenditure

	Real terms @ 2020-21 prices					
	2019-20 Budget	2020-21 Budget	2021-22 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	14,327.1	15,343.9	17,036.3	15,330.0	15,343.9	17,527.7
Communities and Local Government	12,019.2	12,317.1	12,541.1	12,860.5	12,317.1	12,902.9
Finance	4,751.5	5,625.7	6,140.6	5,084.1	5,625.7	6,317.7
Education and Skills	3,447.9	3,570.5	4,207.7	3,689.3	3,570.5	4,329.1
Justice	2,719.4	2,849.5	3,027.7	2,909.8	2,849.5	3,115.0
Transport, Infrastructure and Connectivity	2,910.2	3,490.7	3,973.3	3,113.9	3,490.7	4,087.9
Environment, Climate Change and Land Reform	426.6	461.8	506.6	456.5	461.8	521.2
Rural Economy and Tourism	396.2	839.6	1,170.5	423.9	839.6	1,204.3
Economy, Fair Work and Culture	847.1	936.3	1,035.7	906.4	936.3	1,065.6
Social Security and Older People	520.5	3,735.4	4,000.0	556.9	3,735.4	4,115.4
Constitution, Europe and External	36.1	40.6	80.3	38.6	40.6	82.6
Crown Office and Procurator Fiscal Service	120.7	133.8	156.7	129.1	133.8	161.2
Scottish Parliament and Audit Scotland	110.6	116.1	135.6	118.3	116.1	139.5
<b>Total</b>	<b>54,012.1</b>	<b>49,461.0</b>	<b>54,012.1</b>	<b>45,617.4</b>	<b>49,461.0</b>	<b>55,570.1</b>

**Table B.02: Fiscal Resource**

	Real terms @ 2020-21 prices					
	2019-20 Budget	2020-21 Budget	2021-22 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	13,607.4	14,532.3	16,134.4	14,559.9	14,532.3	16,599.8
Communities and Local Government	7,166.9	7,649.8	8,446.9	7,668.6	7,649.8	8,690.6
Finance	155.4	184.1	239.8	166.3	184.1	246.7
Education and Skills	2,657.0	2,490.1	2,698.1	2,843.0	2,490.1	2,775.9
Justice	2,442.1	2,550.8	2,723.7	2,613.0	2,550.8	2,802.3
Transport, Infrastructure and Connectivity	1,000.0	1,121.3	1,523.0	1,070.0	1,121.3	1,566.9
Environment, Climate Change and Land Reform	168.5	175.3	187.3	180.3	175.3	192.7
Rural Economy and Tourism	281.3	837.7	932.5	301.0	837.7	959.4
Economy, Fair Work and Culture	479.6	508.3	679.6	513.2	508.3	699.2
Social Security and Older People	510.5	3,665.8	3,887.3	546.2	3,665.8	3,999.4
Constitution, Europe and External	36.1	40.6	80.3	38.6	40.6	82.6
Crown Office and Procurator Fiscal Service	113.4	124.9	146.8	121.3	124.9	151.0
Scottish Parliament and Audit Scotland	96.2	102.1	120.1	102.9	102.1	123.6
<b>Total</b>	<b>28,714.4</b>	<b>33,983.1</b>	<b>37,799.8</b>	<b>30,724.4</b>	<b>33,983.1</b>	<b>38,890.2</b>



**Table B.03: Non-Cash (Ringfenced)**

	Real terms @ 2020-21 prices					
	2019-20 Budget	2020-21 Budget	2021-22 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	273.3	273.2	272.5	292.4	273.2	280.4
Communities and Local Government	0.3	0.3	0.2	0.3	0.3	0.2
Finance	16.5	21.4	19.7	17.7	21.4	20.3
Education and Skills	243.4	237.4	673.2	260.4	237.4	692.6
Justice	133.3	135.7	137.5	142.6	135.7	141.5
Transport, Infrastructure and Connectivity	155.6	112.9	148.9	166.5	112.9	153.2
Environment, Climate Change and Land Reform	13.1	16.5	16.9	14.0	16.5	17.4
Rural Economy and Tourism	39.0	46.2	46.2	41.7	46.2	47.5
Economy, Fair Work and Culture	25.8	24.9	25.5	27.6	24.9	26.2
Social Security and Older People	-	0.4	19.7	-	0.4	20.3
Constitution, Europe and External	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	3.7	4.6	5.1	4.0	4.6	5.2
Scottish Parliament and Audit Scotland	10.9	10.9	12.2	11.7	10.9	12.6
<b>Total</b>	<b>914.9</b>	<b>884.4</b>	<b>1,377.6</b>	<b>978.9</b>	<b>884.4</b>	<b>1,417.3</b>

**Table B.04: Capital (inc Financial Transactions)**

	Real terms @ 2020-21 prices					
	2019-20 Budget	2020-21 Budget	2021-22 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	346.0	438.0	529.0	370.2	438.0	544.3
Communities and Local Government	1,999.0	1,827.0	1,463.0	2,138.9	1,827.0	1,505.2
Finance	34.6	35.1	27.3	37.0	35.1	28.1
Education and Skills	150.0	450.5	420.1	160.5	450.5	432.2
Justice	144.0	163.0	166.5	154.1	163.0	171.3
Transport, Infrastructure and Connectivity	1,754.6	2,256.5	2,301.4	1,877.4	2,256.5	2,367.8
Environment, Climate Change and Land Reform	245.0	270.0	302.4	262.2	270.0	311.1
Rural Economy and Tourism	75.9	(44.3)	191.8	81.2	(44.3)	197.3
Economy, Fair Work and Culture	341.7	403.1	330.6	365.6	403.1	340.1
Social Security and Older People	10.0	69.2	93.0	10.7	69.2	95.7
Constitution, Europe and External	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	3.6	4.3	4.8	3.9	4.3	4.9
Scottish Parliament and Audit Scotland	1.5	1.1	1.3	1.6	1.1	1.3
<b>Total</b>	<b>5,105.9</b>	<b>5,873.5</b>	<b>5,831.2</b>	<b>5,463.3</b>	<b>5,873.5</b>	<b>5,999.4</b>

**Table B.05: UK Funded Annually Managed Expenditure**

	Real terms @ 2020-21 prices					
	2019-20 Budget	2020-21 Budget	2021-22 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	100.4	100.4	100.4	107.4	100.4	103.3
Communities and Local Government	2,853.0	2,840.0	2,631.0	3,052.7	2,840.0	2,706.9
Finance	4,545.0	5,385.1	5,853.8	4,863.2	5,385.1	6,022.7
Education and Skills	397.5	392.5	416.3	425.3	392.5	428.3
Justice	-	-	-	-	-	-
Transport, Infrastructure and Connectivity	-	-	-	-	-	-
Environment, Climate Change and Land Reform	-	-	-	-	-	-
Rural Economy and Tourism	-	-	-	-	-	-
Economy, Fair Work and Culture	-	-	-	-	-	-
Social Security and Older People	-	-	-	-	-	-
Constitution, Europe and External	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	-	-	-	-	-	-
Scottish Parliament and Audit Scotland	2.0	2.0	2.0	2.1	2.0	2.1
<b>Total</b>	<b>7,897.9</b>	<b>8,720.0</b>	<b>9,003.5</b>	<b>8,450.8</b>	<b>8,720.0</b>	<b>9,263.2</b>

## **ANNEX C**

### **Budgets Split by HM Treasury Aggregate (web only)**

## ANNEX D

**Table D.01: Outturn Comparison 2012-13 to 2019-20**

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Health	11,595.7	11,807.8	11,969.4	12,429.4	13,199.3	13,375.6	13,761.6	14,483.9
Sport <sup>1</sup>	81.0	143.5	234.1	62.8	45.1	-	-	-
Food Standards Scotland	9.0	10.3	10.8	15.8	16.3	15.7	16.7	17.7
<b>Total Health and Sport</b>	<b>11,685.7</b>	<b>11,961.6</b>	<b>12,214.3</b>	<b>12,508.0</b>	<b>13,260.7</b>	<b>13,391.3</b>	<b>13,778.3</b>	<b>14,501.6</b>
Local Government <sup>2</sup>	11,225.1	10,310.6	10,733.5	10,877.8	10,336.6	10,462.1	10,703.6	11,397.7
Planning	4.1	3.8	5.0	5.2	4.4	6.6	10.4	11.2
Third Sector	19.4	22.0	23.7	18.4	21.6	21.2	22.1	21.9
Housing	-	-	-	-	616.8	633.9	787.7	877.0
Social Justice and Regeneration	-	-	-	-	61.5	60.1	67.3	76.7
Governance, Elections and Reform	0.7	0.4	0.1	1.5	1.3	0.1	1.1	4.5
Housing and Regeneration	394.8	444.8	548.2	636.1	-	-	-	-
Welfare Reform Mitigation	0.3	3.6	9.2	13.3	-	-	-	-
Scottish Futures Fund (SJC&PR)	-	-	1.8	-	-	-	-	-
Office of the Scottish Charity Regulator	2.9	2.9	2.9	2.9	2.9	3.0	2.9	3.3
Scottish Housing Regulator	3.7	4.9	4.4	4.3	4.0	4.0	4.2	4.6
<b>Total Communities and Local Government</b>	<b>11,651.0</b>	<b>10,793.0</b>	<b>11,328.8</b>	<b>11,559.5</b>	<b>11,049.1</b>	<b>11,191.0</b>	<b>11,599.4</b>	<b>12,396.9</b>

<sup>1</sup> Sport subsumed within Health Level 2 from 2017-18

<sup>2</sup> Budgets for Police and Fire in excess of £1 billion were transferred from local government to the new police and fire authorities from 2013-14 onwards

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Scottish Public Pensions Agency	2,565.4	2,649.6	3,613.9	3,429.5	3,301.1	4,569.5	5,841.5	4,373.7
Other Finance	10.9	17.8	62.1	48.9	40.7	36.2	53.3	103.5
Accountant in Bankruptcy	0.9	0.7	0.6	1.1	1.4	2.2	1.7	2.4
Revenue Scotland	-	-	-	4.6	4.6	5.5	7.4	8.9
Scottish Fiscal Commission	-	-	-	-	0.9	1.5	1.6	1.9
Registers of Scotland	-	-	-	-	-	-	-	(50.0)
<b>Total Finance</b>	<b>2,577.2</b>	<b>2,668.1</b>	<b>3,676.6</b>	<b>3,484.1</b>	<b>3,348.7</b>	<b>4,614.9</b>	<b>5,905.6</b>	<b>4,440.4</b>
Learning	175.2	159.0	156.8	173.0	183.4	213.3	257.3	293.3
Children and Families	90.0	95.7	96.5	89.5	80.6	155.0	133.2	153.3
Higher Education Student Support <sup>3</sup>	644.6	670.0	810.1	883.1	906.7	881.0	1,583.8	1,143.4
Scottish Funding Council	1,675.7	1,682.4	1,712.6	1,693.8	1,780.8	1,645.3	2,014.9	2,124.0
Advanced Learning and Science	-	266.0	6.0	4.8	4.5	5.1	5.8	10.3
Early Learning and Childcare Programme	-	-	-	-	-	-	7.7	6.3
Skills & Training**	n/a	n/a	236.6	255.2	228.1	239.9	251.0	262.0
Other ELL**	233.1	-	-	-	-	-	-	-
<b>Total Education &amp; Skills</b>	<b>2,818.6</b>	<b>2,873.1</b>	<b>3,018.6</b>	<b>3,099.4</b>	<b>3,184.1</b>	<b>3,139.6</b>	<b>4,253.7</b>	<b>3,992.6</b>
Community Justice Services	30.7	27.8	28.3	32.6	25.0	26.1	29.4	32.2
Judiciary	48.6	50.7	53.3	40.9	31.1	32.9	34.3	36.3
Criminal Injuries Compensation	25.1	20.5	17.5	17.5	17.4	13.6	17.0	15.2

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

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Legal Aid	160.8	166.2	155.5	145.7	146.7	140.9	135.6	158.6
Scottish Police Authority (SPA)	-	1,199.9	1,153.1	1,167.3	1,142.2	1,202.3	1,269.6	1,313.9
Scottish Fire and Rescue Service	-	302.6	308.2	307.8	322.4	322.2	324.2	339.9
Miscellaneous	16.0	33.0	28.7	29.4	37.1	26.1	30.9	43.6
Police Central Government	245.9	45.4	23.5	25.9	26.7	54.9	60.8	63.2
Safer and Stronger Communities	3.4	2.9	3.8	6.2	3.8	4.4	4.9	10.1
Scottish Resilience	16.3	-	-	-	-	-	-	-
Police and Fire Pensions	329.1	327.4	477.4	312.3	372.3	406.1	425.2	493.5
Scottish Courts and Tribunals Service	78.5	87.6	73.9	92.9	108.1	108.4	131.7	141.1
Scottish Prison Service	426.2	297.8	337.8	332.2	331.5	341.3	349.7	373.3
<b>Total Justice<sup>4</sup></b>	<b>1,380.6</b>	<b>2,561.8</b>	<b>2,661.0</b>	<b>2,510.7</b>	<b>2,564.3</b>	<b>2,679.2</b>	<b>2,813.3</b>	<b>3,020.9</b>
Digital Public Services, Committees, Commissions and Other Expenditure	16.3	19.1	90.7	-	-	-	-	-
Digital Connectivity <sup>4</sup>	-	-	-	78.0	81.9	63.5	13.1	33.5
Energy	22.7	39.0	53.5	41.6	36.2	33.8	89.5	62.3
Cities Investment and Strategy	-	-	-	33.1	44.4	43.7	91.7	114.9
Rail Services	783.6	838.0	708.3	748.6	737.9	776.0	787.4	996.7
Concessionary Fares and Bus Services	258.9	246.7	252.7	252.4	250.2	253.2	263.4	275.7

<sup>4</sup> Digital Connectivity has not split between new Finance, Economy and Fair Work and Transport, Infrastructure and Connectivity portfolios

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Active Travel, Low Carbon and Other Transport Policy	61.3	74.7	74.1	66.4	112.1	185.4	193.5	201.3
Motorways and Trunk Roads	766.0	595.9	578.8	773.4	785.0	804.1	649.9	718.4
Ferry Services	120.4	142.8	167.9	205.7	209.7	237.8	211.3	245.1
Air Services	38.0	56.5	56.9	63.2	57.6	57.5	95.8	63.5
Ferguson Marine	-	-	-	-	-	-	-	16.2
Scottish Futures Fund	2.1	7.7	16.6	14.6	-	-	-	-
<b>Transport, Infrastructure and Connectivity</b>	<b>2,069.3</b>	<b>2,020.4</b>	<b>1,999.5</b>	<b>2,277.0</b>	<b>2,315.0</b>	<b>2,455.0</b>	<b>2,395.5</b>	<b>2,727.6</b>
Marine	50.1	54.8	53.8	54.1	55.6	57.8	54.6	66.3
Research, Analysis and Other Services	76.0	72.3	69.2	64.5	64.9	63.1	62.8	67.8
Water Quality	-	-	-	-	-	-	-	-
Environmental Services	146.7	150.4	149.1	155.8	136.2	144.8	169.4	192.5
Climate Change and Land Managers Renewable Fund	7.5	13.5	15.1	15.1	15.4	16.2	16.1	15.0
Scottish Water	9.5	(66.7)	(25.4)	(97.1)	(95.9)	22.6	110.9	114.6
<b>Total Environment, Climate Change and Land Reform</b>	<b>289.8</b>	<b>224.3</b>	<b>261.8</b>	<b>192.4</b>	<b>176.2</b>	<b>304.5</b>	<b>413.9</b>	<b>456.2</b>
EU Support and Related Services	133.9	116.4	163.6	160.6	195.5	146.4	177.8	170.7
Rural Services	35.3	40.1	35.5	82.9	162.3	174.9	(35.4)	60.8
Rural Economy Enterprise	86.4	70.8	67.5	67.2	68.4	76.4	91.8	81.1



	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Fisheries	4.5	8.2	5.6	7.8	4.4	5.4	5.0	6.5
Forestry Commission	77.4	68.8	56.4	54.5	56.1	67.4	68.4	-
Forestry and Land Scotland	-	-	-	-	-	-	-	19.4
Scottish Forestry	-	-	-	-	-	-	-	53.6
Tourism	51.6	49.7	54.3	47.5	49.3	50.4	54.6	61.5
<b>Total Rural Economy and Tourism</b>	<b>389.1</b>	<b>354.0</b>	<b>382.9</b>	<b>420.5</b>	<b>536.0</b>	<b>520.9</b>	<b>362.3</b>	<b>453.6</b>
Enterprise	256.4	297.3	259.8	258.9	236.0	304.4	433.0	407.6
Economic Advice	1.5	2.0	2.0	2.1	2.5	3.6	7.8	15.2
Employability and Training	n/a	n/a	21.6	18.0	16.8	35.3	45.2	45.9
European Social Fund	-	-	-	-	50.1	(0.5)	(4.6)	-
European Regional Development Fund	-	-	-	-	(32.4)	(4.5)	-	-
ESF Programme Operation	7.7	2.1	3.9	32.9	(7.1)	-	-	-
Culture and Major Events	186.6	169.7	153.0	163.2	165.1	169.7	185.8	153.4
Historic Scotland	47.5	42.7	35.6	-	-	-	-	-
National Records of Scotland	22.3	19.9	19.9	21.1	25.6	26.3	34.1	41.5
Historic Environment Scotland	-	-	-	45.3	43.1	41.5	42.7	40.7
Young Scots Fund	0.8	-	-	-	-	-	-	-
<b>Total Economy, Fair Work and Culture</b>	<b>257.2</b>	<b>232.3</b>	<b>208.5</b>	<b>229.6</b>	<b>233.8</b>	<b>237.5</b>	<b>262.6</b>	<b>235.6</b>

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn
	£m	£m	£m	£m	£m	£m	£m	£m
Equalities	19.7	18.8	21.7	22.5	23.8	25.1	23.1	28.1
Social Security Advice, Policy and Programme	-	-	-	-	1.4	12.4	258.9	149.5
Social Security Assistance	-	-	-	-	-	-	-	350.8
<b>Total Social Security and Older People</b>	<b>19.7</b>	<b>18.8</b>	<b>21.7</b>	<b>22.5</b>	<b>25.2</b>	<b>37.5</b>	<b>282.1</b>	<b>528.4</b>
External Affairs	12.1	12.5	12.2	14.4	11.8	15.0	15.6	18.6
Government Business	11.5	4.8	4.4	5.0	32.1	11.1	11.3	12.7
<b>Total Constitution, Europe and External Affairs</b>	<b>23.6</b>	<b>17.3</b>	<b>16.6</b>	<b>19.4</b>	<b>43.9</b>	<b>26.1</b>	<b>26.9</b>	<b>31.3</b>
Administration	224.8	206.8	200.0	182.7	181.5	184.3	188.2	-
<b>Total Administration</b>	<b>224.8</b>	<b>206.8</b>	<b>200.0</b>	<b>182.7</b>	<b>181.5</b>	<b>184.3</b>	<b>188.2</b>	<b>-</b>
Total Crown Office and Procurator Fiscal Service	109.0	109.7	112.4	113.2	112.7	112.8	121.1	132.4
<b>Total Crown Office and Procurator Fiscal Service</b>	<b>109.0</b>	<b>109.7</b>	<b>112.4</b>	<b>113.2</b>	<b>112.7</b>	<b>112.8</b>	<b>121.1</b>	<b>132.4</b>
<b>Total Scottish Government Budget</b>	<b>33,495.6</b>	<b>34,041.2</b>	<b>36,102.7</b>	<b>36,619.0</b>	<b>37,031.2</b>	<b>38,894.6</b>	<b>42,403.0</b>	<b>42,917.5</b>

## ANNEX E

### Budget Bill Reconciliation and Cash Authorisation

**Table E.01: Revised NDPB Cash and Resource Budgets by Portfolio, 2021-22**

Portfolios (with at least one Executive NDPB)	NDPB Budget (Cash terms) £m	Non-Cash items £m	NDPB Budget (Resource Terms) £m
Health and Sport	111.2	1.3	112.5
Communities and Local Government	1.5	-	1.5
Finance	4.1	-	4.1
Education and Skills	2,214.6	35.0	2,249.6
Justice	1,731.5	76.6	1,808.1
Transport, Infrastructure and Connectivity	158.5	12.7	171.2
Environment, Climate Change and Land Reform	135.1	11.0	146.1
Rural Economy and Tourism	152.8	9.0	161.8
Economy, Fair Work and Culture	561.5	20.8	582.3
<b>Total</b>	<b>5,070.8</b>	<b>166.4</b>	<b>5,237.2</b>

**Table E.02: Presentational Adjustments for Parliamentary Approval**

	A HMT Budget £m	B NDPB Non-cash £m	C Adjusted Budget £m	D Tech Adjust £m	E Other bodies and transfers £m	F LA grants £m	G Parliamentary Budget Approval £m
Health and Sport	17,036.3	(1.3)		21.0	(19.5)		17,036.5
Communities and Local Government	12,541.1				(8.7)	(791.2)	11,741.2
Finance	6,140.6		(96.5)		(5,874.1)		170.0
Education and Skills	4,207.7	(35.0)				646.4	4,819.1
Justice	3,027.7	(76.6)	(31.5)	1.2	(129.3)	86.5	2,878.0
Transport, Infrastructure and Connectivity	3,973.3	(12.7)		(20.9)		58.4	3,998.1
Environment, Climate Change and Land Reform	506.6	(11.0)	58.4				554.0
Rural Economy and Tourism	1,170.5	(9.0)	0.1				1,161.6
Economy, Fair Work and Culture	1,035.7	(20.8)			(63.3)		951.6
Social Security and Older People	4,000.0						4,000.0
Constitution, Europe and External Affairs	80.3						80.3
Crown Office and Procurator Fiscal Service	156.7						156.7
National Records of Scotland					63.3		63.3
Teachers and NHS Pensions					5,853.8		5,853.8
Office of Scottish Charity Regulator					3.6		3.6
Scottish Courts and Tribunals Service					129.3		129.3
Scottish Housing Regulator					5.1		5.1
Scottish Fiscal Commission					2.0		2.0
Revenue Scotland					7.1		7.1
Registers of Scotland					11.2		11.2
Food Standards Scotland					19.5		19.5
<b>The Scottish Government</b>	<b>53,876.5</b>	<b>(166.4)</b>	<b>(69.5)</b>	<b>1.3</b>	<b>-</b>	<b>-</b>	<b>53,642.0</b>
Scottish Parliament and Audit Scotland*	135.6						135.6
<b>Total Managed Expenditure</b>	<b>54,012.1</b>	<b>(166.4)</b>	<b>(69.5)</b>	<b>1.3</b>	<b>-</b>	<b>-</b>	<b>53,777.6</b>

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

**Table E.03: The Components of the Scottish Budget 2021-22**

	Expenditure Within Expenditure Limit £m	Expenditure Within UK Funded AME £m	Other Expenditure £m	Total Budget £m
Scottish Executive - Portfolios				
Health and Sport	16,915.5	100.0	21.0	17,036.5
Communities and Local Government	9110.2	2,631.0		11,741.2
Finance	170.0			170.0
Education and Skills	4,402.8	416.3		4,819.1
Justice	2,825.8		52.2	2,878.0
Transport, Infrastructure and Connectivity	3,866.9		131.2	3998.1
Environment, Climate Change and Land Reform	554.0			554.0
Rural Economy and Tourism	1,161.5		0.1	1,161.6
Economy, Fair Work and Culture	951.6			951.6
Social Security and Older People	4,000.0			4,000.0
Constitution, Europe and External Affairs	80.3			80.3
<b>Total Programme</b>	<b>44,038.6</b>	<b>3,147.3</b>	<b>204.5</b>	<b>47,390.4</b>
Crown Office and Procurator Fiscal	156.7			156.7
<b>Total Scottish Government (Consolidated)</b>	<b>44,195.3</b>	<b>3,147.3</b>	<b>204.5</b>	<b>47,547.1</b>
Scottish Housing Regulator	5.1			5.1
National Records of Scotland	63.3			63.3
Office of the Scottish Charity Regulator	3.6			3.6
Scottish Courts and Tribunals Service	129.3			129.3
Scottish Fiscal Commission	2.0			2.0
Revenue Scotland	7.1			7.1
Registers of Scotland	11.2			11.2
Food Standards Scotland	19.1	0.4		19.5
Scottish Teachers' and NHS Pension Schemes		5,853.8		5,853.8
<b>Total Scottish Administration</b>	<b>44,436.0</b>	<b>9,001.5</b>	<b>204.5</b>	<b>53,642.0</b>
<b>Direct Funded Bodies</b>				
Scottish Parliament Corporate Body	122.5	2.0		124.5
Audit Scotland	11.1			11.1
<b>Total Scottish Budget</b>	<b>44,569.6</b>	<b>9,003.5</b>	<b>204.5</b>	<b>53,777.6</b>

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

	Budget	Adjustments		Cash Authorisation
	£m	Depreciation £m	Other £m	£m
Scottish Administration	53,642.0	(1,211.0)	(5,765.9)	46,665.1
Scottish Parliament Corporate Body	124.5	(11.8)	(2.1)	110.6
Audit Scotland	11.1	(0.3)		10.8
<b>Total</b>	<b>53,777.6</b>	<b>(1,223.1)</b>	<b>(5,768.0)</b>	<b>46,786.5</b>

Sources of Funding for Scottish Budget:	
Cash grant from the Scottish Consolidated Fund	28,017.3
Non-Domestic Rate Income	2,631.0
Scottish Rate of Income Tax	12,263.0
Forecast receipts from LBTT and Landfill Tax	674.0
Fines, Forfeitures and Fixed Penalties	25.0
Queen's and Lord Treasurers Remembrancer	5.0
Resource borrowing	319.0
Capital borrowing	450.0
Supermarket Receipts	185.0
National Insurance Contributions	2,217.2
<b>Total Cash Authorisation</b>	<b>46,786.5</b>

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

Proposed Budget	2020-21	2021-22		
	Total £m	Operating £m	Capital £m	Total £m
	<b>108.2</b>	<b>123.5</b>	<b>1.0</b>	<b>124.5</b>
Less Retained Income	(1.0)	-	-	-
Capital Receipts Applied	-	-	-	-
	<b>107.2</b>	<b>123.5</b>	<b>1.0</b>	<b>124.5</b>
<b>Budget Analysis</b>				
Scottish Parliament Administration Costs	106.3	123.5	-	123.5
Scottish Parliament Capital Expenditure	0.9	-	1.0	1.0
<b>Net Expenditure</b>	<b>107.2</b>	<b>123.5</b>	<b>1.0</b>	<b>124.5</b>

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

Proposed Budget	2020-21		2021-22		
	Total £m		Operating £m	Capital £m	Total £m
	<b>27.3</b>		<b>29.5</b>	<b>0.3</b>	<b>29.8</b>
Less Retained Income	(18.4)		(18.7)	-	(18.7)
Capital Receipts Applied	-		-	-	-
	<b>8.9</b>		<b>10.8</b>	<b>0.3</b>	<b>11.1</b>
<b>Budget Analysis</b>					
Audit Scotland Capital	0.2		-	0.3	0.3
Less: income from fees and charges (Accounts Commission)	(11.9)		(12.2)	-	(12.2)
Less: income from fees and charges (Parliament and the Auditor General)	(6.5)		(6.5)	-	(6.5)
Support to Parliament and the Auditor General: Current expenditure	15.2		17.3	-	17.3
Support to the Accounts Commission: Current expenditure	11.9		12.2	-	12.2
<b>Net Expenditure</b>	<b>8.9</b>		<b>10.8</b>	<b>0.3</b>	<b>11.1</b>

## **ANNEX F**

### **Scottish Government Operating Costs**

#### **Overview**

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

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

The change in presentation to operating costs budgets was introduced in 2019-20 and described in detail in Annex G of Scottish Budget 2019-20, which also set out modelled estimates for an equivalent operating costs budget for 2016-17, 2017-18 and 2018-19. In 2018-19 and earlier years staffing costs were met from both individual portfolio budgets and the Administration budget.

#### **Scottish Government workforce**

In recent years, the Scottish Government has evolved from a predominantly spending organisation into one with a wider set of fiscal powers, both raising its own revenues through a range of devolved taxes and delivering public services in wider areas such as social security.

Scottish Government workforce numbers have been growing, reflecting the changing nature of the Scottish Government's business, the addition of new powers and responsibilities and preparing for, and addressing the practical implications of, EU Exit. More recently, the Scottish Government workforce has responded to the impact of COVID-19, setting up a range of new functions. Workforce numbers are regularly published as part of the Scottish Government Workforce Information publication.

A significant driver of increases in operating costs are these increases in the Scottish Government workforce, together with associated support for critical systems and infrastructure.

#### **Scottish Government operating costs**

The total operating costs budget for the Scottish Government in 2021-22 is £604.1 million. This represents 1.1 per cent of the overall Scottish Budget (as measured by Total Managed Expenditure).



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

**Table F.01: Total Operating Costs by Portfolio**

Portfolio	2019-20 Budget £m	2020-21 Budget £m <sup>(1)</sup>	2021-22 Budget £m <sup>(2)</sup>
Health and Sport	53.9	64.7	84.7
Communities and Local Government	35.8	40.2	42.7
Finance	59.1	61.4	66.4
Education and Skills	37.3	41.4	43.6
Justice	27.5	30.1	31.7
Transport, Infrastructure and Connectivity	10.6	10.3	14.3
Environment, Climate Change and Land Reform	63.3	70.1	83.5
Rural Economy and Tourism	89.0	95.4	102.0
Constitution, Europe and External Affairs	19.9	21.9	26.8
Social Security and Older People <sup>(3)</sup>	68.1	61.4	62.4
Economy, Fair Work and Culture	43.3	45.1	45.9
<b>Total</b>	<b>507.8</b>	<b>541.9</b>	<b>604.1</b>

(1) The forthcoming Spring Budget Revision for 2020-21 will propose increases to the operating costs budget for 2020-21. The main drivers are staff growth resulting from the response to the COVID-19 pandemic, an increase in the Corporate Running Cost budget and a correction to the CEEA operating costs budget (which inadvertently excluded £3 million in Scottish Budget 2020-21).

(2) The ECCLR operating costs budget for 2021-22 includes a transfer of budget from UK Government for income that had previously been directly received from the EU and which was used to offset staffing costs. This adjustment accounts for a £3 million increase in the 2021-22 ECCLR operating costs budget from that of preceding years.

(3) The operating costs budget for the SSOP portfolio is not directly comparable year-on-year as, for example, it reflects the transfer of some functions to Social Security Scotland.

## ANNEX G

### Infrastructure Investment

The importance of infrastructure drove the 2018 decision to launch the National Infrastructure Mission which will increase annual investment by one per cent of then GDP between 2019-20 and the end of the next parliament in 2025-26. This will consequently boost annual infrastructure investment by £1.56 billion by 2025-26 and will see around £7 billion of additional infrastructure investment delivered over the course of the Mission.

Table G.01 sets out our total infrastructure investment for 2021-22 and compares it to the 2019-20 National Infrastructure Mission baseline. Overall, we have boosted annual capital spending by nearly £800 million in the early years of the Mission.

**Table G.01: Comparison of 2019-20 and 2021-22 Infrastructure Investment**

Source	2019-20 Budget investment £m	2021-22 Investment £m	Difference £m
Capital Grant*	4,104.8	5,035.6	930.8
Borrowing	450.0	450.0	-
Financial Transactions*	652.2	552.2	(100.0)
NPD/Hub	60.0	-	(60.0)
Innovative Finance	30.0	50.0	20.0
<b>Total</b>	<b>5,297.0</b>	<b>6,087.8</b>	<b>790.8</b>

\*Figures for Capital Grant and Financial Transactions are gross, inclusive of receipts or other income. Further detail on gross and net position of Financial Transactions can be found in Table G.02. Capital Grant receipts and other income are £84.5 million for 2019-20 and £62.6 million for 2021-22 respectively.

### Financial Transactions

Financial Transactions are a type of funding allocated to the Scottish Government by HM Treasury. They can only be used to make loans to or equity investments in private sector entities. The funds must ultimately be repaid by the Scottish Government to the UK Government. Portfolios receive a budget allocation for Financial Transactions investment and can be permitted to retain a proportion of receipts due in a year. This produces a net investment figure. As time passes, and more loans have been made, the scale of receipts increases. As the amount of new Financial Transactions funding allocated by the UK Government reduces, which between 2020-21 and 2021-22 is a reduction of around two thirds, the proportion of investment funded by receipts becomes more important. Table G.02 shows the gross budget receipts and net Financial Transactions budget by portfolio.

**Table G.02: Gross and Net Financial Transactions Portfolio Allocations**

Portfolio £m	2021-22 Gross Financial Transactions	2021-22 Forecast of Financial Transactions Receipts	2021-22 Net Financial Transactions
Communities and Local Government	185.5	85.5	100.0
Environment, Climate Change and Land Reform*	-	0.6	(0.6)
Economy, Fair Work and Culture	244.3	44.3	200.0
Education and Skills	30.5	8.4	22.1
Finance	4.5	1.2	3.3
Health and Sport	-	-	-
Justice	-	-	-
Rural Economy and Tourism	28.6	-	28.6
Social Security and Old People	-	-	-
Transport, Infrastructure and Connectivity	58.8	4.2	54.6
Crown Office and Procurator Fiscal Service	-	-	-
Social Security and Older People	-	-	-
Scottish Parliament	-	-	-
<b>Total</b>	<b>552.2</b>	<b>144.2</b>	<b>408.0</b>

\*The negative net position is due to an overall repayment of Financial Transactions in this portfolio, arising from repayment of loans made to Zero Waste Scotland.

## ANNEX H

### Summary of Carbon Assessment

The Scottish Government has committed, over the course of this current Parliament, to deliver year-on-year increases in the percentage of the capital budget allocated to low carbon investments. This commitment is met again in Budget 2021-22.

### Taxonomy Assessment of the Capital Budget

The Scottish Government has used low, neutral and high carbon categories (known as a taxonomy approach), as shown in the table below, to report on this assessment to Parliament. The categorisation was developed and proposed by the Low Carbon Infrastructure Taskforce in 2015.<sup>1</sup>

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

Each year, the Scottish Government publishes the percentage of each category of investment as a share of the total budget. In line with previous years, Local Government spending lines are excluded from the measure as we do not hold specific information on low/neutral/high carbon spend made by local authorities. The total also considers net Financial Transactions funding only.

<sup>1</sup> [https://issuu.com/greenallianceuk/docs/the\\_case\\_for\\_low\\_carbon\\_infrastruct](https://issuu.com/greenallianceuk/docs/the_case_for_low_carbon_infrastruct)

The following table provides the percentage uplift in low carbon capital investment compared to investment in Budget 2020-21. The detailed table in this annex sets out a line-by-line breakdown of how these percentages are calculated. To show like for like comparison between financial years, each budget line is taken from that year's Budget at introduction:

	<b>Low</b>	<b>Neutral</b>	<b>High</b>
20/21	34.9%	56.9%	8.2%
21/22	36.9%	54.6%	8.5%

### **Key Changes**

The welcome increase in the percentage of low carbon investment has arisen from the commitment of the Scottish Government to a £2 billion Low Carbon Fund across the five financial years of the next Parliamentary term. In the first year £165 million extra funding has been committed, on top of continuing the approaching £1.8 billion underlying investment.

The percentage share of high carbon investment has increased a little. This is a direct consequence of accepting the Infrastructure Commission for Scotland recommendation that much greater investment is required in ongoing maintenance.

In 2021-22, investment in maintaining our existing trunk road and bridge network has been boosted, helping to address a backlog. Additionally projects, such as improving the air traffic control system in Highlands and Islands Airports Limited (HIAL), also count as high carbon. HIAL helps preserve vital, life-line communications across our dispersed highlands and islands communities.

### **Next Steps**

In passing the 2019 Climate Change (Emissions Reduction) Act in Scotland, the Parliament agreed that new ways to assess the contribution made by infrastructure investment to the emissions targets should be explored. In the draft Infrastructure Investment Plan, the Scottish Government set out a planned approach to developing a new methodology, acknowledging that this would take time.

The Scottish Government will take this forward in conjunction with the Joint Review of Budget. Developing this new approach will form part of the five year implementation plan for our decision-making framework set out in the forthcoming Infrastructure Investment Plan. This will also support the next Climate Change Plan.

Table H.01: Detailed Breakdown of Carbon Assessment (£m)

Portfolio	Budget Line (Level 4)	20/21		21/22		20/21			21/22		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
CLG	Building Standards	-	-	13.0	-	-	-	-	-	13.0	-
CLG	Planning	2.0	-	5.0	-	-	2.0	-	-	5.0	-
CLG	Third Sector	-	2.0	-	3.5	-	2.0	-	-	3.5	-
CLG	Connected Communities	-	-	0.3	-	-	-	-	-	0.3	-
CLG	Housing Supply and Infrastructure	615.0	-	575.4	-	-	615.0	-	-	575.4	-
CLG	Housing Supply - FTs (Expenditure)	-	346.5	-	142.0	-	346.5	-	-	142.0	-
CLG	Housing Supply - FTs (Income)	-	(50.0)	-	(81.0)	-	(50.0)	-	-	(81.0)	-
CLG	Income	(28.5)	-	(20.4)	-	-	(28.5)	-	-	(20.4)	-
CLG	Fuel Poverty/Energy Efficiency	82.0	-	94.0	-	82.0	-	-	94.0	-	-
CLG	Fuel Poverty/Energy Efficiency FTs (Expenditure)	-	40.0	-	40.0	40.0	-	-	40.0	-	-
CLG	Fuel Poverty/Energy Efficiency FTs (Income)	-	-	-	(4.5)	-	-	-	(4.5)	-	-
CLG	Housing Support and Homelessness	10.0	-	14.3	-	-	10.0	-	-	14.3	-
CLG	Regeneration Programmes	30.0	-	64.3	-	-	30.0	-	5.0	59.3	-
CLG	Scottish Housing Regulator	-	-	0.2	-	-	-	-	-	0.2	-
<b>CLG - Total</b>		<b>710.5</b>	<b>338.5</b>	<b>746.0</b>	<b>100.0</b>	<b>122.0</b>	<b>927.0</b>	<b>-</b>	<b>134.5</b>	<b>711.5</b>	<b>-</b>
LG	General Capital Grant	467.9	-	477.9	-	-	-	-	-	-	-
LG	Specific Capital Grant	295.1	-	139.1	-	-	-	-	-	-	-
<b>LG - Total</b>		<b>763.0</b>	<b>-</b>	<b>617.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ECCLR	Programmes of Research - Capital	31.3	-	32.2	-	-	31.3	-	-	32.2	-
ECCLR	RBGE Capital	2.8	-	18.4	-	-	2.8	-	15.0	3.4	-
ECCLR	Marine Scotland	3.0	-	7.7	-	-	3.0	-	-	7.7	-
ECCLR	LL&TT NPA Capital	1.2	-	1.7	-	-	1.2	-	-	1.7	-
ECCLR	Cairngorms National Park Authority Capital	0.2	-	0.6	-	-	0.2	-	-	0.6	-
ECCLR	Air Quality Capital Grant	1.0	-	1.0	-	-	1.0	-	-	1.0	-
ECCLR	Natural Resources	2.0	-	2.0	(0.1)	-	2.0	-	-	1.9	-
ECCLR	Peatlands	-	-	18.7	-	-	-	-	18.7	-	-
ECCLR	SEPA Capital Expenditure	2.0	-	6.2	-	-	2.0	-	-	6.2	-

Portfolio	Budget Line (Level 4)	20/21		21/22		20/21			21/22		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
ECCLR	SNH Capital	1.0	-	2.5	-	-	1.0	-	-	2.5	-
ECCLR	Zero Waste	-	-	17.3	-	-	-	-	17.3	-	-
ECCLR	Zero Waste – FTs (Income)	-	(4.0)	-	(0.5)	-	(4.0)	-	-	(0.5)	-
ECCLR	Land Reform	10.5	-	10.6	-	-	10.5	-	-	10.6	-
ECCLR	Sustainable Action Fund	4.0	-	4.0	-	-	4.0	-	-	4.0	-
ECCLR	Voted Loans	215.0	-	180.2	-	-	215.0	-	-	180.2	-
<b>ECCLR – Total</b>		<b>274.0</b>	<b>(4.0)</b>	<b>303.0</b>	<b>(0.6)</b>	-	<b>270.0</b>	-	<b>51.0</b>	<b>251.4</b>	-
EFWC	Scottish Enterprise (Capital)	42.0	-	72.2	-	-	42.0	-	8.4	63.8	-
EFWC	Scottish Enterprise FTs (Expenditure)	-	48.5	-	27.3	-	48.5	-	-	27.3	-
EFWC	Scottish Enterprise FTs (Income)	-	(9.9)	-	(27.3)	-	(9.9)	-	-	(27.3)	-
EFWC	Enterprise Zones	23.7	-	35.4	-	-	23.7	-	-	35.4	-
EFWC	Low Carbon Economy	-	-	1.7	-	-	-	-	1.7	-	-
EFWC	Innovation and Industries	15.0	-	3.0	-	-	15.0	-	-	3.0	-
EFWC	Scottish National Investment Bank FTs (Expenditure)	-	220.0	-	204.0	-	220.0	-	-	204.0	-
EFWC	Scottish National Investment Bank FTs (Income)	-	-	-	(4.0)	-	-	-	-	(4.0)	-
EFWC	Other Support FTs (Expenditure)	-	50.0	-	13.0	-	50.0	-	-	13.0	-
EFWC	Other Support FTs (Income)	-	(10.0)	-	(13.0)	-	(10.0)	-	-	(13.0)	-
EFWC	Accountant in Bankruptcy Capital	0.8	-	1.1	-	-	0.8	-	-	1.1	-
EFWC	Cultural Project FTs (Expenditure)	-	1.5	-	-	-	1.5	-	-	-	-
EFWC	Cultural Project FTs (Income)	-	(0.4)	-	-	-	(0.4)	-	-	-	-
EFWC	National Museum of Scotland Capital	2.0	-	1.7	-	-	2.0	-	-	1.7	-
EFWC	National Galleries of Scotland Capital	5.2	-	4.2	-	-	5.2	-	-	4.2	-
EFWC	National Library of Scotland Capital	1.8	-	1.8	-	-	1.8	-	-	1.8	-
EFWC	Non-National Museums	0.3	-	0.3	-	-	0.3	-	-	0.3	-
EFWC	Other Cultural Capital	3.7	-	0.3	-	-	3.7	-	-	0.3	-
EFWC	HES Direct Capital	6.0	-	6.0	-	-	6.0	-	-	6.0	-
EFWC	Capital Expenditure	3.0	-	3.0	-	-	3.0	-	-	3.0	-
<b>EFWC – Total</b>		<b>103.5</b>	<b>299.7</b>	<b>130.6</b>	<b>200.0</b>	-	<b>403.1</b>	-	<b>10.1</b>	<b>320.5</b>	-

Portfolio	Budget Line (Level 4)	20/21		21/22		20/21			21/22		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
ES	Other	2.8	-	2.2	-	-	2.8	-	-	2.2	-
ES	Gaelic Indirect Capital	3.0	-	3.0	-	-	3.0	-	-	3.0	-
ES	Scottish Qualifications Authority - Capital	2.5	-	2.5	-	-	2.5	-	-	2.5	-
ES	Jordanhill School Indirect Capital	0.2	-	0.2	-	-	0.2	-	-	0.2	-
ES	Grant Aided Special Schools Indirect Capital	0.2	-	0.2	-	-	0.2	-	-	0.2	-
ES	SCRA - Indirect Capital	1.4	-	1.9	-	-	1.4	-	-	1.9	-
ES	Children's Hearings Scotland (CHS) - Indirect Capital	-	-	0.4	-	-	-	-	-	0.4	-
ES	Disclosure Scotland Operational Costs	5.6	-	5.6	-	-	5.6	-	-	5.6	-
ES	College Capital Expenditure	37.4	-	33.7	-	-	37.4	-	-	33.7	-
ES	College Capital Receipts	(1.7)	-	-	-	-	(1.7)	-	-	-	-
ES	Higher Education Capital	342.2	-	346.7	-	-	342.2	-	-	346.7	-
ES	Higher Education FTs (Expenditure)	-	61.0	-	30.5	30.5	30.5	-	30.5	-	-
ES	Higher Education FTs (Income)	-	(6.0)	-	(8.4)	(3.0)	(3.0)	-	(8.4)	-	-
ES	Student Awards Agency for Scotland (SAAS) - Operating Costs - Capital	1.9	-	1.6	-	-	1.9	-	-	1.6	-
<b>ES - Total</b>		<b>395.5</b>	<b>55.0</b>	<b>398.0</b>	<b>22.1</b>	<b>27.5</b>	<b>423.0</b>	<b>-</b>	<b>22.1</b>	<b>398.0</b>	<b>-</b>
Finance	Digital Strategy	-	-	3.3	-	-	-	-	-	3.3	-
Finance	Digital Growth Fund FTs (Expenditure)	-	12.0	-	3.0	-	12.0	-	-	3.0	-
Finance	Digital Growth Fund FTs (Income)	-	(0.4)	-	(1.2)	-	(0.4)	-	-	(1.2)	-
Finance	Capital/IT provision	1.8	-	2.2	-	-	1.8	-	-	2.2	-
Finance	Capital/IT provision	0.5	-	0.5	-	-	0.5	-	-	0.5	-
Finance	Scottish Government Capital Projects	17.2	-	15.0	-	-	17.2	-	-	15.0	-
Finance	Finance - FTs (Expenditure)	-	-	-	1.5	-	-	-	-	1.5	-
Finance	Capital/IT provision	4.0	-	3.0	-	-	4.0	-	-	3.0	-
<b>Finance - Total</b>		<b>23.5</b>	<b>11.6</b>	<b>24.0</b>	<b>3.3</b>	<b>-</b>	<b>35.1</b>	<b>-</b>	<b>-</b>	<b>27.3</b>	<b>-</b>
HS	NHS Territorial and National Boards Capital Investment	448.0	-	549.0	-	-	448.0	-	-	549.0	-
HS	Health FTs (Expenditure)	-	10.0	-	-	-	10.0	-	-	-	-
HS	Health Capital Receipts	(20.0)	-	(20.0)	-	-	(20.0)	-	-	(20.0)	-
<b>HS - Total</b>		<b>428.0</b>	<b>10.0</b>	<b>529.0</b>	<b>-</b>	<b>-</b>	<b>438.0</b>	<b>-</b>	<b>-</b>	<b>529.0</b>	<b>-</b>



Portfolio	Budget Line (Level 4)	20/21		21/22		20/21			21/22		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
Justice	Administration	0.1	-	0.1	-	-	0.1	-	-	0.1	-
Justice	Police Reform and Change	4.6	-	4.6	-	-	4.6	-	-	4.6	-
Justice	Capital Expenditure	67.8	-	72.8	-	-	67.8	-	-	72.8	-
Justice	Support for Victims and Witnesses	2.0	-	-	-	-	2.0	-	-	-	-
Justice	Criminal Justice Digital Reform	3.0	-	3.0	-	-	3.0	-	-	3.0	-
Justice	Capital	40.0	-	45.5	-	5.0	35.0	-	10.0	35.5	-
Justice	Capital	32.5	-	32.5	-	-	32.5	-	-	32.5	-
Justice	Capital	8.0	-	8.0	-	-	8.0	-	-	8.0	-
<b>Justice - Total</b>		<b>158.0</b>	-	<b>166.5</b>	-	<b>5.0</b>	<b>153.0</b>	-	<b>10.0</b>	<b>156.5</b>	-
RET	Agricultural Transformation Fund	20.0	20.0	20.0	20.0	40.0	-	-	40.0	-	-
RET	Business Development Capital	12.6	-	8.0	-	-	12.6	-	-	8.0	-
RET	Business Development - FTs (Expenditure)	-	-	-	-	-	-	-	-	-	-
RET	Business Development - FTs (Income)	-	(190.3)	-	-	-	(190.3)	-	-	-	-
RET	Agri Environmental Measures Capital	14.1	-	3.0	-	-	14.1	-	-	3.0	-
RET	Leader	8.9	-	3.8	-	-	8.9	-	-	3.8	-
RET	Crofting Building Grants and Loans Scheme Income	(0.9)	-	(0.9)	-	-	(0.9)	-	-	(0.9)	-
RET	Crofting Building Grants and Loans Scheme Costs	1.9	-	1.9	-	-	1.9	-	-	1.9	-
RET	Capital	10.3	-	8.6	-	-	10.3	-	-	8.6	-
RET	Capital Receipts	(0.5)	-	-	-	-	(0.5)	-	-	-	-
RET	Other EU Income	(18.3)	-	(8.0)	-	-	(18.3)	-	-	(8.0)	-
RET	EU Fisheries Grants Capital	9.6	-	9.6	-	-	9.6	-	-	9.6	-
RET	Fisheries Harbour Grants	1.0	-	1.0	-	-	1.0	-	-	1.0	-
RET	Marine EU Income	(6.2)	-	(6.2)	-	-	(6.2)	-	-	(6.2)	-
RET	Woodland Grants	37.0	3.0	45.0	1.0	40.0	-	-	46.0	-	-
RET	EC Receipts	(17.5)	-	-	-	(17.5)	-	-	-	-	-
RET	Capital	3.6	-	22.1	-	3.6	-	-	22.1	-	-
RET	Low Carbon Economy	-	-	3.2	-	-	-	-	3.2	-	-
RET	Highlands and Islands Enterprise (Capital)	25.5	-	30.2	-	-	25.5	-	0.8	29.4	-

Portfolio	Budget Line (Level 4)	20/21		21/22		20/21			21/22		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
RET	Highlands and Islands Enterprise FTs (Expenditure)	-	2.0	-	2.6	-	-	2.0	-	-	2.6
RET	South of Scotland Enterprise	8.4	5.0	13.4	5.0	-	-	13.4	-	0.4	18.0
RET	VisitScotland (Capital)	5.3	-	8.5	-	-	-	5.3	-	-	8.5
RET	Tourism Special Projects	1.3	-	-	-	-	-	1.3	-	-	-
<b>RET - Total</b>		<b>116.1</b>	<b>(160.3)</b>	<b>163.2</b>	<b>28.6</b>	<b>66.1</b>	<b>(110.4)</b>	-	<b>112.5</b>	<b>79.3</b>	-
SSOP	Social Security Advice, Policy and Programme	60.0	-	71.0	-	-	-	60.0	-	-	71.0
SSOP	Social Security Scotland	-	-	22.0	-	-	-	-	-	-	22.0
SSOP	Funeral Support Payment (formerly Funeral Expense Assistance)	-	9.2	-	-	-	-	9.2	-	-	-
<b>SSOP - Total</b>		<b>60.0</b>	<b>9.2</b>	<b>93.0</b>	-	-	-	<b>69.2</b>	-	-	<b>93.0</b>
TIC	Connectivity - Capital	58.7	-	98.2	-	-	-	58.7	-	-	98.2
TIC	Energy Efficiency and Industries	50.4	-	76.4	-	50.4	-	-	76.4	-	-
TIC	Renewable and Community Energy	32.0	-	32.0	-	32.0	-	-	32.0	-	-
TIC	Low Carbon Economy	47.0	-	47.0	-	47.0	-	-	47.0	-	-
TIC	FTs (Expenditure)	-	26.5	-	26.0	26.5	-	-	26.0	-	-
TIC	FTs (Income)	-	(0.6)	-	(3.7)	(0.6)	-	-	(3.7)	-	-
TIC	Cities Investment and Strategy	201.0	-	198.1	-	-	-	201.0	23.0	175.1	-
TIC	Major Public Transport Projects	207.0	-	173.0	-	207.0	-	-	173.0	-	-
TIC	Rail Franchise	282.0	-	294.0	-	282.0	-	-	294.0	-	-
TIC	Rail Infrastructure	529.0	-	501.0	-	529.0	-	-	501.0	-	-
TIC	Smartcard Programme	2.8	-	2.8	-	-	-	2.8	-	-	2.8
TIC	Scottish Canals - Capital	12.2	-	12.2	-	12.2	-	-	12.2	-	-
TIC	Support for Sustainable and Active Travel - Capital	59.4	-	59.4	-	59.4	-	-	59.4	-	-
TIC	Support for Sustainable and Active Travel - FTs (Expenditure)	-	35.0	-	32.8	35.0	-	-	32.8	-	-
TIC	Support for Sustainable and Active Travel - FTs (Income)	-	(0.5)	-	(0.5)	(0.5)	-	-	(0.5)	-	-
TIC	Future Transport Fund	83.3	-	118.3	-	78.3	5.0	-	118.3	-	-

Portfolio	Budget Line (Level 4)	20/21		21/22		20/21			21/22		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
TIC	Travel Strategy and Innovation	55.1	-	35.1	-	55.1	-	-	35.1	-	-
TIC	Capital Land and Works	179.8	-	155.7	-	-	-	179.8	-	-	155.7
TIC	Tay Road Bridge Capital Grant	4.2	-	0.9	-	-	-	4.2	-	-	0.9
TIC	Forth Road Bridge Capital Maintenance	26.4	-	-	-	-	-	26.4	-	-	-
TIC	Queensferry Crossing	2.4	-	2.1	-	-	-	2.4	-	-	2.1
TIC	Network Strengthening	77.5	-	104.4	-	-	-	77.5	-	-	104.4
TIC	Road Improvements	46.1	-	46.3	-	4.5	-	41.6	25.3	-	21.0
TIC	Structural Repairs	45.7	-	100.0	-	-	-	45.7	-	-	100.0
TIC	Clyde and Hebrides Ferry Services	18.1	-	18.1	-	18.1	-	-	18.1	-	-
TIC	Northern Isles Ferry Services	3.8	-	3.8	-	3.8	-	-	3.8	-	-
TIC	Piers and Harbours Grants	29.3	-	41.2	-	29.3	-	-	41.2	-	-
TIC	CMAL - Voted Loans	33.8	-	21.9	-	33.8	-	-	21.9	-	-
TIC	CMAL - Capital Receipts	(7.1)	-	(7.1)	-	(7.1)	-	-	(7.1)	-	-
TIC	Highlands and Islands Airports Ltd - Capital Grant	36.8	-	57.7	-	-	-	36.8	-	-	57.7
TIC	Islands Plan	-	-	9.5	-	-	-	-	9.5	-	-
TIC	Ferguson Marine	49.6	-	45.0	-	49.6	-	-	45.0	-	-
<b>TIC - Total</b>		<b>2,166.1</b>	<b>60.4</b>	<b>2,246.8</b>	<b>54.6</b>	<b>1,544.6</b>	<b>267.5</b>	<b>414.4</b>	<b>1,583.5</b>	<b>276.1</b>	<b>441.8</b>
COPFS		4.3	-	4.8	-	-	4.3	-	-	4.8	-
<b>COPFS - Total</b>		<b>4.3</b>	<b>-</b>	<b>4.8</b>	<b>-</b>	<b>-</b>	<b>4.3</b>	<b>-</b>	<b>-</b>	<b>4.8</b>	<b>-</b>
Parliament		1.1	-	1.1	-	-	1.1	-	-	1.1	-
<b>Parliament - Total</b>		<b>1.1</b>	<b>-</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>1.1</b>	<b>-</b>
<b>TOTAL</b>		<b>5,203.5</b>	<b>620.0</b>	<b>5,423.0</b>	<b>408.0</b>	<b>1,765.2</b>	<b>2,881.0</b>	<b>414.4</b>	<b>1,923.7</b>	<b>2,848.5</b>	<b>441.8</b>



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