

SCOTTISH BUDGET: 2020-21



Scottish Government
Riaghaltas na h-Alba
gov.scot

SCOTTISH BUDGET: 2020-21

Laid before the Scottish Parliament by the Scottish Ministers, February 2020

SG/2020/20

© Crown copyright 2020



This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit **nationalarchives.gov.uk/doc/open-government-licence/version/3** or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: **psi@nationalarchives.gsi.gov.uk**.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at **www.gov.scot**

Any enquiries regarding this publication should be sent to us at
The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-83960-496-6

Published by The Scottish Government, February 2020

CONTENTS

PREFACE		v
Chapter 1	Strategic Overview for the Scottish Budget 2020-21	1
Chapter 2	Tax	17
Chapter 3	Infrastructure Investment	32
Chapter 4	Pre-Budget Scrutiny by Parliamentary Committees	37
Portfolio Chapters		
Chapter 5	Health and Sport	43
Chapter 6	Communities and Local Government	60
Chapter 7	Finance, Economy and Fair Work	92
Chapter 8	Education and Skills	115
Chapter 9	Justice	134
Chapter 10	Transport, Infrastructure and Connectivity	158
Chapter 11	Environment, Climate Change and Land Reform	180
Chapter 12	Rural Economy	195
Chapter 13	Culture, Tourism and External Affairs	211
Chapter 14	Social Security and Older People	221
Chapter 15	Government Business and Constitutional Relations	231
Chapter 16	Crown Office and Procurator Fiscal Service	236
ANNEXES		
ANNEX A	Scottish Government Fiscal Control Framework and Reconciliation of Available Funding to Spending Plans	242
ANNEX B	Summary of Portfolio Spending Plans	251
ANNEX C	Budgets Split by HM Treasury Aggregate (web only)	256
ANNEX D	Outturn Comparison 2012-13 to 2018-19	257
ANNEX E	Budget Bill Reconciliation and Cash Authorisation	261
ANNEX F	Scottish Government Operating Costs	266
ANNEX G	Social Security Block Grant Adjustments	268
ANNEX H	Glossary	270

PREFACE

This is the second year of a revised budget process following the adoption in 2018 of a new written agreement between the Scottish Government and the Finance and Constitution Committee of the Scottish Parliament.¹ The revised budget process now presents a single Scottish Budget document designed both to provide the necessary financial information required to support parliamentary scrutiny of Scottish Government spending plans within the limits of the available budget, and to set out the supporting information for the Budget (Scotland) Bill.

This document details portfolio budgets on an HM Treasury basis (in line with last year's document and the Draft Budget documents for earlier years), which allows year-on-year comparison of spending plans.

The portfolio chapters are arranged in the same order used in last year's document. Each chapter provides a detailed analysis of the proposed plans on a portfolio-by-portfolio basis. For each portfolio and arm's length body, the portfolio chapter shows:

- the proposed portfolio budget for fiscal resource, non-cash, fiscal capital, Financial Transactions and UK-funded AME (Annually Managed Expenditure), with any adjustments for the purposes of Scottish Parliament approval separately detailed; and
- details of the proposed budget for each individual Level 2 activity.

Annex E provides further detail on the reconciliation of the portfolio spending allocations as set out in this document with the Budget Bill, showing the overall resource authorisations sought in the Budget Bill at portfolio level, and the cash equivalents. The numbers shown in the summary tables in Annex E will read across to the numbers shown on the face of the Bill.

The purpose of the Bill itself is to secure Scottish Parliament approval for the Scottish Government's spending plans for the financial year 2020-21. The Bill does not seek approval of the tax measures in this document as these are subject to separate legislation and parliamentary procedure.

¹ http://www.parliament.scot/S5_Finance/General%20Documents/20180517WA_with_SG.pdf

This document itself has no statutory force – it is produced as an aid to understanding the Budget. It is the aim of the Scottish Government to present a budget to the Scottish Parliament with a clear read-across to the Scottish Government’s Consolidated Annual Accounts.

The Scottish Government continues to discuss with the Finance and Constitution Committee and others how it can improve the presentation of supporting information for the Budget, and which material is found to be most useful.

CHAPTER 1

Strategic Overview for the Scottish Budget 2020-21

The Scottish Government is committed to the creation of a more successful country, with opportunities for all of Scotland to flourish through increased wellbeing and sustainable and inclusive economic growth.

This national purpose is underpinned by the National Performance Framework and our efforts to build a Wellbeing Economy, where improvements in living standards and our environment are as important as, and fundamental to, improvements in our economy.

The Scottish Government's tax and spending plans for 2020-21 reflect this vision and commitment. This budget of nearly £50 billion seeks to strengthen our economy and support the path to net-zero carbon emissions, while tackling inequality through the delivery of first-class public services and providing support for those who need it most. This approach, supported by a commitment to progressive taxation, forms a strong social contract between the Scottish Government and the people of Scotland.

This Budget builds on the current Programme for Government, the National Performance Framework and the Medium Term Financial Strategy, which made clear that our plans would be focused on supporting our public services, building national wellbeing, boosting inclusive economic growth, building sustainable places, responding to the global climate emergency and tackling child poverty.

The Scottish Budget in 2020-21 will improve Scotland's national wellbeing

The Scottish Budget is guided by the vision of wellbeing in the National Performance Framework. To be a more successful country we need to make progress across a range of environmental, social and economic factors captured in the National Outcomes. Taking a wellbeing approach to the budget prioritises investment in areas that will have the greatest impact on both improving lives across Scotland now and creating the conditions to ensure wellbeing for future generations.

The Scottish Budget does this through our investments in ending Scotland's contribution to climate change, through our inclusive economy, our support for public services and by tackling deep-rooted inequalities including child poverty. Taken together, these endeavours will substantially improve our success as a nation. This approach recognises that economic growth is hugely important, but it must be matched by improvements in our environment, quality of life, in the opportunities available to everyone and the public services that support us.

In particular, the Scottish Budget supports priorities that will deliver across multiple outcomes, including:

- investing around £645 million in the revolutionary expansion of early learning and childcare, improving the life chances of our children, delivering better opportunities for parents and carers to balance work and family life, and setting fair work standards for those that will deliver the expansion;
- ensuring a strong start for the Scottish National Investment Bank and its mission to drive the transition to a net-zero economy with £220 million of fresh seed funding from the Scottish Government in 2020-21 as part of our £2 billion capitalisation pledge;
- increasing investment in health and care services by more than £1 billion, with the total health portfolio budget exceeding £15 billion for the first time;
- funding to establish the ‘game-changing’ Scottish Child Payment which when fully rolled out in 2022 will help an estimated 30,000 children out of poverty;
- keeping our communities safe, with an above real-terms increase to the police budget, an increase to the budget of the fire service, and £6.5 million of additional investment in support for community justice, to reduce re-offending;
- investing more than £180 million in raising attainment in schools, including £120 million delivered to headteachers to spend on closing the attainment gap;
- increased investment of £16 million in concessionary fares and bus services, taking total investment in 2020-21 to nearly £290 million, as part of our commitment to encouraging greater use of public transport and tackling social isolation;
- increased investment of £5.5 million in active travel, improving connectivity, our physical and mental health and encouraging the step-change needed for our net-zero climate targets;
- investment of £117 million in mental health for all ages and stages of life, recognising the impact on individuals, families, communities and our economy;
- increased targeted funding by 59 per cent to support the urgent action needed to reduce the harm associated with using alcohol and illicit drugs and halt the rising number of drugs deaths, which have a devastating impact beyond individuals and families;
- £1.8 billion of investment in low emission infrastructure, including a package of over £500 million of investment specifically designed to increase our efforts to respond to the global climate emergency;
- expected spend, based on previous estimates, of at least £1.4 billion on supporting low-income households;
- a progressive income tax system with 56 per cent of income tax payers in Scotland paying less than if they lived elsewhere in the UK, while raising the revenue needed to support investment in the Scottish economy and public services;

- promoting the wellbeing of our public sector workers and their families through the delivery of a progressive, restorative pay award for the public sector, with a pay uplift of 3 per cent for those earning up to £80,000, and protection for the lower paid, with a guaranteed cash underpin of £750 for those earning less than £25,000; and
- supporting our diverse and evolving culture in line with our culture strategy, our collections, heritage, tourism and major events, and the 2021 Census which underpins our public services.

The Scottish Budget in 2020-21 will respond to the global climate emergency and accelerate Scotland's transition to a net-zero economy

Scotland's world-leading climate change legislation sets a target date for net-zero emissions of all greenhouse gases by 2045. Ending Scotland's contribution to climate change is a truly national endeavour, and changes are needed across the whole of society – the way we manufacture goods, the way energy is generated, how we heat our homes and businesses, the way we travel, and how we use our land.

In 2019 the Scottish Parliament passed the world-leading Climate Change (Emissions Reduction Targets) (Scotland) Act. The UN Climate Summit, COP26, takes place in Glasgow this November. Our action on climate change in this budget not only builds on existing commitments, it supports our work with partners across the world – nations, civil society, business, states and regions – to deliver global climate action. It also solidifies Scotland's role at the forefront of international efforts to tackle the global climate emergency.

This budget proposes an ambitious new package of measures that are intended to pivot the focus of the Scottish Government, and by extension key players in industry, onto a trajectory towards net-zero emissions. Following our commitments in the Programme for Government 2019–20, this package is further evidence of our commitment to swift and decisive action on climate change, expanding schemes that work, developing new ones, and responding to expert opinion such as from the Climate Emergency Response Group.

We will continue to develop the Green New Deal as a national endeavour, with actions in this budget including:

- a commitment to invest over £250 million in peatland restoration over 10 years, starting with £20 million in 2020-21, enabling large-scale projects to be developed and demonstrating Scotland's commitment to nature-based solutions to the climate crisis;
- total low carbon capital investment of around £1.8 billion in 2020-21, an additional £500 million compared with 2019-20, which meets our commitment to boost the percentage share of green investments in our budgets;
- this includes continuing, new and expanded schemes to decarbonise heat, transport and agriculture such as:
 - a £120 million Heat Transition Deal which recognises the need to boost the scale and pace of growth in decarbonising our homes and buildings – including a £50 million Heat Networks Early Adopter Challenge Fund for local authorities and a £10 million fund to support hydrogen heat demonstrator projects;

- an £83 million Future Transport Fund, investing in low-carbon and transformational initiatives including low emission and electric buses, bus prioritisation, electric vehicle charging points infrastructure and the Switched on Towns and Cities programme;
- increasing our active travel investment in 2020-21 to over £85 million;
- new electric vehicle funding of £5 million to support the transition to a decarbonised police fleet and increasing to £35 million the Low Carbon transport loan fund supporting those who need to drive to transition to low emission vehicles;
- an initial £40 million investment in the Agricultural Transformation Programme, supporting those who manage our land to take the actions required to deliver the Scottish Government's net-zero target;
- additional funding for energy efficiency, bringing total spending in 2020-21 to £151 million ahead of setting out a wider programme of work on heat, energy and energy efficiency in the summer;
- responding to the Committee on Climate Change's call that our ambition to plan 12,000 hectares a year of new forestry should climb to 15,000 each year by the mid-2020s, we will expand investment in forestry by around £6 million in 2020-21 to over £64 million; and
- delivering a 150 per cent increase for the Biodiversity Challenge Fund, increasing total resource and capital investment to £5 million.

We will further support sustainable public transport with £270 million of increased investment in rail services and an additional £16 million in support for concessionary travel and bus services, taking total investment in rail and bus services to around £1.55 billion in 2020-21.

We will also begin work on:

- a new commitment to further, multi-year investment of around £200 million to be delivered in partnership with local authorities through the Green Growth Accelerator; and
- in addition to the investment set out in the Budget, we confirm a forward commitment to make available a new additional £2 billion of infrastructure investment over the next parliamentary term for measures to support the delivery of the Climate Change Plan, building on the recommendations of the Infrastructure Commission and with further detail to be provided in the Infrastructure Investment Plan later this year.

The Scottish Budget in 2020-21 will drive inclusive economic growth in Scotland

The Scottish Government is committed to delivering a successful economy that works for all of Scotland – our businesses, our places, and our people. Our approach to inclusive growth means that we are proactively investing to improve our prospects for longer-term transformational change, underpinned by a strong competitive economy alongside reduced levels of inequality and poverty.

Our agenda for inclusive growth will help us achieve our vision of an economy where success translates into improved health, better living standards, quality of environment, and security of employment.

The creation of high quality jobs and a strong inclusive labour market sits at the heart of our approach to inclusive growth. To enable us to create the right conditions for this, we are making a number of commitments in the Budget to improve our competitiveness, boost investment across Scotland's regions and places, and support our commitment to fair work, enabling access to quality jobs and decent incomes. We are committing to:

- support the Scottish National Investment Bank with £220 million of direct investment, in addition to funding through the existing Building Scotland Fund;
- maintain the UK's most competitive business rates regime with the lowest poundage and a relief regime, including the Small Business Bonus and the Business Growth Accelerator, estimated by the Scottish Fiscal Commission to be worth £744 million. Ninety-five per cent of properties in Scotland will pay a lower poundage than they would in other parts of the UK;
- increase the International Trade and Investment budget by more than 25 per cent as part of our ambitious growth plan to increase the value of exports from 20 per cent to 25 per cent of Scotland's GDP over the next 10 years and to mitigate against the impact of the UK's exit from the EU;
- invest around £28 million in South of Scotland Enterprise in 2020-21;
- invest an additional £16 million in support for innovation and increasing the productivity of Scotland's manufacturing industry through total investment of around £26.5 million in the National Manufacturing Institute for Scotland;
- increase our investment in Skills Development Scotland to £224.8 million, continuing to ensure that apprenticeship opportunities are open to all and supporting the delivery of our new Careers Strategy;
- boost investment in our colleges with a real-terms increase in resource funding rising to £640 million, raising their ability to support our economy and delivering a well-educated, skilled workforce; and
- strengthen our universities with a real terms increase in funding, providing £1.14 billion to reinforce the sector's global reputation and commitment to widening access.

The Scottish Budget in 2020-21 delivers significantly increased investment in infrastructure

The importance of infrastructure drove the 2018 decision to launch the National Infrastructure Mission which will increase annual investment by 1 per cent of then GDP between 2019-20 and the end of the next parliament in 2025-26. This will 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.

This Budget marks significant progress towards our target, with benefits to Scotland's economy, people and places. In particular, the Budget will:

- boost the economy through over £6 billion of capital spending to grow and modernise Scotland's infrastructure, including increased funding for low carbon technologies and infrastructure;
- support our delivery of the R100 broadband programme;
- deliver targeted investment in City Region and Growth Deals;
- complete the expansion of early learning and childcare facilities;
- continue to invest in new schools through the £1.8 billion Scotland's Schools for the Future programme, which will see all 117 projects delivered by the summer of 2020, benefiting a total of 60,000 pupils;
- continue the expansion of elective care centres; and
- commit over £800 million as part of our total investment of over £3 billion to deliver 50,000 affordable homes over the course of the parliament.

The Scottish Budget in 2020-21 will support strong, quality public services

Our commitment to support strong, quality public services, responsive to the needs of current and future generations, is a vital part of our efforts to improve national wellbeing and deliver inclusive economic growth.

This Budget protects key services, within the powers at our disposal, from the shadow of UK Government austerity. It delivers a real-terms increase in resource funding to local government to support delivery of improved outcomes. It also continues our record investments in our vital health and care services and supports our focus on improving mental health and closing the attainment gap. To ensure we have safe, strong communities, the Budget also invests in policing with an above-inflation increase in front-line spending and supports action to tackle drug and alcohol addiction. Our investment in public services includes:

- providing local government with a real-terms increase in resource funding, with total overall support given through the settlement of £11.3 billion;
- increasing investment in health and care services by over £1 billion to more than £15 billion for the first time, including allocating more than £100 million over and above Barnett consequentials to support front line spending;

- increasing investment in Health and Social Care Partnerships to over £9.4 billion for delivery of primary and community health and care services;
- supporting better mental health, with investment by the Scottish Government increasing to £117 million in 2020-21, and total investment, including by NHS Scotland, expected to exceed £5 billion over the life of this parliament;
- increasing our direct funding to address harm from alcohol and drugs by 59 per cent – this additional spending will support the work of our new Drugs Deaths Taskforce to deliver innovative projects, test new approaches and develop a national pathway for Opiate Substitute Therapy;
- investing more than £180 million in raising attainment in schools, including £120 million delivered to headteachers to spend on closing the attainment gap;
- providing an additional £15 million for front-line staff for additional support for learning;
- investing over £310 million in student support, with additional funding to deliver our enhanced student support offer assisting the most disadvantaged to fairly access further and higher education;
- continuing to provide the care-experienced bursary at £8,100 for eligible students and to expand eligibility to those aged over 26; as well as providing a minimum income guarantee of £7,750 per year in bursaries and loans to support the most disadvantaged higher education students;
- delivering a £37 million uplift to the Scottish Police Authority resource budget, exceeding by £12 million our commitment to protect the police budget in real terms in 2020-21;
- increasing investment in our prisons and prison estate, with £30 million in additional revenue and £67.8 million in total capital funding, including for the new female estate and towards a replacement for HMP Barlinnie;
- increasing investment in community justice services by over £6.5 million (18 per cent) in 2020-21, to help bolster the effectiveness and capacity of community-based interventions, including diversion from prosecution and alternatives to custody and remand; and
- maintaining our commitment to the victims of crime, including funding for the costs of new legislation to allow vulnerable victims to give their evidence by pre-recorded video.

The Scottish Budget in 2020-21 will tackle child poverty in Scotland

Our ground-breaking statutory target to reduce levels of child poverty by 2030 is backed by a multi-billion package of investment. The Scottish Budget supports the ‘game-changing’ new Scottish Child Payment of £10 per week, which will start payments to eligible households with a child under 6 by the end of 2020, an intervention that at full roll-out in 2022 is expected to lift 30,000 children out of poverty.

Through interventions across government, we are investing in measures to help households increase their earnings from employment, reduce household costs and to enhance support through social security. Our approach will help mitigate the negative impacts of poverty, including child poverty, and improve lifelong outcomes for children and families.

Our commitments in health, education and early learning and childcare, and our progressive approach to taxation and public sector pay all seek to make progress on the targets we have set. This budget includes plans to:

- invest around £645 million in the revolutionary expansion of early learning and childcare, improving the life chances of our children, delivering better opportunities for parents and carers to balance work and family life, saving households up to £4,500 a year per child, and setting fair work standards for those that will deliver the expansion;
- provide an estimated £21 million this year for families through the new Scottish Child Payment with initial roll-out commencing later in 2020;
- invest £361 million in a new and improved Social Security system based on dignity and respect, which will make available an estimated £3.4 billion of financial support to people across Scotland;
- pay and promote the real Living Wage of £9.30 per hour through public sector pay policy;
- continue to invest from the £50 million Tackling Child Poverty Fund, including in new intensive parental employment support, the Access to Childcare Fund and Children’s Neighbourhoods Scotland;
- increase funding for the Scottish Welfare Fund in 2020-21 by £3 million, including £0.5 million for administration, to reflect our continuing efforts to mitigate UK Government welfare cuts and to ensure that the Fund continues to provide assistance to people in crisis, and provide Community Care Grants; and
- continue to invest in the £50 million Ending Homelessness Together Fund.

Economic and Fiscal Outlook

Growth has weakened in both the Scottish and UK economies over the past year, as EU exit uncertainty has dampened investment, confidence, and output. However, despite these headwinds, the Scottish economy has continued to grow, and the labour market is performing strongly compared to historical standards, with high levels of employment, low levels of unemployment and stronger-than-forecast wage growth.

Forecasts for the Scottish economy, although positive, are modest due to ongoing EU exit uncertainty. Although the immediate prospect of a disorderly exit risk has been removed, uncertainty over the UK's future trading arrangements will persist. This will continue to affect confidence, and ultimately the decisions that businesses and consumers make to spend and invest. As a result, the weaker economic outlook could persist for longer.

Compared to their last budget forecast in December 2018, the Scottish Fiscal Commission now expect unemployment to be lower and earnings growth to be higher in every year of their forecast. Over the next five years, employment will rise further, unemployment will remain low, and earnings growth will pick up. Table 1.01 sets out their headline economic forecast.

Table 1.01: Headline Economy Forecasts (Calendar Year Basis)

	2019	2020	2021	2022	2023	2024
GDP (per cent growth)	0.9	1.0	1.1	1.2	1.2	1.2
Employment (millions)	2.68	2.67	2.67	2.68	2.68	2.69
Unemployment (per cent)	3.7	4.0	4.0	4.0	4.0	4.0
Nominal Average Annual Earnings (per cent growth)	2.8	3.0	3.1	3.2	3.3	3.3

Despite these positive signs, Scotland's economy still faces significant challenges. The Scottish Fiscal Commission's report, published alongside the Scottish Budget, highlights that EU exit is a key factor that is expected to lead to slower growth in productivity, population and trade.

The SFC also highlights that, partly as a result of EU exit, Scotland's working-age population is set to decline, which will feed through to lower GDP growth. The Scottish Government has called for immigration powers to be devolved through a Scottish Visa, which would allow Scotland to attract and retain people with a contribution to make in our economy.

Implications of EU Exit for Scottish Government Funding

The people of Scotland voted decisively in 2016 to remain within the EU, and the Scottish Government remains of the view that EU membership is the best option for Scotland. 'Scotland's Right to Choose', published on 19 December 2019, sets out the case for the people of Scotland to determine their own future.

Following the UK's exit from the EU and entry to the transition period on 31 January, the Scottish Government will continue to seek to protect the interests of Scotland and has made clear the vital importance of devolved governments having a full and meaningful role in shaping the UK's future relationship with the EU.

Our priority on the future relationship must be to press the UK Government to do it right, not just to do it quickly. The UK Government's position of ruling out extending the transition period creates a cliff-edge at the end of 2020, thus increasing the potential likelihood of a different form of no deal or 'crash out' outcome on 31 December 2020.

This budget and the forecasts that underpin it are presented on the assumption that an agreement will be reached between the UK and the EU. Should that not be the case, we may be forced to reconsider spending plans across all portfolios in order to mitigate, as much as possible, the harm that would be caused.

Significant long-term uncertainty remains around the form of EU exit at the end of 2020. A no-deal outcome – which continues to be a possibility – would lead to a major dislocation to the economy, potentially pushing Scotland into a recession and affecting the long-term outlook for Scotland's public finances.

As a responsible government, we have put a great deal of care and effort into our preparations for EU exit and we must continue to prepare for all potential scenarios, including those that may arise at the end of the transition period. We have repeatedly set out our concerns that a no-deal outcome would cause significant disruption to citizens and businesses in Scotland and the UK, and we will continue to press the UK Government to ensure that an effective no-deal outcome to negotiations on the future relationship with the EU at the end of 2020 is avoided.

As part of our preparations, we are prioritising activity in areas that will be heavily impacted by EU exit – the economy, transport, food and drink, medicines, agriculture, fisheries and the rural economy. Activities to date have included legislative preparations and supporting stakeholders including businesses, cultural bodies, higher education institutes, local government and the third sector.

The Scottish Budget 2020-21 is prepared on the assumption that there must be no detriment to the Scottish Budget as a result of the UK's exit from the EU; this includes full replacement of lost EU funding.

EU funding is expected to benefit Scotland by over £5 billion over the life of the current EU Budget Round (2014-20). Participation in EU programmes for the remainder of the 2014-20 round up to 31 December 2020 will be covered by the Withdrawal Agreement, with the exception of Direct Payments for the 2020 Scheme Year which will be funded by the UK Government.¹ It is our understanding that future arrangements for replacing EU funding will be part of the UK Government's 2020 Comprehensive Spending Review and budgets from 2021 onwards. Our approach to EU funding in this budget is prepared on that basis.

We remain concerned about the lack of certainty regarding arrangements beyond December 2020 and the impact this could have in Scotland. We will continue to press the UK Government for clarity and to ensure our views are fully considered. In line with our overall position on EU membership, the Scottish Government wants to remain in as many EU-funded programmes on the same terms as at present to maintain and deepen the economic, academic, scientific and cultural ties with our partners across Europe.

These considerations only serve to highlight why it is so important that the people of Scotland are given a choice regarding the future of their country. The uncertainty that has been injected into both this budget and the wider economy by a Brexit that Scotland did not vote for is completely unacceptable. We must be able to choose a different path, where we become an independent member of the European Union, securing a prosperous and sustainable future for our country.

SCOTTISH GOVERNMENT SPENDING LIMITS

The Scottish Budget for any given year is determined by the combined impact of:

- block grant funding allocated by HM Treasury at a Spending Review, Autumn Budget or Spring Statement, adjusted to reflect taxes devolved to Scotland through the Scotland Act 2012 and the Scotland Act 2016;
- independent forecasts of receipts generated by those taxes and devolved social security expenditure; and
- planned use of the available devolved borrowing powers and use of the Scotland Reserve.

Fiscal Uncertainty and the Impact on the Scottish Budget

This budget is set against the backdrop of heightened uncertainty, risk and concern created by the UK Government – with continued uncertainty arising from the UK's exit from the EU on 31 January compounded by the added uncertainty around what impact a delayed UK Budget and 2020 Spending Review will have for Scotland's finances.

¹ <https://www.gov.uk/government/news/farmers-3-billion-support-confirmed-in-time-for-2020>

This uncertainty and delay is unacceptable, forcing the Scottish Government to take unprecedented action in order to deliver certainty for local authorities and other public services. For this reason, the Scottish Government is proceeding with the publication of the Scottish Budget 2020-21 in February before the delayed UK Budget is announced on 11 March.

Following a decade of austerity, the UK Chancellor recently signalled a relaxing of fiscal policy by proposing a new set of fiscal rules that should allow greater scope for investment in infrastructure by the UK Government.

The Scottish Government has repeatedly called for an end to the UK Government's austerity agenda as it disproportionately hurts the poorest and most vulnerable in society. While additional investment is welcome, the UK Spending Round 2019 has not ended a decade of austerity for front-line services, with spending on public services, other than health, set to remain close to flat after this year. For Scotland it does not reverse the cuts imposed since 2010 which to date have seen our discretionary resource budget (day-to-day spending) fall by 2.8 per cent in real terms to date. Beyond 2020-21, budgets will not be known until the outcome of the UK Government's 2020 Spending Review, which may result in further cuts in some areas.

Despite the forecast increase in the Scottish Budget between 2019-20 and 2020-21, this legacy of budget reductions leaves a very challenging overall financial position for the Scottish Government to manage.

The delayed UK Budget has meant that the Scottish Government has had to estimate the Barnett consequential that could be forthcoming for Scotland at the UK Budget in March. This estimate is based on the commitments made in the Conservative party manifesto for the December 2019 General Election and further information is provided in Annex A.

In the event that there are material positive or negative differences between these estimates and assumptions and the outcomes of the UK Budget, the Scottish Government will have the opportunity to revisit these plans during the financial year.

The Scottish Government will also continue to make the case to the UK Government for enhancements to the Fiscal Framework to help manage pressures and volatility in Scotland's financial position, including more proportionate powers over borrowing and the operation of the Scotland Reserve.

A full reconciliation of forecast revenues to planned expenditure is provided at Annex A. Tables 1.02, 1.03 and 1.04 set out the cash and real terms spending limits for the Scottish Budget.

Table 1.02: Scottish Government Budget Control Limits 2015-16 to 2020-21

SG Spending Limits - Cash Terms	2010-11 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
UK Government Spending Review settlement - November 2015			30,286	30,520	30,620	30,870	
UK Government Spending Round settlement - September 2019							35,728*
Subsequent Barnett consequentials and other additions			(12)	1,049	1,682	3,498	
Anticipated Barnett consequentials							468
Total Budget Limit from HM Treasury (A)	29,600	30,141	30,274	31,569	32,302	34,368	36,196
<i>Of which:</i>							
Fiscal Resource Budget Limit	25,624	25,991	26,088	27,027	27,200	28,770	29,711
Non-cash Budget Limit	642	1,030	967	907	1,105	1,145	1,145
Capital Budget Limit	3,335	2,734	2,891	3,189	3,596	4,106	4,734
Financial Transactions	-	386	329	446	401	347	606
Block Grant Adjustment for Social Security (B)						290	3,203
Farm Payments (C)							472
Net Block Grant Adjustment for Taxes and Non-Tax Income			(5,500)	(12,450)	(12,472)	(12,193)	(12,991)
Scottish Revenues:							
Scottish Income Tax			4,900	11,829	12,115	11,684	12,365
Land and Buildings Transaction Tax			538	507	588	643	641
Scottish Landfill Tax			133	149	106	104	116
Non-Tax Income**				36	25	25	25
Reconciliation to Outturn							(207)
Net Resource Budget Adjustment for Taxes and Non-Tax Income (D)			71	71	362	262	(51)
Resource Borrowing (E)							207
Capital Borrowing (F)		306	316	450	450	450	450
Total Scottish Government Funding (A+B+C+D+E+F)	29,600	30,447	30,661	32,090	33,114	35,370	40,477

2010-11 Figures are adjusted to include Council Tax Benefit for comparison purposes

* Figures agreed with HM Treasury

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

(A) Total Block Grant from HM Treasury

(B) Details of devolved benefits covered by the Block Grant Adjustment are set out in the Social Security chapter.

(C) From 2020-21 Farm Subsidy direct payments will be funded by HM Treasury (previously funding came from the EU).

(D) Net Resource Budget Adjustment is the impact of Scottish Government decisions on taxes against the Block Grant Adjustment and impact of the reconciliation to outturn.

(E) Resource borrowing undertaken to offset the fiscal framework reconciliation impact for previous years.

(F) Capital borrowing up to the annual maximum.

Table 1.03: Real Terms Changes to HM Treasury Spending Limits

HMT Spending Limits – Real Terms (2019-20 prices)	2010-11 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Fiscal Resource Budget	30,007	28,179	27,629	28,136	27,744	28,770	29,168
Capital Budget	3,906	2,964	3,062	3,320	3,668	4,106	4,647
Total	33,913	31,143	30,691	31,456	31,412	32,876	33,815
Real-Terms Change against prior year			(1.5%)	2.5%	(0.1%)	4.7%	2.9%
Real Terms Change on 2010-11		(8.2%)	(9.5%)	(7.2%)	(7.4%)	(3.1%)	(0.3%)

Excludes Financial Transactions

Table 1.04: Real Terms Changes to Scottish Government Funding

SG adjusted spending limits – Real Terms (2019-20 prices)	2010-11 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Fiscal Resource Budget	30,007	28,179	27,704	28,210	28,113	29,032	29,118
Capital Budget + Capital Borrowing	3,906	3,296	3,396	3,788	4,127	4,556	5,089
Total	33,913	31,475	31,101	31,998	32,240	33,588	34,207
Real-Terms Change against prior year			(1.2%)	2.9%	0.8%	4.2%	1.8%
Real Terms Change on 2010-11		(7.2%)	(8.3%)	(5.6%)	(4.9%)	(1.0%)	0.9%

Excludes Financial Transactions

2020-21 Proposed Portfolio Budgets

Scotland's devolved Total Managed Expenditure, a mix of discretionary and ring-fenced funding, amounts to £49.3 billion, including a control total of £40.6 billion for Scottish Government portfolios.

Table 1.05 provides the portfolio detail which will form the basis of the Budget Bill which will be introduced in the Scottish Parliament. The capital figures include both capital and Financial Transactions funding.

Table 1.05: Total Proposed Budget for 2020-21

	Resource £m	Capital £m	Financial Transactions £m	Total £m	UK Funded AME £m	Total £m
Health and Sport	14,805.5	428.0	10.0	15,243.5	100.4	15,343.9
Communities and Local Government	7,552.3	1,473.5	338.5	9,364.3	2,790.0	12,154.3
Finance, Economy and Fair Work	471.4	105.0	310.1	886.5	5,385.1	6,271.6
Education and Skills	2,727.5	395.5	55.0	3,178.0	392.5	3,570.5
Justice	2,673.5	158.0	-	2,831.5	-	2,831.5
Transport, Infrastructure and Connectivity	1,219.2	2,166.1	60.4	3,445.7	-	3,445.7
Environment, Climate Change and Land Reform	191.8	274.0	(4.0)	461.8	-	461.8
Rural Economy	839.8	109.5	(160.3)	789.0	-	789.0
Culture, Tourism and External Affairs	335.9	28.5	1.1	365.5	-	365.5
Social Security and Older People	3,719.0	60.0	9.2	3,788.2	-	3,788.2
Government Business and Constitutional Relations	16.1	-	-	16.1	-	16.1
Crown Office and Procurator Fiscal Service	129.5	4.3	-	133.8	-	133.8
Scottish Government	34,681.5	5,202.4	620.0	40,503.9	8,668.0	49,171.9
Scottish Parliament and Audit Scotland	113.0	1.1	-	114.1	2.0	116.1
Total Scotland	34,794.5	5,203.5	620.0	40,618.0	8,670.0	49,288.0

Efficiency Savings

The Scottish Government expects every public body to deliver efficiency savings of at least 3 per cent during the course of 2020-21 and to report publicly on the action undertaken and the results achieved. All efficiency savings are available to be reinvested in the body that generates the saving.

Delivering the National Outcomes

The Scottish Budget is driven by our commitment to contributing to the delivery of the 11 National Outcomes set out in the National Performance Framework (NPF). These National Outcomes support the focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.

Progress in delivering the National Outcomes is reported at:
<https://nationalperformance.gov.scot/measuring-progress>

Figure 1.01 National Performance Framework

To maximise impact across the National Outcomes, our priorities do not look to only one outcome in isolation. The Scottish Budget shows, as detailed in the portfolio chapters, the key primary and secondary National Outcomes supported by the Government's planned investment. At individual programme level, and locally, there will be other relevant outcomes and impacts.

CHAPTER 2

Tax

INTRODUCTION

Since 2007 the Scottish Government has demonstrated an approach to taxation that is fair, progressive and promotes sustainable economic growth. Around 40 per cent of the Scottish Budget 2020-21 is funded from revenue raising powers devolved to the Scottish Parliament. The Scottish Government works closely with Revenue Scotland¹ on the policy and legislative development of fully devolved taxes, and with HM Revenue and Customs (HMRC) in exercising its powers in relation to the partially devolved taxes.

The Fiscal Framework agreed between the UK and Scottish Governments determines how the Scottish Government's block grant will be adjusted to take account of the devolved and partially devolved taxes set by the Scottish Government.

Taxes both fund public services and allow the Scottish Government to support business and encourage growth through economic development, skills investment and major infrastructure projects.

Adam Smith's four key maxims remain core to Scottish Government policy thinking on tax and have informed decisions in this budget. These are that taxation should be:

- proportionate to the ability to pay;
- certain for the taxpayer;
- convenient and easy to pay; and
- efficient.

Another cornerstone of the Scottish Government's approach to taxation is engagement with our people, communities and businesses.²

The Scottish Government has sought to use what responsibility it has on taxation to ensure it raises revenue in a fair and proportionate way.

¹ Working together on tax. Available from <https://www.revenue.scot/sites/default/files/Scottish%20Government%20and%20Revenue%20Scotland%20-%20Working%20Together%20on%20Tax.pdf>

² Devolved taxes: a policy framework, Analysis of Consultation Responses. Available from: <https://consult.gov.scot/financial-strategy/devolved-taxes-policy-framework/>

SCOTTISH INCOME TAX

The Scotland Act 2016 conferred on the Scottish Parliament the power to set all income tax rates and bands for the non-savings non-dividend (NSND) income of Scottish taxpayers. The Scottish Government receives all NSND revenue raised from Scottish taxpayers. However, income tax remains a partially devolved tax. The responsibility for defining the income tax base, which includes the setting or changing of income tax reliefs and exemptions, including the Personal Allowance, remains with the UK Government. Income tax on savings and dividends continues to be paid to the UK Government at rates and bands set by HM Treasury. HMRC is responsible for the collection and management of Scottish Income Tax.

Policy

Significant changes to Scottish Income Tax were implemented in the Scottish Budget 2018-19, delivering a more progressive system, with the introduction of two new bands and a change to some existing rates. A commitment was made by the Cabinet Secretary for Finance, Economy and Fair Work that the new five-band structure should be seen as settled for the remainder of this parliament. As such, this budget makes no changes to rates, and does not introduce or remove any bands. The Scottish Government's income tax policy is developed on the basis of four key tests, as set out in our income tax discussion paper, published in 2017.³ These continue to underpin the policy decisions proposed in this year's budget.

Rates and Bands

In the 2018 Autumn Budget, the UK Government announced that the UK-wide Personal Allowance would be frozen at £12,500 in 2020-21. This policy announcement has formed the basis of the Scottish Fiscal Commission (SFC) assumptions and forecasts for income tax revenue, in line with the approach taken by the Office for Budget Responsibility (OBR). We expect this to be confirmed by the UK Government in their Budget on 11 March 2020. Table 2.01 sets out the Scottish Government's proposed rates and bands for 2020-21.

Table 2.01: Scottish Income Tax Policy Proposals 2020-21

Band	Band name	Rate
£12,501* - £14,585	Starter Rate	19%
£14,586 - £25,158	Scottish Basic Rate	20%
£25,159 - £43,430	Intermediate Rate	21%
£43,431 - £150,000**	Higher Rate	41%
Above £150,000**	Top Rate	46%

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

**Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000.

3 The Scottish Government (2017) "The Role of Income tax in Scotland's Budget" Available from: <https://www.gov.scot/publications/role-income-tax-scotlands-budget/>

The Scottish Government continues to take an approach that ensures lower- and middle-earning taxpayers do not see their taxes rise. This has been delivered for 2020-21 through an inflationary increase in the Basic and Intermediate Rate thresholds and no changes to the rates of tax. To deliver on our commitment to progressivity and to raise additional revenue to invest in vital public services and the Scottish economy, the Higher Rate Threshold will be frozen at £43,430 and the Top Rate Threshold will be frozen at £150,000. We have assumed that, in the UK Budget on 11 March, the UK Government will freeze the Higher Rate Threshold in the rest of the UK in cash terms at £50,000. This was the policy intention announced in the 2018 Autumn Budget. Based on this intention, there should be no further divergence in income tax between Scotland and the rest of the UK this year.

As a result of our income tax policy decisions taken since 2018-19, and our assumptions about the UK Budget on 11 March, 56 per cent of Scottish income taxpayers will pay less tax than people earning the same in the rest of the UK in 2020-21. Moreover, on current incomes, no Scottish taxpayer will pay more income tax than they did last year. For more information on the policy proposals and what they mean for you, see our two-page fact sheet, published on the Scottish Government's website on 6 February 2020.

In developing income tax policy, the Scottish Government has consistently taken a responsible approach to balancing increased progressivity and raising revenue, alongside ensuring tax policy does not negatively impact economic growth or competitiveness. We continue to monitor these risks closely, which is why the Council of Economic Advisers (CEA) were asked to extend their remit to consider the behavioural effects and risks of all income tax policy. A paper summarising the analysis presented to the CEA will be published on the Scottish Government's website on 6 February 2020.

Scottish Rate Resolution

The Scottish Government will introduce a Scottish Rate Resolution to set the rates and bands for Scottish Income Tax for the 2020-21 tax year. A draft of this motion and an accompanying explanatory note will be published on the Scottish Government's website on 6 February 2020.

Forecasts

The SFC's forecasts for Scottish Income Tax receipts in 2020-21 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. This shows that over £12 billion is forecast to be raised in 2020-21. This will help the Scottish Government to deliver on our strategic priorities, offering the widest range of free-to-access public services in the UK and meeting our ambitious targets on child poverty through initiatives such as the Scottish Child Payment (SCP). The SCP will be introduced initially for low-income families with children under six, with the first payments made by Christmas 2020.

Table 2.02: Scottish Income Tax Revenue Forecasts

£ million	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Income Tax Revenue Forecasts	11,378	11,677	12,365	12,897	13,447	14,059	14,722

The SFC's forecasts for the years 2021-22 to 2024-25 are based on the assumption of an inflationary uplift to all thresholds except the Top Rate Threshold, and no further changes to tax rates for the remainder of the forecast period. From 2021-22, the SFC assumes an inflationary uprating of the UK-wide Personal Allowance.

The SFC forecast that the Scottish Government's income tax policies announced in this budget will raise an additional £51 million in 2020-21, when compared to a scenario where all thresholds, except the Top Rate Threshold, increase in line with inflation (Table 2.03).

Table 2.03: Forecast of Additional Revenue from Scottish Government Policy

£ million	2020-21	2021-22	2022-23	2023-24	2024-25
Income Tax Revenue Forecasts	51	54	56	59	63

LAND AND BUILDINGS TRANSACTION TAX

Land and Buildings Transaction Tax (LBTT) replaced UK Stamp Duty Land Tax (SDLT) in Scotland from 1 April 2015. 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) was introduced from 1 April 2016 and is payable, in addition to LBTT, on purchases of all relevant residential properties above £40,000.

Policy

The Scottish Government's policy priority for residential LBTT remains to help first-time buyers and to assist people as they progress through the property market. In line with this, the Scottish Government will maintain residential LBTT rates and bands at their current level.

The ADS rate will also stay at 4 per cent and no policy changes are planned at this time. However, following the Scottish Parliament's Finance and Constitution Committee's consideration in 2019, the Scottish Government is undertaking work to consider the range of views in relation to the operation of the ADS.

Existing non-residential LBTT rates and bands for conveyances will remain unchanged. However, the Scottish Government will introduce a new 2 per cent band for non-residential leases, applying to transactions where the net present value (NPV) of rental income over the period of the lease is above £2 million. Legislation will be introduced to the Scottish Parliament to enable this change to come into effect from

7 February 2020, but it will not apply if the contract for a transaction was entered into prior to 6 February 2020. In addition, the change will not apply to any further returns made in connection with the three-year review, assignment or termination of a lease where the effective date is between 1 April 2015 and 6 February 2020. More detailed guidance on this will be provided on the Revenue Scotland website.

At the Scottish Budget 2019-20, the Scottish Government undertook to introduce two targeted LBTT reliefs following further consultation, to help safeguard investment in Scottish real estate and increase the attractiveness of Scotland as an investment destination. These were: a relief for the 'seeding' (initial transfer) of properties into a Property Authorised Investment Fund (PAIF) or Co-owned Authorised Contractual Scheme (CoACS); and a relief for when units in CoACS are exchanged. Legislation to provide for these two reliefs was not brought forward in 2019-20 due to continued uncertainty around the terms of the UK's exit from the EU. The Scottish Government now plans to publish a consultation on draft legislation in 2020-21.

Rates and Bands

Taking account of the proposed addition of a new 2 per cent band for non-residential leases where the net present value (NPV) of rental income is above £2 million, rates and bands for residential and non-residential transactions are set out in Table 2.04 below.

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

Residential conveyances		Non-residential conveyances		Non-residential leases	
Purchase price	LBTT rate	Purchase price	LBTT rate	Net present value of rent payable	LBTT rate
Up to £145,000	0%	Up to £150,000	0%	Up to £150,000	0%
£145,001 to £250,000*	2%	£150,001 to £250,000	1%	£150,001 to £2 million	1%
£250,001 to £325,000	5%	Over £250,000	5%	Over £2 million**	2%**
£325,001 to £750,000	10%				
Over £750,000	12%				

* First-time buyers are entitled to LBTT relief up to £175,000.

** From 7 February 2020.

An ADS rate of 4 per cent applies to the total price of the property for all relevant residential transactions above £40,000, in addition to the rates set out in Table 2.04.

Forecasts

The SFC's forecast tax revenues for residential LBTT, ADS, and non-residential LBTT for the period 2019-20 to 2024-25 are set out in Table 2.05.

Table 2.05: LBTT Revenue Forecasts 2019-20 to 2024-25

£ million	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Land and Buildings Transaction Tax	613	641	666	692	720	749
<i>of which:</i>						
Residential transactions (excl. ADS)	288	303	319	336	354	371
Additional Dwelling Supplement (ADS)	134	129	131	134	137	140
Non-residential transactions	191	209	216	222	230	238

Note: Figures may not sum due to rounding.

The SFC forecast that the Scottish Government non-residential lease policy will raise an additional £10 million in 2020-21 and £11 million per annum thereafter. It is also forecast to raise an additional £2 million in 2019-20, due to its introduction in the 2019-20 tax year (Table 2.06).

Table 2.06: Impact of the Measure to Increase LBTT Rates from 1% to 2% on some Non-residential Leases*

£ million	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Policy forecast (£m)	2	10	11	11	11	11

*Where the NPV of rental income over the period of the lease is above £2m.

SCOTTISH LANDFILL TAX

Scottish Landfill Tax (SLfT) was introduced on 1 April 2015, replacing UK Landfill Tax. It is a tax on the disposal of waste to landfill, charged by weight on the basis of two rates: a standard rate, and a lower rate for less-polluting materials.

Policy

The rates set for SLfT are intended to serve as a financial incentive to support a more circular economy, and the delivery of our ambitious targets to reduce waste, increase recycling and cut waste going to landfill.

Landfill operators are able to voluntarily contribute a capped proportion of their landfill tax liability to the Scottish Landfill Communities Fund (SLCF), and claim 90 per cent 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.

Looking further ahead, the Cabinet Secretary for Environment, Climate Change and Land Reform announced in September 2019 that full enforcement of the ban on the landfilling of biodegradable municipal waste (BMW) should be delayed until 2025 for both local authorities and commercial operators managing waste covered by the ban. Work is currently underway to explore the role that SLfT could play during this transitional period and a further announcement will be made in 2020-21. Whilst a transitional period has been agreed, the Scottish Government remains committed to ending the practice of sending BMW to landfill, in order to contribute to climate change targets and ensure Scotland's waste is managed in a sustainable way.

Rates and Bands

The Scottish Government proposes to increase both the standard rate of SLfT to £94.15 per tonne and the lower rate of SLfT to £3 per tonne in 2020-21 to ensure 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 credit rate for the SLCF for 2020-21 will remain at a maximum of 5.6 per cent of an operator's tax liability. This will ensure that landfill site operators can continue to contribute to community and environmental projects near landfill sites to a greater degree than their UK counterparts, without any increase in the overall tax burden.

Forecasts

The SFC's forecast tax revenue for SLfT in the period 2019-20 to 2024-25 is set out in Table 2.07.

Table 2.07: SLfT Revenue Forecasts 2019-20 to 2024-25, adjusted for payments to the Scottish Landfill Communities Fund

£ million	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Scottish Landfill Tax	124	116	110	94	79	66

The forecast includes the change in policy on the landfilling of BMW and the degree to which local authorities and commercial operators are expected to make progress towards the new deadline for the implementation of the BMW landfill ban.

NON-DOMESTIC RATES

Policy

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. All comparisons made with the rest of the UK assume no further policy announcements are made in the UK Budget on 11 March 2020.

In 2020-21, the budget maintains the UK's most competitive rates regime. This includes the lowest poundage and a relief package estimated by the SFC to be worth £744 million. The Basic Property Rate ('poundage') will be 49.8 pence, which delivers a below-inflation increase for the second consecutive year.

The Budget 2020-21 also introduces the following policies that, taken together, will ensure that at least 95 per cent of properties are liable for a lower rate than anywhere in the UK:

- properties with a rateable value (RV) above £95,000 will continue to be charged the Higher Property Rate (formerly the poundage plus the Large Business Supplement) of 2.6p plus the poundage;
- properties with an RV of between £51,000 and £95,000 will now only be charged an additional 1.3p on rates on top of the standard poundage. The introduction of this Intermediate Property Rate will improve the progressivity of the system and reduce rates liabilities for around 9,500 medium-sized properties by 1.3p, or 3 per cent;
- an extension of 100 per cent relief for Enterprise Areas to 31 March 2022;
- an amendment to the reset period for Empty Property Relief from 6 weeks to 6 months, as recommended by the Barclay Review;
- the introduction of a 70-day requirement of actual letting for a self-catering property in order to be considered non-domestic and liable for NDR rather than council tax, as recommended by the Barclay Review;
- the introduction of a new 100 per cent relief for Reverse Vending Machines from 1 April 2020, which will assist retailers in the context of the Deposit Return Scheme and supporting efforts to tackle climate change; and
- introducing a district heating relief guaranteed until 2032 in order to provide certainty to investors.

The Scottish Budget 2020-21 also maintains:

- the Small Business Bonus Scheme, which has lifted over 111,000 properties out of rates altogether as at 31 May 2019;
- the Business Growth Accelerator, which is unique in the UK and ensures that new build properties are not liable for rates until 12 months after first occupation and any rates bill rises due to improvements to or the expansion of existing properties will not take effect until 12 months after those changes are made to the property;
- Transitional Relief, which caps annual rates bill increases at 12.5 per cent in real terms for Aberdeen City and Aberdeenshire offices and all but the very largest hospitality properties across Scotland;
- Day Nursery Relief for all standalone nurseries in the public, private and charitable sectors;
- New Fibre Relief for all new fibre infrastructure for telecommunication;
- relief for mobile masts in selected geographic locations; and
- Fresh Start Relief, which offers 100 per cent relief for all reoccupied properties that have been empty for six months.

Some of these measures will be awarded under the EU State Aid *de minimis* regulations, which are currently assumed to continue irrespective of the terms of any future trading relationship with the European Union. Councils may also offer their own local reliefs under the Community Empowerment (Scotland) Act 2015.

The Scottish Government commissioned the independent Barclay Review of NDR to identify how the rates system could better support growth, improve the administration of the system and increase fairness for ratepayers. On 25 March 2019, the Non-Domestic Rates (Scotland) Bill was introduced to Parliament to deliver a number of the recommendations of the Review that require primary legislation. Key provisions include:

- three-yearly valuations from 2022 to ensure that valuations are more closely aligned to current market values;
- a two-stage appeals system (proposal and appeal) to improve the administration and timeliness of the appeals system;
- greater information-gathering powers for assessors and a new civil penalty for non-provision of information in order to increase 'right first-time' valuations and improve ratepayers' trust in the rating system;
- the power to introduce general anti-avoidance regulations in order to improve fairness for all;
- levelling the playing field between different sectors, such as public and private schools by removing charitable rates relief from mainstream independent schools, whilst retaining the relief for independent special schools and specialist independent music schools. This is due to commence on 1 September 2020.

Stage 3 of the Bill is scheduled for completion during the week beginning 3 February 2020. The outcome of Stage 3 was unknown prior to the preparation of this document.

Rates

The amount of tax due is based on the rateable value of the property multiplied by the poundage, minus any reliefs to which the property is entitled.

Independent Assessors set the rateable value of a property, which is equivalent to the amount of annual rent the property would attract on the open market if vacant and to let. Non-domestic property values are regularly revalued to reflect prevailing economic circumstances. The most recent revaluation took place in 2017, with the next scheduled for 2022.

The main tax rate is the Basic Property Rate, 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.

Tax rates for 2020-21 will be as set out in Table 2.08 below.

Table 2.08: Non-Domestic Rates tax rates, 2020-21

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

Forecasts

Forecast tax revenues for NDR for 2020-21 are set out in Table 2.09 below.

Table 2.09: Non-Domestic Rates Revenue Forecasts 2020-21

£ million	2020-21
Non-Domestic Rates	2,749

Table 2.10 shows the SFC's estimate of revenue changes following from the policy changes presented above.

Forecasts for future years can be found in the SFC's Economic and Fiscal Forecasts February 2020. These take into account the Non-Domestic Rates (Scotland) Bill as amended at Stage 2.

Table 2.10: Non-Domestic Rates Policy Revenue Foregone Forecasts

£ million	2020-21
Pre-measures forecast	2,757
Reverse Vending Machine Relief	0
Intermediate Property Rate	(7)
Post-measures forecast	2,749
Difference	(7)

Source: Scottish Government, Scottish Fiscal Commission. Figures may not sum due to rounding.

AIR DEPARTURE TAX

Following the commencement of section 17 of the Scotland Act 2016 on 23 May 2016, the Scottish Parliament passed the Air Departure Tax (Scotland) Act 2017 on 20 June 2017.

The Minister for Public Finance and the Digital Economy informed Parliament on 23 April 2019 that the introduction of Air Departure Tax (ADT) will be deferred beyond April 2020. The Scottish Government has been clear that a resolution to the Highlands and Islands exemption issue must be found before ADT can be introduced in Scotland, to ensure that devolved powers are not compromised. The Scottish Government will continue to work with the UK Government to ensure that future parliaments can decide on the best policy for Scotland's interests, in line with our climate ambitions. The UK Government will maintain the application of Air Passenger Duty in Scotland in the interim.

AGGREGATES LEVY

Aggregates Levy is a tax paid on the commercial exploitation of aggregates, i.e. sand, gravel and rock. The Scotland Act 2016 gave the Scottish Parliament the power to legislate for a tax to replace the Aggregates Levy in Scotland.

In February 2019, the UK Government announced that long-standing litigation on the UK Aggregates Levy had concluded and that a comprehensive review of the levy would be undertaken. This review is considering potential reforms to the levy, taking account of its objectives and impact, the effectiveness of the current design and the environmental and business context for aggregate production and the extraction of other construction materials.

Given the review and its potential impacts on the future of the UK levy, decisions have not yet been taken about the timeline for devolution of the levy to Scotland. The Scottish Government will continue to work with the UK Government and stakeholders in anticipation of the levy's eventual devolution.

VALUE ADDED TAX ASSIGNMENT

The Scotland Act 2016 provides for the first 10 pence of the Standard Rate of Value Added Tax (VAT), and the first 2.5 pence of the Reduced Rate, to be assigned to the Scottish Government. As VAT for Scotland is not available from tax returns, assigned VAT will be based on a model of expenditure in Scotland. The draft model for calculating Scottish VAT receipts⁴ has been published. Work to finalise the model continues and will be discussed through the Joint Exchequer Committee.

VAT assignment is in a transitional phase. It is forecast and calculated, but with no impact on the Scottish Government's budget. When both governments are assured that the assignment methodology is working effectively, the Scottish Government's budget will be determined by forecast and final estimated VAT receipts in Scotland and the corresponding Block Grant Adjustment. The SFC's latest forecasts for Scottish assigned VAT receipts are shown in Table 2.11.

⁴ Scottish VAT assignment – Summary of VAT assignment model:
<https://www.gov.uk/government/publications/scottish-vat-assignment-summary-of-vat-assignment-model>

Table 2.11: Scottish Government Assigned VAT Revenue Forecasts

£ million	2019-20	2020-21	2021-22	2022-23	2023-24
Policy forecast	5,554	5,727	5,886	6,045	6,206

DEVOLVED TAXES LEGISLATION

In early 2019, the Scottish Government and the Clerks to the Scottish Parliament's Finance and Constitution Committee established the Devolved Taxes Legislation Working Group to take forward a recommendation made by the Budget Process Review Group 'to explore options for alternative legislative processes for devolved taxes legislation, particularly where tax measures need to be introduced quickly or where minor amendments are needed to existing primary legislation.'

The Working Group has today published an interim report for consultation to provide an opportunity for wider engagement on the potential options. The interim report, and information on how to respond to it, is available on the Scottish Government website.⁵

TAX BLOCK GRANT ADJUSTMENTS

Changes in the Scottish Government's block grant are determined via the operation of the Barnett formula. Under the Fiscal Framework, the block grant is then reduced to reflect the tax revenues devolved to Scotland under the Scotland Acts 2012 and 2016. These reductions are referred to as Block Grant Adjustments (BGAs).

The impact on the budget is initially determined by the difference between forecasts of these BGAs and forecasts of Scottish tax revenues. When information about actual revenues and expenditure becomes available, known as 'outturn data', subsequent budgets are adjusted to account for the difference between forecast and outturn data. This ensures that the budget received ultimately reflects the outturn figures rather than forecasts. This process is known as 'reconciliation', and can involve additions or reductions to Scotland's block grant. This data becomes available for different taxes and social security benefits at different times, so reconciliations are made throughout the budget cycle. This is the first budget that includes an income tax reconciliation.

Further detail on the operation of the Fiscal Framework is set out in the Fiscal Framework Technical Note.⁶

⁵ www.gov.scot/groups/devolved-taxes-legislation-working-group/

⁶ Available from <https://www.gov.scot/publications/fiscal-framework-factsheet/pages/technical-note/>

Provisional Block Grant Adjustments

Since the UK Budget is taking place after the Scottish Budget, provisional BGAs have been used to inform the Scottish Budget 2020-21.

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. 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.⁷

These provisional BGAs are based on forecasts published by the OBR at UK Spring Statement 2019, which were then restated on 16 December 2019 alongside the Welsh Budget. These restated forecasts take account of the 2017-18 outturn data as well as in-year information from the PAYE system, but do not take into account any changes to the underlying economic outlook.

Updated BGAs will be calculated alongside the UK Budget on 11 March and these updated BGAs could be incorporated into the Scottish Budget, if the Scottish Government requests this.

Table 2.12 shows the most recent forecasts for revenues, BGAs and their net impact on the budget. For 2018-19 and 2019-20 these differ from the figures set out in Table 1.02, which shows the forecasts that were used to determine the budget for these years. For the years after 2020-21 the figures represent current forecasts, but each budget will be based on updated forecasts made as part of each budget process.

Income Tax

The 2020-21 forecast for income tax estimates a positive £46 million net effect on the Scottish Budget 2020-21. This will be locked into the budget until a reconciliation is applied to the Scottish Budget 2023-24 for both revenue and the BGA.

Reconciliations from 2018-19 and 2019-20 income tax will be applied to the Scottish Budget 2021-22 and Scottish Budget 2022-23 respectively. The reconciliation for 2017-18 Scottish income tax is shown in Table 2.13.

Fully Devolved Taxes

The 2020-21 forecasts for LBTT and SLfT estimate a positive £114 million net effect on the Scottish Budget 2020-21. An in-year BGA reconciliation for both taxes will take place within 2020-21 before a final BGA reconciliation is made to the Scottish Budget 2022-23.

The 2018-19 LBTT and SLfT revenue and BGA figures are outturn figures and final reconciliations are shown in Table 2.13.

⁷ The Fiscal Framework agreement actually refers to the Scottish Government's Draft Budget and the UK Autumn Statement, but due to changes in the budget processes of both governments, the Scottish Budget replaces the Scottish Government's Draft Budget and the UK Budget replaces the UK Autumn Statement in this situation.

Table 2.12: Forecasts of Revenues and Block Grant Adjustments

£ million		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
NSND Income Tax	Revenue	11,378	11,677	12,365	12,897	13,447	14,059	14,722
	BGA	(11,505)	(11,705)	(12,319)	(12,742)	(13,194)	(13,690)	N/A
	Net impact on budget	(127)	(28)	46	155	253	369	N/A
LBTT	Revenue	554	613	641	666	692	720	749
	BGA	(549)	(527)	(557)	(597)	(634)	(685)	N/A
	Net impact on budget	5	86	85	69	58	36	N/A
SLfT	Revenue	149	124	116	110	94	79	66
	BGA	(105)	(97)	(87)	(85)	(76)	(64)	N/A
	Net impact on budget	43	27	29	25	18	15	N/A
Total Tax	Revenue	12,081	12,414	13,123	13,673	14,233	14,858	15,537
	BGA	(12,159)	(12,329)	(12,963)	(13,424)	(13,905)	(14,439)	N/A
	Net impact on budget	(78)	85	160	249	328	419	N/A

Notes:

The total tax BGA does not include the non-tax BGAs for fines, forfeitures, fixed penalties, and proceeds of crime. For the total BGA including tax and non-tax elements, please refer to Table 1.02.

The BGAs shown are calculated using the Indexed Per Capita (IPC) indexation method. This method in practice determines the BGAs applied to the budget. This is set out in more detail in the Fiscal Framework Technical Note.⁸

Figures may not sum due to rounding.

Impact of Reconciliations on this Budget

A negative £207 million reconciliation has been applied to the Scottish Budget 2020-21 relating to 2017-18 Scottish income tax; 2018-19 LBTT and SLFT; fines, forfeitures and fixed penalties (FFFPs); and Carer's Allowance. A breakdown of these reconciliations is shown in Table 2.13.

⁸ Available from <https://www.gov.scot/publications/fiscal-framework-factsheet/pages/technical-note/>

Table 2.13: Reconciliations Applied to 2020-21

£ million	
2017-18 Income Tax Revenue and BGA Reconciliation	(204.3)
2018-19 LBTT BGA Reconciliation	(3.3)
2018-19 SLfT BGA Reconciliation	(1.5)
2018-19 FFFPs BGA Reconciliation	2.1
2018-19 Carer's Allowance BGA Reconciliation	(0.1)
TOTAL FINAL RECONCILIATION TO 2020-21 Budget	(207.1)

Figures may not sum due to rounding

2017-18 Income Tax Reconciliation

In the Scottish Budget 2017-18, income tax was forecast to have a positive net effect on Scotland's finances, with revenues exceeding the BGA by £107 million. However, the net impact was ultimately negative, with outturn revenue £97 million below BGA. This translates into a £204 million negative reconciliation requirement that will be applied to the Scottish Budget 2020-21.

Further explanation can be found on these reconciliations in the Fiscal Framework outturn report 2019.⁹

The Scottish Government intends to use its borrowing powers under the Fiscal Framework to manage this forecast error.

⁹ <https://www.gov.scot/publications/fiscal-framework-outturn-report-september-2019/>

CHAPTER 3

Infrastructure Investment

INTRODUCTION

Infrastructure investment is vital to deliver the Scottish Government's long-term ambitions for inclusive economic growth, responding to the climate emergency and building sustainable places. The value of investing in infrastructure goes beyond the physical homes, schools and hospitals delivered. It has the capacity to unlock economic potential, support jobs, and enable our businesses and communities to grow.

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.

The Scottish Government set up the Infrastructure Commission for Scotland in 2019, which has already published its first phase report 'A Blueprint for Scotland', covering the right priorities for the years ahead. The coming year will see us build on these findings in developing the Infrastructure Investment Plan for publication later in the summer. Scottish Budget 2020-21 provides a strong investment foundation for this work.

Alongside Capital Grant and Financial Transactions investment during the course of our National Infrastructure Mission, we will deliver a billion pounds of investment through our Learning Estate Investment Programme and drive forward a package of around £200 million of low carbon investments through new Green Growth Accelerator deals. The investment unlocked through these mechanisms will be reported under 'innovative finance' in future years.

Table 3.01 sets out our total infrastructure investment for 2020-21 and compares it to the 2019-20 National Infrastructure Mission baseline. Overall, we have already boosted capital spending by nearly £1 billion in the first year of the Mission. Descriptions of the investment sources can be found on pages 38-39 of the Scottish Government's 2019 Medium-Term Financial Strategy.¹

¹ <https://www.gov.scot/publications/scotlands-fiscal-outlook-scottish-governments-medium-term-financial-strategy-2019/>

Table 3.01: Comparison of 2019-20 and 2020-21 Infrastructure Investment

Source	2019-20 Budget investment £m	2020-21 Actual Investment £m	Difference £m
Capital Grant*	4,104.8	4,854.2	749.4
Borrowing	450.0	450.0	0.0
Financial Transactions*	652.2	892.2	240.0
NPD/Hub	60.0	20.0	(40.0)
Innovative Finance	30.0	27.0	(3.0)
Total	5,297.0	6,243.4	946.4

*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 3.02. Capital Grant receipts and other income are £84.5 million for 2019-20 and £100.7 million for 2020-21 respectively.

OUR PRIORITIES

In addition to delivering a significant increase in overall investment, Scottish Budget 2020-21 ensures delivery of our key commitments during this parliamentary term, and very substantially boosts our investment in responding to the climate emergency, as below:

- Inclusive Growth:** The Scottish Government is committed to boosting Scotland's competitiveness whilst tackling inequality. In 2020-21 we will provide substantially increased funding for innovative low carbon technologies, support the delivery of our R100 broadband programme, launch a new Credit Union Investment Fund, continue investment in the National Manufacturing Institute for Scotland, continue progress towards our £2 billion capitalisation of the Scottish National Investment Bank with £220 million of new seed funding, and provide £201 million funding for City Region and Growth Deals, including provision for new deals in Stirling and Clackmannanshire, Tay Cities, Ayrshire and the Borderlands.
- Climate Change:** Recognising that an immediate response is required to tackle climate change, in 2019 the Scottish Government announced a Climate Emergency. In 2020-21 we have increased our investment in low carbon infrastructure to help us deliver our stretching statutory targets for reducing emissions. This includes substantial additional funding for agricultural transformation, active travel, energy efficiency, public transport and the Low Carbon Infrastructure Transition Programme. Our spending plans also deliver our commitment to increase the proportion of overall investment directed to low carbon measures, with total investment of around £1.8 billion in 2020-21.

The Scottish Government has further earmarked £2 billion new additional funding for low carbon investments over the next parliamentary term, based on current assessments of the total level of funding available for infrastructure over this period. These assessments are informed by the updated capital spending plans set out as part of the UK Government's Spending Round 2019 and in the 2019 Conservative general election manifesto. The upcoming Infrastructure Investment Plan and Capital Spending Review will set out the details around deployment of this funding. These will build on the work of the Infrastructure Commission for Scotland's Phase 1: Key Findings report and the Climate Change Plan, which will be updated in spring 2020. In addition to this £2 billion of capital grant, we will also take forward around £200 million of additional low carbon investments through new Green Growth Accelerator deals.

- **Sustainable Places:** In 2019, the Scottish Government adopted the Place Principle, to support local communities and create more successful places. Budget 2020-21 completes our expansion of places for Early Learning and Childcare with £121 million to complete our four-year £476 million commitment. This budget also provides the funding required to meet our commitment to deliver 50,000 new affordable homes and supports progress on our elective care health centres. Additionally, over the course of the National Infrastructure Mission our new £1 billion Learning Estate Investment Programme, designed in collaboration with our partners in local government, will deliver high quality, fit-for-purpose educational facilities and benefit around 50,000 pupils across Scotland.

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-year. This produces a net investment figure. As time passes, and more loans have been made, the scale of receipts increases. Table 3.02 shows the gross budget receipts and net Financial Transactions budget by portfolio. The total budget investment figures in Table 3.01 use the gross figure to reflect the total amount of new financial transactions investment by the Scottish Government in the Scottish economy in 2020-21.

Table 3.02: Gross and Net Financial Transactions Portfolio Allocations

Portfolio	2020-21 Gross Financial Transactions £m	2020-21 Forecast of Financial Transactions Receipts £m	2020-21 Net Financial Transactions £m
Communities and Local Government	388.5	50.0	338.5
Culture, Tourism and External Affairs	1.5	0.4	1.1
Environment, Climate Change and Land Reform*	0.0	4.0	(4.0)
Education and Skills	61.0	6.0	55.0
Finance, Economy and Fair Work	330.5	20.4	310.1
Government Business and Constitutional Relations	0.0	0.0	0.0
Health and Sport	10.0	0.0	10.0
Justice	0.0	0.0	0.0
Rural Economy*	30.0	190.3	(160.3)
Social Security and Old People	9.2	0.0	9.2
Transport, Infrastructure and Connectivity	61.5	1.1	60.4
Crown Office and Procurator Fiscal Service	0.0	0.0	0.0
Scottish Parliament	0.0	0.0	0.0
Total	892.2	272.2	620.0

*The negative net position is due to an overall repayment of Financial Transactions within these portfolios. For Environment, Climate Change and Land Reform, this arises from repayment of loans made to Zero Waste Scotland. For Rural Economy this is from the repayment of farmers loans. Figures may not sum due to rounding.

MONITORING OF LONG-TERM INVESTMENTS

The Scottish Government is able to unlock additional investment through the use of revenue finance investment models. Current models deployed through this Scottish Budget are the Growth Accelerator developments in Edinburgh and Dundee, and the commencement of the next stage of schools developed through the £1 billion Learning Estate Investment Programme.

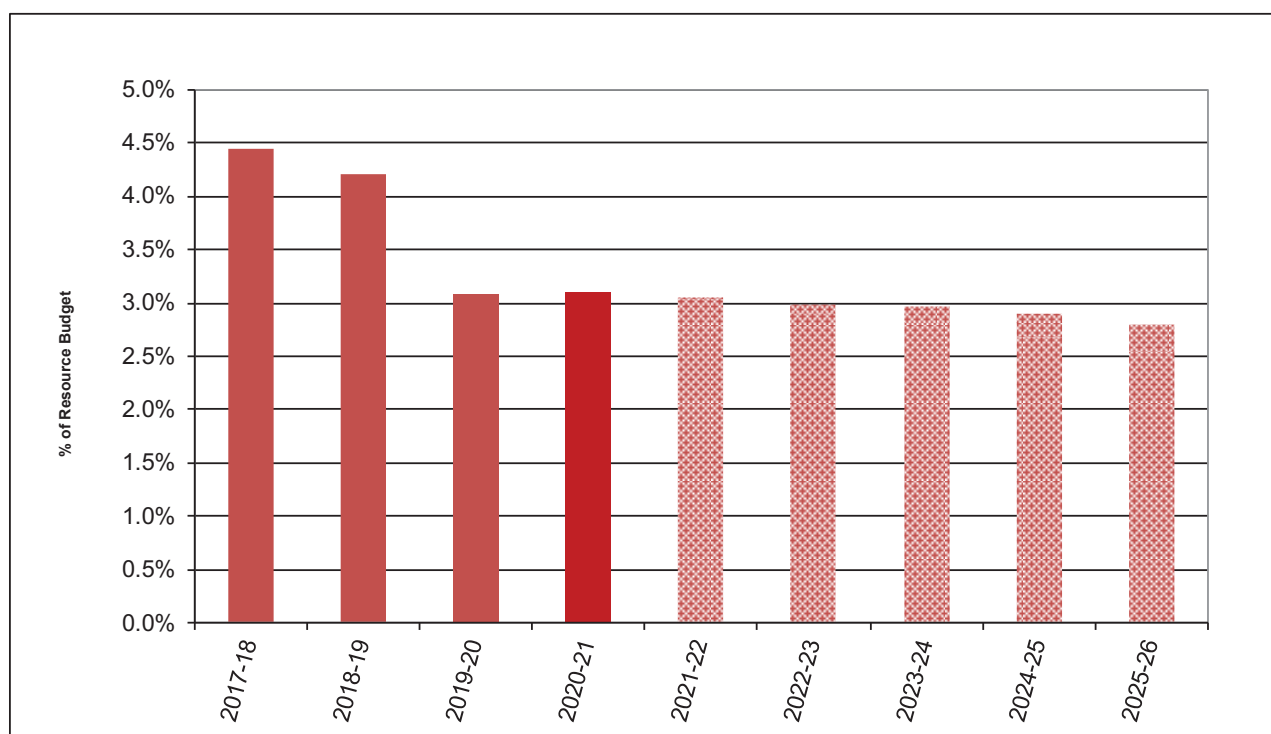
Through the Fiscal Framework, the Scottish Government also has the power to borrow up to £450 million of capital annually, up to a maximum of £3 billion in aggregate over time, to fund additional capital investment. In recognition of the positive economic

impact of infrastructure investment, Budget 2020-21 includes plans to use the £450 million borrowing facility in full.

The Scottish Government is committed to sustainable deployment of revenue financed investment and capital borrowing to ensure we do not place an undue financial burden on future policy choices. This is why the Scottish Government has a self-imposed revenue finance investment limit of five per cent of the Scottish Government resource budget excluding social security. The impact of Budget 2020-21 on the overall affordability assessment is shown in Figure 3.01.

Figure 3.01 shows annual revenue funded investment costs as a percentage of the Scottish Government's resource budget excluding social security. It shows that the peak occurred in 2017-18 at 4.45 per cent, including Regulated Asset Base (RAB) payments for rail investment. In 2020-21, planned and committed projects and borrowing costs are estimated to be 3.11 per cent of the resource budget. The corresponding figures are expected to be 3.05 per cent in 2021-22 and 2.99 per cent in 2022-23.

Figure 3.01: Long-Term Investment Commitments – Affordability Limit Monitoring*



*Data in this figure uses OBR forecasts and the Conservative Party manifesto Policy Costing document. Although the UK Government has provided a resource budget allocation for 2020-21, these are liable to change following the UK Budget on 11 March.

CHAPTER 4

Pre-Budget Scrutiny by Parliamentary Committees

This chapter provides a summary of how pre-budget scrutiny from the Scottish Parliament's committees has influenced the formulation of the Scottish Budget.

Culture, Tourism, Europe and External Affairs Committee

The Culture, Tourism, Europe and External Affairs Committee's scrutiny of the 2020-21 Budget focused on cultural participation.

The 2020-21 Budget continues to fund cultural programmes, engagement and participation and this will be invested under the priorities to be set out in 'A Culture Strategy for Scotland 2020'. We have confirmed the first year of funding for the Cultural Youth Experience Fund called for by the committee, and further protected investment for our young people by maintaining the Youth Music Initiative at £9 million. In addition, we have delivered the third year of additional funding for Creative Scotland to offset the reduction in income from the National Lottery and will continue to monitor lottery income trends.

Economy, Energy and Fair Work Committee

The Economy, Energy and Fair Work Committee focused its pre-budget scrutiny on Regional Selective Assistance (RSA) and other financial support for businesses provided by Scotland's enterprise agencies. Specifically, it was interested in whether RSA helps businesses become more productive and internationally-focused, whether RSA impacts employment levels and fair work practices and the future of such support mechanisms.

It made a number of recommendations including the use of data to support budget scrutiny and provide information on job outcomes, regional spend on RSA, and providing and publishing gender disaggregation of companies receiving RSA and evaluating economic development and inclusive growth.

The Enterprise and Skills Strategic Board's Analytical Unit has developed, in collaboration with agencies, a Performance Framework which will inform how Scotland compares with international peers on productivity, equality, wellbeing and sustainability. The framework is consistent with the National Performance Framework and a detailed assessment of performance was presented to the Strategic Board in the Annual Analysis report in January 2020.

The committee also raised concerns about the uptake and the future of the Scottish Growth Scheme and the Cabinet Secretary for Finance, Economy and Fair Work will keep the committee informed of progress. With the Scottish National Investment Bank becoming operational in 2020, it provides the opportunity, where appropriate, to consolidate existing public financing activities provided by the Scottish Government and its agencies and build on the success of operations and initiatives currently underway. It will align with, and complement, activity by the Enterprise Agencies and other public bodies.

Education and Skills Committee

The Education and Skills Committee has consistently raised the issue of funding within schools for children and young people with additional support needs.

The committee asked specific questions about our Programme for Government commitment to invest an additional £15 million to improve implementation of additional support for learning across Scotland. In 2020-21, we will continue to provide national funding of £10.5 million to support learning provision for children and young people with complex additional support needs. This funding will be used to enhance support for children and young people who learn in the grant-aided special school sector in Scotland.

In addition to this, to reflect our continued commitment to supporting implementation of Additional Support for Learning (ASL) we have allocated an additional £15 million to enhance the provision of front-line staff. This is in line with the committee's recommendation that funding for ASL continues to be a priority for this Government. We have a joint agreement with local government on how this additional funding will be distributed.

Environment, Climate Change and Land Reform Committee

The Environment, Climate Change and Land Reform Committee's pre-budget scrutiny built on its earlier work on preventative spend, the carbon impact of the capital budget and funding following the UK's departure from the European Union.

The committee commended both the approach and commitments that Scottish Government has made to tackle climate change and reduce emissions. The Scottish Government remains firmly committed to meeting our ambitious climate change targets and increasing annually our spend on low carbon infrastructure projects.

More can be done in accounting for climate change in the budget and we are taking steps to do so, including the commissioning of new research such as ClimateXChange and undertaking jointly with the committee a review of budget information as it relates to climate change.

Equalities and Human Rights Committee

We welcome the Equalities and Human Rights Committee's scrutiny of the 2020-21 Budget and in particular the recognition of the value of the third sector, and the call to protect both the equality and human rights and the third sector budget lines. In this budget we have increased the Equality and Human Rights budget to £30.2 million, its highest ever level, representing our commitment to embedding equality, inclusion and human rights across all portfolios. It is estimated that the public sector as a whole accounts for around a third of the third sector's income, which supports the work of charities and social enterprises. The dedicated Third Sector Budget, which stands at £24.6 million for 2020-21, represents between one and two per cent of total public sector investment in the third sector. The majority of this funding is provided to enable the growth of social enterprises through our 10-year strategy to national support organisations such as SCVO and Volunteer Scotland and local support organisations – Third Sector Interfaces. These organisations allow the sector a local and national voice to influence public policy and support the capacity of Scotland's vibrant third sector.

The committee also explored the links between the budget process and the National Performance Framework. We are working in partnership with local government, the health sector and a wide range of representatives from across the third sector and public bodies, to drive an action-oriented, values-based shift across Scotland's public services towards achieving the outcomes set out in the National Performance Framework.

Finance and Constitution Committee

The Finance and Constitution Committee raised a number of issues in its pre-budget scrutiny report. The committee highlighted its interest in exploring the risks and opportunities for the Scottish Government's Budget arising from tax devolution and the operation of the Fiscal Framework. The committee also focused on the publication of outturn data for Scottish income tax for 2017-18, noting potential structural risk to the Scottish Budget. The committee also raised other points including the Additional Dwelling Supplement and VAT Assignment.

The Scottish Government welcomes the committee's input on these issues and will keep the committee and Parliament informed on developments. We note the potential risks relating to devolution of tax powers and the operation of the Fiscal Framework, and continue to press the UK Government for extra flexibility to manage the volatility inherent under the Fiscal Framework.

We will also continue to work with the Scottish Parliament and UK Government to improve transparency and increase public understanding in relation to fiscal devolution.

Health and Sport Committee

The Scottish Government agrees with the committee's emphasis on the importance of community-based services. Everybody should have access to the right care in the right place at the right time and where hospital-based treatment is the right clinical option, no one should spend unnecessary time in hospital once treatment is complete. These priorities are reflected in our Health and Social Care Medium Term Financial Framework and the continued shift in the balance of spend each year over the course of this parliament.

The findings of the committee's report are consistent with the Scottish Government and COSLA's joint review of progress with integration. We are making progress in reducing delayed discharge and want to go further to improve performance. We have established a Delayed Discharge Expert Support Team to support the Integration Authorities, and their partners in health boards and local authorities, that are facing the most significant challenges and ensure sustainable progress can be made. Our investment in primary care is a key driver to improve the scale and pace of integration of health and social care.

In February 2019 the Ministerial Strategic Group (MSG) published a progress report which sets out priority actions across a range of areas, including actions to ensure integrated budgets are fully operational. Work continues under the scrutiny of the MSG to ensure appropriate budget arrangements are in place in local systems.

Justice Committee

We welcome the ongoing budget scrutiny undertaken by the Justice Committee's Sub-Committee on Policing and in particular its review of Scottish prisons and the capital budget of the Scottish Police Authority (SPA).

The Scottish Government has acknowledged the significant pressures facing Scotland's prisons, including with reference to the prison population. During 2019-20, additional funding was provided to the Scottish Prison Service to assist in dealing with these pressures, including for additional prison places. The Scottish Budget 2020-21 reflects Scottish Ministers' commitment to invest in prisons revenue and capital infrastructure, including for the new female custodial estate and a replacement for HMP Barlinnie. Substantial funding is also committed towards local authority and third sector community justice services, including effective alternatives to short-term prison sentences and remand.

The Scottish Government is committed to working closely with the SPA and Police Scotland to ensure a modern police service fit for the 21st century, through supporting transformation as outlined in the 10-year policing strategy, 'Serving A Changing Scotland'. This will also ensure that the SPA can make a positive contribution to tackling the climate emergency through initiatives such as greening the police fleet. The Scottish Government will continue to pursue funding from the UK Government to cover the policing and security costs of hosting the COP26 summit in Glasgow.

Local Government and Communities Committee

The committee's pre-budget scrutiny focused on a range of issues including the effect of single-year budget settlements for local authorities; certainty in the house-building budget post-2021 and funding for preventative spend, including housing adaptations; climate change targets in local government; and wider fiscal reform and empowerment in local government.

In coming to the decision to announce the Scottish Budget before the UK Budget, the Scottish Government has listened carefully to representations made by the Convention of Scottish Local Authorities (COSLA) on behalf of local government about the damaging impact any further delay would have on vital local services. Due to the lack of future funding figures from the UK Government and unreasonable constraints to the timetable for producing the Scottish Budget 2020-21, the Scottish Government has no option but to provide local government with a single year settlement. However, the Scottish Government is committed to providing local government with long-term financial certainty and will continue to work 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.

The committee also kept a watching brief on the performance of Integration Authorities in relation to housing adaptations. We are committed to our vision that everyone should be able to live in a home that meets their needs and supports them to live independently. The committee's scrutiny continues to provide useful information that supports the work we have started to provide strategic and practical support to Integration Authorities, and their partners in health boards and local authorities, to improve delivery and funding arrangements for adaptations.

Rural Economy and Connectivity Committee

The Rural Economy and Connectivity Committee pre-budget scrutiny report covers a range of recommendations on roads maintenance issues. In undertaking budget scrutiny, the committee sought to build on Audit Scotland's reports on roads maintenance by scrutinising the efficacy of the current approach to maintenance and the adequacy of current expenditure levels.

The Scottish Government is committed to ensuring that the trunk road network remains safe and fit for purpose, and has a robust and established process for monitoring the condition of roads. The Transport Scotland Road Asset Management Plan (RAMP) sets out how Scotland's trunk road network is maintained strategically and efficiently in order to support the operation of the Scottish economy, protect our assets and ensure maximum value for money from our road maintenance activities.

The Scottish Budget 2020-21 sets out an ambitious programme of infrastructure investment which includes £1.4 billion for investment in our transport infrastructure. We are investing £466 million in managing, maintaining, and safely operating the Scottish trunk road network in 2020-21.

Social Security Committee

The Social Security Committee commented on a range of issues in its pre-budget scrutiny report, including the Scottish Welfare Fund, the Scottish Fiscal Commission (SFC) forecasts and funding for the Scottish Child Payment.

Recognising increasing demand on the Scottish Welfare Fund in several local authority areas in the past year, we will increase funding in 2020-21 by £3 million, including £0.5 million for administration, to ensure that the Fund continues to provide assistance to people in crisis and to provide Community Care Grants.

We agree with the committee on the importance of effective communication with the SFC, and officials are working collaboratively with the SFC to ensure that we continue to embed best practice as we take on and manage new benefits.

The Scottish Government has allocated £21 million for the transformative Scottish Child Payment in this budget – the SFC has forecast expenditure from 1 December 2020 with the expectation that payments for eligible children under 6 will start by Christmas 2020. The SFC forecasts include benefit expenditure for the replacement to the current Disability Living Allowance for Children, but the decision was made not to cost Disability Assistance for Working Age People due to policy decisions still being made.

Further Pre-Budget Scrutiny Responses

In addition to the material contained in this chapter, following the publication of the Scottish Budget, each Cabinet Secretary or relevant Minister will provide a written response to the individual committee pre-budget scrutiny reports within five parliamentary sitting days of the publication of this budget.

CHAPTER 5

Health and Sport

PORTFOLIO RESPONSIBILITIES

The Health and Sport portfolio plays a central role in improving the health and wellbeing of the people of Scotland. Improvements in physical and mental health contribute directly to our success as a nation, particularly our national ambition to become a wellbeing economy. As part of our responsibilities, we are committed to shifting the balance of care – so that we live longer, healthier lives at home or in a homely setting. This budget ensures that we remain on track to deliver more than half of NHS frontline spending in community health services by the end of this parliament.

A core priority of this budget is to continue to make improvements to patient care, and deliver better health and better value for our nation. To help deliver this, in 2020-21 we are increasing investment in health and care services by over £1 billion, taking portfolio investment in excess of £15 billion for the first time. This additional funding sees every penny of additional health resource and capital consequential passed on in full, with the Scottish Government allocating more than £100 million over and above consequential to support frontline spending. This investment further builds on our record level of frontline health spending in Scotland, which is £136 per person (6.3 per cent) higher than in England.

To support the measures set out in the Medium Term Financial Framework, in 2020-21 the Scottish Government will further increase its package of investment in social care and integration. This investment will increase by a further £100 million, taking the total package of investment to £811 million, underlining the commitment to support older people and people with long-term conditions and recognising the vital role undertaken by unpaid carers.

Our record levels of investment in Health and Social Care Services allow us to make a significant contribution to the central purpose of the National Performance Framework (NPF) – enhancing population wellbeing through our core work delivering the **healthy and active** outcome. However, there is a wider benefit from investment in the health and social care portfolio, particularly in relation to outcomes for an **inclusive and sustainable economy**, reducing **poverty and inequality**, growing and sustaining **inclusive and resilient communities**, and promoting a bright future through our **children and early years**.

As well as supporting our national ambitions in relation to wellbeing, the portfolio also makes a valuable contribution to delivering the other key pillars of the Programme for Government:

Climate Change

- NHS Scotland will be a 'net-zero' greenhouse gas emissions organisation by 2045 at the latest.
- All NHS Scotland new buildings and major refurbishments will, from April 2020, be designed to have net-zero greenhouse emissions.
- The NHS supply chain will be reviewed to determine the extent of associated greenhouse gas emissions and environmental impacts. Once the extent of environmental impacts is established, a programme of work will be undertaken to minimise these impacts.

Child Poverty

- Specific investment in key policy areas from the Health Portfolio that are contributing giving children in Scotland the best start in life. This includes Family Nurse Partnerships (£15 million), and Maternity and Neonatal services – including PfG commitment in relation to Best Start (£6 million).
- Central to the Portfolio budget is continuing to tackle poverty by sharing opportunities and wealth more equally – for example through universal healthcare free at point of need and free prescriptions.

Inclusive Growth

- Investment in the health and social care workforce, as the largest set of employees in Scotland, continues to directly benefit the Scottish Economy.
- This is underpinned by progressive pay policies, such as payment of the living wage, no compulsory redundancy, and delivery of the third year of the Agenda for Change pay deal.
- Investment increases our potential to accelerate innovation and increase the pace of reform within health and social care, benefiting businesses and the wider economy.

PORTFOLIO PRIORITIES

The portfolio priorities are reflected in our good progress with the Health and Social Care Delivery Plan, as reported in the recent update that was published on 15 November 2019.

Our progress includes:

- the negotiation and ongoing implementation of the new landmark General Medical Services contract;
- in partnership with COSLA and SOLACE, the publication of public health priorities that will direct public health improvement across the whole of Scotland;
- planning on the expansion of new elective care capacity which is underway, with construction commenced at the Golden Jubilee National Hospital;
- early successes from the investment to date of £59 million in delivering our Cancer Strategy;
- as part of our service reform, maximising opportunities to recruit, retain and motivate our workforce by improving consistency in workforce practice and employee experience; and
- funding the delivery of 'Once for Scotland' business systems that enable NHS Boards to collaborate for improved patient outcomes.

We are clear that much more needs to be done to accelerate the pace and scale of short-, medium- and long-term reform to meet the challenges faced, and ensure the continued delivery of sustainable person-centred services, for the health and social care system of the future.

We will do this by driving forward the process of health and social care integration and improving access to services. Central to these reforms is the implementation of plans to improve primary care, mental health and social care, which will improve access to services and help deliver health and social care in a sustainable way, with an emphasis on prevention and providing care closer to people's homes.

We will also continue our efforts to improve access to hospital-based services through continuing delivery of the Waiting Times Improvement Plan. Work is underway now to support NHS Boards to develop three-year Annual Operational Plans for 2020-21 onwards. These plans will include a focus on Waiting Times, specifically relating to inpatient and day cases, as well as wider plans to deliver sustainable solutions, including progress against the development of the elective centres.

There will also be a focus on longer-term sustainable solutions, including delivering improved elective activity using proven methodology and implementation of Access Collaborative programmes in order to balance demand and capacity while reducing use of the independent sector in the future. We will invest in new services, including £1 million to support the introduction of a thrombectomy service for stroke patients.

We will strengthen our contribution to reducing health inequalities through the establishment, working with local government, of Public Health Scotland and through investment to reduce the harm caused by poor diet, alcohol, tobacco and other drugs.

Funding for Frontline services

This budget provides record funding for the NHS in Scotland, investing over £100 million more than Barnett consequentials. This funding strengthens our support in shifting the balance of spend from hospitals towards community services and supports our commitment that by the end of this Parliament, more than half of spending will be in community health services. In 2020-21 we are continuing to prioritise frontline services. Our additional funding for frontline NHS Boards will amount to £333 million. Along with increased investment for improving patient outcomes set out below, this will deliver additional investment of £454 million in our frontline Boards (4.2 per cent).

Table 5.01: Investment in Improving Patient Outcomes

Improving patient outcomes	2019-20 Investment in reform (£m)	2020-21 Investment in reform (£m)	Increase for 2020-21 (£m)
Primary Care	155	205	50
Waiting Times	106	136	30
Mental Health and CAMHS	61	89	28
Trauma Networks	18	31	13
Total	340	461	121

Infrastructure Investment

The health capital budget of £428 million includes all additional health capital consequentials and will again support the Scottish Government's strategic priorities of economic growth, climate change and the place principle. NHS Boards are fully committed to achieving the Scottish Government climate change targets and as part of upgrading health facilities, will take the opportunity to improve energy efficiency, as well as delivering more co-ordinated and integrated local health and social care services.

We recognise that patients and those who accompany them, particularly in our remote and island communities, spend many hours travelling to and from healthcare facilities. It is estimated that Islanders in Scotland alone travel three million miles to attend outpatient clinics on the mainland. Already, many return outpatient clinic attendances are now undertaken by video using technology called 'Attend Anywhere', a virtual clinic and waiting room. We will expand this service, reducing the amount of time it takes for patients to travel to an appointment, reducing our emissions, and benefiting the economy as patients who are in employment require less time off work.

Additionally, our capital investment programme will:

- support the Elective Centre Programme in delivering additional capacity and reducing waiting times;
- invest more than £200 million in the Baird and Anchor Hospital, which will deliver a new family hospital and cancer centre in Aberdeen; and
- provide over £13 million of new radiotherapy equipment, which is an essential element of our cancer strategy.

Health and Social Care Integration

In 2016, in one of the most ambitious reforms of public services, we integrated health and social care to ensure people have access to the services and support they need, their care feels seamless to them, and they experience good outcomes and high standards of support. Integration is core to our plans for a strong future for health and social care services that focus on prevention, quality and sustainability. With local arrangements now bedded in across Scotland, we recognised in 2019 that the pace and effectiveness of integration needs to increase. With our partners in the NHS and local government, we reviewed progress and agreed 25 actions for delivery, all of which are now progressing well, with many either complete or nearing completion. For 2020-21, our key priorities are to continue to improve the availability of, and people's access to, community-based services, and, working with local government, to agree outcomes and standards for delivery, and to further develop accountability arrangements.

Through integration, over £9.4 billion of resources previously managed separately by NHS Boards and Local Authorities is now pooled to maximise local improvements under Integration Authorities' direction. In recent years, significant work and investment has, in particular, gone into supporting older people and people with long-term conditions to live well in their own homes or in a homely setting for longer. We are seeing improvements in supporting people to stay at home and in their own communities and are on track to deliver our commitment that more than 50% of frontline NHS spending will be shifted to community health services by the end of this Parliament.

Primary Care

Primary care is the cornerstone of the health and care system with the majority of healthcare delivered in primary care settings. It is vital in promoting prevention and self-management and in influencing the level of demand on other parts of the health and social care system. Getting primary care right is therefore vital to improving the health of the nation and the sustainability of the whole health and care system.

In 2020-21, our investment in primary care services will help support the implementation of the new GP contract and our wider primary care reforms so that patients can see the right person at the right time. Our priorities over the next year are:

- continuing to build primary care multi-disciplinary teams to improve patient access and outcomes;
- continuing to implement the GP contract to make general practice an even more attractive career;

- from January 2021, beginning to discharge low-risk glaucoma and treated ocular hypertension patients out of hospitals into the management of community optometrists, helping to build hospital capacity;
- supporting the Oral Health Community Challenge Fund and new arrangements for providing oral health in care homes;
- accelerating the development of a new model of oral health care for adults, focusing on practice-based preventive care with the introduction of an Oral Health Assessment;
- beginning to roll-out our commitment for the remission of dental charges for care-experienced young adults; and
- launching the new NHS Pharmacy First and the Medicines: Care and Review Services, provided by our network of community pharmacies.

Mental Health

Our key mental health priorities are to improve access to high quality clinical services, while at the same time making real progress in implementing new measures that widen and deepen our whole approach to mental health.

Building on the widespread, daily achievements of Scotland's mental health workforce, we will continue to provide investment focused on meeting waiting time standards and addressing long waits for treatment.

Our Programme for Government has mental health at its heart with a package of measures to support positive mental health and to respond effectively to mental ill health.

In 2020-21 we will provide funding to:

- support the work of the Perinatal and Infant Mental Health Programme Board;
- widen the approach to children and young people's mental health;
- progress our commitment to provide 800 additional mental health professionals in key settings by 2021-22;
- continue with the development of the Distress Brief Intervention programme;
- support the National Suicide Prevention Leadership Group;
- put those most directly involved in mental health services at the heart of developing our approach to supporting adults through the Adult Mental Health Improvement Collaborative; and
- invest in the exciting opportunities offered by the creation of Brain Health Scotland.

Social Care

Social care support is an investment in Scotland's people, society and economy. As an example, in 2017-18, an estimated 230,117 people in Scotland received social care support and services.

Our focus is on helping people to live independently, be active citizens who participate in, and contribute to, society, and maintain dignity and human rights. We aim to raise the profile, quality and sustainability of social care, including the status of social care as a profession. We will continue to work with local government, people who receive support, carers and the social care sector to improve experiences and outcomes. Scotland receives international recognition for its human rights-based approach to social care.

Our priorities in the year ahead are:

- developing a vision and plan for a sustainable care home sector;
- promoting fair work principles;
- designing and testing a framework of practice for adult social care;
- continued implementation of the Carers (Scotland) Act to improve support for Scotland's 700,000 to 800,000 unpaid carers;
- delivering the Adult Support and Protection Improvement Plan to improve the wellbeing and quality of life for vulnerable adults and support a multi-agency inspection programme to provide assurance;
- supporting the Independent Living Fund to provide a high quality service to disabled people, financially supporting them to achieve positive independent living outcomes; and
- procuring a new contract for contactScotland-BSL, the service that connects Deaf and Deafblind British Sign Language users throughout Scotland with statutory and voluntary bodies and private organisations on a 24/7 basis.

Reducing Health Inequalities

Reducing health inequalities is one of the biggest challenges we face. We recognise that health inequalities are symptomatic of wider social inequalities, and therefore it is imperative to tackle the wider determinants of health such as poverty along with helping people to live longer, healthier lives through interventions such as smoking cessation.

This year, we will, working with local government, establish Public Health Scotland to make the best use of Scotland's public health assets to support communities to improve health and wellbeing.

The harm caused by poor diet, alcohol, tobacco and other drugs is the leading cause of health inequalities in Scotland. In 2020-21, we will make an additional £12.7 million available to tackle the harm associated with the use of illicit drugs and alcohol. This is a 59 per cent increase in direct funding from the Scottish Government, and comes on top of spending by NHS Boards to address these issues.

This funding will be used to:

- support improvements in alcohol and drug services and mental health services;
- develop a national pathway for Opiate Substitute Therapy to reduce drug deaths; and
- establish an Inclusive Scotland Fund to help improve outcomes for people with experience of severe, multiple deprivation, and their families.

We will also invest:

- £1.35 million to ensure that our workforce can respond to people affected by trauma in ways that prevent further harm; and
- in weight management services to improve support for people living with, or at risk of, type 2 diabetes and for children and young people at risk of obesity.

We will also put in place a Women's health plan to tackle women's health inequalities and create a £1 million fund to support women affected by mesh complications.

Priorities for a More Active Nation

Being physically active is one of the best things we can do for our physical and mental health, helping to protect us from many of the most serious long-term health conditions, and contributing significantly to physical and mental wellbeing. Our Physical Activity Delivery Plan sets out what we are doing to achieve our vision of a Scotland where people are more active, more often. The World Health Organization has welcomed our Delivery Plan's systems-based approach to working across sectors, and has recognised Scotland as one of the forerunner countries in responding to the challenges set out in its Global Action Plan on Physical Activity. In the coming year our work will include:

- investing in people, places and spaces providing sport and physical activity to provide opportunities for all to participate;
- working with the Scottish Women and Girls in Sport Advisory Board to examine ways to increase female participation;
- embedding the Changing Lives Through Sport and Physical Activity programme to help transform lives;
- providing £1.2 million to support walking groups throughout Scotland as it is the easiest and most effective way to be active;

- working with **sportscotland** to further develop disability sport in Scotland;
- expanding activity to increase participation of under-represented groups in sport and physical activity;
- continuing to develop the community sport hub model in areas of deprivation, reaching the target of 200 hubs across the country by the end of 2020; and
- working with **sportscotland** to protect sport investment and mitigate the impact of continued reductions in lottery income, providing an underwrite in funding in line with previous years.

SPENDING PLANS

Table 5.02: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Health and Sport	13,583.8	14,311.1	15,327.9
Food Standards Agency	15.3	16.0	16.0
Total Health and Sport	13,599.1	14,327.1	15,343.9
<i>of which:</i>			
Total Fiscal Resource	12,874.8	13,607.4	14,532.3
<i>of which Operating Costs*</i>	–	53.9	64.7
Non-cash	273.1	273.3	273.2
Capital	341.2	336.0	428.0
Financial Transactions**	10.0	10.0	10.0
UK Funded AME	100.0	100.4	100.4

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

** 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 2020-21, please see Table 3.02.

Level 2	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m
Presentational Adjustments for Scottish Parliament Approval			
sportscotland (NDPB Non-cash)	(1.3)	(1.2)	(1.3)
Food Standards Scotland - shown separately	(15.3)	(16.0)	(16.0)
PPP/PFI Adjustments	88.0	138.0	21.0
Total Health and Sport	13,670.5	14,447.9	15,347.6
Total Limit on Income (accruing resources)	2,050.0		

What the Health and Sport budget does

The Health budget helps the people of Scotland to live longer and healthier lives, through focusing on early intervention and prevention, reducing health inequalities and providing sustainable, high quality and continually-improving health and care services locally, regionally and nationally. It supports the triple aim of better care, better health and better value.

The Sport budget supports the people of Scotland to get more physically active as part of our efforts to prevent ill health and improve our wellbeing whilst delivering world-class sporting performances.

Table 5.03: Health and Sport Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
NHS Territorial Boards	9,718.2	10,070.1	10,704.0
NHS National Boards	1,184.3	1,225.6	1,312.1
NHS and National Boards Capital	361.2	356.0	448.0
Community Health Services			
General Medical Services	870.5	931.2	1,035.8
Pharmaceutical Services Contractors Remuneration	184.8	191.9	198.0
General Dental Services	414.8	416.6	428.6
General Ophthalmic Services	107.4	108.4	109.5
Mental Health Services	70.2	85.5	117.1
Additional Support for Social Care	-	120.0	220.0
Departmental Allocations			
Outcomes Framework	66.2	75.7	71.9
Workforce and nursing	193.1	216.2	262.1
Health Improvement and Protection	62.7	68.3	85.8
sportscotland	31.7	32.6	32.7
Active, Healthy Lives	12.8	13.4	13.4
Care, Support and Rights	112.1	111.3	112.4
eHealth	92.9	88.9	112.1
Early Years	67.7	52.7	53.4
Quality and Improvement	13.2	18.7	20.1
NHS Employer Pension Contributions	-	121.8	-
Miscellaneous Other Services (restated)	(114.7)	(133.8)	(164.1)
Revenue consequences of NPD	44.7	50.0	65.0
NHS Impairments (AME)	100.0	100.0	100.0
Financial Transactions	10.0	10.0	10.0
Income	(20.0)	(20.0)	(20.0)
Total Health and Sport	13,583.8	14,311.1	15,327.9
<i>of which:</i>			
Fiscal Resource	12,859.7	13,592.0	14,516.9
Non-cash	272.9	273.1	273.0
Capital	341.2	336.0	428.0
FTs	10.0	10.0	10.0
UK Funded AME	100.0	100.0	100.0

Table 5.04: Territorial and National Boards Spending Plans (Level 4)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 4	£m	£m	£m
Improving Outcomes and Reform	196.7	189.2	228.6
Territorial Boards			
NHS Ayrshire and Arran	694.9	720.0	762.4
NHS Borders	200.6	207.7	219.8
NHS Dumfries and Galloway	289.1	299.1	316.1
NHS Fife	636.6	661.4	701.5
NHS Forth Valley	506.8	527.0	558.7
NHS Grampian	920.6	957.9	1,013.5
NHS Greater Glasgow and Clyde	2,154.5	2,231.2	2,364.7
NHS Highland	604.3	627.5	666.0
NHS Lanarkshire	1,156.1	1,199.3	1,268.1
NHS Lothian	1,384.3	1,441.5	1,540.1
NHS Orkney	47.7	49.6	52.6
NHS Shetland	48.7	50.6	53.9
NHS Tayside	734.8	762.9	808.5
NHS Western Isles	73.0	75.7	80.0
Total	9,452.0	9,811.4	10,405.9
National Boards			
NHS Waiting Times Centre	54.0	54.2	60.0
NHS Scottish Ambulance Service	237.9	259.9	278.4
NHS National Services Scotland	328.2	338.5	327.7
Healthcare Improvement Scotland	24.7	24.9	26.3
NHS State Hospital	34.8	35.3	37.6
NHS 24	66.3	68.6	72.7
NHS Education for Scotland	420.0	425.9	461.5
NHS Health Scotland	18.4	18.3	-
Public Health Scotland	-	-	47.9
Total	1,184.3	1,225.6	1,312.1
Other Income	69.5	69.5	69.5
Total Territorial and National Boards	10,902.5	11,295.7	12,016.1

FOOD STANDARDS SCOTLAND PRIORITIES

The vision of Food Standards Scotland (FSS) is to deliver a food and drink environment in Scotland that benefits, protects and is trusted by consumers. FSS launched its first strategy in 2016, which set out the high-level direction until 2021 and FSS will continue to deliver its strategic objectives across the breadth of their remit during the financial year. In 2020-21, FSS will begin work to develop a new strategy, which will continue to contribute to the delivery of several of the Government's National Outcomes, and this will again be delivered through a corporate plan that outlines the priorities and key activities to be taken forward using an outcomes-based approach.

The budget will also enable FSS to initiate some of the work required to increase the capacity and capability of the organisation so that it is best placed to manage the impact of exiting the EU. As the central regulatory body for food and feed, FSS will be significantly affected by EU exit, due to the current regulatory framework deriving from EU law. FSS will also need to help businesses and local authorities be ready for legislative and regulatory change as a consequence of leaving the EU, to ensure that high standards of consumer protection are maintained in Scotland.

What the Food Standards Scotland budget does

The budget of Food Standards Scotland supports consumer protection – making sure that food is safe to eat, ensuring consumers know what they are eating and improving health through better diet.

The objectives of Food Standards Scotland (FSS) as set out in the Food (Scotland) Act 2015 are to:

- protect the public from risks which may arise in connection with the consumption of food;
- improve the extent to which members of the public have diets which are conducive to good health; and
- protect the other interests of consumers in relation to food.

Table 5.05: Food Standards Scotland Spending (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Administration	15.3	16.0	16.0
Capital Expenditure	-	-	-
Total Food Standards Scotland	15.3	16.0	16.0
<i>of which:</i>			
Fiscal Resource	15.1	15.4	15.4
Non-cash	0.2	0.2	0.2
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	0.4	0.4

CONTRIBUTION TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 5.06: National Outcome

Health and Social Care Integration
<p>Primary National Outcome: Health</p> <p>Secondary National Outcomes: Communities, Economy</p> <p>Integration Authorities have real power to drive change, managing over £9.4 billion of resources that NHS Boards and local authorities previously managed separately. Pooling budgets in this way gives local systems greater opportunities to maximise the use of all of their resources and co-ordinate the work of general practices, community services, hospitals and third and independent sector to improve health and wellbeing for their local communities.</p> <p>Based on Christie commission principles, Integration Authorities plan services across the whole unscheduled pathway extending accountability to better match control and reducing disconnects and opportunities for cost shunting and consequently improving best value. Health and Social Care integration contributes therefore to the wellbeing of Scotland and sustainable and inclusive economic growth.</p> <p>Investment in the work of general practices, community services, hospitals and third and independent sector will improve health and wellbeing for their local communities.</p> <p>Evaluation has evidenced that the ILF Transition Fund has had a positive impact on young disabled people, improving their chances of getting employment.</p>

CONTRIBUTION TO NATIONAL OUTCOMES

National Outcome: Primary Care

Primary National Outcome: Health

Secondary National Outcomes: Communities, Economy, Children and Young People

The National Clinical Strategy for Scotland states that ‘across the world it has been shown that effective primary care, with universal coverage, can significantly improve outcomes for patients, and deliver the most cost-effective healthcare system’. Our policies are aimed at building the capacity of primary care services so that they can better manage the increased demands caused by changing demographics and increase their contribution to mitigating health inequalities.

Primary Care reform contributes therefore to the cross-cutting priorities of wellbeing and sustainable and inclusive economic growth.

In 2020-21, our investment in primary care services will help support the implementation of the new GP contract and our wider primary care reforms so that patients can see the right person at the right time, contributing to the health of communities.

National Outcome: Mental Health

Primary National Outcome: Health

Secondary National Outcomes: Communities, Economy, Children and Young People

A strong and responsive range of services to support people’s mental health needs will help to strengthen communities, enabling many individuals to participate more actively. They also underpin improvements in our economy, enabling fuller employment and greater economic contributions. Mental Health reform contributes therefore to the cross-cutting priorities of wellbeing and sustainable and inclusive economic growth.

Putting those most directly involved in mental health services at the heart of developing our approach to supporting adults through the Adult Mental Health Improvement Collaborative will support the cross cutting priority of sustainable and inclusive economic growth.

There is a range of investments and actions designed to improve access to and support from specialist services and to provide a greater array of alternative services for children, young people and their families that can provide timely and effective help, and enable many mental health issues to be addressed effectively at an early stage by ‘universal’ services such as schools.

National Outcome: Access to Healthcare

Primary National Outcome: Health

Secondary National Outcomes: Economy, Poverty

Ensuring access to good quality and sustainable healthcare is fundamental to a population that is healthy and active.

Ensuring waiting times standards and guarantees meets the rights of people of Scotland, and supports people to secure and maintain a working life, contribute to the sustainable and inclusive economic growth of Scotland, and allows to raise themselves out of poverty. All of which will improve the mental health and wellbeing of individuals and contributes to a better society.

National Outcome: Reducing Health Inequalities

Primary National Outcome: Health

Secondary National Outcomes: Communities, Children and Young People, Poverty

Reducing health inequalities will improve the health of people, families and communities.

This year, we will, working with local government, establish Public Health Scotland to make the best use of Scotland's public health assets to support communities to improve health.

Reducing the amount people spend on alcohol and drugs, will help to reduce poverty.

Public Health Priorities and Population Health improvements contribute to the cross-cutting priorities of wellbeing and sustainable and inclusive economic growth.

There is a strong link between trauma and adverse childhood experiences and problematic use of alcohol and drugs. Our trauma-informed policies will help break intergenerational cycles – to help children grow up loved and safe.

Interventions, which help children and young people and women in particular, will help ensure that we live in communities that are inclusive, resilient and safe.

Investments in Early Years, Women's Health Plan and Drug and Alcohol Related Harm Priorities will contribute to the cross-cutting priority of reducing child poverty.

National Outcome: Social Care Support

Primary National Outcome: Human Rights

Secondary National Outcomes: Communities, Fair Work and Business, Health, Economy

Supporting people to live independently and free personal care enable more people to remain in their homes for longer. Evaluation has evidenced that the ILF Transition Fund has had a positive impact on young disabled people. Calls to contact Scotland-BSL have increased substantially, clearly demonstrating its value to people.

Improving support for Scotland's 700,000 to 800,000 unpaid carers is a core element of our social care reform work. Scotland's carers make a huge contribution to the people they care for and to our communities. There are more people caring full time for relatives or friends than staff working in either the NHS or in social care.

Unpaid caring can impact health, incomes and social isolation. Inappropriate caring responsibilities can damage educational attainment and life chances for young carers.

National Outcome: Early Learning and Childcare

Primary National Outcome: Children and Young People

Secondary National Outcomes: Poverty, Health, Education

There is substantial evidence showing that attending high quality ELC improves children's cognitive, social, emotional and behavioural development, with positive outcomes sustained into later years. High quality ELC is particularly beneficial for the most disadvantaged children.

The expansion will save money for families who already pay for childcare, and so increase households' disposable income. Costs of living and income from employment are two of the three key drivers of poverty. Enabling parents to secure work or work more hours through expanding funded ELC will also increase families' income.

We expect the expansion to improve children and parents' health and wellbeing through helping children to form healthy behaviours and supporting parental confidence and capacity.

CHAPTER 6

Communities and Local Government

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, 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; support our major expansion of affordable housing and our ambition to deliver 50,000 affordable homes by 2021; to tackle fuel poverty and support our targets on climate change; to review Scotland's National Planning Framework and deliver a world-class planning system; 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.

PORTFOLIO PRIORITIES

The priorities of the Communities and Local Government portfolio contribute to National Outcomes of Children and Young People, Communities, Economy, Environment, Fair Work and Business, Health, Human Rights and Poverty.

We will:

- focus on reducing child poverty to deliver on the ambitious targets in the Child Poverty (Scotland) Act 2017. A key investment in 2020-21 is to support the early introduction of the Scottish Child Payment for eligible families with a child under 6, which will start to be paid by Christmas 2020;
- do more to tackle the food insecurity experienced by families during the school holidays;
- continue to provide free period products to students in schools, colleges and universities and increase and improve access to products in community settings;
- continue our investment of over £3 billion to deliver 50,000 affordable homes, including 35,000 for social rent, over the five years of this Parliament – leveraging economic output of around £1.4 billion per year and supporting jobs;

- continue to invest in regeneration activity to stimulate inclusive growth in our most disadvantaged and fragile communities across Scotland, supporting jobs and other opportunities that respond to local needs and ambitions for particular places, including revitalising our towns, in turn improving the prospects and wellbeing of people who live there;
- ensure communities are inclusive, resilient and safe; where people feel connected, have a sense of belonging, and feel valued for their contribution to society;
- reduce fuel poverty by using powers in the new Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 and complete our investment of over £1 billion between 2009 and 2021 in energy efficiency programmes, such as Warmer Homes Scotland, making homes warmer and cheaper to heat; and
- aim to end homelessness and eradicate rough sleeping through our £50 million Ending Homelessness Together Fund over 2018-23 along with our Ending Homelessness Together Action Plan.

Housing priorities

In 2020-21 we will:

- increase investment in the Affordable Housing Supply Programme to £843 million (including the Transfer of Management of Development Funding (TMDF) in the Local Government budget) and continue work with partners to increase the delivery of more affordable homes, the majority of which will be for social rent;
- continue to support home ownership through our Help to Buy and Open Market Shared Equity schemes and our new £150 million pilot First Home Fund;
- continue funding for the Rural and Islands Housing Funds;
- make further allocations from the £50 million Ending Homelessness Together Fund to further drive innovations to prevent, tackle and end homelessness in line with the Homelessness and Rough Sleeping Action Group recommendations and subsequent action plan;
- help tackle infrastructure blockages through a flexible grant and loan fund, and a new Rental Income Guarantee Scheme to support Build to Rent; and
- continue to tackle fuel poverty and improve the energy efficiency of all Scotland's homes and buildings through our Home Energy Efficiency Programmes for Scotland (HEEPS).

Social Justice, Regeneration and Scottish Child Payment priorities

In 2020-21 we will:

- introduce the Scottish Child Payment which will pay £10 per week, per child every 4 weeks to eligible families with children under 6 by Christmas 2020. When the programme is fully rolled out in 2022, it is estimated that 30,000 children will be lifted out of poverty;
- expand help for parents on low incomes to gain employment and progress in their careers with investment in an intensive parental employment support programme;
- continue investment in the Innovation Fund to support new approaches to preventing and reducing child poverty;
- expand work with Children's Neighbourhoods Scotland to build more successful neighbourhoods for children to grow up in;
- continue work with the public, third and private sectors to improve access to free period products across a range of settings and create a culture of openness around the issue of menstruation;
- use our Fair Food Fund to tackle food insecurity with a focus on children in school holidays, following the successful harmonisation of the Fair Food Transformation Fund into the Investing in Communities Fund;
- continue capital investment to support the regeneration of our most disadvantaged and fragile communities across Scotland, promoting inclusive growth through support for businesses, jobs and other opportunities for local people;
- continue to deliver our Empowering Communities Programme to tackle poverty and inequality and promote inclusive growth; and
- continue to encourage public bodies and agencies to adopt and embed the Place Principle and stimulate activity under the Town Centre Action Plan through Scotland's Towns Partnership and Business Improvement Districts in Scotland to support local economies.

Scottish Housing Regulator priorities

In 2020-21 the Scottish Housing Regulator will:

- regulate the housing services that social landlords deliver for tenants, homeless people and other service users; and
- regulate the standards of financial health and governance of registered social landlords.

Third Sector priorities

In 2020-21 we will:

- invest in a range of national intermediaries and third sector organisations to deliver programmes and services that strengthen the voice and impact of the sector;
- increase local capacity and resilience by supporting a network of Third Sector Interfaces, acting as a single point of development support and partnership through community planning;
- promote transparency and accountability in the third sector and support delivery of Scotland's national volunteering outcomes framework;
- invest in Scotland's eco-system of support for social enterprise, as well as test new models of social investment and commissioning; and
- grow the reach and impact of Scotland's credit union movement through a new credit union strategy and investment fund.

Office of the Scottish Charity Regulator priorities

In 2020-21, the Office of the Scottish Charity Regulator will:

- ensure public confidence in charities through effective regulation and sharing of information;
- support charity trustees to understand and comply with their legal duties;
- facilitate effective management via straightforward and proportionate reporting (increasing online services where appropriate); and
- investigate apparent misconduct in charities, taking remedial or protective action as appropriate.

Governance and Reform priorities

In 2020-21 we will:

- respond to the initial findings of the joint Local Governance Review with COSLA by exploring how we can create a system of inclusive local democracy based on rights which will improve outcomes for people and communities;
- continue our work to support and promote rights for community groups that are part of the Community Empowerment (Scotland) Act 2015;
- continue our work to promote reform of public services around the needs of people and communities, including support for local reform through community planning and nurturing strong collective leadership;
- continue to work towards our ambition to be an open and connected government through the design of Scotland's third Open Government Action Plan, working in partnership with third sector organisations and people across Scotland; and
- make positive contributions to support the progression of the values of openness, transparency and citizen participation as a member of the Open Government Partnership, a collaboration of governments around the world.

Planning and Building Standards priorities

In 2020-21 we will:

- implement the Planning (Scotland) Act 2019 and transform planning in practice by simplifying the system through focusing on places and people, together with publishing a Digital Strategy for Planning which will future proof planning services and meet the long-term needs of our communities;
- set out the long-term planning response to the global climate emergency by developing Scotland's fourth National Planning Framework (NPF4) which will be aligned with wider infrastructure investment programmes and informed by new interactive digital mapping tools being developed to help inform investment decisions for long-term sustainable development;
- increase people's involvement in shaping our buildings and places through support for Architecture and Design Scotland and expanding our programme of placed-based working, particularly in areas of disadvantage and inequality;
- deliver a programme that meets Ministers' statutory responsibilities covering planning and other appeals work, alongside examination of local and strategic development plans and compulsory purchase orders, transport, energy and other infrastructure projects;
- implement the changes needed to reshape and improve our Building Standards system through the Futures Board programme to ensure we learn lessons from the Grenfell tragedy and implement the changes needed and develop a workforce strategy that maintains the required number of skilled construction professionals who can deliver the safe, resilient and sustainable buildings for people to use and live; and
- introduce the necessary regulations to take forward commitments on automatic fire suppression systems in all new build social housing and introduce new levels of energy standards from 2021 as the next step towards net-zero carbon buildings.

Connected Communities priorities

In 2020-21 we will:

- continue implementation of the New Scots strategy with partners which will continue to 2022;
- develop an anti-destitution strategy covering people with no recourse to public funds;
- continue to offer a place of safety to refugees arriving for resettlement;
- strengthen interfaith relations and dialogue;
- continue to implement the Tackling Prejudice and Building Connected Communities Action Plan;
- introduce a Bill on hate crime to consolidate and modernise hate crime legislation in Scotland; and
- work with partners and stakeholders to deliver a balanced and proportionate approach to safeguarding vulnerable individuals who may be exploited by or drawn towards divisive ideologies.

Local Government funding and priorities

Local government provides high quality front-line services that drive inclusive economic growth and improve outcomes for people and communities across Scotland. The overall funding package for 2020-21 builds on the 2019 Programme for Government and prioritises our shared objectives of improving wellbeing, supporting inclusive economic growth, responding to the climate change emergency and tackling child poverty that will continue to ensure Scotland is a country where everyone is valued, safe and has the opportunity to the best possible quality of life. Scotland's local authorities continue to be critical partners in the Scottish Government's transformative programme of public service reform.

In 2020-21 we will make available to local government a total funding package amounting to £10.9 billion. This figure includes both general and specific revenue and capital grants as well as the 2020-21 distributable amount of non-domestic rate income. Local authorities collect and retain every penny of the non-domestic rate income collected within their area. The Scottish Fiscal Commission has responsibility for the independent forecasting of the non-domestic rate income used in the annual calculation of the distributable amount. Table 6.13 sets the Scottish Fiscal Commission forecasts for 2020-21 and the details behind the calculation of the 2020-21 distributable amount.

In addition to the core local government finance settlement, the Scottish Government provides local authorities with other funding streams for individual key government priorities (see the full explanation in the following information box).

2020-21 Local Government funding

The funding available to local government through the settlement consists of the general revenue and capital grants, the distributable amount of non-domestic rates and a number of ring-fenced specific grants, both revenue and capital. The Scottish Government continues to guarantee each local authority's formula share of the combined general revenue grant plus the distributable amount of non-domestic rates. The central government funding is supplemented locally by council tax income set by and collected by councils and the ability for councils to levy fees and charges for local services.

The Scottish Budget sets out a total funding package for local government amounting to £10.9 billion but this does not represent the total funding which will be provided by the Scottish Government to local government during the financial year 2020-21. Various other funding allocations linked to individual policy initiatives are currently held within the relevant portfolios. The additional sums are summarised in Table 6.10 and the full details are set out in Tables 6.11, 6.14 and 6.15.

Summary of Total 2020-21 Local Government Funding (see Table 6.09)

	£m
Budget Core Local Government Allocations (Table 6.11)	10,907.0
Revenue Funding within other Portfolios (Table 6.14)	428.7
Total Local Government Finance Circular	11,335.7
Local Government funding outwith core settlement (Table 6.15)	496.8
Total Scottish Government Funding to Local Government	11,832.5

The additional funding streams set out in Table 6.14 are currently held within other portfolios within this budget document and will be transferred during the course of 2020-21 to the local government finance settlement. These sums have been added to the local government finance settlement and are included in the local government finance circular that will be issued for consultation on 6 February.

Over and above the money which will be included within the Local Government Finance (Scotland) Order 2020 there are a number of funding streams attached to particular policy initiatives and these are set out in Table 6.15.

The Scottish Government believes that improvements in health, both physical and mental are central to our wellbeing and success as a nation. Improving our nation's health and wellbeing will require high quality joined up services, no matter whether those services are provided by NHS, local government or third and independent sectors. Connected to this, and in addition to the £160 million available in 2019-20, a further £100 million will be transferred from health portfolio to local authorities in 2020-21 for investment in health and social care and mental health services. The total includes £25 million for continued delivery of the Living Wage in recognition of the important contribution of our hard-working public sector employees, £2.2 million to uprate free personal and nursing care to ensure anyone of any age has access to free personal care when they need it, £11.6 million for continued implementation of the Carers Act to ensure that the rights of Scotland's unpaid carers are secure and a further £4 million of support for school counselling services to support children and young people in their communities.

The Scottish Government has allocated an additional £201 million of revenue and £121 million of capital to local authorities in 2020-21 to support the expansion in funded Early Learning and Childcare (ELC) entitlement to 1,140 hours from August 2020. The ELC funding will create additional capacity in ELC settings, support the increase to the ELC workforce and provide additional training opportunities for existing staff, ensuring a high quality ELC service that provides every child with the best possible start in life.

We will also continue to take forward our ambitious programme of educational reform to deliver an education system led by communities, schools and teachers. The Scottish Government, in partnership with local authorities, is empowering schools to make key decisions on areas such as the curriculum, budgets and staffing while continuing to deepen collaboration across the education sector.

In recognising that teachers are central to achieving our ambition of delivering excellence and equity in Scottish education we will continue to commit an overall funding package of £88 million in the local government finance settlement to support both maintaining the pupil teacher ratio at a national level and ensuring that places are provided for all probationers who require one under the teacher induction scheme. The settlement also includes £156 million towards the most recent teachers' pay agreement and £97 million in recognition of the increase in employer pension contribution costs to the Teachers Pensions Scheme.

Our relentless focus on closing the poverty-related attainment gap between those from the most and least disadvantaged communities will ensure that every child has the same opportunity to succeed and contribute to the economy by achieving the highest standards in literacy and numeracy with the right range of skills, qualifications and achievements they need. Each local authority area will therefore continue to benefit from Pupil Equity Funding (PEF) which forms part of the overall commitment from the Scottish Government to allocate £750 million through the Attainment Scotland Fund, over the term of the Parliament to tackle the attainment gap. £120 million in Pupil Equity Funding is going directly to head teachers to provide additional support to help close the attainment gap and overcome barriers to learning linked to poverty. This is additional to the £62 million Attainment Scotland funding, which is outwith the local government finance settlement.

Money from the Attainment Scotland Fund will continue to provide authorities and schools with additional means to provide targeted literacy, numeracy and health and wellbeing support for children and young people in greatest need.

The Scottish Government will also work in partnership with local government on a number of measures to ensure that Scotland ends its contribution to global climate change by 2045 at the latest. Alongside the investment of £500 million to improve bus priority infrastructure and tackle congestion over the next few years, the 2020-21 Budget provides additional capital funding of £50 million for a Low Carbon Investment Heat Networks Early Adopters Challenge Fund to enable support for local authorities who are ready to bring forward investment-ready heat networks and over £13 million to public bodies through our successful Switched on Fleets Programme, for investment in zero or ultra-low emission vehicles.

Scotland's 32 local authorities will be expected to fulfil the joint priorities agreed between the Scottish Government and local government. The total package linked to these joint priorities includes:

- an additional £201 million revenue and £121 million capital to support the expansion in funded Early Learning and Childcare (ELC) entitlement to 1,140 hours by 2020;
- a further £100 million to be transferred from the health portfolio to the local authorities in-year for investment in health and social care and mental health services, including delivery of the Living Wage (£25 million) and uprating of free personal care (£2.2 million), implementation of the Carers Act (£11.6 million) and further support for school counselling services (£4 million);
- baselining of the £90 million added at Stage 1 of the Budget Bill for 2019-20;
- the ongoing £88 million to maintain the pupil teacher ratio nationally and secure places for all probationers who require one under the teacher induction scheme;
- provision for the Teachers Pay agreement (£156 million) and Pensions (£97 million);
- an allocation of £5 million for Barclay implementation costs; and
- a new £50 million capital Low Carbon Investment Heat Networks Early Adopters Challenge Fund to enable support for local authorities who are ready to bring forward investment-ready heat networks.

Business Rates priorities

The Scottish Government remains committed to a competitive non-domestic rates regime, underlined by the proposals outlined in this Scottish Budget. The poundage in Scotland has been capped below the Consumer Price Index at 49.8 pence, a 1.6 per cent increase, delivering the lowest poundage rate anywhere in the UK. The higher property rate (formerly described as the large business supplement) for those with a rateable value above £95,000 will remain frozen at 2019-20 levels and, to help overall progressivity, we will implement a new lower intermediate property rate for properties with a rateable value between £51,000 and £95,000. Taken together these decisions will ensure that over 95 per cent of properties in Scotland pay a lower poundage than they would in other parts of the UK.

The budget maintains a generous package of reliefs benefiting over 150,000 properties and worth an estimated £744 million in 2020-21.

This includes the Small Business Bonus Scheme to deliver the manifesto commitment that over 100,000 properties are taken out of rates altogether. This scheme is more generous than any equivalent relief in the rest of the United Kingdom.

The Business Growth Accelerator is unique to Scotland and will continue to be available to encourage new business investment by suspending rates liabilities for new builds and property improvements.

The Non-Domestic Rates (Scotland) Bill was introduced to Parliament in March 2019 to deliver the recommendations of the Barclay Review including measures such as the shift to a 3-yearly revaluation cycle and policies to address known tax avoidance tactics. The Bill is scheduled for completion during the week beginning 3 February 2020. Due to the lead times for printing the Scottish Budget 2020-21, the outcome of Stage 3 was unknown prior to the publication of this document.

Business Rates forecasts

The Scottish Fiscal Commission (SFC) forecasts what is known as the ‘contributable amount’ for NDR, which can be thought of as being the amount collected by local authorities that subsequently flows to the Scottish Government. The contributable amount collected by local authorities is pooled at a national level, before being redistributed by the Scottish Government as part of the Local Government finance settlement. The amount of NDR income redistributed to local authorities as part of this settlement is known as the ‘distributable amount’.

In previous SFC reports, it outlined how its forecast is used by the Scottish Government to inform what amount can be distributed to local authorities for the year ahead.¹ Government can distribute more or less than the forecast contributable amount in any given year, as long as the total amount collected is subsequently distributed back to local government. Notwithstanding this flexibility, the calculation of the distributable amount by government also takes account of other factors including:

- the estimated closing balance on the account from the previous financial year;
- estimated prior year adjustments to be carried over to the account from the year before; and
- the amount forecast to be raised in the year ahead.

At the last budget, the Scottish Government chose to set the distributable amount at a level so that the account was projected to be in balance at the end of 2021-22.² This year, the distributable amount set by government leads to a projected negative balance of £100 million on the account at the end of 2020-21, as shown in Table 6.13. The Scottish Government plans to bring the account back into balance by 2022-23.

¹ <http://www.fiscalcommission.scot/publications/forecast-evaluation-reports/forecast-evaluation-report-september-2018/>

² The calculation of the 2019-20 distributable amount, showing how SFC forecasts are used, is shown in Table 6.13 of the Scottish Budget 2019-20.

Illustrative Projected Balance of the Non-Domestic Rating Account

£ million	2017-18	2018-19	2019-20	2020-21
Provisional contributable amount (A) ³	2,844	2,883	2,890	2,749
Net effect of prior year adjustments (B) ⁴	(23)	(82)	(36)	(84)
Distributable amount (C)	2,666	2,636	2,853	2,790
Annual balance (D) (A + B - C)	155	165	1	(125)
Cumulative balance (E) (E from year before + D)	(141)	24	25	(100)

Figures may not sum because of rounding. 2017-18, 2018-19 and 2019-20 refer to outturn. The presentation differs slightly to that in the published audit of the NDR rating account, mainly due to the presentation of line B – ‘net prior year adjustments’.

As outlined in previous SFC reports, the audited balance of the pool will be determined by several factors in practice. These include not only the accuracy of SFC forecasts, but also the difference between the estimates provided by local authorities to the government after the start of the financial year in April (the provisional contributable amount in the table above) and the final audited NDR income returns for the financial year. The difference is termed the prior year adjustment. Contributions to the pool are determined by individual local authority estimates of collections for the year, submitted to the Scottish Government after the start of the financial year. This means that the actual balance of the pool could be positive despite our projection of a negative balance if local authorities report a high level of collections in their start of year estimates.

Should the projected negative balance in 2020-21 materialise this will have to be addressed by the Scottish Government at future budgets. This does not necessarily affect the local government settlement directly, but would need to be managed as part of the overall Scottish Government Budget.

The 2019-20 Scottish budget set out our plans to set the distributable amount at £100 million more than the forecast receipts for the NDR pool in 2019-20. This decision to bring forward some of the forecast growth in NDR receipts from 2020-21 and 2021-22 was intended to support continued investment in local government and stimulate the economy. In the event the latest SFC NDR income estimates confirm that the NDR pool will actually show a surplus of £25 million for 2019-20. Since we did not utilise this facility in 2019-20, our budget plans therefore propose to bring forward some of the forecast growth from 2021-22 and 2022-23 and allocate £100 million more in 2020-21 than is forecast to be collected in the pool. Table 6.13 sets our plans to bring the pool back into balance by the end of 2022-23, the forecast growth in receipts thereby avoiding any adverse impact on the wider budget in future years.

³ Provisional contributable amount is reported by local authorities to the Scottish Government after the start of the financial year and determines level of contributions to the pool.

⁴ Differences between the provisional contributable amount and final audited figures from the previous year are reflected in this line.

Local Taxation priorities

In the past 3 years, in order to protect household incomes we have been able to secure the agreement of local government for locally determined council tax increases to be capped. For 2019-20, this agreed cap was 3 per cent in real terms, equivalent to 4.79 per cent in cash terms. Only 12 councils increased tax by the maximum, resulting in the average increase in Scotland for 2019-20 being 3.6 per cent compared to 4.7 per cent in England and 6.6 per cent in Wales.

We recognise that households value being protected from unexpectedly high increases to the council tax they are required to pay and therefore, we have secured the agreement of local government that council tax increases for 2020-21 will be capped at 3 per cent in real terms (4.84 per cent), which will increase total council tax revenues to be spent on local services by a further £135 million. The Council Tax Reduction Scheme will continue to ensure that low-income households are not required to meet council tax liabilities they cannot afford.

In Budget 2019-20, we confirmed our view that the present council tax system must end. We have therefore convened cross party talks to identify an alternative to the present council tax system that could be supported by Parliament. If there is agreement on such an alternative, we will publish legislation by the end of this Parliament, with that legislation taken forward in the following Parliament.

The Scottish Government is committed to making local taxation more progressive, whilst improving the financial accountability of local government. During the course of the Budget 2019-20 process, we committed to implement a package of local tax reforms which will deliver the most significant empowerment of local authorities since devolution. We are now delivering on these commitments. For example, the Transport (Scotland) 2019 Act, passed by Parliament in October 2019, creates the power for councils to introduce a workplace parking levy, if it is appropriate for their local authority area. We have also completed a public consultation on a local discretionary visitor levy or tourist tax. The results of this consultation will inform the development of legislation to be introduced in 2020 that will permit local authorities to introduce such a levy – if they consider it appropriate for local circumstances.

Individual local authorities will be allocated their fair formula share of the total funding package that will be issued for consultation with local government before being put to the Scottish Parliament for final approval in March.

SPENDING PLANS

Table 6.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Planning and Building Standards	7.6	9.5	12.4
Third Sector	24.5	24.9	24.6
Governance and Reform	1.2	5.6	4.5
Connected Communities	-	-	4.4
Housing	893.6	967.2	1,092.1
Social Justice, Regeneration and Scottish Child Payment	76.1	66.9	97.9
Office of the Scottish Charity Regulator	3.0	3.3	3.3
Scottish Housing Regulator	4.7	4.5	4.3
Local Government	10,519.6	10,872.9	10,910.8
Total Communities and Local Government	11,530.3	11,954.8	12,154.3
<i>of which:</i>			
Fiscal Resource	7,158.6	7,102.5	7,552.0
<i>of which Operating Costs*</i>	-	35.8	40.2
Non-cash	0.3	0.3	0.3
Capital	1,479.1	1,737.5	1,473.5
Financial Transactions	256.3	261.5	338.5
UK Funded AME	2,636.0	2,853.0	2,790.0

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Office of the Scottish Charity Regulator - shown separately	(3.0)	(3.3)	(3.3)
Scottish Housing Regulator - shown separately	(4.7)	(4.5)	(4.3)
Central Government Grants to Local Authorities returned to portfolios (E&S, Justice, TIC)	(439.6)	(740.7)	(880.9)
Total Communities and Local Government	11,072.6	11,206.3	11,265.8
Total Limit on Income (accruing resources)			80.0

What the Housing budget does

The budget supports the delivery of more quality affordable warm homes, and assistance to eligible households through the Warmer Homes Scotland scheme. It funds a range of other housing and regeneration activities, including action to end homelessness, funding for adaptations for older and disabled Registered Social Landlord tenants and creating sustainable communities. It includes the Scottish Household Survey which provides data across a range of National Performance Framework indicators.

Table 6.02: Housing Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
More Homes	722.5	788.7	896.1
Fuel Poverty/Energy Efficiency	116.3	119.6	137.1
Housing Support	51.2	52.7	52.7
Communities Analysis	3.6	6.2	6.2
Total Housing	893.6	967.2	1,092.1
<i>of which:</i>			
Fiscal Resource	65.7	77.9	77.1
Non-cash	-	-	-
Capital	576.6	627.8	678.5
Financial Transactions	251.3	261.5	336.5
UK Funded AME	-	-	-

What the Social Justice, Regeneration and Scottish Child Payment budget does

The budget delivers a range of actions to reduce poverty and tackle inequality, including improving access to free period products, reducing food insecurity and resource for the Tackling Child Poverty Fund and funding the Scottish Child Payment.

It enables us to continue to support regeneration initiatives which respond to local circumstances, involve local people in identifying issues and co-creating solutions, address market failure, and increase opportunities to attract investment and support job creation in disadvantaged areas.

Table 6.03: Social Justice, Regeneration and Scottish Child Payment Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Social Justice	27.8	24.6	29.5
Scottish Child Payment	-	-	21.0
Regeneration	48.3	42.3	47.4
Total Social Justice, Regeneration and Scottish Child Payment	76.1	66.9	97.9
<i>of which:</i>			
Fiscal Resource	46.1	41.9	67.9
Non-cash	-	-	-
Capital	25.0	25.0	30.0
Financial Transactions	5.0	-	-
UK Funded AME	-	-	-

What the Scottish Housing Regulator budget does

The Scottish Housing Regulator, the independent regulator of social landlords (i.e. local authority landlords and registered social landlords), has the statutory objective of safeguarding and promoting the interests of:

- around 600,000 tenants who live in homes provided by social landlords;
- over 45,000 people and their families who may be homeless and seek help from local authorities;
- over 123,000 home owners who receive services from social landlords; and
- around 2,000 Gypsy/Traveller families who can use official sites provided by social landlords.

Table 6.04: Scottish Housing Regulator Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Total Scottish Housing Regulator	4.7	4.5	4.3
<i>of which:</i>			
Fiscal Resource	3.9	4.1	4.1
Non-cash	0.2	0.2	0.2
Capital	0.6	0.2	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Third Sector budget does

This budget supports the third sector in their work with individuals and communities, including the delivery of volunteering, the development of our approach to social enterprise, and support for the national and local third sector infrastructure (including the Third Sector Interfaces). The third sector will also have access to resources through other programmes in the wider budget.

Table 6.05: Third Sector Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Total Third Sector	24.5	24.9	24.6
<i>of which:</i>			
Fiscal Resource	24.5	24.9	22.6
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	2.0
UK Funded AME	-	-	-

What the Office of the Scottish Charity Regulator budget does

The Office of the Scottish Charity Regulator (OSCR) is responsible for the registration and regulation of more than 24,000 charities in Scotland. It has a statutory function to determine the charitable status of bodies, to keep the public register of charities, and to monitor and investigate apparent misconduct.

Table 6.06: Office of the Scottish Charity Regulator Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Total Office of the Scottish Charity Regulator	3.0	3.3	3.3
<i>of which:</i>			
Fiscal Resource	2.9	3.2	3.2
Non-cash	0.1	0.1	0.1
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Governance and Reform budget does

This budget supports public service reform including partnership working with local government third sector organisations and communities around the empowerment of people and the importance of place.

This budget also includes provision for activities in relation to local taxation, which includes implementing the Barclay Review recommendations for non-domestic rates, the Council Tax Reduction scheme and a range of analytical and statistical work.

Table 6.07: Governance and Reform Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Local Governance	0.5	0.5	0.5
Public Service Reform and Community Empowerment	0.7	5.1	4.0
Total Governance and Reform	1.2	5.6	4.5
<i>of which:</i>			
Fiscal Resource	1.2	5.6	4.5
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Planning and Building Standards budget does

The budget supports the operation of the planning system and the wider programme of planning reform to support inclusive growth and create great places for people and communities. It also delivers improvements to the quality and safety of the built environment including research on developments in technology, building design and architecture.

Table 6.08: Planning and Building Standards Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Architecture and Place	1.4	1.4	1.4
Building Standards	0.3	0.9	2.0
Planning	5.2	6.5	8.3
Planning and Environmental Appeals	0.7	0.7	0.7
Total Planning and Building Standards	7.6	9.5	12.4
<i>of which:</i>			
Fiscal Resource	7.1	9.0	10.4
Non-cash	-	-	-
Capital	0.5	0.5	2.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Connected Communities budget does

This budget supports work with partners to support asylum seeker and refugee integration, to strengthen interfaith relations and dialogue, and work to tackle prejudice and build connected communities. It also supports the development of a Hate Crime Bill and work with partners and stakeholders to safeguard vulnerable individuals who may be exploited by or drawn towards divisive ideologies.

Table 6.09: Connected Communities Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Total Connected Communities	-	-	4.4
<i>of which:</i>			
Fiscal Resource	-	-	4.4
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

Table 6.10: Summary of total 2020-21 Local Government Funding

	£m
Budget Core Local Government Allocations (Table 6.11)	10,907.0
Revenue Funding within other Portfolios (Table 6.14)	428.7
Total Local Government Finance Circular	11,335.7
Local Government funding outwith core settlement (Table 6.15)	496.8
Total Scottish Government Funding to Local Government	11,832.5

Table 6.11: Local Government Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
General Revenue Grant	6,733.5	6,449.3	6,668.4
Non Domestic Rates	2,636.0	2,853.0	2,790.0
Support for Capital	598.4	703.8	467.9
Specific Resource Grants	273.7	483.6	685.6
Specific Capital Grants	278.0	380.2	295.1
Local Government Advice and Policy	-	3.0	3.8
Total Local Government	10,519.6	10,872.9	10,910.8
<i>of which:</i>			
Fiscal Resource	7,007.2	6,935.9	7,357.8
Non-cash	-	-	-
Capital	876.4	1,084.0	763.0
Financial Transactions	-	-	-
AME	2,636.0	2,853.0	2,790.0
Other Sources of Support			
Health and Social Care Integration		355.0	355.0

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

Table 6.12: Specific Grant Funding and Other Local Government Funding

	Portfolio	2019-20 Budget £m	2020-21 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	262.2	463.2
Gaelic	Education and Skills	4.5	4.5
Transport, Scotland Inter-Island Ferries	Transport, Infrastructure and Connectivity	10.5	11.5
Total Specific Revenue Grants		483.6	685.6
Vacant and Derelict Land	Housing and Social Justice	11.4	7.6
Transfer of Management of Development Funding (TMDF)	Housing and Social Justice	111.8	92.2
Regional Transport Partnership	Transport, Infrastructure and Connectivity	23.1	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	8.9
Early Learning and Childcare	Education and Skills	175.0	121.0
Town Centre Fund	Finance, Economy and Fair Work	50.0	-
Total Specific Capital Grants		380.2	295.0

Table 6.13: Scottish Fiscal Commission (SFC) Non Domestic Rate Income Forecast

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Non-Domestic Rates Estimate	2,806	2,749	3,012	3,345	3,423
Distributable Amount	2,853	2,790	2,962	3,295	3,423
Prior Year Adjustments	(36)	(84)	0	0	0
Yearly Balance	1	(125)	50	50	0
Cumulative Balance	25	(100)	(50)	0	0

Table 6.14: Revenue Funding within Other Portfolios to be Transferred In-Year

	2019-20	2020-21
	£m	£m
Local Government Budget Settlement		
Additional Revenue		
1+2 Languages	3.0	3.0
Additional Support for Learning	-	15.0
Appropriate Adults		1.0
Blue Badge Scheme	0.7	0.7
British Sign Language	0.2	0.2
Building Standards Fees	(1.5)	(1.5)
Carers Act	-	11.6
Child Burial and Crematoria Charges	0.3	0.3
Children and Young People Act	1.0	1.0
Community Justice Transitional Funding	1.6	1.6
Customer First	1.5	1.4
Discretionary Housing Payments	63.2	71.8
Early Learning and Childcare Expansion	24.1	24.1
Former Housing Support Grant	1.0	1.0
Free Personal and Nursing Care	-	2.2
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
Health and Social Care and Mental Health	120.0	120.0
Living Wage	-	25.0
Mental Health Officer Shortfall	-	0.5
Rapid Rehousing Transition Plans	-	8.0
School Clothing Grant	6.0	6.0
School Counselling	-	4.0
Scottish Welfare Fund	37.9	40.9
Seatbelts on School Transport	-	0.2
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
Youth Justice – Whole System Approach	0.8	-
Total Revenue Funding within other Portfolios	293.3	428.7
Total Local Government Settlement in Local Government Finance Circular	11,073.3	11,335.7

Over and above the money that will be included within the Local Government Finance (Scotland) Order 2020 there are a number of funding streams attached to particular policy initiatives and these are set out in Table 6.15.

Table 6.15: Local Government Funding outwith Core Settlement

	2019-20	2020-21
	£m	£m
Total Local Government Finance Circular		
Revenue		
Attainment Scotland Fund	62.0	62.0
Business Gateway	1.7	tbc
City Region and Growth Deals	-	3.8
Clyde Gateway Urban Regeneration Company	0.5	tbc
Disabled Parents Employability Support	-	3.0
Discretionary Housing Payments (additional element for care experienced young people)	-	2.0
Early Learning and Childcare Realising Change	0.5	-
Education Maintenance Allowance	25.0	23.5
Fair Start Scotland		1.1
Local Employability Model		7.1
Parental Employability Support Funding	-	5.0
Parental Employability Support Funding Boost	-	4.1
Private Water Supply Grants	1.7	1.7
Schools for the Future Programme (19-20 figure lower than budget due to delay)	60.1	72.4
Supporting Post-16 Transitions Towards Employment	4.3	4.3
Support for Bus Services	0.7	-
Support for Sustainable and Active Travel	-	5.3
Travel Strategy and Innovation	4.1	4.1
Total Revenue	160.6	199.4
Capital		
Capital Land and Works	-	22.0
City Region and Growth Deals	187.8	201.0
Clyde Gateway Urban Regeneration Company	5.0	tbc
Coig Tourist Routes		0.3
European Maritime and Fisheries Fund	0.5	tbc
Future Transport Fund	18.0	18.0
Home Energy Efficiency Programmes for Scotland (HEEPS)	49.0	tbc
Regeneration Capital Grant Fund	20.0	tbc
Support for Sustainable and Active Travel	7.0	1.0
Travel Strategy and Innovation	-	55.1
Total Capital	287.3	297.4
Total Local Government Funding outwith Core Settlement	447.9	496.8
Overall Scottish Government Funding for Local Government	11,364.4	11,832.5

Local Government Spending Plans 2019-20

To illustrate how local government funding is used across different services, Scotland's local authorities have budgeted to spend the total resources available to them from the Scottish Government's funding and income raised locally through the council tax on services in 2019-20 as set out in Tables 6.16 and 6.17. It is the responsibility of individual local authorities to manage their own budgets and to allocate the total financial resources available to them on the basis of local needs and priorities.

Table 6.16: Local Government Revenue Expenditure Plans 2019-20

	2019-20 Budget
2019-20 Budget Estimate – Net Revenue Expenditure	£m
Education	5,557
Social Work	3,414
Environmental Services	699
Culture & Related Services	554
Roads & Transport	377
Planning & Development	221
All other service expenditure*	698
Non-service expenditure	1,114
Total Revenue Expenditure	12,634

* Other service expenditure includes non-housing revenue account housing and central services.

A full breakdown of these budgeted amounts including individual local authority figures are available via the following link: <https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/POBEStats>

Table 6.17 Local Government Capital Expenditure Plans 2019-20

	2019-20 Budget
2019-20 Budget Estimate – Gross Capital Expenditure	£m
Housing Revenue Account (HRA)	1,107
Education	869
Roads & Transport	607
Planning & Development	395
Culture & Related Services	161
Environmental Services	386
All other expenditure	679
Total Capital Expenditure	4,204

<https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/Publications/CPOBE>

These capital expenditure figures represent the total budget allocated to projects in 2019-20. The final outturn figures are likely to be lower due to project slippage and expenditure being delayed into 2020-21.

CONTRIBUTIONS TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 6.18: National Outcomes

Housing Priorities
<p>Primary National Outcome: Communities</p> <p>Secondary National Outcomes: Poverty, Economy, Environment</p> <p>The budget supports the delivery of more quality affordable warm homes and assistance to eligible households through the Warmer Homes Scotland scheme supporting hundreds of jobs. It funds a range of activities including action to end homelessness and funding for adaptations for older and disabled Registered Social Landlord (RSL) tenants.</p> <p>By setting targets for reducing extreme fuel poverty and implementing a definition that is closely aligned to income poverty in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019, we are prioritising households who need support the most.</p> <p>We are investing a record £3.3 billion to support our ambitious target of delivering 50,000 affordable homes, including 35,000 for social rent, over the current parliamentary term. Our Ending Homelessness Together Fund of £50 million over 2018-23 along with our Ending Homelessness Together Action Plan aims to support prevention initiatives to end homelessness, eradicate rough sleeping and homelessness.</p> <p>Our investment in housing, will, on average, leverage economic output in the region of £1.4 billion per year, supporting around 10,000 to 12,000 jobs per year in the construction and related industries in Scotland and tackles inequalities.</p>
Scottish Housing Regulator Priorities
<p>Primary National Outcome: Communities</p> <p>Secondary National Outcomes: Poverty, Economy</p> <p>The budget ensures we have an independent housing regulator that safeguards and promotes the interests of around 600,000 tenants who live in homes provided by social landlords, people who may be homeless and those who use social housing services provided by social landlords, including Gypsy/Travellers.</p> <p>It empowers tenants and service users to hold their landlord to account, identifies and raises awareness of risks to tenants and other service users and acts to protect their interests when necessary. Effective regulation of the social housing sector also helps to maintain lender, investor and public funder confidence in social housing.</p>

Third Sector Priorities

Primary National Outcome: Communities

Secondary National Outcomes: Poverty, Economy, Children

The third sector, which includes charities, volunteers, social enterprise and community groups, plays a vital role in supporting communities at a local level through delivering essential services, helping to improve people's wellbeing and contributing to inclusive economic growth. Tackling inequality is at the heart of the sector's mission and a number of organisations and volunteer groups directly contribute to tackling child poverty.

This budget helps to strengthen Scotland's third sector and maximise its impact in communities right across the country, building social capital, improving wellbeing and delivering in partnership with public services in every community. The budget supports a range of national intermediaries and delivery partners, including a network of local Third Sector Interfaces, and helps to deliver Scotland's volunteering framework, strengthen Scotland's eco-system of support for social enterprise and grow the impact of Scotland's credit union.

The sector also contributes to inclusive growth, with the social enterprise community contributing £2.3 billion annually to the economy. The sector as a whole accounts for over £5 billion of economic activity.

Tackling inequality is at the heart of the sector's mission and a number of organisations and volunteer groups directly contribute to tackling child poverty, particularly at a grass roots level in communities. Investment in third sector infrastructure ensures that these groups are supported and connected to local decision making affecting children and young people.

Office of the Social Charity Regulator

Primary National Outcome: Communities

Secondary National Outcomes: Poverty, Economy

The Charities and Trustee Investment (Scotland) Act 2005 sets out the framework within which charities and the Office of the Scottish Charity Regulator (OSCR) must operate. As a regulator, OSCR helps to maintain a well-functioning third sector which in turn contributes to the full range of national outcomes.

Governance and Reform Priority**Primary National Outcome: Communities****Secondary National Outcomes: Poverty, International**

The Local Governance Review is supporting efforts to provide Scotland's communities with greater control over decisions that affect them most, while ownership of land and buildings through asset transfer helps to drive change in local areas.

Participation requests enable communities to influence decisions in partnership with public services providers which improve outcomes in local areas.

The Scottish Leaders' Forum is helping to nurture strong collective leadership across sectors through an outcomes-focused approach to the future of public service design and delivery.

Our Open Government work will make sure that those driving and delivering public service reform have the skills, tools and ways of working to engage people across Scotland so that they can see, understand and influence the decisions that affect them. Involvement in the international Open Government partnership will promote Scotland's reputation as a leader on openness and participation.

Planning and Building Standards Priority

Primary National Outcome: Communities

Secondary National Outcomes: Environment, Health, Economy

This budget supports work to ensure people are safe in their homes and other buildings by strengthening fire safety standards and introducing sprinklers in all social housing. Building Standards plays an important role in responding to the climate emergency by improving energy efficiency in buildings to minimise the impact on the environment. Ensuring our buildings are of high quality not only helps to reduce inequalities by improving people's standard of living, but also helps support the economy, creating confidence and certainty for the development sector.

Planning policy balances development aspirations with environmental protection. National Planning Framework 4 (NPF4) is the spatial response to the climate emergency and will capitalise on opportunities for alignment with infrastructure investment. The principal objectives are to help achieve net zero emissions by 2045 and sustainable and inclusive growth.

The Planning Act ensures we increase opportunities for community engagement, including community-led local place plans, and the Place Principle supports local discussion about the physical elements of places, including green spaces, as well as the social aspects.

Planning policy also supports health and physical activity. The value of the Place Standard in addressing health inequalities is recognised internationally and endorsed by the World Health Organization (WHO). The German national public health organization (BZgA) are piloting the tool under auspices of a collaborative research project. Powerful new digital tools are being developed to inform priorities for investment.

Social Justice, Regeneration and Scottish Child Payment Priorities

Primary National Outcome: Communities

Secondary National Outcomes: Poverty, Health, Education

The Place Principle supports local people to influence decisions on services, assets and investments to achieve better outcomes for people and communities. It encourages better collaboration and community empowerment providing a collective focus to support inclusive and sustainable economic growth.

The Place Principle supports local people to influence decisions on the way in which land and buildings are used. By unlocking the potential of places and the people who live in them we can help drive inclusive growth.

Funding for the Regeneration Capital Grant Fund and Empowering Communities Programme support the development of strong and resilient communities, enabling disadvantaged communities to tackle poverty and inequality on their own terms, through locally-led projects that create jobs, improve lives and together build more successful places.

We are supporting Scotland's towns through our work with Scotland's Town Partnership, and the development of Business Improvement Districts (BIDs), with 39 operational in Scotland. Funding to support Scotland's Town Partnerships and BIDs supports our ambitions to revitalise our towns and create conditions to stimulate inclusive growth.

The Tackling Child Poverty Delivery Plan outlines the comprehensive action we are taking to reduce the number of children living in low-income households.

Our commitment to invest £50 million over 4 years in our Tackling Child Poverty Fund will help children and young people and their families in a number of ways. It will help increase household incomes (parental employment support into work and career progression; Scottish Child Payment) and will help reduce household costs, reducing material deprivation.

It is also helping improve life-long outcomes. As one example of this, increased investment in Children's Neighbourhoods Scotland to over £800,000 in 2020-21 supports engagement activity in local areas, encouraging children and young people, families and local organisations to identify shared priorities for action, positively influencing systems and services.

A key investment this year is the initial roll-out of the Scottish Child Payment, worth £21 million in 2020-21: eligible households will receive £10 per week for every child under 6, with the first payments made by Christmas 2020. At full roll-out, for under 16s in 2022, 410,000 children will be eligible and the Payment is expected to lift 30,000 children out of poverty.

We are taking action to support families and build a Fair Work Future for Scotland through continued investment in a new package of employability support for parents, helping parents to access employment and progress through a career.

Social Justice, Regeneration and Scottish Child Payment Priorities

Fair and flexible employment and more inclusive workplaces are key to tackling poverty, which is why we are taking action to build a Fair Work Future for Scotland by continuing to invest in a new package of employability support for parents. This is supported by the first investment in the £3 million Access to Childcare Fund to develop childcare solutions that will, alongside the ELC expansion, assist parents to access wrap around care that could assist them to maximise employment opportunities.

The budget continues to support our work to address food insecurity and to improve access to free period products.

Connected Communities Priority

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights

This budget supports work to build cohesive communities where diversity is increasingly recognised and valued, and communities are more tolerant and inclusive.

To help build stronger connections across communities, we will continue to offer a place of safety to refugees arriving for resettlement, implementing the New Scots strategy. Additionally, we will develop an anti-destitution strategy covering people with no recourse to public funds.

We will work to ensure hate crime is dealt with more effectively and reduced overall, and continue with the implementation of the Tackling Prejudice and Building Connected Communities Action Plan.

We will work with partners and stakeholders to deliver a balanced and proportionate approach to safeguarding vulnerable individuals who may be exploited by or drawn towards divisive and terrorist ideologies.

Health and Social Care Priority

Primary National Outcome: Communities

Secondary National Outcomes: Health

Integration Authorities have real power to drive change, managing over £9 billion of resources that NHS Boards and local authorities previously managed separately. Pooling budgets in this way gives local systems greater opportunities to maximise the use of all of their resources and co-ordinate the work of general practices, community services, hospitals and third and independent sector to improve health and wellbeing for their local communities.

Based on Christie Commission principles, Integration Authorities plan services across the whole unscheduled pathway extending accountability to better match control and reducing disconnects and opportunities for cost shunting and consequently improving best value. Health and Social Care integration contributes therefore to the wellbeing of Scotland and sustainable and inclusive economic growth.

Competitive Non-Domestic Rates Priority

Primary National Outcome: Communities

Secondary National Outcomes: Economy

The budget delivers a below inflation increase in the basic property rate ('poundage') delivering the lowest poundage rate anywhere in the UK. The higher property rate (formerly described as the large business supplement) for those with a rateable value above £95,000 will remain frozen at 2019-20 levels and, to help overall progressivity, we will implement a new lower intermediate property rate for properties with a rateable value between £51,000 and £95,000. Taken together these budget decisions will ensure that over 95 per cent of properties in Scotland pay a lower poundage than they would in other parts of the United Kingdom.

The budget also maintains a generous package of reliefs, benefiting over 150,000 properties and worth an estimated £744 million in 2020-21.

Council Tax Increase Capped Priorities

Primary National Outcome: Communities

Secondary National Outcomes: Economy

We recognise that households value being protected from unexpectedly high increases to the council tax they are required to pay and therefore locally determined council tax increases will be restricted to three per cent in real terms (4.84 per cent) for 2020-21, which would increase council tax revenue to be spent on local services by a further £135 million. The Council Tax Reduction Scheme will continue to ensure that low-income households are not required to meet council tax liabilities they cannot afford.

Local Tax Reform Priorities

Primary National Outcome: Communities

Secondary National Outcomes: Economy

The Scottish Government is committed to making local taxation more progressive, whilst improving the financial accountability of local government. During the course of the Budget 2019-20 process, we committed to implement a package of local tax reforms which will deliver the most significant empowerment of local authorities since devolution. We are now delivering on these commitments. For example, the Transport (Scotland) 2019 Act, passed by the Scottish Parliament in October 2019, creates the power for Councils to introduce a workplace parking levy, if it is appropriate for their local authority area. We have also completed a public consultation on a local discretionary visitor levy or tourist tax. The results of this consultation will inform the development of legislation to be introduced in 2020 that will permit local authorities to introduce such a levy, if it is appropriate for local circumstances.

Attainment Gap Priorities

Primary National Outcome: Children and Young People

Secondary National Outcomes: Education, Communities

Closing the poverty-related attainment gap between those from the most and least disadvantaged communities ensures that every child has the same opportunity to succeed and contribute to the economy by achieving the highest standards in literacy and numeracy with the right range of skills, qualifications and achievements.

Early Learning and Childcare Priorities

Primary National Outcome: Children and Young People

Secondary National Outcomes: Communities

There is substantial evidence showing that attending high quality ELC improves children's cognitive, social, emotional and behavioural development, with positive outcomes sustained into later years. High quality ELC is particularly beneficial for the most disadvantaged children.

The expansion will save money for families who already pay for childcare, and so increase households' disposable income. Costs of living and income from employment are two of the three key drivers of poverty. Enabling parents to secure work or work more hours through expanding funded ELC will also increase families' income.

We expect the expansion to improve children and parents' health and wellbeing through helping children to form healthy behaviours and supporting parental confidence and capacity.

Educational Reform Priorities

Primary National Outcome: Children and Young People

Secondary National Outcomes: Communities

This budget supports our work to give every child the best possible start in life and to ensure every child will grow up loved, safe and respected so that they reach their potential. The actions taken to drive progress on improving the lives of children and young people do not take place in isolation: they are part of a whole system.

Evidence shows that children and young people's health and wellbeing are influenced by the environments they inhabit, including: family and parent/carer environment; learning environments (including nurseries and schools); neighbourhood/community environments (including physical and social aspects); and the broader socio-economic context.

CHAPTER 7

Finance, Economy and Fair Work

PORTFOLIO RESPONSIBILITIES

The Finance, Economy and Fair Work portfolio is at the heart of delivering the Scottish Government's purpose through sustainable and inclusive economic growth.

The portfolio has overall responsibility for the Scottish economy, in particular managing the public finances, fiscal policy and taxation, the Scottish budget, public bodies policy, fair work, employability, trade and inward investment as well as for Scottish Enterprise, Revenue Scotland, Scottish Futures Trust, Scottish Public Pensions Agency, Accountant in Bankruptcy, Scottish Fiscal Commission, Registers of Scotland and the development of the Scottish National Investment Bank.

A refreshed version of the portfolio-led Economic Action Plan was launched on 22 January and shows progress in delivering existing actions, as well as new commitments from the Programme for Government (PfG), that will help to build a strong, vibrant and diverse economy that promotes wellbeing, attracts investment and facilitates our transition to a net-zero economy. The Economic Action Plan sets out how we will tackle the global climate emergency, grow an inclusive economy, and face up to the challenges of Brexit, changing demographics and shifting global circumstances.

Key deliverables in the Plan include:

- the Scottish National Investment Bank to be operational in 2020 supported by the £150 million Building Scotland Fund and a further £220 million in direct investment in 2020-21 with the transition to net-zero at the heart of the bank's work;
- a dedicated place-based approach to inclusive growth through commitment to regenerate the Clyde, with job creation, infrastructure investment, recognising the climate change opportunity and utilising the river;
- key focus on collective wellbeing economy to ensure that Scotland is committed to Fair Work, ensuring a just transition to a net-zero economy; and
- simplifying the business support environment through a dedicated website that provides access to products, services and events on offer from our enterprise and skills agencies and Business Gateway.

PORTFOLIO PRIORITIES

The Finance, Economy and Fair Work portfolio is central to delivering the Scottish Government's purpose and therefore all the national outcomes, and in particular:

- we have a globally competitive, entrepreneurial, inclusive and sustainable economy;
- we have thriving and innovative businesses, with quality jobs and fair work for everyone;
- we are open, connected and make a positive contribution internationally; and
- we are well educated, skilled and able to contribute to society.

To help deliver these outcomes in the face of the ongoing challenges arising from the UK's exit from the EU, and the changing nature of the labour market/economy, the portfolio is focused on building resilience into our economy and helping businesses and individuals to deal with the consequences.

Our priorities continue to be informed by the four themes of the Scottish Government's Economic Strategy:

- investing in our infrastructure, our communities and our people;
- supporting and promoting innovation;
- strengthening our international links and promoting Scotland to the global economy; and
- ensuring economic growth is inclusive and that everybody benefits from it.

Investing

- The Scottish National Investment Bank is to be operational in 2020 supported by the £150 million Building Scotland Fund and a further £220 million in direct investment in 2020-21, supporting the transition to net-zero.
- The Scottish Government is helping Scotland realise its full potential in an increasingly digital world. That means investment in digital skills, infrastructure and technology. The Digital Development Loan provides interest-free loans to businesses to help invest in digital technologies and skills.
- Our Green Growth Accelerator model will extend the current Growth Accelerator model to unlock additional investment for infrastructure projects which support our transition to a net-zero emissions economy. The model follows the development of Growth Accelerators in Edinburgh City Centre and Dundee Waterfront – which combine public and private investment to transform cities and regions.
- Our investment in the new National Manufacturing Institute Scotland (NMIS) and the related Lightweight Manufacturing Centre will bring together research, industry and the public sector to help companies across Scotland embrace new manufacturing techniques, support research and develop the skills of our workforce.

Innovation

- Michelin Scotland Innovation Parc at Dundee is a live example of a joint venture between Dundee City Council, Scottish Enterprise and Michelin. £60 million will be invested over the lifetime of the project to create an ambitious centre of innovation and skills where industry and academia come together with a focus on sustainable mobility and low carbon energy. It will also include an innovation hub which will offer office space as well as business and innovation support services.
- We will continue to support business investment in research and development (R&D) with our target of doubling spend from £870 million in 2015 to £1.7 billion by 2025 and meeting our commitment to increase grant support for business R&D from £22 million to £37 million per annum for the 3 years 2018-21.

Internationalisation

- Our Economic Action Plan includes a focus on growing exports and international investment and attracting global talent. This is supported with £20 million investment over 3 years to support our export ambitions as set out in 'A trading nation: our plan for growing Scotland's exports'.
- A Trading Nation sets out to grow overseas exports from 20 per cent of GDP to 40 per cent. As a first step towards that longer-term ambition we will set a target of increasing exports to 25 per cent of our GDP by 2029.
- The enhanced international trade and investment budget will support a focused and evidence driven approach to attracting inward investment into Scotland which build our strengths and provides high quality work and innovation across Scotland.

Inclusive Economic Growth

- We will continue to deliver and improve our devolved employment support service, Fair Start Scotland, giving individualised support to 38,000 individuals, including disabled people and those at risk of becoming long-term unemployed, to access and sustain employment.
- We published a Fair Work Action Plan in February 2019 setting out a range of measures to support employers to embed fairer working practices, including a benchmarking tool to assess current practice. Other commitments include a refreshed Scottish Business Pledge more clearly aligned to Fair Work principles, a new learning network, and an international Fair Work Summit.
- We will invest in Scotland's workforce to make the skills sector more responsive to the needs of the economy, and to help people into the labour market.

Employability and Training priorities

The Employability and Training budget plays an essential role in delivering the Scottish Government's aims of tackling poverty, promoting inclusion and social justice, and creating a fair and prosperous Scotland.

Supporting people into sustainable jobs is critical to inclusive growth, with those facing the greatest barriers to employment requiring more individualised support that is effectively integrated within other services. Key contributions made by this portfolio to tackling poverty and improving equality outcomes and Fair Work and Business Outcomes include:

- providing employability and in-work progression support for low-income parents;
- closing the disability employment and gender pay gaps;
- continuing to deliver and improve our devolved employment support service, Fair Start Scotland, giving individualised support to 38,000 individuals, including disabled people and those at risk of becoming long-term unemployed, to access and sustain employment; and
- ensure employability support is linked to other services such as housing, justice and health.

Our locally delivered employability programmes utilise the experience and knowledge of local authorities working within communities, helping to improve them and impacting positively on wellbeing, while continuing to support national priorities such as increasing inclusive growth and tackling child poverty.

This budget also ensures increasing equality, competitiveness and fair work for the Scottish workforce, engaging with employers on fair work, work place equality and innovation as drivers for growth.

The Flexible Workforce Development Fund (jointly funded by both this and the Education and Skills portfolio) provides access to funding for Scotland's UK Apprenticeship levy-paying employers.

Digital Strategy priorities

The Digital Strategy describes how Scotland and Scottish Government will realise the opportunities of the digital and data age.

In 2020-21 we will:

- develop our critical national infrastructure of common standards, systems and components to enable citizens and businesses to engage with government in a safe, secure and accessible way – we will develop common digital platforms for publishing, payments, digital identity and cloud hosting that maximise operating efficiency and enable public service reform that redirects resources from the back office to front-line service delivery;
- enable data driven innovation, placing Scotland in a leadership position on the development and application of trustworthy Artificial Intelligence to create economic advantage and tackle complex social problems – we will take a lead in exploring the ethical issues raised by the internet era;

- build Scotland's international reputation as a centre of excellence in data science through our Access to Data programme and the creation of Research Data Scotland. We will stimulate economic growth by attracting businesses and non-profits to establish data businesses and capabilities in Scotland;
- expand CivTech, the Scottish Government's innovation driver and business incubator to stimulate and scale more new technology businesses and tackle larger-scale challenges such as our response to the global climate emergency;
- enhance the digital capability and capacity of the Scottish Government and its partners through Scotland's Digital Academy and ways of working that leverage the potential of Scotland's business, third and academic sectors in delivering digital transformation; and
- embed the Scottish approach to service design and common digital and data standards across the Scottish public sector to promote interoperability and better meet the expectations of the people and businesses that use our services.

Economic Advice priorities

Our priorities include delivering key economic analysis and statistics across areas of Scottish Government activity including economic performance, Brexit, economic strategy and development, international trade, labour markets and fiscal analysis. These statistics and the data we purchase are required to ensure we have statistics to understand and monitor performance of the economy. These are essential both for economic policy and external scrutiny.

Our priority is to provide support to consumers to ensure they have the best information and protections by:

- establishing Consumer Scotland;
- investing in advocacy work through Citizens Advice Scotland;
- Supporting Advice.scot to provide advice to consumers when and where they need it; and
- delivering consumer and competition policy to underpin these initiatives.

Enterprise, Trade and Investment priorities

We want Scotland to be the most competitive place to do business, delivering a strong and productive economy that creates wealth and employment across Scotland. To do this our priorities include the following:

- work with Scottish Enterprise (SE) to ensure it delivers for the whole economy. This means working with business to create more, quality jobs. Ones that help reduce poverty and support businesses, communities and families across Scotland;
- a key focus for SE will be to inform and deliver the collaborative actions agreed by the Enterprise and Skills Strategic Board and to be responsive to emerging themes and priorities of the Board. As a key partner within the Strategic Board, SE will play a pivotal role in the delivery of both Scotland's Economic Strategy and the Strategic Board's Strategic Plan;

- through the business-led Enterprise and Skills Strategic Board, increase the impact of the investment we make in enterprise and skills development and ensure our agencies operate as a single system that delivers the right information, advice and support at the right time for business enabling businesses to flourish and reach their full potential; and continue to provide support for businesses to navigate the potential harm of Brexit;
- continue to invest in the new National Manufacturing Institute Scotland (NMIS) along with the related Lightweight Manufacturing Centre and wider support programmes, to bring together research, industry and the public sector to help companies across Scotland embrace new manufacturing techniques, support research and develop the skills of our workforce;
- transform the economic potential of Scotland through innovation particularly in advanced manufacturing, digital and data-based technologies and services and through developing low carbon industries as part of the transition to a net-zero economy;
- promote Scottish businesses, products and investment opportunities to a global market, focusing on where engaging internationally is demonstrably more likely to lead to an increase in the overall Scottish economy;
- support a range of measures to stimulate and support entrepreneurship, business development and growth;
- work collaboratively with business, public sector partners and wider networks in support of inclusive growth and to realise impact at local, regional and national level;
- work to deliver the Scottish Government's increased ambition for internationalisation of the economy working with others to deliver a Team Scotland approach: co-inventing, co-ordinating and championing policies and programmes to realise Scotland's trade and investment potential; and
- enable more Scottish businesses to export more goods and services to more markets and secure greater foreign investment for Scotland.

Scottish National Investment Bank priorities

The priority is to see the Scottish National Investment Bank fully operational during 2020 following successful conclusion of the Bill in January. The priority is to have appropriate people, resources and systems in place so that the Bank can be formally launched in 2020. Following on from the Building Scotland Fund and other pre-cursor Bank investments taking place this year, the Bank can begin to support and positively impact on Scotland's economy through the provision of mission-based investment, and develop its own pipelines for investment. The Bank's primary mission involves accelerating the move to a low carbon, high-tech and inclusive and net-zero economy. It will be a critical player in terms of responding to the global climate emergency as well as supporting innovative investment and inclusive growth across Scotland's economy.

Accountant in Bankruptcy priorities

Accountant in Bankruptcy is largely self-funded through statutory fees for administering and supervising insolvency processes. The budget supports the agency's work to provide fair access to debt relief and debt management for the people of Scotland.

Scottish Public Pensions Agency Administration priorities

In 2020-21 the Scottish Public Pensions Agency will:

- implement a Strategic Architecture Review which will focus on providing a clear roadmap to achieve its strategic vision;
- develop its approach to user research and improved stakeholder engagement to aid decision making and improve the customer journey;
- fully address the findings of the UK courts in relation to transitional protection ruled discriminatory as applied to devolved Career Average Revalued Earnings (CARE) pension schemes; and
- embed a new target-operating model to support service delivery.

Revenue Scotland priorities

Revenue Scotland, the Scottish tax authority, is responsible for the collection and management of the wholly devolved taxes, currently Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT). Revenue from devolved taxes supports Scottish Government policy objectives through the Scottish Consolidated Fund.

It will continue to invest in processes, technology and staff so that it provides an accessible and convenient service to assist all taxpayers to comply with their obligations. Through investment in people, Revenue Scotland will continue to progress the Scottish Tax Education Programme and People Strategy.

Revenue Scotland will undertake compliance work to support taxpayers to pay the right tax at the right time and also protect revenues against tax fraud (i.e. tax evasion) and tax avoidance.

Revenue Scotland will support the Scottish Government on tax policy matters, and the Scottish Fiscal Commission in tax forecasting; and continue to engage with stakeholders to improve the efficiency, effectiveness, accessibility and adaptability of the service it provides.

Scottish Fiscal Commission priorities

The Scottish Fiscal Commission (SFC) is Scotland's independent fiscal institution, helping to improve fiscal transparency and scrutiny. It has responsibility for producing the official forecasts for onshore Gross Domestic Product, devolved and partially devolved taxes, and devolved social security expenditure and assess the reasonableness of Scottish Government borrowing projections. Whilst the SFC contributes to economic sustainability outcomes, in line with international OECD best practice, it performs its functions independent from government, being directly responsible to the Scottish Parliament.

Finance priorities

The Finance budget covers a range of important functions such as tax, financial management and measuring national performance in order to manage Scotland's financial powers, risks and opportunities and includes public information and engagement. This budget also covers the Scottish Government's corporate communications which are central to the delivery of the Scottish Government's programme across all key themes, with effective communications playing a pivotal role in supporting the delivery of the policy outcomes set out in the National Performance Framework. Our priorities are to:

- continue to fund the implementation and operation of the financial provisions in the Scotland Act 2016 and the operation of the powers devolved under the Scotland Act 2012 and its associated financial management regime;
- manage the Scotland Act implementation budget which funds the operational costs for delivering Scottish income tax and Scottish VAT assignment;
- continue to develop the core financial and digital services necessary to support the increasing size and complexity of the Scottish budget and fiscal regime;
- continue to develop medium-term planning capability to take account of spending and revenue raising drivers and economic and fiscal risks;
- provide growth accelerator grant payments to local authorities that have met relevant growth accelerator targets; and
- support the development of business cases for the Green Growth Accelerator programme, which will extend the current Growth Accelerator model to unlock additional investment for infrastructure projects which support our transition to a net-zero emissions economy.

European Regional Development Fund and European Social Fund priorities

The European Regional Development Fund (ERDF) and European Social Fund (ESF) support public bodies to deliver against programmes agreed with the European Union. These support multiple National Outcomes and are delivered on an ongoing basis to 2023-24.

The ERDF programme:

- supports SMEs to grow, innovate and invest through Scottish Enterprise, Highlands and Islands Enterprise, Business Gateway and Scottish Growth Scheme;
- supports the transition to a net-zero economy by investing in new technologies and the shift towards sustainable transport; and
- promotes Scotland's natural and cultural heritage and the creation of green spaces in urban areas.

The ESF programme:

- aims to support over 100,000 people gain employability skills to enable them to move into work or progress towards better quality jobs;
- works to reduce poverty and social exclusion by supporting disadvantaged people and communities through project led by local authorities and the Scottish Government; and
- supports learning and skills through funding for colleges and apprenticeships, including graduate and foundation apprenticeships.

Registers of Scotland priorities

Registers of Scotland is the Non-Ministerial Office responsible for compiling and maintaining 20 public registers relating to property and other legal documents in Scotland, to date self-funded by fees, they charge for their services. Two of the most active registers relate to land ownership: the Land Register of Scotland and the General Register of Sasines, providing a statutory guarantee of rights in property that underpins the housing market. In addition Registers of Scotland maintains the Register of Inhibitions on behalf of the Scottish Courts and Tribunal Service, the Landlord and Letting Agents registers on behalf of local authorities and works with Revenue Scotland to support compliance with payment of Land and Buildings Transaction Tax.

Key priorities are to:

- complete Scotland's Land Register by 2024 and provide transparent, accurate and impartial information for all;
- lead on innovative provision of land and property data so that it is accessible and used to create value for Scotland's people and economy;
- develop and deliver digital improvements that support a forward-thinking sustainable business where the needs of customers are exceeded; and
- invest in people so that they can support a professional flexible business that works at pace to deliver value and fulfil its public task.

Central Government Grants to Local Authorities – Town Centre Fund (2019-20 funding only) priorities

This was one-off funding to stimulate activity under the Town Centre Action Plan and Business Improvement Districts in Scotland to support local economies.

SPENDING PLANS

Table 7.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Employability and Training	52.9	56.7	57.5
Digital Strategy	22.7	28.4	25.8
Economic Advice	1.7	11.0	12.7
Enterprise, Trade and Investment	405.0	333.1	309.3
Scottish National Investment Bank	-	195.9	281.1
Accountant in Bankruptcy	3.6	3.3	2.2
Scottish Public Pensions Agency	4,421.1	4,568.2	5,408.9
Revenue Scotland	10.2	7.6	6.6
Scottish Fiscal Commission	1.6	1.9	1.9
Finance	138.7	130.7	153.2
Registers of Scotland	-	-	12.4
European Social Fund	-	-	-
European Regional Development Fund	-	-	-
Total Finance, Economy and Fair Work	5,057.5	5,336.8	6,271.6
<i>of which:</i>			
Fiscal Resource	415.1	411.2	440.5
<i>of which Operating Costs*</i>	-	98.1	100.9
Non-cash	11.2	26.9	30.9
Capital	76.1	88.2	105.0
Financial Transactions	153.5	265.5	310.1
UK Funded AME (NHS and Teachers Pensions)	4,401.6	4,545.0	5,385.1

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

The Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions for each portfolio is listed in the Infrastructure Investment Chapter.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Enterprise (NDPB Non-cash)	(8.3)	(8.3)	(8.3)
Borrowing - not approved by Scottish Parliament	-	(49.0)	(66.0)
Revenue Scotland - shown separately	(10.2)	(7.6)	(6.6)
Scottish Fiscal Commission - shown separately	(1.6)	(1.9)	(1.9)
NHS and Teachers Pensions - shown separately	(4,401.6)	(4,545.0)	(5,385.1)
Registers of Scotland - shown separately	-	-	(12.4)
Central Government Grants to Local Authorities	-	50.0	
Total Finance, Economy and Fair Work	611.1	775.0	791.3
Total Limit on Income (accruing resources)			300.0

What the Employability and Training budget does

This budget directly supports the approach to employability, focusing on our commitment to support the ongoing delivery of the devolved service, Fair Start Scotland, and the development of the No One Left Behind programme. Funding also builds on the work of the Fair Work Convention to promote fair work, including the implementation of actions from the Fair Work Action Plan.

Table 7.02: Employability and Training Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Employability and Training	52.9	56.7	57.5
Total Employability and Training	52.9	56.7	57.5
<i>of which:</i>			
Fiscal Resource	51.9	56.1	57.3
Non-cash	-	0.4	0.2
Capital	1.0	0.2	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Digital Strategy budget does

This budget builds the critical national infrastructure required by a modern digital nation. It ensures that public services are secure, efficient, resilient and able to meet the expectations of their users. The budget stimulates innovation and business growth through procurement and business incubation and enables Scotland to be recognised as an ethical digital nation with world-leading capabilities in data science.

Table 7.03: Digital Strategy (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Digital Strategy	22.7	28.4	25.8
Total Digital Strategy	22.7	28.4	25.8
<i>of which:</i>			
Fiscal Resource	22.7	28.4	25.8
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Economic Advice budget does

The budget supports the creation and running of Consumer Scotland and its proactive advocacy work on behalf of Scottish consumers. It will support investigations of specific consumer issues and bring better co-ordination to the consumer protection system in Scotland as a whole.

The Economic Advice budget also supports the Office of the Chief Economic Adviser and the Council of Economic Advisers. The Office of the Chief Economic Adviser budget provides for the procurement of data primarily from the Office of National Statistics which is essential for the production and publication of key economic statistics for Scotland. This accounts for the majority of expenditure. The budget also allows for the procurement of specific technical assistance for the in-house economic and fiscal models which underpin analysis for the Scottish Government. The Council of Economic Advisers budget supports the functioning of the Council and the economic advice provided to Ministers. Members are not remunerated for their time.

Table 7.04: Economic Advice Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Office of the Chief Economic Adviser	1.0	6.4	6.3
Council of Economic Advisers	0.1	0.1	0.1
Economic Policy and Advice	-	1.3	1.3
Consumer Scotland Policy and Advice	0.6	3.2	5.0
Total Economic Advice	1.7	11.0	12.7
<i>of which:</i>			
Fiscal Resource	1.7	11.0	12.7
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Enterprise, Trade and Investment budget does

The budget supports our work with Scottish Enterprise and others in helping to deliver our commitment to create a more prosperous innovative nation with more jobs, fair work and a dynamic, sustainable and inclusive economy. This budget funds our offices in London, Dublin and Berlin, who work to promote Scotland's interests and enhance our external relationships. It supports our increased ambitions for internationalisation, building our international presence and development of trade policy in response to Brexit. The enhanced investment budget will support a focused and evidence-driven approach to attracting inward investment into Scotland which build our strengths and provides high quality work and innovation across Scotland.

It also supports our work around the attraction and retention of international investment into Scotland's economy. It funds support to encourage the take up of Advanced Manufacturing technologies and to fund National Manufacturing Institute Scotland (NMIS)

and Lightweight Manufacturing Centre to bring together research, industry and the public sector to help companies across Scotland embrace new manufacturing techniques, support research and develop the skills of our workforce.

Table 7.05: Enterprise, Trade and Investment Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Enterprise	289.3	273.5	247.1
Innovation and Industries*	115.7	59.6	62.2
Total Enterprise, Trade and Investment	405.0	333.1	309.3
<i>of which:</i>			
Fiscal Resource	175.8	179.5	170.0
Non-cash	8.3	8.5	8.5
Capital	67.4	64.6	80.7
Financial Transactions	153.5	80.5	50.1
UK Funded AME	-	-	-

* Budgets for the Building Scotland Fund and Scottish Growth Scheme are included within Scottish National Investment Bank (level 3)

What the Scottish National Investment Bank budget does

The programme will enable delivery of the Scottish National Investment Bank in 2020, leading to a step change in innovative and inclusive growth and mission-based investment into the Scottish economy with the transition to net-zero at the heart of the Bank. Development of the Bank is also supported by investment through the Building Scotland Fund and other pre-cursor Bank investments over 2018-21 together with the Scottish Growth Scheme.

Table 7.06: Scottish National Investment Bank (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish National Investment Bank	-	130.9	241.1
Other Support*	-	65.0	40.0
Total Scottish National Investment Bank	-	195.9	281.1
<i>of which:</i>			
Fiscal Resource	-	10.9	21.1
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	185.0	260.0
UK Funded AME	-	-	-

* Includes Building Scotland Fund and the Scottish Growth Scheme previously included with Innovation and Industries

What the Accountant in Bankruptcy budget does

Accountant in Bankruptcy (AiB) is largely self-funded through statutory fees for administering and supervising insolvency processes. The budget supports the AiB's work to provide fair access to debt relief and debt management for the people of Scotland.

Table 7.07: Accountant in Bankruptcy (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Accountant in Bankruptcy	3.6	3.3	2.2
Total Accountant in Bankruptcy	3.6	3.3	2.2
<i>of which:</i>			
Fiscal Resource	1.1	1.0	0.6
Non-cash	1.5	1.5	0.8
Capital	1.0	0.8	0.8
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Public Pensions Agency budget does

The Agency is a national centre of expertise for the administration of, and provision of policy advice on, public service pensions in Scotland. It administers the pension schemes of members involved in front-line delivery of key government services including NHS, Teachers, Police, Fire and a range of smaller schemes.

Table 7.08: Scottish Public Pensions Agency Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Agency Administration	19.5	23.2	23.8
Scottish Teachers Pension Scheme	1,496.3	1,525.0	1,836.6
NHS Pension Scheme	2,905.3	3,020.0	3,548.5
Total SPPA	4,421.1	4,568.2	5,408.9
<i>of which:</i>			
Fiscal Resource	15.7	17.3	19.6
Non-cash	1.4	1.9	2.4
Capital	2.4	4.0	1.8
Financial Transactions	-	-	-
UK Funded AME	4,401.6	4,545.0	5,385.1

What the Revenue Scotland budget does

Revenue Scotland, the Scottish tax authority, is responsible for the collection and management of the wholly devolved taxes, currently Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT). Revenue from devolved taxes supports the Scottish Government policy objectives via the Scottish Consolidated Fund.

Table 7.09: Revenue Scotland (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Total Revenue Scotland	10.2	7.6	6.6
<i>of which:</i>			
Fiscal Resource	5.9	6.2	6.1
Non-cash	-	-	-
Capital	4.3	1.4	0.5
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Fiscal Commission budget does

The Scottish Fiscal Commission (SFC) plays a core role in the Fiscal Framework as Scotland's Independent Fiscal Institution helping improve fiscal transparency and scrutiny. It produces the official forecasts for onshore Gross Domestic Product, devolved and partially devolved taxes, and devolved social security expenditure. The SFC also assesses the reasonableness of Scottish Government borrowing projections and produces papers on other fiscal matters.

Table 7.10: Scottish Fiscal Commission (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Fiscal Commission	1.6	1.9	1.9
<i>of which:</i>			
Fiscal Resource	1.6	1.9	1.9
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Finance budget does

The Finance budget covers a range of important functions including the implementation and operation of the Scotland Act 2016, Procurement and E-Commerce Shared Services, the cost of the Scottish Futures Trust and growth accelerator grant payments. The budget also supports the provision of property advice, facilities, information technology and financial services to the Scottish Government and a wide range of public bodies.

The budget to cover capital borrowing repayments reflects our estimated repayment costs for planned and existing borrowing in 2019-20, although figures for this commitment will not be finalised until the start of 2020-21.

Table 7.11: Finance (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scotland Act Implementation	8.6	4.0	3.3
Procurement Shared Services	16.8	22.9	22.8
Scottish Futures Trust	4.5	4.4	4.1
Exchequer and Finance	-	15.7	19.9
Scottish Government Capital Projects	-	31.8	31.8
Public Information and Engagement	2.8	2.9	2.8
Scotland Act 2016 non-tax implementation	75.0	-	-
Capital borrowing repayment	31.0	49.0	66.0
Growth Accelerator	-	-	1.5
Green Growth Accelerator	-	-	1.0
Total Finance	138.7	130.7	153.2
<i>of which:</i>			
Fiscal Resource	138.7	98.9	121.4
Non-cash	-	14.6	14.6
Capital	-	17.2	17.2
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Registers of Scotland budget does

Registers of Scotland was previously fully financed from fees, and did not form part of the Scottish Consolidated Budget. The Office of National Statistics has now reclassified Registers of Scotland as a central government body, and the financial arrangements are being brought into line with other parts of the Scottish Administration. The budget will enable Registers of Scotland to continue to deliver its statutory registration and information services, including ongoing investment in digital and data improvements and completing the Land Register of Scotland by 2024.

Table 7.12: Registers of Scotland (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Registers of Scotland	-	-	12.4
Total Registers of Scotland	-	-	12.4
<i>of which:</i>			
Fiscal Resource	-	-	4.0
Non-cash	-	-	4.4
Capital	-	-	4.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the European Regional Development Fund and European Social Fund budget does

This budget covers funds paid to recipients which deliver a wide range of activity including business support, employability and skills, and the transition to a low carbon economy, which are subsequently recovered from the European Commission.

Table 7.13: European Structural Funds 2014-20 Programmes Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
ESF Central Government Spend – EC Income	-	-	-
ESF Central Government Spend	-	-	-
ESF Grants to Local Authorities	-	-	-
ESF Grants to Local Authorities – EC Income	-	-	-
Total ESF 2014-20 Programmes	-	-	-
<i>of which:</i>			
Fiscal Resource	-	-	-
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

Table 7.14: European Regional Development Funds Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
ERDF Central Government Spend – EC Income	–	–	–
ERDF Central Government Spend	–	–	–
ERDF Grants to Local Authorities	–	–	–
ERDF Grants to Local Authorities – EC Income	–	–	–
Total ERDF 2014-20 Programmes	–	–	–
<i>of which:</i>			
Fiscal Resource	–	–	–
Non-cash	–	–	–
Capital	–	–	–
Financial Transactions	–	–	–
UK Funded AME	–	–	–

What the Central Government Grants to Local Authorities budget does

This was one-off funding to stimulate activity under the Town Centre Action Plan and Business Improvement Districts in Scotland to support local economies.

Table 7.15: Central Government Grants (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Town Centre Fund	–	50.0	–
<i>of which:</i>			
Fiscal Resource	–	–	–
Non-cash	–	–	–
Capital	–	50.0	–
Financial Transactions	–	–	–
UK Funded AME	–	–	–

CONTRIBUTION TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 7.16: National Outcome

Employability and Training
<p>Primary National Outcome: Fair Work and business</p> <p>Secondary National Outcomes: Economy, Education, Poverty</p> <p>Evaluation of year one of Fair Start Scotland (FSS) has shown that some of the hardest-to-reach groups are more likely to sustain employment once they have had FSS support.</p> <p>The Workplace Equality Fund delivers on commitments in the Fair Work Action Plan, Gender Pay Gap Action Plan, Disability Employment Action Plan and the Tackling Social Isolation and Loneliness Strategy covering support for women during menopause, victims of domestic abuse, actions for tackling social isolation and encouraging businesses with innovative projects to embed fair work dimensions in the workplace. The Flexible Workforce Development Fund provides access to a maximum of £15,000 of college training (up from £10,000 in Year 1) for Scotland's UK Apprenticeship levy-paying employers with at least 800 levy-paying employers and circa 9,000 individuals set to benefit from up-skilling and re-training opportunities.</p>
Digital Strategy Priorities
<p>Primary National Outcome: Economy</p> <p>Secondary National Outcomes: Communities, International, Fair Work and Business</p> <p>The effective application of digital and data increases the security and efficiency of public services and creates opportunities for business growth within the Tech sector. Operational benefits include improved user satisfaction, reduced fraud and debt, economies of scale from shared procurement and development activities and the ability to redeploy resources from back-office processes to front-line interaction with users. Delivery in partnership with Scottish businesses stimulates innovation and creates opportunities for businesses to develop and scale. The more effective use of data offers potential annual savings of up to £1 billion as well as improving economic, social and environmental wellbeing.</p>

Economic Advice Priorities

Primary National Outcome: Economy

Secondary National Outcomes: Fair Work and Business

Our analysis is used to inform and support policy development. The statistics and the data we purchase are required to ensure we can understand and monitor performance of the economy. These are essential both for economic policy and external scrutiny.

Enterprise, Trade and Investment

Primary National Outcome: Economy

Secondary National Outcomes: Fair Work and Business, International, Communities

To support the work on improving Scotland's economic performance and ensuring sustainable growth through labour market and inclusive fair work. Manufacturing is one of the most productive sectors of the Scottish economy and supports our ambition to be the inventor, not just the consumer, of goods. Wellbeing sits at the core with sustainable and inclusive economic growth in the Scottish Government's National Performance Framework and Scottish Enterprise as our national enterprise agency plays an important role in realising our ambition for Scotland to be the most competitive place to do business, delivering a strong and productive economy which creates wealth and employment across Scotland. To do that the Scottish Enterprise will focus on three things: building economic resilience; investing in growth; and addressing the long-term opportunities and challenges facing our economy. Scottish Enterprise cannot do this alone and will work collaboratively with others, including the other enterprise agencies and the Enterprise and Skills Strategic Board, other stakeholders, and business partners to build a better, fairer future for all. Scottish Enterprise's partnership with Scottish National Investment Bank (SNIB) will seek to unite the economic development community around core enterprise missions, crowds in investment and make it as easy as possible for ambitious companies to access the finance they need to grow. Growth requires vibrant communities and Scottish Enterprise will work to build globally competitive assets across all regions, enhancing Scotland's reputation, reach and proposition as a place to live, work, study and invest. To build Scotland's reputation and reach in strategically important markets, Scottish Enterprise will support targeted 'Scotland is Now' campaigns that are fully integrated with proposition, product and deployment of assets and digital and physical networks that empower Scots and those that love Scotland across the world to drive advocacy and generate leads and introductions. Building on the successful backdrop of inward investment in Scotland, Scottish Enterprise will strengthen strategic relationships that secure or drive investment to bring quality jobs to Scotland. To strengthen resilience of businesses, Scottish Enterprise will develop a national centre of excellence for grant management – tapping into artificial intelligence and technology development to transform customer experience and new delivery partnerships across Scotland's regions to better harness and align public and private sector support to businesses and connect them with the right investment opportunities.

Consumer Scotland Policy and Advice Priorities

Primary National Outcome: Communities

Secondary National Outcomes: Fair Work and Business, Poverty

Consumers account for more than 60 per cent of GDP, and are vital for a strong, sustainable and inclusive economy. Through their choices, they can encourage businesses to be ethical, efficient and innovative. However, to realise this potential, consumers must understand their rights; be capable of exercising them; and have a strong voice to champion them when they are not being treated fairly.

Consumer advocacy and advice were devolved to the Scottish Parliament in 2016 and, following extensive stakeholder engagement, the Scottish Government committed to establish a dedicated consumer champion, Consumer Scotland. The Bill to create the body is currently going through the Scottish Parliament, and provides the framework for a body that will strengthen the consumer voice, and establishes a duty on public bodies to have regard to consumer interests.

In practice, Consumer Scotland will work with existing consumer organisations, conducting investigations into the most serious issues of consumer harm in Scotland, and providing leadership across a fragmented landscape. Through its analysis and co-ordination of data, it will provide an intelligence-led approach to addressing consumer detriment, which will improve how consumer harm is both detected and prevented.

Scottish National Investment Bank (SNIB)

Primary National Outcome: Economy

Secondary National Outcomes: Fair Work and Business, Environment

The Bank's investments and operations will be guided by specific missions set by Scottish Ministers which reflect grand challenges to be addressed across Scottish society.

The Bank's investments and its performance will reflect the missions set for it and be aligned with the National Performance Framework. It will be attuned to core outcomes of Fair Work and Business as well as the Economy and the Environment.

Accountant in Bankruptcy (AiB)

Primary National Outcome: Poverty

Secondary National Outcomes: Economy

Accountant in Bankruptcy (AiB) is largely self-funded through statutory fees for administering and supervising insolvency processes. The budget supports the agency's work to provide fair access to debt relief and debt management for the people of Scotland.

Scottish Public Pensions Agency

Primary National Outcome: Fair Work and Business

Secondary National Outcome: Economy

The Agency is committed to an agenda of continuous improvement and organisational change to achieve its vision. The new customer-focused target operating model and revised job descriptions are at the heart of roles that are reflective of a knowledgeable and well-trained workforce.

Revenue Scotland

Primary National Outcome: Economy

Secondary National Outcomes: Environment, Communities

Revenue Scotland will, through the fair implementation of the Scottish Government's tax policies, continue to collect Land and Buildings Transaction and Scottish Landfill taxes to contribute to the creation of a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and sustainable and inclusive economic growth.

Scottish Fiscal Commission

Primary National Outcome: Economy

The SFC's role improves fiscal transparency and scrutiny of Scotland's finances.

Finance Priorities

Primary National Outcome: Economy

Secondary National Outcomes: Fair Work and Business

The Scottish Government is committed to maintaining a stable and competitive tax regime as part of a supportive business environment.

Growth Accelerator as a funding mechanism linked payment to outcomes – existing growth accelerator agreements have linked grant payments to uplifts in local tax revenues and additional employment generated from low-income areas.

European Regional Development Fund and European Social Fund Priorities

Primary National Outcome: Economy

Secondary National Outcomes: Communities, Fair Work and Business, Education

Economy: Programmes support productivity, Research and Development (R&D) investment and exporting through funding for Scottish Enterprise, Highlands and Islands Enterprise, Business Gateway and Scottish Growth Scheme; reducing greenhouse gas emissions through the Low Carbon Infrastructure Transitions Programme and Zero Waste Scotland; and combatting income inequality by supporting poverty reduction and financial inclusion projects delivered by Scottish Government and local authorities.

Fair Work and Business: ERDF Programme supports business creation, innovation and growth.

Education: ESF Programme supports skills through funding for colleges and apprenticeships, including graduate and foundation apprenticeships.

Communities: Programmes support development of green spaces and community projects.

Registers of Scotland

Primary National Outcome: Economy

Secondary National Outcomes: Communities, Fair Work and Business, Education

Registers of Scotland underpins the economy by providing a range of services that enable businesses and citizens to confidently transact on the £22 billion Scottish property market. The World Bank use the registration of property as a key indicator of the 'ease of doing business' in a country.

Registers of Scotland records and safeguards the rights of the individual, through a state-backed guarantee of title. It also provides open access, supported by its ongoing digital improvements, to information on the registers to communities, businesses and individuals.

CHAPTER 8

Education and Skills

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 fund:

- a teacher pay increase of a minimum of 13%, bringing the starting salary for a fully qualified teacher to £32,994 from April 2020, significantly higher than anywhere else in the UK;
- support for improving school attainment and closing the attainment gap, including £120 million for the Pupil Equity Fund – spent at the direction of schools themselves;
- almost £645 million for the expansion of Early Learning and Childcare to 1,140 hours per year – almost double the current level;
- an above-inflation increase in resource funding for further education of 3.6% supporting Scotland's successful college sector;
- a real-terms increase in funding for higher education to maintain Scotland's global reputation; and
- a real-terms increase in the skills and training budget, supporting the drive to increase the number of apprenticeships.

PORTFOLIO PRIORITIES

A significant part of the portfolio budget is directed at prevention and early intervention. This targeted spend supports children and young people to maximise their future opportunities, and tackles endemic societal issues that could cause them to fall behind economically and socially. We strongly believe that all children and young people, whatever their background or circumstances, deserve the same chance to reach their full potential. An important part of our approach is the recognition that all children and young people are different, and will need tailored support in their learner journey to enable them to reach their full potential. Our priority to improve outcomes for all children and young people, and their families, continues to lie at the heart of this Government's agenda, and Education and Skills spending underpins many of our National Outcomes.

Our top priorities include:

- numeracy and literacy;
- raising attainment and closing the attainment gap;
- promoting health and wellbeing;
- improving skills and employability; and
- maximising the contribution of our colleges and universities to support sustainable and inclusive economic growth.

Our transformative investment of almost doubling children's entitlement to high quality early learning and childcare to 1,140 hours a year from August 2020 will support improved children's outcomes and help close the attainment gap. Ensuring the best start in life for every child is key to delivering our priorities, and is therefore a clear focus for our policies and spending plans to ensure every child will grow up loved, safe and respected so that they reach their maximum potential. Our work to support the development of a genuinely empowered schools system, with key decisions taken by those who are closest to the educational experiences of our children and young people, plays a role in this.

Our spending plans prioritise our further and higher education sectors and skills provision, supporting sustainable and inclusive economic growth. In addition, developing high-level workforce skills and maximising the contribution of research and innovation improves wellbeing in our society and contributes to the fight against climate change. In the context of the UK's departure from the European Union (EU), we will work to support mobility and collaboration across Europe, and continue to prioritise investment in skills and training to be in a position to respond effectively to any economic challenges emerging from the UK's exit.

Learning priorities

Excellence and equity in numeracy and literacy attainment remain the fundamental priorities for learning and teaching and the responsibility of all practitioners. The Scottish Attainment Challenge continues to focus on improving numeracy, literacy and health and wellbeing, and to push forward the Scottish Government's defining mission of improving the life chances of all our children and closing the poverty-related attainment gap. Investment through the £750 million Attainment Scotland Fund, including the Pupil Equity Fund, is vital in helping address the attainment gap, helping children overcome barriers so that no child is left behind.

In 2020-21 we will:

- continue to work with partners to support the development of an empowered schools system that encourages collaboration and improvement at all levels;
- continue to invest in the quality of our teaching profession and support teacher recruitment and development;
- take forward our STEM education and training strategy, which will include providing bursaries for STEM career changers, support for professional learning and action to tackle gender and other inequities in STEM;

- invest an additional £15 million of funding for more services and staff for additional support for learning;
- deliver high quality qualifications and awards in Scotland;
- complete the final projects within Scotland's Schools for the Future programme so all 117 schools are delivered by summer 2020;
- work in collaboration with COSLA and local authorities to improve the learning estate through the new Learning Estate Investment Programme;
- continue the National Minimum School Clothing Grant;
- support local authorities to deliver Scotland's languages 1+2 commitment;
- commission OECD to undertake a full review of the curriculum to assess how Curriculum for Excellence is being implemented across Scotland;
- create a secure future for Gaelic in Scotland by increasing the learning, use and speaking of Gaelic, and recognising that education makes a key contribution to this; and
- continue to work collaboratively with local authorities to support the running of the national Census of the Health and Wellbeing of Children and Young People, and the Parental Involvement and Engagement Census, which will contribute to enhancing our National Improvement Framework evidence.

Children and Families priorities

This budget supports our work to give every child the best possible start in life through the Getting it Right for Every Child (GIRFEC) approach, which recognises the importance of early intervention and preventative action, supporting the child, their family and the wider community from pre-birth, throughout childhood and into early adulthood. We will prioritise children's rights, co-production, place-based approaches, whole system change, and meaningful community empowerment and participation.

In 2020-21 we will:

- ensure children's rights are respected, protected and fulfilled by incorporating the United Nations Convention of the Rights of the Child (UNCRC) into law, mainstreaming their participation in decision making, and raising awareness of their rights;
- improve outcomes for children and young people across Scotland by promoting and supporting GIRFEC; identifying, sharing and implementing good practices through Children's Services Plans, the Children and Young People's Improvement Collaborative, the Scottish Adverse Childhood Experience Hub, and the Families and Communities Fund;
- strengthen child protection through new national guidance to support early identification of risk and harm; removing the current defence for parents so children have equal protection from assault; progressing the Children (Scotland) Bill and the Family Justice Modernisation Strategy, which will improve how child contact and residence cases are heard;

- pursue our goal to make any experience of Scotland's care system the best in the world by drawing on evidence from the Independent Care Review;
- progress actions to ensure that Scotland's social services are delivered by a skilled, competent and valued workforce;
- maintain advance payments for elderly and terminally ill survivors (pending the introduction of statutory financial redress for survivors of in-care child abuse); and
- continue to support action to transform maternity care, deliver Scotland's Baby Box offer, and support the National Hub for Reviewing and Learning from Child Deaths as it develops a high quality and consistent review process.

Early Learning and Childcare priorities

High quality and nurturing early learning and childcare is the foundation from which every child can develop socially, emotionally and educationally, enabling them to meet their full potential. That is why we are investing in almost doubling children's entitlement to early learning and childcare from August 2020, with all 3 and 4 year olds, and around one-quarter of 2 year olds, benefiting from up to 1,140 hours per year.

By the end of 2020-21:

- all eligible children will have access to high quality, expanded early learning and childcare, with parents able to choose to access their child's entitlement from any nursery, playgroup, family centre or childminder that meets our new National Standard, and which has a place available and is willing to enter into a contract with their local authority;
- the National Standard, to be introduced from August 2020, will ensure all children benefit from daily access to outdoor play and learning, support from well-qualified and supported professionals, and a free nutritious meal;
- the early learning and childcare workforce will increase by approximately 8,000 FTEs through the creation of new and expanded training and qualification routes;
- around 880 nurseries and family centres will be built, expanded or refurbished as a result of the expansion programme;
- providers in the private and third sectors, and childminders, will receive a sustainable rate that reflects the cost of delivery and enables all childcare workers delivering the funded entitlement to be paid at least the Scottish Living Wage;
- we will provide additional resource to the Care Inspectorate and Education Scotland to help all funded providers meet the quality aspects of the new National Standard;
- we will continue the ELC Inclusion Fund to support children with additional support needs (ASN) to access their funded ELC entitlement; and
- we will develop our response to the 2019 consultation on a draft framework for out of school care.

Advanced Learning and Science priorities

This budget supports policy and development of qualification accreditation; international mobility opportunities to enhance employability for students; student wellbeing; and delivery of Community Learning and Development policy including new adult learning and youth work strategies. The budget enables us to make best use of science advice and knowledge, and promotes Scotland as a science and innovation nation, with world-leading academic research and innovation.

In 2020-21 we will:

- support the skills system to meet the challenges of exit from the EU;
- promote learning and research in Scotland through our Global Alumni network and Saltire Scholarship programme;
- continue to provide support for science engagement and promotion across Scotland, including for our science centres and science festivals;
- develop an Adult Learning strategy and a Youth Work strategy in partnership with the wider skills system;
- continue to support the work of the SQA Accreditation Unit and promotion of the Scottish Credit and Qualifications Framework; and
- continue to invest in work to support Equally Safe in colleges and universities.

Scottish Funding Council priorities

The Scottish Funding Council (SFC) budget provides investment in Scotland's colleges and universities to support the development of well-educated, highly-skilled people and to enable sustainable, inclusive economic growth through enhancing skills and securing world-class research and cutting-edge innovation.

In 2020-21 we will continue to work with the SFC to:

- play a leading role in improving Scotland's skills base by aligning our investment and activities with public sector partners, and ensuring that provision in colleges and universities supports employability and productivity in line with government priorities;
- secure continuous improvement in learner outcomes by progressing the ambitions of our Developing the Young Workforce, Learner Journey, Widening Access and Student Support programmes, all of which contribute to improving outcomes particularly for those who may need additional support, such as ESOL (English for Speakers of Other Languages) learners, those from care-experienced backgrounds, and disabled students;
- continue to make progress towards equal access to higher education by 2030; drive a partnership approach to raising attainment in further education; and fund further education bursary support;
- improve the student experience by working with the sector to tackle gender-based violence through Equally Safe and improve students' mental health and wellbeing, including through the provision of additional counsellors across the sector;

- deliver key commitments in the STEM Education and Training Strategy to ensure further and higher education provision meets the changing needs of employers and learners across Scotland;
- maximise the impact of our investment in research, innovation and internationalisation to support a thriving, outward-looking Scotland;
- work with colleges and universities to develop initiatives that will work towards reducing child poverty rates;
- champion diversity at all levels, from course choice and curriculum delivery to the make-up of senior staff and boards;
- maintain at least 116,000 full-time equivalent college places;
- provide up to £3 million for Fife College as part of the new Dunfermline Learning Community Campus and funding to improve college campuses across Scotland;
- continue to support the university sector to maintain their estate, in part by deploying Financial Transactions to support universities' estates projects, improve the student experience and contribute to efforts to address the climate emergency; and
- continue our considerable investment in funding for world-class university research, which has now been reclassified following a technical review and in keeping with the UK Government approach. Our total funding commitment is increased compared to 2019-20 with the effect of the categorisation set out in the table below:

	2019-20 Budget	2020-21 Budget	Research re-categorisation	2020-21 Budget following research re-categorisation	Effective cash difference ¹
Resource	1,025.3	1,044.2	-301.0	743.2	18.9
Capital	37.5	41.2	+301.0	342.2	3.7
Financial Transactions	55.5	55.0	–	55.0	(0.5)
Total	1,118.3	1,140.4	0	1,140.4	22.1

¹ Cash difference between 2020-21 and 2019-20 before resource re-categorisation.

Higher Education and Student Support priorities

The Higher Education Student Support (HESS) budget provides financial support to Scottish domiciled and EU students undertaking higher education courses in Scotland, and Scottish domiciled students studying in the rest of the UK. This includes the provision of free tuition in higher education. The HESS budget is administered by the Student Awards Agency Scotland (SAAS).

In 2020-21 we will:

- guarantee that higher education remains free of tuition fees for all eligible Scottish or EU-domiciled undergraduate students studying in Scotland;
- continue to provide the care-experienced bursary at £8,100 for eligible students and expand eligibility to those aged over 26;
- provide a minimum income guarantee of £7,750 per year in bursaries and loans to support the most disadvantaged students;
- provide Discretionary Funds to support eligible students experiencing hardship;
- provide funding to help with the costs of childcare for eligible students and provide financial support for eligible disabled students; and
- continue work to deliver the student loan repayment threshold rising to £25,000 in April 2021.

In 2020-21 the Student Awards Agency Scotland will:

- continue to administer financial support for Higher Education students;
- engage with stakeholders to increase awareness of higher education support with a focus on widening access and removing rurality barriers;
- provide support to increase the number of students accessing higher education from deprived and disadvantaged backgrounds; and
- support the ongoing delivery and enhancement of the Student Information Scotland portal, which will be the central source of information for those considering post-school qualifications with advice on affordability.

Skills and Training priorities

The Skills and Training budget equips our workforce with the right skills and training to make progress in employment and the capability to adapt as Scotland's labour market evolves. This supports inclusive economic growth; raising attainment; reducing child poverty; and tackling inequalities in the labour market.

We will continue to ensure that apprenticeship opportunities are open to all by investing through Skills Development Scotland (SDS) to provide up to 30,000 apprenticeship starts. Aligning with the Strategic Board for Enterprise and Skills, we will maximise the collective capacity of our skills system to respond to emerging opportunities, as set out in our Future Skills Action Plan. To strengthen pathways into and from Modern Apprenticeships, we will also continue to support Foundation and Graduate Apprenticeships, underpinning our youth employment strategy. This is a key feature of our ambitions to enhance the learner journey and embed STEM in our education and skills system.

Through our new Careers Strategy we will ensure that all our partners adopt a national model for delivering careers services. This will bring consistency, coherence and greater strategic direction to Career, Information, Advice and Guidance delivery and include delivery of our all-age careers service.

We will continue funding the Education Maintenance Allowance (EMA) programme, providing financial support to young people from low-income households to overcome financial barriers and allow them to participate in appropriate school or college courses or access employability support provided by their local authority. EMA forms part of our preventative strategies to tackle child poverty, outlined in Every Child, Every Chance Tackling Child Poverty Delivery Plan 2018.

Through Developing the Young Workforce, we are committed to improving outcomes for those who experience difficulty engaging with education and the labour market, such as those from care-experienced backgrounds and disabled young people.

SPENDING PLANS

EDUCATION AND SKILLS

Table 8.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Learning	237.7	257.8	297.8
Children and Families	151.5	123.9	149.7
Early Learning and Childcare Programme	–	40.5	39.8
Advanced Learning and Science	6.2	10.0	13.4
Scottish Funding Council	1,838.0	1,839.3	1,880.1
Higher Education Student Support	946.4	922.5	925.6
Skills and Training	232.8	254.0	264.1
Total Education and Skills	3,412.6	3,448.0	3,570.5
<i>of which:</i>			
Total Fiscal Resource	2,577.8	2,657.1	2,490.1
<i>of which Operating Costs*</i>	–	37.3	41.4
Non-cash	235.8	243.4	237.4
Capital	131.0	94.5	395.5
Financial Transactions	40.0	55.5	55.0
UK Funded AME	428.0	397.5	392.5

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

£301.0 million of expenditure has been reclassified from resource to capital in 2020-21, reducing the resource budget and increasing the capital budget by that amount.

The Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions for each portfolio is listed in the Infrastructure Investment Chapter.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Learning (NDPB Non-cash)	(1.2)	(2.8)	(3.3)
Children and Families (NDPB Non-cash)	(2.1)	(1.8)	(2.4)
Scottish Funding Council (NDPB Non-cash)	(30.5)	(30.4)	(27.1)
Skills and Training (NDPB Non-cash)	(0.5)	-	(0.8)
Central Government Grants to Local Authorities	326.7	561.7	708.7
Total Education and Skills	3,705.0	3,974.7	4,245.6
Total Limit on Income (accruing resources)			350.0

Table 8.02: Learning Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Education Scotland	20.5	23.0	26.6
Gaelic	23.2	23.5	25.2
Learning and Support	35.8	39.3	44.4
Workforce, Infrastructure and Reform	81.2	83.4	97.0
Education Analytical Services	2.2	4.5	5.2
Strategy and Performance	74.8	84.1	99.4
Total Learning	237.7	257.8	297.8
<i>of which:</i>			
Fiscal Resource	232.5	251.0	285.4
Non-cash	1.6	3.2	3.7
Capital	3.6	3.6	8.7
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Learning budget does

This budget funds the Scottish Attainment Challenge; provides grant aid to schools for pupils with additional support needs; funds Gaelic projects to increase the numbers of people speaking, learning and using the language; supports the Scottish Qualifications Authority to deliver the Scottish National Qualifications; supports delivery of literacy, numeracy and STEM in line with the Curriculum for Excellence and delivers ongoing support to new school projects through the Schools for the Future programme. Learning also invests significantly in teacher training, and provides analytical services across Scottish Government.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Care and Justice	38.5	39.1	43.0
Care and Protection	14.1	26.8	34.5
Disclosure Scotland	14.8	11.4	21.3
Office of the Chief Social Work Adviser	19.2	19.9	20.3
Creating Positive Futures	64.9	26.7	30.6
Total Children and Families	151.5	123.9	149.7
<i>of which:</i>			
Fiscal Resource	138.3	114.5	134.2
Non-cash	5.3	5.5	8.5
Capital	7.9	3.9	7.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Children and Families budget does

This budget funds the Scottish Children's Reporter Administration, Children's Hearings Scotland, Scottish Child Abuse Inquiry, Scottish Social Services Council, and Disclosure Scotland. It supports implementation of GIRFEC, children's rights measures, child protection programmes and social services workforce development. It also provides the Family Fund Trust, the Families and Communities Fund, and financial redress for survivors of abuse in care.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Early Learning and Childcare	–	40.5	39.8
<i>of which:</i>			
Fiscal Resource	–	40.5	39.8
Non-cash	–	–	–
Capital	–	–	–
Financial Transactions	–	–	–
UK Funded AME	–	–	–

What the Early Learning and Childcare Programme budget does

The ELC budget supports initiatives that Scottish Government is introducing to enable the expansion of early learning and childcare. This includes investment in training and education programmes with additional graduate level places; support for funded providers; investment in outdoor learning approaches; and parental engagement.

Table 8.05: Advanced Learning and Science Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Higher Education	1.5	5.3	7.4
Qualifications and Accreditation	1.7	1.7	3.0
Science Engagement and Advice	3.0	3.0	3.0
Total Advanced Learning and Science	6.2	10.0	13.4
<i>of which:</i>			
Fiscal Resource	6.2	10.0	13.4
Non-cash	–	–	–
Capital	–	–	–
Financial Transactions	–	–	–
UK Funded AME	–	–	–

What the Advanced Learning and Science budget does

The budget supports policies relating to qualification accreditation; international student mobility; promotion of studying in Scotland and alumni engagement; student wellbeing; community learning and development programmes and activities; and the Developing the Young Workforce programme to better prepare young people for the world of work. Funding also supports science engagement, including for science centres and festivals, and the international promotion of Scotland as an innovative and scientific nation.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Funding Council Administration	7.5	7.5	7.9
College Operational Expenditure	778.2	796.5	830.0
College Operational Income	(190.0)	(190.0)	(190.0)
<i>Net College Resource</i>	588.2	606.5	640.0
College NPD Expenditure	29.3	29.3	29.3
College Depreciation costs	30.1	30.1	26.8
College Capital Expenditure	78.7	49.6	37.4
College Capital Receipts	(2.0)	(2.0)	(1.7)
<i>Net College Capital</i>	76.7	47.6	35.7
Higher Education Resource	1,024.9	1,025.3	743.2
Higher Education Capital	41.3	37.5	342.2
Higher Education Financial Transactions	40.0	55.5	55.0
Total Scottish Funding Council	1,838.0	1,839.3	1,880.1
<i>of which:</i>			
Fiscal Resource	1,649.7	1,668.3	1,420.1
Non-cash	30.4	30.4	27.1
Capital	117.9	85.1	377.9
Financial Transactions	40.0	55.5	55.0
UK Funded AME	-	-	-

What the Scottish Funding Council budget does

The Scottish Funding Council budget provides investment in colleges and universities, to develop well-educated, highly-skilled people and supports sustainable, inclusive economic growth through funding for skills, research and innovation.

Table 8.07: Higher Education Student Support Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Student Support and Tuition Fee Payments	301.6	301.6	310.9
Student Loans Company Administration Costs	4.2	4.2	9.3
Student Loan Interest Subsidy to Bank	2.0	2.0	2.0
Cost of Providing Student Loans (RAB Charge) (Non-cash)	196.9	203.2	196.2
Student Awards Agency for Scotland Operating Costs – Resource	12.1	12.1	12.8
Student Awards Agency for Scotland Operating Costs – Capital	1.6	1.9	1.9
Net Student Loans Advanced	550.0	550.0	545.0
Capitalised Interest	(65.0)	(70.0)	(70.0)
Student Loan Fair Value Adjustment	(57.5)	(84.1)	(84.1)
Student Loan Sale Subsidy Impairment Adjustment	0.5	1.6	1.6
Total Higher Education Student Support	946.4	922.5	925.6
<i>of which:</i>			
Fiscal Resource	318.8	318.8	333.9
Non-cash	198.0	204.3	197.3
Capital	1.6	1.9	1.9
Financial Transactions	–	–	–
UK Funded AME	428.0	397.5	392.5

What the Higher Education Student Support budget does

The budget provides financial support to Scottish domiciled and EU students undertaking higher education courses in Scotland, and Scottish domiciled students studying in the rest of the UK. This includes the provision of free tuition in higher education. The HESS budget is administered by the Students Awards Agency Scotland.

Table 8.08: Skills and Training Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Skills Development Scotland	193.3	214.7	224.8
Employment and Training Interventions	39.5	39.3	39.3
Total Skills and Training	232.8	254.0	264.1
<i>of which:</i>			
Fiscal Resource	232.3	254.0	263.3
Non-cash	0.5	-	0.8
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Skills and Training budget does

The budget provides opportunities to individuals to learn skills to help fulfil their potential. It will fund up to 30,000 Apprenticeship starts; supporting learners and employers by funding modern, foundation and graduate apprenticeship opportunities; the Education Maintenance Allowance; a new Careers Strategy; and some aspects of the Developing the Young Workforce programme. All of which contribute to supporting inclusive growth, raising attainment, reducing child poverty and inequalities in the labour market.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Local Government Gaelic Grant	4.5	4.5	4.5
Local Government Attainment Grant	120.0	120.0	120.0
Local Government ELC Grant	202.2	437.2	584.2
Education and Skills Central Government Grants to Local Authorities	326.7	561.7	708.7
<i>of which:</i>			
Fiscal Resource	176.7	386.7	587.7
Non-cash	-	-	-
Capital	150.0	175.0	121.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Central Government Grants to Local Authorities budget does

- The Local Government Gaelic Grant supports 27 local authorities to deliver Gaelic education at all levels from early years to adult learning.
- The Local Government Attainment Grant is Pupil Equity Funding which goes directly to headteachers to use as they see fit to help reduce the poverty attainment gap.
- The Local Government ELC Grant provides local authorities with resource and capital to support delivery of the expansion of early learning and childcare to 1,140 hours, which becomes a statutory duty from August 2020.

CONTRIBUTIONS TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 8.10: National Outcomes

Learning
<p>Primary National Outcome: Education</p> <p>Secondary National Outcomes: Poverty, Children, Economy</p> <p>In 2020-21 we will invest heavily (an additional £15 million) to enhance capacity in education authorities and schools to respond effectively to the individual needs of children and young people. Additionally, our work to support the teaching profession and develop an empowered schools system helps drive excellence and innovation in teaching, and promotes excellence and equity for all learners in schools. Our work to enhance the support available to the teaching profession, improve the learning estate and achieve excellence and equity for all children and young people helps ensure our schools are loving, respectful and encouraging places where everyone can learn, play and flourish.</p> <p>Work to develop an empowered schools system, in which learners' voices are heard, helps ensure that children are included and involved in decisions about their lives and world, and that their rights, dignity and wellbeing are protected. We will seek to invest in teachers, learners and projects which connect people, places and learning. This will deliver improved outcomes for all, and enable sustainable and inclusive economic growth, contributing to Scotland's future. Our Learning Estate Investment Programme will have as one of its aims support for sustainable economic growth in local communities. We will ensure this is not achieved at the expense of our social interests or those of the environment. Closing the poverty-related attainment gap between those from the most and least disadvantaged communities ensures that every child has the same opportunity to succeed and contribute to the economy by achieving the highest standards in literacy and numeracy with the right range of skills, qualifications and achievements.</p>

Advanced Learning and Science

Primary National Outcome: Education

Secondary National Outcomes: Economy, Poverty, Communities

The Advanced Learning and Science budget supports policies relating to qualification accreditation; international student mobility activity; promotion of studying in Scotland, community learning and development; and developing the young workforce. In addition, science engagement, including support of Scotland's science centres and festivals, and promoting Scotland internationally as an innovative and scientific nation. The budget enables us to make best use of science advice and knowledge and is used to promote Scotland as a science and innovation nation, nationally and internationally, supporting world-leading research and innovation and contributing to resolving global grand challenges.

Scottish Funding Council

Primary National Outcome: Education

Secondary National Outcomes: Economy, Poverty, Fair Work and Business

We play a leading role in improving Scotland's skills base by aligning our investment and activities with public sector partners, and ensuring that both teaching and learning provision in colleges and universities, as well as investment in research and innovation, supports employability and productivity in line with our Economic Action Plan, the Future Skills Action Plan and the Enterprise and Skills Strategic Plan. Our investment in colleges, universities, science and research impacts all national outcomes and is key to supporting inclusive, sustainable economic growth, providing learning opportunities from school age upwards, regardless of background.

Up/re-skilling increases individual employability and productivity, improves participation levels and reduces child poverty. Increasing qualification levels and improving employment outcomes has a positive impact on wellbeing and supports economic return. Investment in research and innovation levers significant funding from other sources; encourages international collaboration and exchange; attracts inward investment; drives business innovation – including new technologies central to tackling climate change; stimulates employment; supports improvement in public services; and provides benefits to wider society.

Higher Education and Student Support

Primary National Outcome: Education

Secondary National Outcomes: Economy, Poverty, International

We provide bursaries and access to student loans to support young people and adult learners to access educational opportunities, support entry to future employment and to close the poverty-related attainment gap by opening up learning and employment opportunities. We want to ensure that the role that the tertiary system – further and higher education sectors and skills provision – plays in supporting inclusive economic growth is maximised. This includes the provision of free tuition in and widening access to higher education. We provide bursaries and access to student loans to support young people and adult learners to access educational opportunities and support entry to future employment.

Skills and Training Priority

Primary National Outcome: Education

Secondary National Outcomes: Economy, Poverty, Fair Work and Business

This includes programmes aimed at supporting vulnerable groups to get the right skills that will help them engage in the labour market, increasing earning potential and household income and helping to reduce child poverty. Impartial career guidance and the development of career management skills have a significant contribution to play in helping to deliver inclusive economic growth and in equipping individuals of all ages with the skills to plan and manage their career decisions; now and in the future. Given the additional need to be ready to respond to the economic challenges anticipated in the context of the UK's departure from the EU, we will continue to prioritise investment in skills and training.

Apprenticeships offer an alternative range of education opportunities supporting individuals to get the right skills to enter the labour market and sustain employment, support up-skilling and improve earning potential. Developing the Young Workforce enables employers to engage with education to support young people to be better prepared for the world of work.

Children and Families

Primary National Outcome: Children and Young People

Secondary National Outcomes: Human Rights, Poverty, Health

This budget supports our work to give every child the best possible start in life and to ensure every child will grow up loved, safe and respected so that they reach their potential. The actions taken to drive progress in improving the lives of children and young people do not take place in isolation, they are part of a whole system. Evidence shows that children and young people's health and wellbeing are influenced by the environments they inhabit, including: family and parent/carer environment; learning environments (including nurseries and schools); neighbourhood/community environments (including physical and social aspects); and the broader socio-economic context.

Early Learning and Childcare

Primary National Outcome: Children and Young People

Secondary National Outcomes: Education, Poverty, Health

There is substantial evidence showing that attending high quality ELC improves children's cognitive, social, emotional and behavioural development, with positive outcomes sustained into later years. High quality ELC is particularly beneficial for the most disadvantaged children. The ELC expansion will save money for families who already pay for childcare, and so increase households' disposable income. Enabling parents to secure work or work more hours through expanding funded ELC will also increase families' income. We expect the expansion will also improve children and parents' health and wellbeing by helping children to form healthy behaviours and supporting parental confidence and capacity.

CHAPTER 9

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. We remain focused on addressing gender inequality, including by tackling all forms of violence against women and girls.

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. It helps to create an inclusive and respectful society in which all people and communities live in safety and security, where individual and collective rights are supported, where disputes are resolved fairly and swiftly and where our responses are proportionate, effective and promote recovery.

PORTFOLIO PRIORITIES

The Justice portfolio plays a lead role in delivering our communities national outcome by protecting our communities so they are inclusive, empowered, resilient and safe. Scotland's justice system is underpinned by a set of fundamental principles which play a vital role in the national outcomes concerned with enforcement, protection and defence of human rights as well as underpinning economic confidence and sustainable economic growth.

'Justice in Scotland: Vision and Priorities', published in July 2017, was developed collaboratively with justice organisations and is a collective commitment to four outcomes and seven key priorities for the Justice portfolio.

Outcomes

- We live in safe, cohesive and resilient communities.
- Prevention and early intervention improve wellbeing and life chances.
- Our system and interventions are proportionate, fair and effective.
- We deliver person-centred, modern and affordable public services.

Priorities

- We will enable our communities to be safe and supportive, where individuals exercise their rights and responsibilities.
- We will enable our people, economy and infrastructure to respond to major risk, recover from emergencies and adapt to emerging threats.
- We will modernise civil and criminal law and the justice system to meet the needs of people in Scotland in the 21st century.
- We will work with others to improve health and wellbeing in justice settings, focusing on mental health and substance use.
- We will work to quickly identify offenders and ensure responses are proportionate, just, effective and promote rehabilitation.
- We will improve the experience of victims and witnesses, minimising court attendance and supporting them to give best evidence.
- We will use prison only where necessary to address offending or to protect public safety, focusing on recovery and reintegration.

Police priorities

We will continue to support a modern and effective police service to ensure the safety and security of Scotland's people and communities and that Scotland continues to benefit from a police service which fully supports its workforce and shapes its services around the needs of citizens and communities.

In 2020-21 we will:

- surpass our commitment to protect the revenue budget of the SPA in real terms;
- continue to provide reform funding to support a range of transformation activities to help deliver the 10-year policing strategy, 'Serving A Changing Scotland';
- support the delivery of a safe and secure COP26 summit, working with the UK Government to achieve full cost recovery;
- provide dedicated capital funding to accelerate Police Scotland's commitment to greening its fleet, and to share the learning across Scotland's public sector;
- provide funding to ensure Police Scotland can maintain and modernise its estate;
- support a statutory public inquiry under the Inquiries Act 2005 into the circumstances leading up to and following the death of Sheku Bayoh;

- support an independently-chaired group to ensure that technology to make policing more effective is used proportionately and ethically;
- commence the Scottish Biometrics Commissioner Bill to create a new Commissioner to oversee police use of biometric data; and
- continue working with partners on the UK-wide Emergency Services Mobile Communication Programme to deliver next-generation telecommunications capability.

Fire priorities

Through the Fire and Rescue Framework for Scotland 2016, we are continuing to invest in the Scottish Fire and Rescue Service (SFRS) to ensure our communities are kept safe from current and emerging risks such as climate change. Through a renewed focus on prevention and collaboration we will support SFRS in delivering better outcomes to people and communities across Scotland.

In 2020-21 we will:

- enable SFRS to broaden its contribution to public sector outcomes through expanding its prevention activities to encompass a wider range of risks faced by elderly and vulnerable people in their homes; and
- work with SFRS to deliver the full range of priorities set out in the Fire and Rescue Framework for Scotland 2016.

Victims and Witnesses priorities

We are committed to improving the experiences of victims and witnesses and support a range of measures to help individuals and communities feel empowered, resilient and safe and put the protection of victims' rights at the centre of our justice system.

In 2020-21 we will:

- support victims' organisations to provide information, advice and practical and emotional support to victims;
- provide more victims with an opportunity to explain to the court the impact of crime on them;
- progress our commitment to have restorative justice services widely available across Scotland from 2023;
- commence the first stage of the roll-out of the legal requirement for child witnesses in the most serious criminal cases to have their evidence pre-recorded in advance of the trial;
- roll-out a statutory Appropriate Adult service across Scotland to provide communication support to vulnerable adults when they come into contact with the police; and
- continue to provide compensation to victims of violent crime in Scotland.

The Children (Scotland) Bill which was introduced into the Scottish Parliament on 2 September 2019 includes provisions aimed at protecting vulnerable witnesses in Children's Hearings court cases and also in contact and residence disputes.

The Bill introduces:

- a new special measure into the Vulnerable Witnesses (Scotland) Act 2004 prohibiting a party from personally conducting the remainder of their case in certain circumstances; and
- a provision which gives the court the power to order a range of special measures if attending or participating in a Child Welfare Hearing which is likely to cause distress.

Violence Against Women and Girls priorities

The 'Equally Safe' strategy, first published in 2014 and updated in 2016, provides an overarching framework to prevent and eradicate all forms of violence against women and girls. This includes a range of measures, published in the 2017 Delivery Plan, to support the delivery of a Scottish justice system which is gender-responsive, meets the needs of victims of gender-based violence and effectively holds to account men who carry out violence against women and girls and, where appropriate, supports positive behaviour change.

In 2020-21 we will:

- support a pilot to visually record police statements in rape and attempted rape cases to reduce secondary victimisation or traumatising through the criminal justice process;
- build capacity of key statutory services to identify gender impacts on the justice system and address it, including continuing to support agencies to understand the full spectrum of domestic abuse as defined within the Domestic Abuse (Scotland) Act 2018;
- support collaborative initiatives to encourage women's full participation in the justice system, including overseeing the expansion of the Scottish Women's Rights Centre;
- strengthen the criminal justice response to tackle men's behaviour by promoting the Safe and Together™ model and supporting integrated behaviour change programmes for men convicted of domestic abuse offences;
- support the development of Barnahus Standards which will form a framework for health, justice and local authorities to understand what is required to improve our collective response to child victims; and
- consult on approaches to challenge men's demand for prostitution and support work to reduce the harms associated with it and help women to exit – recognising that prostitution is a form of violence against women.

Safer Communities priorities

Building safer communities requires a partnership approach and the Scottish Government will continue to work with our emergency services and other key stakeholders to improve safety, including fire safety and promote prevention. We will continue to engage with our third sector partners to prevent unintentional harm and to reduce violence, anti-social behaviour and sectarianism. We are clear that being safe and feeling safe is crucial to health and wellbeing in our communities.

In 2020-21 we will:

- support the Scottish Violence Reduction Unit; Medics Against Violence; No Knives, Better Lives; and the Navigators initiative, reducing the number of victims of violence, repeat victims, offenders and reoffenders;
- support the implementation of our Fireworks Action Plan, to ensure that every community is able to enjoy fireworks without fear of their inappropriate use;
- continue to support the work of the Police Investigations and Review Commissioner;
- support Youth Volunteer Schemes, improving outcomes for these young people and their communities;
- provide support for anti-sectarian initiatives in our schools and communities, educating young people against the toxic bigotry of sectarianism; and
- continue to support the Scottish Community Safety Network as it progresses on its journey to become a centre of excellence across the sector to support effective delivery of community safety outcomes at a local and national level.

Resilience priorities

Developing and maintaining resilience in Scotland requires a flexible and collaborative approach. We will continue to develop community resilience, building on themes of empowerment and preparedness through identifying trends and new risks, prevention, planning, response and recovery to ensure that the people of Scotland are able to cope both with potential disasters such as fire and flood as well as with the everyday challenges and risks faced by families in need.

We will collaborate with partners to ensure we can appropriately and proportionately tackle the threat posed by terrorism and climate change. We are implementing action plans to help strengthen the resilience of Scotland's public, private and third sectors against cyber-attacks and are strengthening our support to citizens to operate safely and confidently in the digital world. We are also improving our ability to capitalise on the economic opportunities that an increasing focus on cyber security in the global economy will bring for Scotland.

In 2020-21 we will:

- refocus work, learning lessons from previous events, to ensure the development of vision, guidance, policy and training on resilience in Scotland recognises the rapidly changing risk environment and how that impacts on Scotland;
- provide funding to support the development and implementation of action plans to help strengthen Scotland's approach to cyber resilience; and
- engage with essential services operators to encourage them to further protect and enhance the critical infrastructure resilience of their assets, systems, networks and people.

Community Justice: Reducing Re-offending priorities

We continue to focus on prevention and rehabilitation, which has contributed to a 20-year low in reconviction rates, helping to keep crime down and communities safe. Through working with Community Justice Scotland and other partners, including the third sector, we will continue to implement the national Community Justice Strategy to support the sustained delivery of national community justice outcomes.

The high prison population in Scotland, and strong evidence in favour of effective, appropriately resourced community-based interventions, highlights the importance of a further shift to such approaches which prevent reoffending and reduce victimisation.

Overall, therefore, we will focus on increasing the use of community-based interventions and reducing the use of imprisonment.

In 2020-21 we will:

- support robust and effective community disposals, such as community payback orders, alongside implementation of the extended presumption against short sentences;
- support and promote the use of other community-based interventions, including diversion from prosecution and structured deferred sentences;
- expand electronic monitoring capability as the Management of Offenders Act is implemented;
- continue to expand capacity around bail supervision, and alternatives to custodial sentences in the form of supervision, rehabilitation, and mentoring services;
- support services to meet the specific needs of women offenders;
- work with the Scottish Prison Service, justice and health partners, as well as other public services and the third sector, to continue to support the rehabilitation and reintegration of people leaving custody; and
- continue to support Multi-Agency Public Protection Arrangements to ensure the ongoing risk assessment and management of serious offenders in the community.

Scottish Prison Service priorities

While Scotland's prisons are recognised as being well run, we acknowledge that they face a number of significant challenges – in particular the consequences of a rapid increase in the prison population from 2018-19. While compared with a decade ago, far fewer people now receive custodial sentences each year, those that do on average receive longer sentences and are increasingly complex to manage.

In 2020-21 we will:

- take forward the series of actions aimed at managing the current population and working to reduce the number of people in prison in the longer term;
- continue to take forward work to modernise Scotland's prison estate to meet the changing needs of the prison population and to transform the lives of people in our care. This includes work towards the building of a replacement for HMP Barlinnie;
- progress transformation of the female custodial estate to address the specific needs of female offenders, including the construction of a smaller national facility at HMP Cornton Vale and the development of two innovative community-based custody units in Glasgow and Dundee before the end of 2021;
- work with partners to support the Scottish Government's commitment to provide more effective health and social care services in our prisons, in order to address the widespread health inequalities of people in the justice system;
- work with partners to enhance support for children affected by parental imprisonment; and
- work with partner organisations to further develop through-care services for those leaving prison.

Justice Reform priorities

We are committed to delivering person-centred, modern and affordable justice services, modernising civil and criminal law and the justice system to meet the needs of people in Scotland in the 21st century.

In 2020-21 we will:

- ensure that those most in need are able to access publicly-funded legal assistance and also progress a range of projects to improve access to justice;
- continue to work to ensure that there are opportunities to resolve disputes at the most appropriate level in the justice system, avoiding court where possible and progress work to reform criminal and civil procedure to keep pace with societal changes and international standards;
- continue to work with justice partners to create opportunities for transformed criminal justice services designed around the needs of victims, witnesses and other users;

- continue work to develop a contemporary, digital, platform-based model for sharing evidence in the criminal justice system, delivering swifter and more effective services and enabling future reforms; and
- continue to engage and consult on potential future reforms related to our criminal justice system such as the unique elements of the Scottish Jury System.

Scottish Courts and Tribunals Service priorities

Scotland's courts and tribunals, and the Office of the Public Guardian, play a crucial role in supporting a safe, just and resilient society. They are essential to our delivery of the values underpinning the National Performance Framework, that 'We are a society which treats all our people with kindness, dignity and compassion, respects the rule of law, and acts in an open and transparent way.'

We are committed to support the Scottish Courts and Tribunals Service to ensure its continual effectiveness in providing early access to independent redress, within a reasonable time.

In 2020-21, we will:

- explore new approaches to the management of summary criminal cases, using technology to improve access to justice, support quicker outcomes and minimise physical appearance in courts;
- respond to the growing volume and complexity of serious organised crime and sexual offending, informed by the findings of the Victims' Taskforce and the Lord Justice Clerk's review of the management of sexual offence cases;
- build on the significant progress made to better protect the interests of children and vulnerable witnesses, including greater use of pre-recorded evidence captured at the right time, in high quality facilities – minimising the risk of causing further trauma;
- continue to transform civil justice by developing end-to-end digital services and case management systems across a broader range of civil court business; and
- support the important work of Scotland's devolved tribunals, as its range and volume continues to increase in areas as diverse as housing, mental health and social security.

Human Trafficking priorities

The 'Trafficking and Exploitation' strategy, first published in 2017, sets out the Scottish Government's collaborative approach and commitment to tackling human trafficking and exploitation. The Strategy provides a strong foundation of engagement and co-operation. Through the statutory review of the Strategy we will adapt how it applies and is implemented, in light of changing circumstances, the experiences of victims and feedback from partners.

The Strategy also contributes towards Scotland's fulfilment of its obligations under the EU Directive on preventing and combatting trafficking in human beings and protecting its victims, and in meeting the requirements of the Council of Europe Convention on Action against Trafficking in Human Beings.

The sustainable development goals that help inform this activity are:

- eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation;
- take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms; and
- end abuse, exploitation, trafficking and all forms of violence against and torture of children.

We will continue to work with partners to implement Scotland's trafficking and exploitation strategy with the explicit vision of eliminating human trafficking and exploitation, through actions to identify victims and support them to recovery, identify perpetrators and disrupt their activity, and address the conditions that foster trafficking and exploitation.

SPENDING PLANS

Table 9.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Community Justice	35.4	37.1	44.0
Judiciary	34.0	34.3	36.3
Criminal Injuries Compensation	17.5	15.5	15.5
Legal Aid	137.4	137.5	137.5
Safer and Stronger Communities	5.7	6.4	11.6
Police Central Government	90.3	66.8	57.0
Police and Fire Pensions	350.6	350.6	350.6
Prison Services	361.4	393.7	442.2
Miscellaneous	43.5	53.5	58.6
Scottish Police Authority	1,137.8	1,180.1	1,222.3
Scottish Fire and Rescue Service	321.6	327.2	333.3
Scottish Courts and Tribunals Service	117.7	116.6	122.6
Total Justice	2,652.9	2,719.3	2,831.5
<i>of which:</i>		-	
Total Fiscal Resource	2,410.0	2,442.0	2,537.8
<i>of which Operating Costs*</i>	-	27.5	30.1
Non-cash	130.1	133.3	135.7
Capital	112.8	144.0	158.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 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)	(24.7)	(24.8)	(24.8)
Police Loan Charges	5.4	3.6	3.8
Judicial Salaries	(33.0)	(33.3)	(35.3)
PPP/PFI Adjustments	1.7	(-)	1.2
SCTS - shown separately	(117.7)	(116.6)	(122.6)
Central Government Grants to Local Authorities	86.5	86.5	86.5
Total Justice	2,520.5	2,585.8	2,689.7
Total Limit on Income (accruing resources)			39.7

What the Community Justice budget does

This budget includes funding for criminal justice social work to support offenders who are serving community-based sentences, electronic monitoring of offenders (e.g. through Restriction of Liberty Orders) and offender mentoring services. It supports the work of Community Justice Scotland, Scotland's national body for promoting the highest standards of community justice services across Scotland.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Offender Services	32.2	33.9	40.8
Miscellaneous	3.2	3.2	3.2
Total Community Justice	35.4	37.1	44.0
<i>of which:</i>			
Fiscal Resource	35.4	37.0	44.0
Non-cash	-	0.1	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Judiciary budget does

The Judiciary budget provides for the running costs of the Judicial Appointments Board for Scotland and the Court of the Lord Lyon, salary costs for the Lord Lyon, the Lyon Clerk, the Auditor of the Court of Session, as well as Commissioners and former Commissioners of the Scottish Land Court.

Table 9.03: Judiciary Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Judiciary	1.0	1.0	1.0
Judicial Salaries	33.0	33.3	35.3
Judiciary	34.0	34.3	36.3
<i>of which:</i>			
Fiscal Resource	34.0	34.3	36.3
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Criminal Injuries Compensation budget does

The UK-wide Criminal Injuries Compensation Scheme provides compensation to the blameless victims of crime and is administered by the Criminal Injuries Compensation Authority (an executive agency of the Ministry of Justice).

Table 9.04: Criminal Injuries Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
CIC Scheme	14.8	12.8	13.8
Criminal Injuries Administration Costs	2.7	2.7	1.7
Total Criminal Injuries	17.5	15.5	15.5
<i>of which:</i>			
Fiscal Resource	17.5	15.5	15.5
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Legal Aid budget does

This budget pays for demand-led legal aid provision in Scotland, administered by the Scottish Legal Aid Board. Publicly-funded legal assistance: supports individuals to resolve disputes and problems in their lives, and avoid any or further court action; funds criminal defence and redress when rights are not being upheld; builds individual and community resilience and tackles inequalities by supporting locally-based advice providers; ensures the rule of law is upheld and Scotland thrives as a rights-based society. The budget also meets staffing, accommodation and a capital allocation, researching and analysing the operation of legal aid, the trends and the impact on the wider justice system.

Table 9.05: Legal Aid Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Legal Aid Administration	11.3	11.7	11.7
Legal Aid Fund	126.1	125.8	125.8
Total Legal Aid	137.4	137.5	137.5
<i>of which:</i>			
Fiscal Resource	136.8	136.8	136.8
Non-cash	0.5	0.6	0.6
Capital	0.1	0.1	0.1
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Safer and Stronger Communities budget does

This budget supports a range of initiatives to build safer communities, reduce violence, tackle sectarianism, promote fire safety, prevent crime and reduce unintentional harm. It also funds the Police Investigations and Review Commissioner.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Safer Communities	5.7	6.4	11.6
Total Safer and Stronger Communities	5.7	6.4	11.6
<i>of which:</i>			
Fiscal Resource	5.7	6.4	11.6
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Police Central Government budget does

The Police Central Government budget includes support for Airwave and the UK-wide Emergency Services Mobile Communication Programme. It also supports the delivery of police transformational change and reform programmes, including the 10-year policing strategy: Serving a Changing Scotland.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
National Police Funding and Reform	90.2	66.4	56.6
Police Support Services	0.1	0.4	0.4
Total Police Central Government	90.3	66.8	57.0
<i>of which:</i>			
Fiscal Resource	76.0	59.7	49.9
Non-cash	2.2	2.5	2.5
Capital	12.1	4.6	4.6
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Police and Fire Pensions budget does

This budget funds the pension costs of retired police and fire officers.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Police Pensions	278.4	278.4	278.4
Fire Pensions	72.2	72.2	72.2
Total Police and Fire Pensions	350.6	350.6	350.6
<i>of which:</i>			
Fiscal Resource	350.6	350.6	350.6
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Prison Service budget does

The Scottish Prison Service (SPS) budget covers expenditure associated with operating the prison system (both publicly- and privately-managed prisons) and the provision of a Court Custody and Prisoner Escorting Service on behalf of Scottish Courts, Police Scotland and the wider justice system. The SPS provides a wide range of services to care for and support those who are in custody, and their families, as well as operating a Victim Notification Scheme for registered victims of crime.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Prison Service	361.4	393.7	442.2
Total Scottish Prison Service	361.4	393.7	442.2
<i>of which:</i>			
Fiscal Resource	312.2	312.2	342.2
Non-cash	33.0	34.0	32.2
Capital	16.2	47.5	67.8
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Miscellaneous budget does

This budget covers a wide range of spending areas including the Scottish Law Commission, the Parole Board for Scotland and the Scottish Criminal Cases Review Commission, Her Majesty's Inspectorate of Prisons in Scotland, Her Majesty's Chief Inspector of Fire and Rescue in Scotland, Her Majesty's Inspectorate of Constabulary in Scotland, Her Majesty's Chief Inspector of Prosecutions in Scotland, Scottish Arbitration Centre, Scottish Mediation, and third sector organisations whose work supports the victims of crime and support for the justice contribution to tackling violence against women and girls. It also supports work to build Scotland's resilience, the armed forces and veterans community in Scotland.

Table 9.10: Miscellaneous Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Safe and Secure Scotland	8.3	12.0	12.3
Victim/Witness Support	17.9	18.0	18.7
Other Miscellaneous	17.3	23.5	27.6
Total Miscellaneous	43.5	53.5	58.6
<i>of which:</i>			
Fiscal Resource	37.4	47.5	53.6
Non-cash	0.1	-	-
Capital	6.0	6.0	5.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Police Authority budget does

This budget is provided to the Scottish Police Authority to enable the delivery of an effective and efficient policing service to the people of Scotland, that reflects the needs of local communities. The capital budget will support the delivery of key components of the police capital plan.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Police Authority	1,137.8	1,180.1	1,222.3
Total Scottish Police Authority	1,137.8	1,180.1	1,222.3
<i>of which:</i>			
Fiscal Resource	1,064.8	1,095.1	1,132.3
Non-cash	50.0	50.0	50.0
Capital	23.0	35.0	40.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Fire and Rescue Service budget does

This budget funds the Scottish Fire and Rescue Service (SFRS) to work in partnership with other agencies, the public and private sectors and communities on fire safety, prevention, protection and emergency response to improve the safety and wellbeing of the people of Scotland. The Scottish Fire and Rescue Service priorities are contained within the SFRS Strategic and Annual Plans, which align with the Fire and Rescue Framework for Scotland 2016.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Fire and Rescue Service	321.6	327.2	333.3
Total Scottish Fire and Rescue Service	321.6	327.2	333.3
<i>of which:</i>			
Fiscal Resource	264.4	269.9	276.0
Non-cash	24.7	24.8	24.8
Capital	32.5	32.5	32.5
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Courts and Tribunals Service budget does

The Scottish Courts and Tribunals Service (SCTS) provides the people, buildings and technology to support the judiciary, the courts, the tribunals and the Office of the Public Guardian. The SCTS is a non-Ministerial department, chaired by the Lord President.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Courts and Tribunals Service	117.7	116.6	122.6
Total Scottish Courts and Tribunals Service	117.7	116.6	122.6
<i>of which:</i>			
Fiscal Resource	75.2	77.0	89.0
Non-cash	19.6	21.3	25.6
Capital	22.9	18.3	8.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Central Government Grants to Local Authorities budget does

This ring-fenced funding supports local authorities in providing Criminal Justice Social Work services across Scotland. These services include supervising those offenders aged 16 and over who have been subject to a community disposal from the courts; providing reports to courts to assist with sentencing decisions; and providing statutory supervision (throughcare) for certain offenders on release from prison. There are also special services for certain key groups of offenders.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Criminal Justice Social Work	86.5	86.5	86.5
Total Justice Central Government Grants to Local Authorities	86.5	86.5	86.5

CONTRIBUTION TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 9.15: National Outcome

Community Justice
<p>Primary National Outcome: Communities</p> <p>Secondary National Outcomes: Children, Human Rights</p> <p>The budget includes funding for criminal justice social work to support offenders who are serving community-based sentences, electronic monitoring of offenders (e.g. through Restriction of Liberty Orders) and offender mentoring services. It also supports the work of Community Justice Scotland, Scotland's national body for promoting the highest standards of community justice services across Scotland. In 2020-21 we are increasing our investment to further improve the effectiveness and capacity of community justice services, including diversion from prosecution and alternatives to custody. We will continue to support a shift away from ineffective short-term prison sentences, which do little to rehabilitate people or reduce reoffending, with a focus on stopping people entering the justice system and protecting the public.</p> <p>Effective community justice helps prevent parental imprisonment which is an adverse childhood experience.</p>
The Judiciary
<p>Primary National Outcome: Human Rights</p> <p>Secondary National Outcomes: Communities, Economy</p> <p>An independent judiciary is integral to delivering against our national outcome on Human Rights. The judiciary serving within Scotland's courts and tribunals provide individuals with open and transparent access to justice which further supports our communities outcome. Furthermore, the independence and effectiveness of our judiciary supports Scotland as a place to do business, providing companies and individuals with assurance that disputes can be resolved cost effectively and quickly and supporting Scotland's position as a place to do business.</p>

Criminal Injuries Compensation

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights

This budget provides compensation to blameless victims of violent crime in Scotland or to people whose loved ones have died as a result of violent crime. Payments are made through the Criminal Injuries Compensation Scheme which is administered by the Criminal Injuries Compensation Authority.

This work supports our commitment to improving the experiences of victims and witnesses and support a range of measures to help individuals and communities feel empowered, resilient and safe, and to put the protection of victims' rights at the centre of our justice system.

Legal Aid

Primary National Outcome: Human Rights

Secondary National Outcomes: Communities

Reforms to the legal aid system in Scotland will improve access to justice, taking a user-focused approach to the provision of advice and legal services. This tackles inequality and builds individual and community resilience. The availability of legal aid supports access to justice, upholds the rule of law and the delivery of a rights-based society.

Safer and Stronger Communities

Primary National Outcome: Communities

Secondary National Outcomes: Health, Environment, Children and Young People

Through our work to reduce unintentional harm we can reduce health service admissions particularly among the under 5s and over 65s; and, our support for Navigators will reduce pressures on the health and justice systems. Our work on sectarianism and anti-social behaviour supports positive outcomes for children and young people. Introducing change to how we use fireworks can improve wellbeing in communities; and our approach to missing people will help those who are vulnerable and at risk. By supporting Medics Against Violence and initiatives like the Link Up programme, we can help those impacted by ACEs and trauma/adversity.

Our work on sectarianism and anti-social behaviour supports positive outcomes for children and young people – and by improving how safe we are, and we feel at home and in our communities, we can reduce isolation. Our work on missing people can improve the outcomes for people who are particularly vulnerable, including children and young people.

Scottish Police Authority Police Central Government

Primary National Outcome: Communities

Secondary National Outcomes: Economy, Human Rights, Environment

We are increasing investment in the Scottish Police Authority and Police Scotland to ensure our communities are served by a modern and effective police service. Police Scotland plays a vital role in defending some of our most fundamental human rights. They support our ability to live free from violence, crime and fear, and help create an environment within which other rights and freedoms can be enjoyed. Effective policing delivers a safe, just and resilient Scotland where people live in communities that feel safe and are safe, allowing individuals, families and businesses to thrive.

In collaboration with other emergency services, Police Scotland is investing in a fleet of electric and lower-emission vehicles and electric vehicles charging infrastructure to address the climate challenge.

Scottish Fire and Rescue Service

Primary National Outcome: Communities

Secondary National Outcomes: Health, Environment, Children and Young People

We are continuing to invest in the Scottish Fire and Rescue Service (SFRS) to ensure our communities are kept safe from current and emerging risks such as climate change. Through a renewed focus on prevention and collaboration we will support SFRS in delivering better outcomes to people and communities across Scotland. This includes SFRS expanding its prevention activities to encompass a wider range of risks faced by elderly and vulnerable people in their homes.

Police and Fire Pensions

Primary National Outcome: Communities

Secondary National Outcomes:

We continue to meet the costs of paying pensions to retired Police Officers and Firefighters.

Scottish Courts and Tribunal Service

Primary National Outcome: Human Rights

Secondary National Outcomes: Communities, Economy

The work of SCTS is integral to delivering against our national outcome on Human Rights ensuring we have efficient and strong independent courts and tribunals providing individuals with open and transparent access to justice which further supports our communities outcome. Furthermore, the independence and effectiveness of our judiciary and courts and tribunals system supports Scotland as a place to do business, providing companies and individuals with assurance that disputes can be resolved cost effectively and quickly and supporting Scotland's position as a place to do business.

Prison Services

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights, Health

The funding covers expenditure associated with operating the prison system (both publicly and privately managed prisons) and the provision of a Custody Court and Prisoner Escorting Service on behalf of Scottish Courts, Police Scotland and the wider justice system.

In 2020-21 we will continue to invest in the prison infrastructure, to build capacity in the current estate, commit to future development, complete our new innovative female custodial units and meet the challenges created by significant prison number growth, from those longer term and entrenched offenders, with often challenging and multi-complex needs.

SPS continue to work with partners and on the basis of robust international evidence, to ensure that prisoners are treated fairly and have opportunity and support to be rehabilitated.

Miscellaneous

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights

This budget covers a wide range of spending areas including the Scottish Law Commission, the Parole Board for Scotland and the Scottish Criminal Cases Review Commission, Her Majesty's Inspectorate of Prisons in Scotland, Her Majesty's Chief Inspector of Fire and Rescue in Scotland, Her Majesty's Inspectorate of Constabulary in Scotland, Her Majesty's Chief Inspector of Prosecutions in Scotland, Scottish Arbitration Centre, Scottish Mediation, and third sector organisations whose work supports the victims of crime and support for the justice contribution to tackling violence against women and girls. It also supports work to build Scotland's resilience, the armed forces and veterans community in Scotland.

Victims and Witnesses Priority

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights

The policy measures supported by this funding are designed to put victims' rights at the centre of the justice system and improve the support, information and advice that is available to them.

These measures also aim to give victims a stronger voice in the justice process, helping individuals and communities feel more empowered, resilient and safe.

Violence Against Women and Girls Priority

Primary National Outcome: Human Rights

Secondary National Outcomes: Communities, Health, Children

The Scottish Government recognises violence against women as a fundamental violation of human rights; a cause and consequence of gender inequality and the attitudes that support it. The Equally Safe strategy is Scotland's strategy to take action on all forms of violence against women and girls. Equally Safe's vision is of a strong and flourishing Scotland where all individuals are equally safe and respected, and where women and girls live free from all forms of violence and abuse – and the attitudes that help perpetuate it. These policies ensure that gender inequality within the justice system is addressed, whilst maintaining the rights of the accused.

The Equally Safe strategy is Scotland's strategy to take action on all forms of violence against women and girls.

Human Trafficking Priority

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights, Fair Work and Business, International

Our efforts to address human trafficking are strongly linked with other policy areas and strategies such as:

- Serious and Organised Crime
- Fair Work
- Licensing
- Violence Against Women and Girls
- Procurement
- Equalities
- Homelessness
- Health

No single agency can address human trafficking, a partnership approach is vital in order to ensure the most vulnerable adults and children in society are protected and that those responsible are held to account. Our work with both internal and external stakeholders and partners will ensure that we raise awareness of this crime, the devastating impact it has on our communities and how we can address the conditions that foster trafficking in order to meet the overall vision of eliminating this crime. We are reviewing our Human Trafficking and Exploitation Strategy to ensure it remains relevant and fit for purpose amidst emerging threats and in the face of increasing numbers of victims being identified.

Justice Reform Priority

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights, Children

Our work with criminal justice partners to deliver collaborative transformation designed around user needs and leveraging digital enablers will ensure that the justice system continues its progress towards providing modern, high quality and accessible public service.

Two of the aims of the Children (Scotland) Bill are to ensure that the views of the child are heard in contact and residence cases and to ensure that the welfare of the child remains the primary consideration in these cases.

Resilience Priority**Primary National Outcome: Communities****Secondary National Outcomes: Economy, Environment**

Working collaboratively across government and with key stakeholders to share current risk and threat analysis helps to ensure Scotland is prepared for sudden events. It can also help individuals, communities and business recover more quickly. Resilience activity helps to support Scotland's economy by ensuring key business is prepared for and can recover from unexpected events using strategic, senior leadership across Scotland. We also work with key stakeholders to ensure risks around climate change are identified, mitigated and understood at national and local level.

CHAPTER 10

Transport, Infrastructure and Connectivity

PORTFOLIO RESPONSIBILITIES

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

The Transport, Infrastructure and Connectivity (TIC) portfolio is responsible for 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.

Energy responsibilities include development of, and investment in, renewables; transport policy; strategy and delivery; broadband and mobile policy, infrastructure and investment; City Region and Growth Deals; and implementation of the Islands (Scotland) Act 2018 through the National Islands Plan.

The portfolio leads on strategic infrastructure planning – through the Infrastructure Investment Plan – and have established the Infrastructure Commission for Scotland. The infrastructure Commission has already published its first phase report 'A Blueprint for Scotland' covering the right priorities for the years ahead. It is vital that the right infrastructure investments are made that support sustainable places, generate inclusive economic growth and that will help to achieve net-zero emissions by 2045. Further detail on our Infrastructure and Investment priorities is set out in Chapter 3.

Transport Scotland sponsors Caledonian Maritime Assets Limited; David MacBrayne Limited; Highlands and Islands Airports Limited; Scottish Canals; and the Scottish Road Works Commissioner.

PORTFOLIO PRIORITIES

Our overarching priority is to ensure sustainable and inclusive economic growth across all of Scotland by providing the transport, energy and digital infrastructure and connectivity that communities need to deliver real economic and social benefit, whilst protecting our climate and environment, and improving lives across our urban, rural and island communities. Our aim is to support the creation of a highly-digitised, low carbon economy and addressing climate change and reducing emissions is at the heart of our planning, budget and delivery processes. The National Transport Strategy (NTS) sets out our framework for transport strategy around four priorities: reducing inequalities; taking climate action; help deliver inclusive economic growth; and improving our health and wellbeing. Our Digital Strategy sets out how we will use digital connectivity to deliver economic growth, reform public services and prepare future workforce. The Scottish Energy Strategy articulates six energy priorities for a whole-system approach around the use and supply of energy for heat, power and transport.

We will do this through the following activities:

- implementing a new National Transport Strategy which will focus on cutting carbon emissions across all modes of transport and reducing inequalities;
- taking forward the second Strategic Transport Projects Review (STPR2) to make recommendations for transport investment in the context of the priorities of the new National Transport Strategy and in line with the sustainable Travel and Investment hierarchies;
- supporting economic development in cities and their regions through the Scottish Cities Alliance, City Region Deals and other mechanisms;
- committing to 100 per cent coverage of Scotland by Growth Deals;
- continue to support the independent Infrastructure Commission for Scotland, which will, by the middle of 2020, provide a second report on the delivery of infrastructure, including the potential for the role of a Scottish infrastructure company;
- producing a new infrastructure Investment Plan for the next 5 years, focusing on three core long-term outcomes of inclusive economic growth, tackling the global climate emergency and building sustainable places;
- enhancing Scotland's digital connectivity through investment in digital and mobile infrastructure and support for new technologies;
- extending superfast broadband access to every home and business across Scotland, making Scotland the best place in the UK to invest in digital infrastructure;
- working with island stakeholders to implement the National Islands Plan;
- ensuring that public services, policies and strategies are 'island proofed' so that the needs of island communities are fully considered; and
- providing an ambitious and broad package of investment in heat decarbonisation and renewable energy.

Digital Connectivity priorities

World-class digital infrastructure is vital to delivering social, economic and environmental benefits to all of Scotland – enabling innovation, helping to reduce travel, opening up employment and leisure opportunities and addressing isolation and remoteness. Enhanced digital connectivity across all of Scotland will be a driver for sustainable and inclusive economic growth and a key enabler of tackling climate change and transitioning to a low carbon economy. Our key focus is on investing in digital infrastructure to extend access to superfast broadband to every home and business in Scotland and improve 4G mobile coverage.

In 2020-21 we will carry out the following activities:

- commence the roll-out of the Reaching 100% (R100) programme that, alongside commercial deployment, will extend superfast broadband access to every home and business in Scotland;
- continue delivery of the Scottish 4G Infill Programme with future-proofed new mobile masts in rural 'not-spot' areas;
- establish the Scotland 5G Centre to drive forward our 5G Strategy, create a Scotland-wide approach to 5G Rural First and support 5G deployment;
- continue to enable commercial investment in digital and mobile infrastructure through our 10-year 100 per cent non-domestic rates relief on newly commissioned fibre, by making it easier for telecoms operators to house equipment on public sector sites, and reforming the planning system; and
- establish Scotland as a green data hosting location and use Internet of Things (IoT) and other data-driven technology to help create a low carbon economy by driving innovation and efficiency across government and the wider economy.

Energy priorities

Scotland's Energy Strategy¹ sets out the Scottish Government's vision for a flourishing, competitive energy sector, delivering secure, affordable, clean energy for Scotland's households, communities and businesses. The strategy established six priorities to deliver that vision: efficiency; renewable and low carbon solutions; oil and gas industry contributions; innovative local energy systems; consumer engagement and protection; and system security and flexibility.

Through the Heat Transition Deal, we will accelerate and scale-up action to reduce emissions from homes and buildings by supporting delivery of low carbon heat infrastructure projects, including heat pumps and heat networks. Investment will continue in renewable and low carbon energy sources, such as marine energy, hydrogen and bioenergy to provide the foundation of our future energy system and offer Scotland significant opportunities for sustainable and inclusive economic and industrial growth.

1 <https://www.gov.scot/publications/scottish-energy-strategy-future-energy-scotland-9781788515276/>

In 2020-21 we will:

- support implementation of the Energy Efficient Scotland route map and transition programme in a drive to make our homes and buildings warmer, greener and more energy efficient;
- continue to invest in offshore and onshore wind, hydro, wave and tidal energy projects that have the potential to curb global emissions and help develop Scottish supply chains;
- invest in hydrogen and carbon capture, utilisation and storage (CCUS) which could have a positive effect on Scotland's emissions;
- continue support for the Scottish Government's Community and Renewable Energy Scheme (CARES) and delivery of energy consents in Scotland;
- develop low carbon infrastructure projects and enhance support through the Low Carbon Infrastructure Transition Programme (LCITP), including non-domestic energy efficiency and heat networks and the development of innovative financial mechanisms to encourage investment in low carbon infrastructure;
- deliver, via the Energy Investment Fund, flexible investment and debt funding for low carbon energy projects in Scotland which will facilitate and accelerate Scotland's transition to a net zero economy, especially those with a community energy focus; and
- support the oil and gas sector in reducing emissions and maximising the opportunities for Scotland, continue support for decommissioning supply chain activity in the North Sea and invest in a net-zero solution centre which has its aim of enabling the North Sea to become the first net zero hydrocarbon basin in the world.

City Region and Growth Deal priorities

The Scottish Government wants all of Scotland to benefit from City Region and Growth Deals. These seek to drive sustainable and inclusive economic growth throughout the country and to further develop regional economic partnerships to represent every community in Scotland. Each deal is tailored to maximise the value from the economic strengths and opportunities of its region. Funding has been allocated to continue the commitment to the City Region and Growth Deals already agreed and progress the deals in development. This investment will benefit all of Scotland, creating thousands of jobs and up-skilling local labour markets.

Four city region deals are in delivery: Glasgow, Aberdeen, Inverness and Edinburgh. Heads of Terms have been agreed for Stirling and Clackmannanshire, the Tay Cities, the Ayrshires and the Borderlands, and work is underway to conclude full deals for these areas. Dialogue continues on agreeing deals for Moray, Falkirk, Argyll and Bute, the Western Isles, Orkney and Shetland.

Together, these deal commitments, since 2014, add up to over £1.8 billion from Scottish Government for deals and associated investment. £2.185 billion has been committed by regional partners, with £1.422 billion committed by UK Government over the next 10-15 years.

In 2020-21 we will:

- continue to support agreed City Region Deals to deliver the outcomes agreed for Glasgow, Aberdeen, Inverness and Edinburgh;
- secure full agreed City Region Deals for Stirling and Clackmannanshire and for the Tay Cities Region as well as Growth Deals for the Ayrshires and the Borderlands;
- progress with our 100% commitment by continuing to progress discussions on Growth Deals for Moray, Argyll and Bute, Falkirk and the Islands; and
- support the development of a Scotland-wide network of Regional Economic Partnerships which will learn from, and build on, the foundations laid by City Region Deals.

Rail Services priorities

Scotland's rail network is key to helping deliver a low carbon economy and decarbonising transport in Scotland. We will continue our significant investment in Scotland's railways to support a safe and high-performing railway through the delivery of new and better services, new and refurbished trains, and substantial improvements to the infrastructure to increase capacity and reliability.

In 2020-21 we will:

- publish an action plan to decarbonise Scotland's railways by 2035, focusing on electrification, supported by development and testing of alternative technologies including procurement of battery electric trains and development of hydrogen powered trains;
- continue to press the UK Government for full devolution of powers over both track and train so we can run Scotland's railways in a way which best meets Scotland's needs;
- enhance the passenger experience with the completion of Glasgow's Queen Street station, creating a 21st-century space with longer platforms and greener, faster trains;
- develop infrastructure improvements on key routes including Aberdeen to Inverness, the Highland Main Line, the Far North Line and the West Highland Line;
- progress schemes such as Levenmouth and Aberdeen to Central belt, bringing even more rail improvements to passengers communities and businesses;
- continue developing future projects for the period 2019 to 2024 and beyond;
- continue the introduction of 26 refurbished High Speed Trains to operate on inter-city routes, with 40 per cent more seats on those routes;

- support redevelopments planned for Aberdeen, Inverness and Stirling stations and the delivery of new stations at Kintore, Dalcross, Reston and East Linton; and
- encourage freight modal shift to rail through our work with businesses and the logistics industry.

Concessionary Fares and Bus Services priorities

Maintaining concessionary fares policy ensures some of our most vulnerable citizens benefit from bus travel, helping to reduce social isolation and improve physical and mental health and wellbeing. Bus travel has a key role to play in decarbonising transport and cutting transport emissions and in connecting communities and enabling employment.

In 2020-21 we will:

- continue to provide concessionary travel for older and eligible disabled people;
- introduce companion cards for eligible disabled children aged under 5;
- extend concessionary travel to recipients of the young carer grant;
- begin rolling out investment of over £500 million in bus priority infrastructure to tackle the negative impact of congestion on bus services, improve bus journey times and raise bus usage;
- progress the bus aspects of the Transport (Scotland) Act 2019, working with local transport authorities and others to give a wider range of options to improve bus services across Scotland;
- continue to support bus services and the use of greener, less-polluting vehicles;
- support public transport operators and local government with smart ticketing and payment services and promotion to encourage increased use of public transport;
- deliver round two of the £2 million challenge fund to support the testing of Mobility as a Service in Scotland, facilitating growth and innovative digital solutions; and
- continue to implement Scotland's Accessible Travel Framework, working towards our ambition of having a fully accessible public transport system that enables disabled people to travel with the same freedom, choice, dignity and opportunity as all other citizens.

Active Travel, Low Carbon and Other Transport Policy priorities

In 2020-21 we will:

- publish the National Transport Strategy (NTS) delivery plan;
- consult on future plans for transport and take forward the second Strategic Transport Projects Review so that future investment decisions deliver the priorities of the new National Transport Strategy and help to reduce inequalities and prioritise active and low carbon travel;

- increase our investment in active travel to £85 million, enabling the delivery of high quality walking, wheeling and cycling infrastructure and support work to encourage more people to choose active and sustainable travel;
- continue activity to phase out new petrol and diesel cars and vans in Scotland by 2032;
- work to create the conditions to phase out the need for petrol and diesel cars from the public sector fleet by 2025 and remaining petrol and diesel vehicles by 2030;
- support uptake of zero emission vehicles by expanding Electric Vehicle (EV) charging infrastructure across Scotland and initiatives such as our Low Carbon Transport loan, which will include used vehicles for the first time;
- support innovation to stimulate markets so that consumers, business and industry harness the opportunities from zero emission mobility in local and international markets;
- continue to support the Mobility Access Committee for Scotland and Disability Equality Scotland to host and develop the accessible travel hub to provide disabled people with information on accessible travel;
- support the operation of Scotland's canals and the benefits that canals bring to Scotland;
- continue to fund transport journey data information provision;
- promote measures to transfer freight from road to rail and sea, including forestry and whisky;
- support Regional Transport Partnerships and the Scottish Road Works Commissioner; and
- support delivery of Scotland's road safety framework through Road Safety Scotland.

Motorways and Trunk Roads priorities

In 2020-21 we will:

- through the next Strategic Transport Projects Review, make recommendations for transport investment which prioritises maintaining and then making best use of existing assets before identifying opportunities to invest in appropriate new and enhanced infrastructure;
- continue to increase the resilience of Scotland's trunk road network to adapt to a changing climate and unplanned events such as flooding and high winds, including by investment in major infrastructure projects which deliver improved road safety, journey time and reliability;
- plan and deliver strategic transport resilience for major events including the Conference of the Parties Climate Change Conference (COP 26) to be held in Glasgow in November 2020;

- continue to maintain the trunk road network in line with international best practice, investing in essential road maintenance schemes, bridge strengthening programme and ancillary assets;
- invest in Intelligent Transport Systems including the Connected and Autonomous Vehicle (CAV) Forth trial of an autonomous bus service on trunk roads between Fife and Edinburgh;
- work with local authorities to support implementation of the Glasgow Low Emission Zones (LEZs) and to prepare for introduction of LEZs into three other cities by 2020;
- begin assessment of other Air Quality Management Areas for LEZ mitigation;
- progress design and development work on dualling the A9 and A96 and continue to progress construction of the A9 dualling Luncarty to Birnam project;
- progress construction of the A90/A96 Haudagain Improvements, A77 Maybole Bypass and improvements on the A9 at Berriedale Braes; and
- progress design and development work on a range of projects including improvements to the A82 between Tarbet and Inverarnan and projects related to city deals in respect of the grade separation of Sheriffhall Roundabout on the A720, Longman Roundabout on the A9/A82 and also at Laurencekirk on the A90.

Ferry Services priorities

In 2020-21 we will:

- continue to support ferry services on the Clyde and Hebrides and Northern Isles routes, recognising that these are 'lifeline services' for Scotland's islands;
- implement the next Northern Isles Ferry Services contract;
- maintain low fares on the Clyde and Hebrides Ferry Services routes, freeze islander passenger and car fares on services between Orkney, Shetland and Aberdeen and seek to further reduce passenger and cars fares on ferry services to and from Orkney and Shetland;
- continue to support inter-island ferry services;
- provide grant support for priority harbour projects on the Clyde and Hebrides network, including those at Tarbert (Harris), Lochmaddy, Uig and Ardrossan;
- develop and implement the vessel and port investment programme to enhance connectivity to and between Scotland's islands;
- progress design of a new vessel for Islay to enable the award of a shipbuilding contract;
- progress a new passenger vessel design and suitable berthing facilities for the Gourock-Dunoon service, as part of the Gourock Harbour renewal project; and
- begin work on a new Ferries Plan as part of the second Strategic Transport Projects Review.

Air Services priorities

In 2020-21 we will:

- support Highlands and Islands Airports Limited (HIAL) in maintaining and operating its airports;
- continue to fund the Air Discount Scheme to help make air travel more affordable for those living in the most remote communities;
- continue to support the air services connecting Barra, Campbeltown and Tiree with Glasgow; and
- continue to enhance Scotland's connectivity with the rest of the world through supporting development of new routes which are important for Scottish businesses and our tourism sector.

Ferguson Marine priorities

In 2020-21 we will:

- support Ferguson Marine in establishing appropriate governance and improving business processes; and
- continue to support construction of two new major dual-fuel vessels for the Clyde and Hebrides network.

SPENDING PLANS

Table 10.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Digital Connectivity	36.7	32.9	63.4
Energy	93.6	105.1	190.6
Cities Investment and Strategy	122.2	192.4	205.6
Rail Services	808.8	989.0	1,259.1
Concessionary Fares and Bus Services	269.1	272.9	288.8
Active Travel, Low Carbon and Other Transport Policy	185.3	184.0	298.4
Motorways and Trunk Roads	831.5	833.1	748.9
Ferry Services	240.5	233.1	255.1
Air Services	59.8	67.7	86.2
Ferguson Marine	-	-	49.6
Total Transport, Infrastructure and Connectivity	2,647.5	2,910.2	3,445.7
<i>of which:</i>			
Total Fiscal Resource	1,017.0	1,000.0	1,106.3
<i>of which Operating Costs*</i>	-	10.6	10.3
Non-cash	152.6	155.6	112.9
Capital	1,419.4	1,718.1	2,166.1
Financial Transactions**	58.5	36.5	60.4
UK Funded AME	-	-	-

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20. The reduction in operating costs reflects a change in the profile of Digital Connectivity staffing.

**The Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions for each portfolio is listed in the Infrastructure Investment Chapter.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
HIAL (NDPB Non-cash)	(9.5)	(9.5)	(9.5)
SC (NDPB Non-cash)	-	-	(2.5)
PPP/PFI Adjustments	(28.1)	(17.8)	(18.7)
Grants to Local Authorities	36.9	42.5	85.7
Total TI&C	2,646.8	2,925.4	3,500.7

Total Limit on Income (accruing resources)			100.0
--	--	--	-------

What the Digital Connectivity budget does

This budget supports activity to enhance Scotland's digital infrastructure, extend connectivity across the country and showcase the innovation that this enables. Although telecoms is reserved to the UK Parliament, the lack of targeted investment from the UK Government to address infrastructure gaps in Scotland has resulted in the Scottish Government intervening. Building on the success of the Digital Scotland Superfast Broadband (DSSB) programme, we have established the Reaching 100% (R100) programme which will invest £600 million in future-proofed digital infrastructure that, alongside commercial deployment, will extend superfast broadband access to all of Scotland. We also continue to invest to improve mobile coverage – through the Scottish 4G Infill Programme, which is delivering new masts to address mobile coverage 'not-spots', and through the Scotland 5G Centre, which will demonstrate how 5G and the technology that it enables can drive innovation and efficiency across all sectors. Collectively, these programmes will drive a step change in the quality of digital infrastructure across Scotland and make a key contribution to our climate change ambitions.

Table 10.02: Digital Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Digital Connectivity Capital	34.2	28.2	58.7
Digital Connectivity Resource	2.5	4.7	4.7
Total Digital Connectivity	36.7	32.9	63.4
<i>of which:</i>			
Fiscal Resource	2.5	4.7	4.7
Non-cash	-	-	-
Capital	22.2	28.2	58.7
Financial Transactions	12.0	-	-
UK Funded AME	-	-	-

What the Energy budget does

The budget supports the energy strategy vision of a flourishing competitive local and national energy sector, delivering secure, affordable, clean energy for Scotland's households, communities and businesses through investment in energy efficiency measures for domestic and industrial buildings; renewable energy projects; widening community ownership of renewable energy project; investment in low carbon infrastructure; support to the oil and gas supply chain and looking to new opportunities from decommissioning projects.

Table 10.03: Energy Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Energy	93.6	105.1	190.6
Total Energy	93.6	105.1	190.6
<i>of which:</i>			
Fiscal Resource	21.6	28.6	35.3
Non-cash	-	-	-
Capital	45.5	50.0	129.4
Financial Transactions	26.5	26.5	25.9
UK Funded AME	-	-	-

What the Cities budget does

The budget supports all the City Region Deals that have been agreed: Glasgow, Aberdeen, Inverness and Edinburgh. It supports progress for the City Region and Growth Deals in development for Stirling, Tay, the Ayrshires and the Borderlands and progression for Moray, Argyll and Bute, Falkirk and the Islands.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Cities Investment and Strategy	122.2	192.4	205.6
Total Cities	122.2	192.4	205.6
<i>of which:</i>			
Fiscal Resource	0.3	4.6	4.6
Non-cash	-	-	-
Capital	121.9	187.8	201.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Rail Services budget does

The budget supports the delivery of passenger rail services through the ScotRail and Caledonian Sleeper franchise contracts, including procurement of new trains, and Network Rail's operation, maintenance, renewal and enhancement of the rail infrastructure in Scotland. Rail infrastructure funding comprises the grant paid to Network Rail, determined independently by the Office of Rail and Road (ORR) towards operation, maintenance and renewal with Major Public Transport Projects funding enhancement.

Table 10.05: Rail Services Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Major Public Transport Projects	31.6	207.0	207.0
Rail Development	6.2	3.0	3.0
Rail Franchise	183.4	417.0	520.1
Rail Infrastructure	587.6	362.0	529.0
Total Rail Services	808.8	989.0	1,259.1
<i>of which:</i>			
Fiscal Resource	189.6	153.0	241.1
Non-cash	-	-	-
Capital	619.2	836.0	1,018.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Concessionary Fares and Bus Services budget does

The budget provides support for bus services across Scotland, primarily through Bus Service Operators' Grant, which is paid to operators based on mileage and includes incentives to encourage the use of greener buses, funds national concessionary travel schemes for older, disabled and young people and supports multi-modal smart and integrated ticketing, including the smartcards used to access concessionary travel. This budget also provides funding for a number of organisations working to improve public transport, including Bus Users Scotland and the Community Transport Association Scotland.

Table 10.06: Concessionary Fares Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Concessionary Fares	201.6	210.5	229.8
Smartcard Programme	3.3	5.2	4.8
Support for Bus Services	64.2	57.2	54.2
Total Concessionary Fares	269.1	272.9	288.8
<i>of which:</i>			
Fiscal Resource	257.1	266.7	286.0
Non-cash	-	-	-
Capital	2.0	6.2	2.8
Financial Transactions	10.0	-	-
UK Funded AME	-	-	-

What the Active Travel, Low Carbon and Other Transport Policy budget does

The budget provides support for: sustainable transport and encouraging behaviour change, including infrastructure projects for safe walking and cycling; infrastructure and incentives to promote the transition to ultra-low emission light vehicles; the provision of impartial travel information services; road safety; accessible travel; freight industry reduction of emissions; the Future Transport Fund low carbon transport and zero emission initiatives; Scottish Canals operation and maintenance; Transport Scotland Administration and Regional Transport Partnerships.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Agency Administration Costs	17.4	15.8	16.0
Road Safety	2.9	3.2	3.2
Scottish Canals	11.6	15.0	23.2
Strategic Transport Projects Review	5.2	3.5	3.5
Support for Sustainable & Active Travel	79.0	79.0	107.4
Support for Freight Industry	1.0	0.7	0.7
Transport Information	1.2	1.2	0.7
Future Transport Fund	60.2	60.3	83.3
Edinburgh Tram Inquiry	1.5	0.2	0.2
Travel Strategy & Innovation	5.3	5.1	60.2
Total Active Travel, Low Carbon and Other Transport Policy	185.3	184.0	298.4
<i>of which:</i>			
Fiscal Resource	55.6	51.2	50.8
Non-cash	0.6	0.6	3.2
Capital	119.1	122.2	209.9
Financial Transactions	10.0	10.0	34.5
UK Funded AME	-	-	-

What the Motorways and Trunk Roads budget does

In addition to major roads construction projects and other road improvements, the budget delivers routine, cyclical and winter maintenance to maintain the safety, environment and amenity of the trunk road network. It includes road safety improvement programmes, information for road travellers and an emergency response facility to deal with emergencies and incidents on the network. This delivers better journey times and transport connections, with reduced emissions and greater quality, reliability, accessibility and affordability. The budget funds provision of transport resilience measures and robust transport plans for major events to meet the needs of customers, improving physical connectivity, economic productivity, the environment, public health and social inclusion.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Capital Land & Works	249.0	212.1	179.8
Forth & Tay Bridge Authorities	26.0	21.5	37.3
Queensferry Crossing	7.2	8.1	2.4
Motorways and Trunk Roads Other Current Expenditure	13.6	15.7	15.6
Network Strengthening	57.8	70.9	77.5
Roads Depreciation	142.5	145.5	100.2
Roads Improvements	39.2	58.8	46.3
Routine and Winter Maintenance	89.9	91.8	94.4
Structural Repairs	34.0	44.7	45.7
Motorway and Trunk Roads PFI	172.3	164.0	149.7
Total Motorways & Trunk Roads	831.5	833.1	748.9
<i>of which:</i>			
Fiscal Resource	282.6	278.4	266.6
Non-cash	142.5	145.5	100.2
Capital	406.4	409.2	382.1
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Ferry Services budget does

The budget supports the Scottish Government's published Ferries Plan providing subsidy for the Clyde and Hebrides and Northern Isles Ferry Services contract and resilience funding on the Clyde and Hebrides routes. It also provides for loans to Caledonian Maritime Assets Ltd to procure vessels for these networks and grants to ports for improvement works to piers and harbours that support lifeline ferry services. It will also deliver actions being developed to support improved reliability of services.

Table 10.09: Ferry Services Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Support for Ferry Services	173.7	178.1	199.1
Vessels and Piers	66.8	55.0	56.0
Total Ferry Services	240.5	233.1	255.1
<i>of which:</i>			
Fiscal Resource	173.7	178.1	177.3
Non-cash	-	-	-
Capital	66.8	55.0	77.8
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Air Services budget does

The budget supports Highlands and Islands Airports Limited (HIAL) to enable the operation of air services ensuring that Scotland's remote and rural areas remain connected. It includes support for capital investment and operation and development of airport services. It also supports the Air Discount Scheme which provides discounted fares for eligible residents on eligible routes, and the provision of lifeline air services from Glasgow to Campbeltown, Tiree and Barra which cannot be provided commercially and international route development.

Table 10.10: Air Services Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Highlands & Islands Airports Limited	36.5	45.9	70.5
Support for Prestwick Airport	6.5	6.0	-
Support for Air Services	16.8	15.8	15.7
Total Air Services	59.8	67.7	86.2
<i>of which:</i>			
Fiscal Resource	34.0	34.7	39.9
Non-cash	9.5	9.5	9.5
Capital	16.3	23.5	36.8
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Ferguson Marine budget does

The budget supports Ferguson Marine in establishing appropriate governance and improving business processes and progression of the delivery of vessels under construction.

Table 10.11: Ferguson Marine Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Ferguson Marine	-	-	49.6
Total Ferguson Marine	-	-	49.6
<i>of which:</i>			
Fiscal Resource	-	-	-
Non-cash	-	-	-
Capital	-	-	49.6
Financial Transactions	-	-	-
UK Funded AME	-	-	-

Table 10.12: Central Government Grants to Local Authorities Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Cycling, Walking and Safer Routes	7.4	8.9	8.9
Support for Inter-Island Ferries	10.5	10.5	11.5
Regional Transport Partnership	19.0	23.1	15.3
Heat Networks Early Adopters Challenge Fund	-	-	50.0
Total Central Government Grants to Local Authorities	36.9	42.5	85.7

CONTRIBUTION TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 10.13: National Outcome

Digital Connectivity Priority
<p>Primary National Outcome: Economy</p> <p>Secondary National Outcomes: Fair Work and Business, Environment, Communities</p> <p>Digital connectivity will underpin the transition to a low carbon economy. The full benefits will be realised as businesses, individuals and the public sector translate the power of cloud computing, 5G, IoT and Big Data into new business models, practices, products and services. 5G alone has the potential to add £17 billion to Scotland's GDP and create 160,000 new jobs by 2035. 5G-enabled smart grids could save 6.4 million tonnes of CO₂; and digital traffic management systems could reduce congestion and CO₂ emissions by an estimated 370,000 tonnes per year.</p>
Energy Priority
<p>Primary National Outcome: Environment</p> <p>Secondary National Outcomes: Economy, Communities, Poverty</p> <p>Scotland's energy strategy set out our vision for a flourishing, competitive energy sector, delivering secure, affordable, clean energy for Scotland's households, communities and businesses. The strategy established six strategic priorities, including energy efficiency and renewable and low carbon solutions.</p> <p>Initiatives planned for 2020-21 will focus on delivery against Scotland's targets to reduce Scotland's emissions of all greenhouse gases to net zero by 2045.</p> <p>We will support Scotland's supply chain to enable it to take advantage of the opportunities made available by renewable projects around the country. As an example of our commitment to this National Outcome, investment in a heat decarbonisation programme will accelerate and scale up our action to reduce emissions from our homes and buildings.</p>

City Deals Priority

Primary National Outcome: Economy

Secondary National Outcomes: Environment, Fair Work and Business, Communities

Cities and their regions are the engines of our economy. The Scottish Government has committed up to £1.3 billion to support Scotland's seven cities and their regions maximise the economic opportunities of the future and thrive. This investment will benefit all of Scotland, creating thousands of jobs and up-skilling local labour markets. Each deal is tailored to maximise the value from the economic strengths and opportunities of its region.

Rail Services Priority

Primary National Outcome: Economy

Secondary National Outcomes: Environment, Fair Work and Business, Communities

By continuing to invest in Scotland's railway, we will support the economy by connecting our people, communities and businesses through faster and more frequent rail services, while also improving the capacity and comfort of our trains. We will progress work to further decarbonise our railways which, alongside attracting more passengers and freight onto rail and out of cars and lorries, will provide considerable benefits to our environment and improve the safety of our communities through reduced road use and congestion.

Concessionary Fares and Bus Services Priority

Primary National Outcome: Environment

Secondary National Outcomes: Health, Human Rights, Poverty

Bus services take up less road space and emit less carbon dioxide and other pollutants per passenger journey than cars. They are used relatively more by the less well off, by younger and older people and by women. Free bus travel makes it easier and cheaper for older and disabled people to travel and stay active, supporting their mental and physical wellbeing. Our support for bus services through the Bus Service Operators Grant makes the bus network more extensive and cheaper to use than would otherwise be the case, and includes incentives for low emission vehicles which help reduce carbon emissions and air pollutants. Investment in bus priority measures will reduce the impacts of congestion on bus services and encourage more sustainable transport journeys.

Active Travel, Low Carbon and Other Transport Policy Priority

Primary National Outcome: Environment

Secondary National Outcomes: Health, Economy, Communities

Reducing our emissions means that we not only need to decarbonise our existing models of transport but also change the ways in which we travel. Innovation, sustainable transport infrastructure and investment will transform our cities, towns and rural areas into places that support lower emissions lifestyles and businesses. This will lead to economic opportunities for Scottish companies and improve the health and wellbeing of our communities.

Motorways and Trunk Roads Priority

Primary National Outcome: Economy

Secondary National Outcomes: Environment, Communities

The trunk road network is one of the largest and most visible community assets for which the Scottish Government is responsible, with an estimated construction value of £21 billion. The operation, maintenance and improvement of this vital asset must continue to support the country by delivering the required service to road users while providing best value for public money. The network adds £1.38 billion to the Scottish economy annually, generates £358 million in tax receipts and employment for 31,000 people (1.2 per cent of all Scotland).

Trunk roads are a key network in Scotland's transport system which supports the functioning of all 360,000 businesses. In Scotland, 45 per cent of these registered enterprises are part of one of the six Growth Sectors, identified in Scotland's Economic Strategy. These policies are also essential to deliver climate change adaptation and mitigation measures and to the delivery of statutory targets on reduction of carbon emissions by 2045.

Ferry Services Priority

Primary National Outcome: Economy

Secondary National Outcomes: Fair Work and Business, Communities, Poverty

Ferries are a significant enabler of economic sustainability and population retention of island communities; this came through clearly in the Government's recently published draft National Islands Plan.

Air Services Priority**Primary National Outcome: Economy****Secondary National Outcomes: Communities, International, Fair Work and Business**

Improving Scotland's connectivity with the rest of the world helps build strong business links and provides a real boost to our tourism industry. Our support for air services to and within the Highlands and Islands means that all parts of Scotland stay connected. This contributes to ensuring our remote communities remain viable by enabling people to live work and run businesses in these areas helping to address issues such as depopulation.

Ferguson Marine**Primary National Outcome: Economy****Secondary National Outcomes: Communities, Fair Work and Business**

Bringing Ferguson Marine into public ownership has secured the jobs at the yard and a future for commercial shipbuilding on the Clyde. Our support to Ferguson Marine will ensure delivery of the ferries under construction at the yard, which, when complete, will service lifeline ferry routes.

CHAPTER 11

Environment, Climate Change and Land Reform

PORTFOLIO RESPONSIBILITIES

The Environment, Climate Change and Land Reform portfolio works across government to support and facilitate 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 exciting opportunities to diversify our economy 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;
- 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.

Portfolio responsibilities include sponsorship of Crown Estate Scotland (Interim Management), a public corporation established by Scottish Ministers to manage the Scottish Crown Estate assets from the point of devolution on 1 April 2017. Crown Estate Scotland (Interim Management)'s operating costs are funded from the gross revenue of the assets (and are classified as such as non-Vote expenditure) and the net revenue is paid into the Scottish Consolidated Fund.

PORTFOLIO PRIORITIES

Our priority for the year ahead is to respond to the global climate emergency and biodiversity loss. This will require a cross-government effort, with all portfolios tackling these twin challenges and to capturing the opportunities of transitioning our economy and protecting and enhancing our natural capital. We will ensure that our high quality natural assets – like our water, air, soils and nature – are the cornerstones of our economy, culture and quality of life and we will continue to ensure these precious assets are protected and enhanced.

The transition to a net-zero society is an essential investment for the future welfare of the people of Scotland, our economy, our environment and for those generations yet to be born. We lead by example with our ambitious statutory targets, strong progress to date and commitment to increasing our ambition in response to the Paris Agreement and our approach to a just transition where everyone benefits from the opportunities and no community is left behind. We will design policy to carefully consider where the costs and opportunities of the net-zero transition fall and consider innovative approaches to finance the transition.

Action across the portfolio contributes to the National Outcome on valuing, enjoying, protecting and enhancing our environment and supports a wide range of other National Outcomes. The transition to a net-zero economy is at the heart of our economic strategy. Ensuring this is a just transition will help support thriving and innovative businesses with quality jobs and provide fair work for all. It will tackle poverty by sharing opportunities more equally. The steps we are taking to build a circular economy and maintain strong environmental regulation ensures we have a globally competitive, entrepreneurial, inclusive and sustainable economy. Scotland's natural environment is a valuable health-promoting asset, with investment in our green and blue infrastructure encouraging a healthier and more active Scotland.

Taking advantage of the benefits of the circular economy, we are designing a deposit return scheme for drinks containers and are committed to introducing a Circular Economy Bill during this parliamentary session. This will support our world-leading action on climate change.

The portfolio is heavily impacted by EU exit, with essential funding, labour, scientific expertise and around 80 per cent of our environmental legislation coming from the EU. In line with our commitment to maintain environmental standards after EU exit, putting in place new arrangements for environmental law and policy will continue to be priorities for this portfolio.

Climate Change priorities

We will:

- update our Climate Change Plan to show how we intend to meet the new, more ambitious targets set in the Climate Change (Emissions Reductions Targets) (Scotland) Act 2019;
- support the establishment of a Climate Change Citizens' Assembly;

- continue to support the Just Transition Commission in its role to advise Ministers on a fair transition to a climate-neutral Scotland and contributing to the Economy National Outcome;
- respond to the global climate emergency by developing a net-zero transition strategy as part of a Green New Deal for Scotland to mobilise billions of investment into the transition;
- continue to promote increased global ambition on climate change;
- capitalise on COP 26 being held in Glasgow to enhance our international reputation, create economic opportunities and attract investment while building our international network;
- create Community Climate Action Hubs under the Climate Challenge Fund to more effectively support Scottish communities in making the transition to climate-neutral and climate resilient living and establish a network of Climate Action Towns;
- continue our work to ensure that Scotland is climate ready through delivery of our new Climate Change Adaptation Programme (SCCAP2);
- help ensure that all public bodies, as well as individuals, businesses and industry play impactful roles in the national endeavour to tackle climate change;
- help tackle the effects of climate change in the poorest, most vulnerable countries through our Climate Justice Fund and making a positive contribution to the International National Outcome;
- improve the evidence base around climate change action in Scotland, by developing the monitoring frameworks for our mitigation and adaptation strategies and starting work to establish a national Nitrogen Balance Sheet; and
- seek to ensure that EU exit does not adversely impact our policy goals and objectives for climate change.

Environmental Services priorities

We will:

- continue to work with partner organisations to reduce, and raise awareness of, flood risk across Scotland and support work to reduce the impacts of flooding on communities;
- provide an overall package of £5 million, boosting our commitment to the Biodiversity Challenge Fund, increasing action for priority habitats and species, and delivering additional improvements in ecological connectivity;
- deliver an ambitious multi-year commitment for investment into peatland restoration;
- continue investment to deliver River Basin Management Plans, delivering improvements to the water environment, and contributing to local economies and communities;

- consult on a draft new air quality strategy taking into account the conclusions and recommendations of the independent review of the current Cleaner Air for Scotland strategy, followed by publication of the new strategy. This will deliver further improvements in air quality and will help support the health national outcome;
- continue to support Scottish Natural Heritage (SNH), Scottish Environment Protection Agency (SEPA), our National Parks and the Central Scotland Green Network in their work to protect and enhance our world-class natural environment and improve biodiversity, to support inclusive and sustainable economic growth, and to promote the enjoyment of Scotland's environment and green space;
- continue the transition to a circular economy, cutting waste and carbon emissions and opening up new economic opportunities which will support the Economy National Outcome;
- legislate for an ambitious deposit return scheme that will work well for everyone in Scotland by reducing litter and making high quality recycled materials available to the Scottish economy; and
- ban the manufacture and sale of plastic-stemmed cotton buds and consult on what additional measures should be considered to improve the use and reuse of other materials.

Land Reform priorities

We will:

- develop regional land use partnerships to help all of Scotland's land contribute to the fight against climate change and begin work on the next iteration of the Land Use Strategy;
- continue to support community land purchases through our Scottish Land Fund;
- consider the recommendations of the Vacant and Derelict Land Taskforce;
- implement final aspects of the Land Reform (Scotland) Act 2016 by bringing into force a new community right to buy for sustainable development and developing a Register of Persons Holding a Controlled Interest in Land;
- hold an International Conference in 2020 to demonstrate progress on land reform and connect to global discussions about how land can support a range of outcomes; and
- continue to seek ways to enable everyone in Scotland to benefit from land, one of our most important assets.

Research, Analysis and Other priorities

We will:

- support the fifth year of the 2016-21 strategic research programme to drive research, development and innovation and support the Economy National Outcome;
- continue to seek efficiencies, impact and leverage from the research we fund;
- continue to support the work of the Royal Botanic Garden Edinburgh;
- establish new environmental governance arrangements to ensure that Scotland continues to fully implement environmental law after EU exit; and
- publish an Environment Strategy to set out our new overarching approach to environmental protection.

Marine priorities

We will:

- continue to safeguard and monitor marine and fisheries activity in Scotland's seas, coasts, rivers and ports to ensure that national and international regulations are enforced to protect the health of fish stocks and the marine and freshwater environment;
- deliver a Sectoral Marine Plan, identifying future locations for large-scale offshore wind developments and support research that will help address the sustainability of offshore renewables in line with the National Marine Plan's commitments;
- continue to implement legislation on the management of the Scottish Crown Estate, and progress longer-term reforms flowing from its devolution;
- distribute the net revenues from the Scottish Crown Estate marine assets out to 12 nautical miles to benefit coastal communities;
- support efforts to address the challenges facing wild salmon and freshwater fisheries and deploy a salmon pressures mapping tool to provide an improved evidence base;
- publish a multi-year national wild Atlantic salmon strategy;
- take forward with the aquaculture sector the farmed fish health framework to enable sustainable growth of salmon farming whilst minimising the environmental impacts;
- continue to safeguard our marine biodiversity, species and habitats, consulting on conservation strategies for seabirds and for dolphins and porpoise, improving the coherence and management of the Marine Protected Area networks, updating the UK wide marine monitoring programme, and developing new seal management measures;
- support efforts to reduce, reuse and recycle waste to minimise its impact on the marine environment, including working with the fishing sector and coastal communities on the issue of fishing litter and lost gear; and
- ensure we have assets and risk-based approaches to enforce regulations at sea following an EU exit.

Scottish Water priorities

We will:

- support the £3.9 billion 2015-21 Scottish Water investment programme: the provision of water and wastewater services is a key enabler of economic growth as well as fundamental to sustaining good health;
- invest to tackle ageing infrastructure;
- continue to mitigate and adapt to climate change supporting Scottish Water's efforts to achieve net-zero emissions by 2040; and
- continue the Hydro Nation agenda to maximise economic and non-economic value from our water resources.

SPENDING PLANS

Table 11.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Research, Analysis and Other	65.4	66.6	71.0
Marine	52.1	64.7	65.5
Environmental Services*	133.5	134.1	157.1
Land Reform*	17.1	17.1	16.5
Climate Change and Land Managers Renewables Fund	21.9	22.7	30.3
Scottish Water	115.5	121.4	121.4
Total ECCLR	405.5	426.6	461.8
<i>of which:</i>			
Fiscal Resource	153.6	168.5	175.3
<i>of which Operating Costs**</i>	-	63.3	70.1
Non-cash	12.0	13.1	16.5
Capital	239.9	245.0	274.0
Financial Transactions***	-	-	(4.0)
UK Funded AME	-	-	-

£23.0 million of expenditure has been reclassified from resource to capital in 2020-21, reducing the resource budget and increasing the capital budget by that amount.

* In 2020-21 Land Reform is shown as a separate budget, this was previously within Environmental Services and the previous year's budgets have been adjusted for comparison purposes.

** Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

*** The Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions for each portfolio is listed in the Infrastructure Investment Chapter.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Royal Botanic Garden (NDPB Non-cash)	(2.2)	(2.4)	(2.5)
National Park Authorities (NDPB Non-cash)	(0.7)	(0.9)	(1.0)
SEPA (NDPB Non-cash)	(2.1)	(2.7)	(4.9)
SNH (NDPB Non-cash)	(1.9)	(1.9)	(2.5)
Scottish Water loan repayments not included in Scottish Parliamentary budgets	43.0	37.6	46.7
Total ECCLR	441.6	456.3	497.6
Total Limit on Income (accruing resources)			500.0

What the Climate Change and Land Managers Renewables Fund budget does

The Climate Change budget and Sustainable Action Fund support the portfolio's climate change work, including adaptation and mitigation policy, while significant budgets elsewhere across government also support the delivery of our climate change ambitions. In addition, the budget provides resources for the Land Managers Renewables Fund.

Table 11.02: Climate Change and Land Managers Renewables Fund Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Climate Change - Policy Development and Implementation	1.1	1.1	1.1
Land Managers Renewables Fund	2.0	2.0	0.5
Sustainable Action Fund	18.8	19.6	28.7
Total Climate Change and Land Managers Renewables Fund	21.9	22.7	30.3
<i>of which:</i>			
Fiscal Resource	21.9	22.7	26.3
Non-cash	-	-	-
Capital	-	-	4.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Environmental Services budget does

The budget provides funding for partners such as Zero Waste Scotland to help support the transition towards a more resource-efficient, circular economy. It supports SEPA, SNH, our National Parks and the Central Scotland Green Network in their work to protect and enhance our world-class natural environment and supports work to meet our European and international obligations and targets for biodiversity.

Table 11.03: Environmental Services Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
National Parks	12.9	13.4	13.9
Environmental Quality*	14.5	14.7	10.8
Natural Resources, Peatland and Flooding	4.1	4.6	29.7
Scottish Environmental Protection Agency	35.0	34.4	37.1
Scottish Natural Heritage	46.5	46.5	49.1
Zero Waste	20.5	20.5	20.5
Zero Waste FT Repayments*	-	-	(4.0)
Total Environmental Services	133.5	134.1	157.1
<i>of which:</i>			
Fiscal Resource	124.1	123.2	145.3
Non-cash	4.7	5.5	8.4
Capital	4.7	5.4	7.4
Financial Transactions**	-	-	(4.0)
UK Funded AME	-	-	-

* The budget for Flood and Coast and Tide Network (£3.2 million) which were included under Environmental Quality in 2018-19 and 2019-20 are now part of Natural Resources, Peatland and Flooding.

** In 2020-21, the financial transactions budget includes a £4 million planned repayment of a loan, which was advanced to Zero Waste Scotland (ZWS) in 2019-20 as a result of a delay in receiving European funding. The European funding (£4 million) will be received in 2020-21 and fully offset the loan repayment. There will therefore be no impact on the level of resource available to ZWS in 2020-21.

What the Land Reform budget does

Ongoing implementation of land reform policy, including final aspects of the Land Reform (Scotland) Act 2016 (new community rights to buy and development of Register of Persons Holding a Controlled Interest in Land); PfG commitment to host international land reform conference; resource to support PfG commitment to develop regional land use partnerships; resource to develop next iteration of Land Use Strategy; ongoing support for community ownership through Scottish Land Fund.

Table 11.04: Land Reform Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Land Reform	17.1	15.6	15.0
Scottish Land Commission	-	1.5	1.5
Total Land reform	17.1	17.1	16.5
<i>of which:</i>			
Fiscal Resource	5.6	6.6	6.0
Non-cash	-	-	-
Capital	11.5	10.5	10.5
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Research, Analysis and Other budget does

The Research, Analysis and Other budget funds a portfolio of strategic research, knowledge exchange and expert advice in support of Scottish Government policies on a wide range of rural and agricultural topics, including the natural environment, crop and livestock sciences, animal welfare, and the rural economy. It also supports preparations for EU exit.

Table 11.05: Research, Analysis and Other Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Strategic Policy, Research and Sponsorship	3.0	3.8	4.5
Economic and Other Surveys	1.4	1.4	4.2
Programmes of Research	47.7	47.7	47.8
Royal Botanic Garden Edinburgh	13.3	13.7	14.5
Total Research, Analysis and Other	65.4	66.6	71.0
<i>of which:</i>			
Fiscal Resource	51.3	50.7	34.0
Non-cash	2.6	2.8	2.9
Capital	11.5	13.1	34.1
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Marine budget does

The Marine budget supports the sustainable use of Scotland's marine and freshwater environment, and progress towards achieving national, European, and international obligations to protect the marine environment. Marine Scotland has responsibility for the marine planning of Scotland's seas and licensing of a range of activities in the marine environment involving key sectors such as marine renewables, sea fisheries, aquaculture, recreational fisheries and the evidence base required to support these sectors.

Table 11.06: Marine Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Marine Scotland	52.1	64.7	65.5
Total Marine	52.1	64.7	65.5
<i>of which:</i>			
Fiscal Resource	45.2	58.9	57.3
Non-cash	4.7	4.8	5.2
Capital	2.2	1.0	3.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Water budget does

The budget supports the programme of investment by Scottish Water and helps to increase the benefit we can gain from the water economy both domestically and internationally through the Hydro Nation programme. The budget helps to support private water supplies, primarily through the provision of improvement grants; provides funding for the Drinking Water Quality Regulator for Scotland, for costs not directly recovered from Scottish Water.

Table 11.07: Scottish Water Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Interest on Voted Loans	(100.5)	(100.5)	(100.5)
Voted Loans	210.0	215.0	215.0
Hydro Nation	4.0	4.7	4.7
Drinking Water Quality Regulator	0.3	0.5	0.5
Private Water	1.7	1.7	1.7
Exemption Scheme	-	-	-
Total Scottish Water	115.5	121.4	121.4
<i>of which</i>			
Fiscal Resource	(94.5)	(93.6)	(93.6)
Non-cash	-	-	-
Capital	210.0	215.0	215.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

CONTRIBUTIONS TO NATIONAL OUTCOMES

ECCLR

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 11.08: National Outcomes

Climate Change and Land Managers Renewables Fund
<p>Primary National Outcome: Environment</p> <p>Secondary National Outcomes: Economy, Health, Communities, International</p> <p>By reducing greenhouse gas emissions, we are increasing the likelihood of average global temperature rises staying below 1.5 degrees Celsius, avoiding the more catastrophic effects of global warming on biodiversity, human populations and the economy worldwide, including in Scotland. By taking a strategic approach to the transition to net-zero (a Green New Deal), we can position Scotland's economy to grow sustainably and ensure the transition is fair and no community is left behind. By being at the vanguard of a global move to low carbon economies, Scotland will be well placed to innovate and export low carbon technologies, solutions and business practices. By reducing the use of fossil fuels in the transport system, we will improve the quality of air that people breathe. And by involving everyone in the transition to climate-neutrality, we will ensure that both the benefits and the costs are shared fairly across all communities.</p> <p>By engaging with international partners and through our Climate Justice Fund we meet our obligations internationally, promote our place in the world and deepen our relationships with others.</p> <p>We will play a leading role to raise global ambition, including by delivering meaningful roles for Ministers and Scottish society at the UN Climate Summit – COP 26 – in Glasgow and making a positive contribution to the International Outcome. We will enhance our international reputation, create economic opportunities and build our international network.</p> <p>The Green New Deal will take a strategic approach to grow our inclusive economy and support collective wellbeing by capturing the opportunities of the transition to net-zero. We will continue to support the Just Transition Commission in its role to advise Ministers on a fair transition to a climate-neutral Scotland.</p> <p>We will work to protect and enhance our world-class natural environment, to support inclusive and sustainable economic growth, and to promote the enjoyment of Scotland's environment and unique natural heritage.</p>

Environmental Services

Primary National Outcome: Environment

Secondary National Outcomes: Economy, Communities, Health

Delivery of River Basin Management Plans, with the support of the Water Environment Fund, will continue to make a positive contribution to easing the pressures on wild fish (e.g. Atlantic Salmon), preparing for climate change, and protecting and improving our rivers, lochs, wetlands and coastal waters for the enjoyment of all.

Our action to improve air quality contribute to improvements in both human and environmental health. We will consult on a draft new air quality strategy taking into account the conclusions and recommendations of the independent review of the current Cleaner Air for Scotland strategy, followed by publication of the new strategy, to deliver further improvements in air quality.

We will continue the transition to a circular economy, cutting waste and carbon emissions and opening up new economic opportunities which will support the Economy National Outcome.

Land Reform

Primary National Outcome: Environment

Secondary National Outcomes: Economy, Communities, Human Rights

Land has a major role to play in tackling climate change, particularly through how land is used. Regional land use plans will enable strategic consideration of how land can best be used to tackle climate change. Tackling long-term land problems like concentrated ownership and vacant and derelict land will support inclusive growth by helping to make more land available for a wider range of uses, and encouraging land to be used productively.

We will continue to support community land ownership and greater community engagement in decisions about how land is used and managed. Increasingly, we are viewing land through a rights-based approach, both as a right in itself and in delivering other rights.

Research, Analysis and Other

Primary National Outcome: Environment

Secondary National Outcomes: Economy, International, Communities

The Research, Analysis and Other budget funds a portfolio of strategic research, knowledge exchange and expert advice in support of Scottish Government policies on a wide range of rural and agricultural topics, including the natural environment, crop and livestock sciences, animal welfare, and the rural economy.

This research also provides critical insights into complex global challenges such as food security and climate change that helps inform policy development. Funding from this budget helps maintain science innovation and excellence and also supports critical infrastructure and research assets, including collections of national and international importance.

The Environment Strategy will help to guide our approach to protecting and restoring Scotland's environment and delivering our international responsibilities, including our contribution to tackling the global climate emergency, while also seizing opportunities to improve economic success and the wellbeing of our communities. The strategy will form part of our overall strategic approach on environmental policy, alongside future arrangements for environmental principles and governance.

Environmental governance will promote effective implementation of high environmental standards, which support our economy, and enhance the welfare of our communities.

Marine

Primary National Outcome: Environment

Secondary National Outcomes: Economy, Fair Work and Business, International, Health

Scotland's marine environment already provides a huge resource for improving wellbeing by offering attractive recreation and tourism opportunities. The 2015 Scottish Marine Recreation and Tourism Survey estimates that £3.7 billion is spent in Scotland on recreation and tourism activities across our seas and coastal communities. Our roll-out of marine protected areas (MPAs) and conservation measures have already started to show signs of adding to the wellbeing from our marine environment.

In 2020-21 we will continue to safeguard and monitor marine and fisheries activity in Scotland's seas, coasts, rivers and ports to ensure that national and international regulations are enforced to protect the health and sustainability of fish and shellfish stocks and the marine and freshwater environment in collaboration with the fishing industry and other key stakeholders.

Examples of past and future activities that contribute to the Environment National Outcome include:

- Completed the annual programme of fisheries data collection, ensuring international obligations are met under the Data Collection Framework and providing the data required to generate advice on catch limits to ensure sustainable fisheries.
- Use of ScotMER evidence maps to deliver research priorities to address knowledge gaps that are constraints to sustainable delivery of marine renewables. Development of dolphin and porpoise, and seabird Conservation Strategies. Monitoring underwater noise to assess status of marine environment via ECOMMAS and three EU funded projects.
- Conducted ICES assessments for 12 key stocks in European waters, and provided germane, relevant and timely advice for Scottish government ministers and stakeholders to facilitate profitable, responsible and sustainable fisheries.
- Co-ordinated annual stock monitoring of salmon and sea trout, applying Salmon Conservation Regulations to control mortality due to salmon angling.
- Co-ordinated a network of river temperature monitors and produced a mapping tool to identify priority locations for planting trees to shade rivers and protect young salmon and trout from high temperatures associated with climate change.

Marine

- Implemented the comprehensive annual marine environmental monitoring and assessment programme; work towards the update of Scotland's Marine Atlas.
- In supporting large-scale offshore wind developments we will encourage sustainable and inclusive growth whilst positively promoting a low carbon approach to generating electricity.
- New programmes of seabird tracking and surveys will inform the future conservation strategy for Scotland's unique seabird populations.
- Protection of Scotland's rich and diverse dolphin and whale populations in offshore waters west of Scotland will be strengthened using an array of deep-water passive acoustic monitoring devices.
- We will develop analytical models to understand the distribution of priority marine habitats and species on Scotland's seabed to enhance our management of protected nature sites.

Our approach to marine planning is seeking to maximise opportunities for improving health and wellbeing associated with Scotland's natural and historic environment. We are investing to tackle marine litter not only to protect our ecosystems, but to address the public health risks associated with plastic entering the marine food chain and to preserve our pristine marine environment for enjoyment by all.

Scottish Water

Primary National Outcome: Environment

Economy, Health, Communities

Scottish Water have developed a long-term industry vision to support its efforts to achieve net-zero emissions by 2040. This vision clearly identifies how it will transform the way it delivers vital services and improves technical standards. The vision highlights ambition for excellent water quality and enhancing the environment whilst remaining affordable to customers. It highlights the critical role the sector has in supporting the economy and creating a flourishing Scotland.

Scottish Water invests around £600 million each year allowing Scotland to enjoy extremely high standards of Drinking Water quality which ensures the essential health and hydration of the population.

Our Scotland the Hydro Nation programme includes the 'Your Water, Your Life' campaign which is proving to be a great success with top-up taps being rolled out across Scotland to allow people to hydrate using re-usable bottles.

CHAPTER 12

Rural Economy

PORTFOLIO RESPONSIBILITIES

Rural Economy is a diverse portfolio covering a range of responsibilities which contribute to the economic wellbeing of rural Scotland by working with the public, private and third sectors and our local communities. The portfolio includes farming and food production, animal health and welfare, plant health, food and drink, fisheries, crofting, aquaculture, forestry and rural enterprise and economic development. The portfolio is also significantly impacted by the UK leaving the EU and minimising and addressing those impacts on rural, coastal and island communities will be a key focus.

The portfolio supports a number of bodies including:

- Scottish Forestry and Forestry and Land Scotland, the two new national agencies established through the Forestry and Land Management (Scotland) Act 2018. Scottish Forestry is responsible for the forestry policy, regulatory and support functions of the Scottish Government. Forestry and Land Scotland (FLS) has responsibility for managing Scotland's national forests and land for multiple outcomes.
- The Crofting Commission whose principal functions are regulating and re-organising crofting, promoting the interests of crofting and keeping under review matters relating to crofting. It can advise Scottish Ministers on matters relating to crofting and collaborate with other bodies for the economic development and social improvement of the crofting counties.
- Highlands and Islands Enterprise and South of Scotland Enterprise which are key delivery partners of Scotland's Economic Strategy as well as Scottish Government ambitions to create a low carbon rural economy and deliver inclusive growth and fair work.
- Quality Meat Scotland, the public body responsible for helping the Scottish red meat industry to improve its efficiency and profitability, and maximise its contribution to Scotland's economy. The body's main source of funding is through a statutory levy from farmers and processing companies in Scotland.

PORTFOLIO PRIORITIES

The Rural Economy portfolio contributes to National Outcomes namely economy; communities; education; fair work and business; environment; health, culture; and international. The priority is to ensure a sustainable, inclusive, fair and prosperous rural Scotland. We work to ensure that our approach contributes to inclusive economic growth for rural, coastal and island communities. Work is being structured around two programmes:

- Strengthening our rural, island and coastal communities.
- Optimising the value and sustainability of our land and marine assets.

We will strengthen our rural, island and coastal communities by supporting inclusive and sustainable economic growth, helping to create a low carbon rural economy and encouraging people to stay in and move to rural Scotland by:

- taking area-based approaches in our islands and rural communities, reaching across public services and being rooted in community action;
- supporting businesses through digital connectivity and enablement and exploiting digital capabilities to increase efficiency and productivity;
- using our rural footprint to provide quality, expert advice and support, unlocking and accelerating innovation and growth; and
- supporting investment, inclusive growth and fair work through our rural enterprise bodies.

We will optimise the value and sustainability of our land and marine assets by:

- supporting inclusive and sustainable economic growth in key sectors through Ambition 2030 (for food and drink industry); Aquaculture Strategy; Scotland's Forestry Strategy; Framework for Future Fisheries Management; Rural Skills Action Plan; and the report of the Women in Agriculture Taskforce;
- supporting Scotland's farmers and crofters by continuing to deliver Common Agricultural Policy and supporting land managers, farmers, crofters, foresters and rural businesses through the Scottish Rural Development Programme (SRDP);
- creating a new Agricultural Transformation Programme focused on sustainability, simplicity, profitability, innovation, inclusion and productivity;
- supporting the Farming and Food Production Future Policy Group whose recommendations in the course of 2020 will inform the development of future farming and food production policy;
- reducing Scotland's vulnerability to external events, e.g. climate change, market conditions by re-imagining how we use our land and sea, through farming, crofting, forestry, fisheries and aquaculture to deliver high quality, locally available food and drink, timber and a range of public goods;
- recognising the social and environmental value our land provides to recreation biodiversity, and accelerating our response to climate change;

- optimising our marine assets that yield some of Europe's largest fisheries and aquaculture sectors; and
- delivering world-class science and evidence to protect Scotland from animal and plant diseases.

EU Support and Related Services priorities

The EU Support and Related Services budget continues to support primary production in the agricultural and wider rural sector under direct support measures with UK funding received in 2020-21 as a replacement for former EU support under the European Agricultural Guarantee Fund (EAGF). The Scottish Rural Development Programme (SRDP) provides for National and EU funding (European Agriculture Fund for Rural Development) to support measures which deliver economic, environmental and community benefit for rural, island and coastal communities.

We will support our farmers, crofters, foresters and other land managers, along with wider rural businesses and communities to enhance the rural economy and its contribution to protecting and improving the natural environment and helping address the impact of climate change. This will contribute to the economy, communities, education, fair work and business and environment National Outcomes.

In 2020-21 we will:

- provide financial security and certainty to Scotland's farmers and crofters by delivering the Common Agricultural Policy (CAP) efficiently and effectively;
- continue, within CAP, to provide Direct Payments to active farmers and crofters;
- deliver the CAP Pillar 2, SRDP scheme, including continued support for agri-environment, business advice, innovation and knowledge transfer, crofting and the food and drink sector support under the existing EU Multi-financial framework period;
- maintain payments at the maximum level permitted by EU rules for the Less Favoured Area Support Scheme to provide support to the most fragile farm businesses;
- deliver the second tranche of historic CAP convergence funding to active farmers and crofters, particularly those farming in our marginal and remote areas;
- continue to develop plans to simplify current CAP schemes to transition to a new approach to rural support post-EU exit under the Agriculture (Retained EU Law and Data) (Scotland) Bill; and
- support farmers to move through the twofold transition of leaving the EU and making progress towards the National Net-Zero targets and establish a budget for the agricultural transformation programme and progress key priorities to reduce carbon emissions from farming and food production and enhance biodiversity and environmental benefit from our natural assets.

Rural Services priorities

The Rural Services budget will support food and drink, farming, crofting and rural development projects which contributes to economy, communities, education, fair work and business, environment, and culture National Outcomes.

In 2020-21 we will:

- monitor the presence of animal disease, prevent, control or eradicate any outbreaks and improve the welfare of kept animals including protecting the health of animals and humans by funding delivery partners to deliver official controls;
- monitor the presence of plant disease, to prevent, control or eradicate any outbreaks, in collaboration with delivery partners and seeking advice and support from the Plant Health Centre;
- continue to take action to secure the future of crofting, by publishing a national development plan for crofting, providing grants to sustain and improve croft businesses, and providing more croft house grants;
- continue to support the food and drink sector to achieve its ambition of doubling turnover to £30 billion by 2030 by providing support to allow new businesses to be established and for existing businesses to grow and supporting the growth of new and existing markets;
- develop an action plan to support repopulation of our rural and island communities and work with partners to test approaches using small-scale pilots in rural Scotland;
- provide advice, including training, to farmers and crofters via initiatives such as Farming for a Better Climate, the Young Farmer Climate Change Champions and Lantra which help to ensure the future sustainability of Scottish agriculture; and
- implement actions recommended by the Women in Agriculture Taskforce including establishing a Leadership Development Programme, developing a Charter for Equality and improving training across the country for women involved in farming and crofting.

Fisheries and Aquaculture priorities

We will continue to support activity that builds growth across Scotland's marine and coastal communities, supporting employment, research and innovation and securing investment, by delivering sustainable economic growth in the sea fisheries, inshore fisheries and aquaculture sectors, and championing high environmental standards.

In 2020-21 we will:

- maximise the benefits of the European Maritime and Fisheries Fund (EMFF) to support key projects across the marine sector, creating and safeguarding jobs in remote rural areas and supporting community-led local development;
- continue to develop the high quality fisheries processing sector to deliver jobs and economic prosperity through the EMFF;
- sustain existing markets and develop new premium markets for quality Scottish seafood products;
- continue to deliver on the strategic farmed fish health framework to support the aquaculture sector's 2030 sustainable growth ambitions and work more generally to aid the sustainable growth of the sector;
- identify new marine priorities to support post EMFF projects;
- continue to identify where emergency support to fisheries harbours can deliver long-term benefits to the wider fishing communities around Scotland and provide key funding to ensure their continued operation;
- continue to support the inshore and offshore sea fisheries sectors and to protect Scottish interests in the negotiation of fishing opportunities; and
- publish our Framework to deliver a first-class Scottish fisheries management regime for the future.

Scottish Forestry priorities

We will work in collaboration with people, communities and businesses to implement the priorities identified in, 'Scotland's Forestry Strategy 2019-2029', to increase the contribution of forests and woodlands to Scotland's sustainable and inclusive economic growth.

In 2020-21 we will:

- increase our annual planting target to 12,000 hectares in response to the global climate emergency;
- develop a new national carbon investment programme to attract additional and further external sources of investment in our natural assets which contribute to carbon capture and reduced emissions;
- support the sustainable management of forests and woodlands ensuring Scotland's home-grown timber industry makes more of Scotland's increasing productive woodland resource;
- work with sectoral and local authority partners to invest in transport infrastructure of strategic importance to ensure timber can be accessed and that any negative impacts on communities and the environment are reduced; and
- mitigate the increasing threats to the health of Scotland's trees from pests, disease and climate change through the continued support of research, monitoring and direct intervention.

Forestry and Land Scotland priorities

Scotland's national forests and land contributes over £1 million per day to the Scottish economy in terms of Gross Value Added (GVA) and supports more than 10,255 full-time equivalent jobs. Our programme of work includes ambitious plans to maximise the contribution of Scotland's national forests and land to Scotland's economy, our climate change ambitions and to wider social, health and environmental benefits.

In 2020-21 we will:

- develop a new approach to woodland investment with a view to acquiring more land to expand Scotland's forests by planting more continuous conifer cover and native woodlands for the benefit of future generations and to optimise carbon sequestration;
- continue to encourage local communities to consider opportunities to own, lease or use land through our Community Asset Transfer Scheme;
- work in partnership to restore vacant and derelict land for woodland planting and wider beneficial use; and
- develop and implement a Visitor Services Strategy for Scotland's national forests and land.

Rural Economy Enterprise priorities

The Highlands and Islands Enterprise (HIE) budget works to accelerate business growth, strengthen communities, support growth sectors and develop Scotland's Highlands and Islands as a good place to do business, to stay in, to invest in, and to make a life which supports the communities and economy National Outcome.

In 2020-21 South of Scotland Enterprise (SoSE) will be established. It will drive sustainable and inclusive economic growth across the south of Scotland, harness the potential of its people and resources and sustain and grow its communities. With its remit of furthering the economic and social development of the south of Scotland and improving the amenity and environment of the area, it will make a real difference to the quality of life of people in the south of Scotland.

HIE and SoSE will help inform and deliver the collaborative actions agreed by the Enterprise and Skills Strategic Board and respond to its emerging themes and priorities. HIE and SoSE will be key delivery partners of Scotland's Economic Strategy as well as Scottish Government ambitions to create a low carbon rural economy and deliver inclusive growth and fair work.

SPENDING PLANS

Table 12.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
EU Support and Related*	178.4	176.8	597.5
Rural Services	32.4	35.1	34.6
Fisheries and Aquaculture	5.9	5.9	5.9
Scottish Forestry	44.0	43.2	47.5
Forestry and Land Scotland	19.7	15.7	17.2
Rural Economy Enterprise	81.7	74.4	86.3
Total Rural Economy	362.1	351.1	789.0
<i>of which:</i>			
Fiscal Resource	232.0	241.4	795.0
<i>of which Operating Costs**</i>	-	89.0	95.4
Non-cash	47.7	37.7	44.8
Capital	77.4	67.0	109.5
Financial Transactions***	5.0	5.0	(160.3)
UK Funded AME	-	-	-

* Following the UK's exit from the EU, Pillar 1 direct payments are now funded by the UK Government in 2020-21 as a replacement for former EU funds under the European Agricultural Guarantee Fund (EAGF). In 2018-19 and 2019-20 this expenditure budget was fully offset by EU Income.

** Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

*** In 2020-21, the Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions for each portfolio is listed in the Infrastructure Investment Chapter.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Crofting Commission (NDPB Non-cash)	(0.1)	(0.1)	(0.1)
Highland and Islands Enterprise (NDPB Non-cash)	(15.0)	(5.0)	(5.1)
South of Scotland Enterprise (NDPB Non-cash)	-	-	(2.5)
Forestry Commission – shown separately	(63.7)	-	-
Animal Licence Fees (Other)	0.1	0.1	0.1
Total Rural Economy	283.4	346.0	781.4
Total Limit on Income (accruing resources)			800.0

What the EU Support and Related Services budget does

The EU Support and Related Services budget supports and protects primary productivity in the agricultural and wider rural sector through direct support measures with UK funding received in 2020-21 as a replacement for former EU support under the European Agricultural Guarantee Fund (EAGF). The SRDP provides for National and EU funding (European Agriculture Fund for Rural Development) to support measures that deliver economic, environmental and community benefit for rural Scotland. The delivery is underpinned by the provision of regulatory inspection functions, scientific and technical advice, monitoring and evaluation as well as new improved business processes and its associated digital functionality.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Pillar 1 – Basic payments*	262.0	262.0	282.0
Pillar 1 – Greening payments*	131.5	131.5	142.0
Pillar 1 – payments*	44.5	44.5	48.0
Convergence Funding	-	-	95.7
Agricultural Transformation Fund	-	-	40.0
Broadband	7.0	-	-
Business Development**	27.8	24.1	(172.3)
Less Favoured Area Support Scheme	65.5	52.4	30.2
Agri Environmental Measures	46.4	43.0	42.7
Forestry	1.0	0.9	0.4
Leader	22.9	20.4	22.2
Technical Assistance	0.6	1.0	0.6
Crofting Assistance	(0.2)	0.8	0.8
CAP Compliance	31.0	-	-
ARE Operations (Including Non-cash)	82.0	129.9	139.5
EU Income*	(543.6)	(533.7)	(74.3)
Total EU Support & Related	178.4	176.8	597.5
<i>of which:</i>			
Fiscal Resource	102.7	113.2	682.7
Non-cash	32.5	32.5	37.0
Capital	38.2	27.1	48.1
Financial Transactions**	5.0	4.0	(170.3)
UK Funded AME	-	-	-

* Following the UK's exit from the EU, Pillar 1 direct payments are now funded by the UK Government in 2020-21 as a replacement for former EU funds under the European Agricultural Guarantee Fund (EAGF). In 2018-19 and 2019-20 this expenditure budget was fully offset by EU Income.

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

What the Rural Services budget does

The Rural Services budget directly supports the sustainable and inclusive growth of the rural economy funding measures that deliver economic, environmental and community benefit for rural Scotland. It provides direct support for: the monitoring, control and prevention of animal and plant diseases; our food and drink sector and crofters; and the development of rural economic projects.

Table 12.03: Rural Services Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Crofting Commission	2.9	2.8	2.8
Rural Cohesion	0.6	0.6	0.6
Agricultural and Horticultural Advice and Support	4.5	2.2	2.5
Veterinary Surveillance	4.2	5.2	4.9
Animal Health	15.2	17.8	17.2
Food Industry Support	5.0	6.5	6.6
Total Rural Services	32.4	35.1	34.6
<i>of which:</i>			
Fiscal Resource	32.3	35.0	34.5
Non-cash	0.1	0.1	0.1
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Fisheries and Aquaculture budget does

The Fisheries and Aquaculture budget supports the sustainable use of the marine environment by providing the domestic funding contribution towards the EMFF. The budget also provides funding towards post EMFF projects and harbour repairs caused by storm damage.

Table 12.04: Fisheries Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
EU Fisheries Grants	14.1	14.1	14.1
Fisheries Harbour Grants	0.4	1.0	1.0
Marine EU Income	(8.6)	(9.2)	(9.2)
Fisheries	5.9	5.9	5.9
<i>of which:</i>			
Fiscal Resource	1.5	1.5	1.5
Non-cash	-	-	-
Capital	4.4	4.4	4.4
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Scottish Forestry budget does

The Scottish Forestry budget enables delivery of the Scottish Government's forestry functions including forestry policy, the promotion of sustainable forest management, the delivery of the Scottish Government's forestry targets and forestry regulation. It helps support and develop the contribution of forestry to wider Scottish Government outcomes including in climate and the wider environment, economy, and health and wellbeing. Forestry grants support the private forestry sector's contribution to the expansion and sustainable management of Scotland's woodland and is part of the CAP Reform for the SRDP.

Table 12.05: Scottish Forestry Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Programme and Running costs	14.8	17.9	17.5
Depreciation	0.1	0.1	0.1
Policy Regulation & Administration	3.9	-	-
Woodland Grants	46.0	46.0	56.8
EC Receipts	(20.8)	(20.8)	(26.9)
Total Scottish Forestry	44.0	43.2	47.5
<i>of which:</i>			
Fiscal Resource*	43.9	43.1	24.9
Non-cash	0.1	0.1	0.1
Capital*	-	-	19.5
Financial Transactions	-	-	3.0
UK Funded AME	-	-	-

* £19.5 million of expenditure has been reclassified from resource to capital in 2020-21, reducing the resource budget and increasing the capital budget by that amount.

What the Forestry and Land Scotland budget does

The Forestry and Land Scotland budget protects and enhances Scotland's national forests and land. They have a key role to play in delivering the Scottish Government's ambitions and priorities for forestry and land management; including increasing activity to mitigate the Climate Emergency and other Programme for Government priorities.

Table 12.06: Forestry and Land Scotland Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
FLS Resource	18.1	14.1	13.6
FLS Capital	1.6	1.6	3.6
Total Forestry and Land Scotland	19.7	15.7	17.2
<i>of which:</i>			
Fiscal Resource	18.1	14.1	13.6
Non-cash	-	-	-
Capital	1.6	1.6	3.6
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Rural Economy Enterprise budget does

The Rural Economy Enterprise budget funds our rural enterprise bodies: HIE the main economic development body operating in the Highlands and Islands; and SoSE the main enterprise agency operating in the south of Scotland. The budget supports the Scottish Government's ambition for inclusive growth and will support individuals, communities and businesses in some of our most rural, remote and fragile areas of Scotland.

Table 12.07: Rural Economy Enterprise Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Highlands and Islands Enterprise	71.7	61.1	58.2
South of Scotland Enterprise	10.0	13.3	28.1
Total HIE and SoSE	81.7	74.4	86.3
<i>of which:</i>			
Fiscal Resource	33.5	34.5	37.8
Non-cash	15.0	5.0	7.6
Capital	33.2	33.9	33.9
Financial Transactions	-	1.0	7.0
UK Funded AME	-	-	-

CONTRIBUTION TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 12.08: National Outcomes

EU support and related services
<p>Primary National Outcome: Economy</p> <p>Secondary National Outcomes: Environment, Communities, Fair Work and Business</p> <p>The budget supports rural businesses including local communities, third sector, food and drink and farming and crofting. The majority of support goes to farming and crofting in line with EU rules. Farmers and crofters have a key role in supporting the rural economy and communities and are intrinsically linked to a number of other sectors including tourism and food and drink.</p> <p>The budget provides essential support to maintain viable farming and crofting businesses across Scotland, retaining employment in remote areas and sustaining rural communities, particularly in the Less Favoured Areas (LFA) where incomes are lowest. In addition to LFA support, by continuing targeted support to those crofters and their families who would not otherwise be able to live in our remote and rural areas and work their crofts, we help strengthen our crofting communities.</p> <p>The budget provides support to the food and drink sector supporting internationalisation given that food and drink is one of Scotland's largest exports and identified as a growth sector.</p> <p>This budget also supports land managers to manage their land in an environmentally friendly way to support delivery of outcomes such as the Biodiversity Strategy, improving water quality, enhancing condition of protected nature sites and contributing to Scotland's climate change targets by reducing greenhouse gas emissions from agriculture and securing carbon stores in peatlands and other organic soils.</p> <p>This budget supports delivery of environmental outcomes through a range of schemes under the Common Agricultural Policy (CAP). This includes greening which was introduced by the EU to improve the environmental performance of farming. These requirements cover permanent grassland – protecting permanent grassland designated as environmentally sensitive grassland; crop diversification – growing of a number of different crops which enhances biodiversity and may improve soil organic matter; and Ecological Focus Areas – an area of land where agricultural practices that are beneficial for the climate and the environment are carried out.</p> <p>Over 2015-20 LEADER has supported almost 1,000 projects in our rural communities. Match funding of over £1 for every £1 grant funding has generated much needed support across Scotland. Projects that have been funded contribute to the wide agenda of driving community action on climate change to enhancing rural services and facilities.</p>

Rural services

Primary National Outcome: Economy

Secondary National Outcomes: Communities, Health, Environment

The policies identified under this priority will support the diverse sectors operating in the rural economy and supporting sustainable rural communities including the food and drink sector whose turnover reached record levels in 2017, worth almost £15 billion, and is our largest exporting sector with exports growing year on year. The budget directly contributes to developing an inclusive and sustainable economy by ensuring that:

- Food products are fit for human consumption and export. Disease control measures across the industry – including veterinary surveillance – minimise disease outbreaks resulting in cost avoidance to the value of approximately £350 million.
- Our crops and plant health activities help support Scottish plants, across all sectors, worth an estimated £19.2 billion annually to a Scottish economy. SASA advice and services supports sustainable food production; supporting growers to reduce seed and crop health risks, monitor pests and minimise and target inputs. The impact of invasive pests and pathogens does not only affect the food production sector, it also has an impact on landscape reduction, biodiversity and carbon sequestration, particularly where tree health is affected.
- Through our one-to-one advisory services, that production is efficient and profitability has been increased, that employment has been safeguarded and environmental benefits have been gained.
- Through the provision of targeted support to enterprises and communities, by supporting repopulation of our rural and island communities and investing in the Women in Agriculture Taskforce.

Crofting is also supported through this budget which is a form of land tenure that is particular to the cultural heritage of the Scottish Highlands.

Fisheries and Aquaculture

Primary National Outcome: Economy

Secondary National Outcomes: Environment, Fair Work and Business

The marine economic sectors are an important driver for the local economy in rural coastal and island communities in Scotland and the marine environment is a valuable asset in Scotland generating income from tourism and providing a productive asset for offshore renewables, fishing and carbon capture and storage.

The actions funded under this priority will support the development of a first-class fisheries management regime and the negotiation of fishing opportunities for the future, continue to deliver on the strategic farmed fish health framework, while safeguarding jobs in remote rural areas and supporting community-led local development. Further action will also support the development of the food and drink industry through developing high quality fisheries processing sector and to sustain existing markets and develop new premium markets for quality Scottish seafood products.

Scottish Forestry

Primary National Outcome: Environment

Secondary National Outcomes: Economy, Fair Work and Business, Communities, Education, Health

Scottish Forestry's work supports delivery across all 11 national outcomes. The work makes a particular contribution to national outcomes on:

- **Environment:** it supports the unique role of forests and woodlands in action to address climate change, evidenced in the Scottish Government's Climate Change Plan, and over £4 million of forestry grants to support the sustainable management of woodlands, in particular improving the condition of native woodlands.
- **Economy, Fair Work and Business:** forestry contributes £1 billion and around 25,000 jobs to Scotland's economy, and Scottish Forestry supports this through grant funding for expansion of sustainable, productive woodland to underpin investment in processing capacity, as well as grants to support investments by small forestry and farm businesses, mainly in rural areas. The Strategic Timber Transport Fund enables investment to reduce the impact on the environment and communities when transporting Scotland's timber to market, including shift to sea routes and opportunities for rail.

Scottish Forestry's work across rural and urban areas means it also contributes to many other outcomes. For example, its ground-breaking work on forest kindergartens is part of the Scottish Government's overall approach to improving educational standards. The award-winning Branching Out programme helps people recover from long-term mental health problems. Through forestry and health initiatives and over £1 million of forestry grants, Scottish Forestry also supports the development and management of public access in woodlands close to communities.

Forestry and Land Scotland (FLS)

Primary National Outcome: Environment

Secondary National Outcomes: Economy, Health, Communities, Education, Fair Work and Business

Forestry and Land Scotland has developed five Corporate Outcomes that will guide all of the work over the next three years, each of which set out a position statement of where we want to be by 2022.

Outcome 1: Supporting a Sustainable Rural Economy

Outcome 2: Looking after Scotland's national forests and land

Outcome 3: National forests and land for visitors and communities

Outcome 4: A Supportive, Safe and Inclusive Organisation

Outcome 5: A High Performing Organisation

All of the outcomes are reliant on each other and all support the delivery of FLS vision and mission, and ultimately the Scottish Government's outcomes and purpose.

FLS will help deliver across all 11 National Outcomes but through our five Corporate Outcomes we will make a particular contribution to the following National Outcomes:

- Economy via Outcomes 1 and 2
- Environment via Outcomes 1 and 2
- Health via Outcomes 2 and 3
- Communities via Outcome 3
- Education via Outcomes 3 and 4
- Fair work and business via Outcomes 4 and 5

For more information on how these will be progressed and measured please refer to our Corporate Plan <https://forestryandland.gov.scot/images/corporate/corporate-plan/FLS-Corporate-Plan-2019-2022-v2.pdf>

FLS is Scotland's largest land manager with a unique position with regard to the Scottish Government's land reform commitments. FLS have a particular role in encouraging local communities to consider opportunities to own, lease or use land. The way that FLS manage Scotland's national forests and land helps to reduce Scotland's environmental footprint and mitigate the disruption caused by a changing climate. Scotland's national forests and land contributes over £1 million per day to the Scottish economy in terms of GVA and supports more than 10,255 full-time equivalent jobs.

Rural Economy Enterprise

Primary National Outcome: Economy

Secondary National Outcomes: Fair Work and Business, International, Communities

HIE and SoSE are the Scottish Government's enterprise agencies supporting economic development in rural, island and coastal communities. The work of the agencies will contribute to economic development in their respective places and ensure that the Highlands and Islands and South of Scotland are highly successful, inclusive and prosperous regions in which increasing numbers of people choose to live, work, study and invest.

The Highlands and Islands Enterprise (HIE) budget works to accelerate business growth, strengthen communities, support growth sectors and develop Scotland's Highlands and Islands as a good place to do business, to stay in, to invest in, and to make a life, which supports the communities National Outcome.

South of Scotland Enterprise (SoSE) will drive sustainable and inclusive growth across the south of Scotland, harness the potential of its people and resources and sustain and grow its communities. With its remit of furthering the economic and social development and improving the amenity and environment of the south of Scotland, it will make a real difference to the quality of life of people in the south of Scotland.

A key focus for HIE and SoSE will be to inform and deliver the collaborative actions agreed by the Enterprise and Skills Strategic Board and to be responsive to emerging themes and priorities of the Board.

CHAPTER 13

Culture, Tourism and External Affairs

PORTFOLIO RESPONSIBILITIES

The Culture, Tourism and External Affairs (CTEA) 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. It contributes to delivering our economic ambition by focusing on our population, investing in Scotland's unique heritage and culture, inspiring creativity and supporting our tourism industry to maximise the contribution of the visitor economy to Scotland's prosperity.

The portfolio helps to ensure 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 international and culture national outcomes, and through tourism investment, to the fair work and business national outcome.

Our ambition is to make Scotland a destination of first choice for visitors, growing the value and positively enhancing the benefits of tourism across Scotland by delivering the very best for our visitors, our people, our businesses, our communities, and our environment and providing a perfect stage for world-class events.

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.

PORTFOLIO PRIORITIES

We recognise that 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 demonstrate our ambition for independent membership of the European Union. 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 support the attainment of the UN Sustainable Development Goals outside Scotland and our 'Beyond Aid' agenda recognises that some of the greatest contributions we can make to the lives of the world's poorest and most vulnerable people are beyond traditional international development work.

We will continue to promote Scotland as an attractive place to live, work, bring up families and move to so that that we address the balance of Scotland's population. In particular, 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. We made the case for a tailored migration policy for 'Scotland in Migration: Helping Scotland Prosper', published in January 2020. This set out how devolution of immigration within a UK framework could create additional options for people to live and work in Scotland; how the Scottish Government plans to support UK pilot schemes to encourage migration to rural communities; and further reforms needed to improve the UK immigration system, including changes to the restrictive approach to family migration.

Our investment in culture and heritage supports our vision that Scotland is a place where culture is valued, protected and nurtured. While culture is valued in and of itself, it is also central to our wellbeing and prosperity. Everyone has the right to participate in cultural life, and we celebrate the diverse cultures of Scotland and the value of open cultural exchange with the wider world.

Tourism, including cultural and heritage tourism, is one of our key economic sectors, employing over 8 per cent of our workforce, with particular concentrations of employment in our rural areas and Edinburgh. Visitor spending supports £7 billion of Scotland's GDP, and tourism delivers broader benefits, including raising our international profile. We are committed to supporting the sector, in the face of challenges from EU exit and climate change, with a package of measures set out in the Programme for Government. 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.

External Affairs priorities

In 2020-21 we will:

- do everything we can to protect the rights of EU citizens resident in Scotland, and Scots in EU countries, as well as delivering an advice and support service for EU citizens and continue to work with employers, communities and stakeholders to develop the case for a tailored approach to migration in Scotland;
- support the delivery of our external network of offices as they continue to develop their influence and strengthen their relationships – deepening our impact in key markets, encouraging collaboration, supporting trade and innovation and creating opportunities to showcase Scotland's cultural and creative offering;
- continue to play a full and active part in the British Irish Council (BIC), working positively with other members to support the Northern Ireland peace process;

- further intensify our engagement with our European neighbours and international partners, and work collaboratively with international and European institutions;
- continue to build partnerships to take action to help tackle poverty and inequalities in relation to some of the world's poorest and most vulnerable people, including through our £10 million International Development Fund; and
- maintain our Humanitarian Emergency Fund so that we continue to play our part to reduce the threat to life and wellbeing caused by disasters, disease and conflict.

Culture, Tourism and Major Events priorities

We will continue to support the growth of our creative industries and the creative economy, including investing in Screen Scotland, a dedicated public sector partnership to support the screen sector. In addition, we will continue investment in the arts and culture through Creative Scotland. The National Collections and the five National Performing Companies will help ensure that Scotland's unique culture reaches a wide audience at home and abroad.

Youth arts boost the skills of those who participate, help tackle inequalities and make Scotland a stronger, fairer and more inclusive society.

In 2020-21 we will:

- strengthen support for our film and TV sector through Screen Scotland;
- work with partners to support delivery of A Culture Strategy for Scotland centred on the three main ambitions: strengthening culture; transforming through culture; and empowering through culture, to realise the vision of a Scotland where everyone has an equal opportunity to experience culture's empowering and transformative potential;
- enable Creative Scotland to maintain support, for a third year, for the Regular Funding Programme in the face of a significant decline in Lottery receipts;
- support the long-term development of cultural infrastructure such as the Paisley Museum Reimagined Project and the Scottish National Gallery Project;
- support the National Collections to continue to provide free access to the permanent collections and the National Performing Companies to inspire audiences at home and abroad;
- continue to support VisitScotland to deliver sustainable growth in the wider visitor economy by working collaboratively with the Scottish tourism industry and public sector partners, and support the delivery of a tourism strategy which sets out our ambition for Scotland to be the leader in 21st-century tourism;
- improve facilities for communities experiencing a high volume of tourism through the extended Rural Tourism Infrastructure Fund;
- through our Themed Year of Coasts and Waters 2020, celebrate and promote opportunities to experience and enjoy Scotland's unrivalled coasts and waters; and
- continue to provide support for, and work with, partners in the planning and delivery of UEFA EURO 2020.

Historic Environment Scotland priorities

The historic environment is a vital part of our heritage and our communities and it is also hugely important to the national economy, supporting over 60,000 jobs and contributing £2.3 billion to the national gross value added (GVA). Its continuing care and regeneration creates local employment, supports businesses and secures the future of precious traditional craft skills. It also enriches the quality of our lives and helps to define who we are.

In 2020-21, through funding for Historic Environment Scotland we will:

- continue to deliver ‘Our Place in Time: the Historic Environment Strategy for Scotland’;
- offer grant support to help regenerate and promote the active use, care and maintenance of the historic environment, promoting sustainable economic development and reinforcing local identity;
- provide expert advice and guidance to deliver the right balance between conservation and sustainable change;
- promote learning and education to enhance knowledge, understanding and enjoyment of the historic environment;
- continue to play a leading role in supporting our understanding of climate change and its impacts on the historic environment; and
- support the maintenance of traditional skills and provide young people with opportunities to develop new skills.

National Records of Scotland priorities

The 2021 Census will take place on 21 March 2021, and will be the first in which people are encouraged to complete their questionnaire primarily online, with help, support and paper-based alternatives available to those who need them. The Census will seek to learn about everyone in Scotland, reaching 2.6 million households and individuals living elsewhere, such as in hospitals, care homes or temporary accommodation. Following a successful public-facing rehearsal of our Census approach in October 2019, during 2020-21 National Records of Scotland will focus on learning from our rehearsal and completing preparations for the Census, which will provide crucial data to underpin local and national decision making.

In 2020-21 we will:

- celebrate the 700th anniversary of the Declaration of Arbroath by putting this important piece of Scotland’s history on display in partnership with National Museums of Scotland;
- image and transcribe the 1921 Census records in preparation for the release of these valuable records through our ScotlandsPeople online family history service in 2021;
- continue to produce trusted statistics, including demographic and migration estimates and projections of Scotland’s population and households;

- progress our strategy for the future of National Records of Scotland archive functions to ensure they are fit for the 21st century;
- continue delivering the statutory responsibilities of the Registrar General for Scotland and the Keeper of the Records of Scotland for the registration of life events, the maintenance of Scotland's national archives, and for the improvement of record keeping by Scottish public authorities under the Public Records (Scotland) Act; and
- continue to play a leading role in progressing Scotland's Data Linkage Framework strategy to securely deliver data research projects that benefit the public.

SPENDING PLANS

Table 13.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
External Affairs	17.3	24.0	26.0
Culture, Tourism and Major Events	248.7	229.8	231.4
Historic Environment Scotland	41.1	39.8	42.8
National Records of Scotland	37.2	37.4	65.3
Total Culture, Tourism and External Affairs	344.3	331.0	365.5
<i>of which:</i>			
Total Fiscal Resource	296.9	287.7	319.1
<i>of which Operating Costs*</i>	-	14.3	16.4
Non-cash	17.7	16.8	16.8
Capital	24.9	25.0	28.5
Financial Transactions	4.8	1.5	1.1
UK Funded AME	-	-	-

The Financial Transactions total represents the net portfolio position after subtracting forecast Financial Transactions income. The gross amount of Financial Transactions for each portfolio is listed in the Infrastructure Investment Chapter.

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

Presentational Adjustments for Scottish Parliament Approval

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Culture (NDPB Non-cash)	(9.8)	(9.5)	(9.5)
Tourism (NDPB Non-cash)	(2.6)	(1.4)	(1.4)
Historic Environment Scotland (NDPB Non-cash)	(2.5)	(3.0)	(3.0)
National Records of Scotland – shown separately	(37.2)	(37.4)	(65.3)
Total Culture, Tourism and External Affairs	292.2	279.7	286.3
Total Limit on Income (accruing resources)			100.0

What the External Affairs budget does

The budget supports the promotion of Scotland and its interests at home and abroad. It contributes to the positioning of Scotland on the world stage, particularly through our international development work, and promotes Scotland's international engagement through Ministerial visits. The budget also supports the attraction of talented and skilled individuals to live, study and work in Scotland.

Table 13.02: External Affairs Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
International and European Relations	17.2	23.9	25.9
British Irish Council	0.1	0.1	0.1
Total External Affairs	17.3	24.0	26.0
<i>of which:</i>			
Fiscal Resource	17.3	24.0	26.0
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the Culture, Tourism and Major Events budget does

The budget will continue to provide support for, and work with, partners in the planning and delivery of UEFA EURO 2020. The major events budget reflects the timing and differing costs of individual events and thus varies from year to year, resulting in a reduction between 2019-20 and 2020-21 following the completion of the highly successful Solheim Cup in summer 2019. The budget also supports free access to the National Library of Scotland, National Galleries of Scotland and National Museums Scotland and provides funding for non-national museums and libraries through grants schemes administered by Museums Galleries Scotland and the Scottish Library and Information Council. It enables the five National Performing Companies to have a major presence on Scotland's stages and in our communities, alongside a significant international programme of touring and collaboration. Funding for Creative Scotland provides support for the arts, screen and creative industries across all parts of Scotland. The budget also supports the work of VisitScotland as Scotland's national marketing body to promote Scotland and deliver national tourism and events strategies.

Table 13.03: Culture, Tourism and Major Events Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Creative Scotland & Other Arts	70.5	66.0	67.3
Cultural Collections	73.4	74.6	79.2
Tourism	45.1	45.2	51.0
Major Events and Themed Years	36.8	16.8	6.6
Culture, Tourism and Major Events Staffing	-	4.3	4.4
National Performing Companies	22.9	22.9	22.9
Total Culture and Tourism	248.7	229.8	231.4
<i>of which:</i>			
Fiscal Resource	215.5	201.4	199.9
Non-cash	12.4	10.9	10.9
Capital	16.0	16.0	19.5
Financial Transactions	4.8	1.5	1.1
UK Funded AME	-	-	-

What the Historic Environment Scotland budget does

Historic Environment Scotland is the lead public body for the historic environment in Scotland, and takes the lead in delivering Scotland's historic environment strategy 'Our Place in Time', in addition to having delegated responsibility for the care and management of Scottish Ministers' Properties in Care. A significant portion of the grant-in-aid funding which Historic Environment Scotland receives is passed on to Scottish communities by way of grant schemes which fund the regeneration of Scotland's town centres and the repair of historic buildings.

Table 13.04: Historic Environment Scotland Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Operational Costs	92.2	93.5	100.1
Capital Expenditure	6.0	6.0	6.0
Less Income	(57.1)	(59.7)	(63.3)
Total Historic Environment Scotland	41.1	39.8	42.8
<i>of which:</i>			
Fiscal Resource	32.6	30.8	33.8
Non-cash	2.5	3.0	3.0
Capital	6.0	6.0	6.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

What the National Records of Scotland budget does

The National Records of Scotland budget supports the collection, preservation, and production of information about Scotland's people and history. This includes performing the statutory registration and statistical functions of the Registrar General for Scotland, for example by taking the census and producing a wide range of demographic data which underpin public sector spending decisions, and the archival and public records functions of the Keeper of the Records of Scotland.

Table 13.05: National Records of Scotland Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Administration costs	40.1	40.2	68.1
Capital Expenditure	2.9	3.0	3.0
Less income	(5.8)	(5.8)	(5.8)
Total National Records of Scotland	37.2	37.4	65.3
<i>of which:</i>			
Fiscal Resource	31.5	31.5	59.4
Non-cash	2.8	2.9	2.9
Capital	2.9	3.0	3.0
Financial Transactions	-	-	-
UK Funded AME	-	-	-

CONTRIBUTIONS TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 13.06: National Outcomes

National Records of Scotland
<p>Primary National Outcome: Culture</p> <p>Secondary National Outcomes: Economy, Health, Communities</p> <p>We deliver the statutory responsibilities of the Registrar General for Scotland and the Keeper of the Records of Scotland for the registration of life events, the maintenance of Scotland's national archive, and for the improvement of record keeping by Scottish public authorities under the Public Records (Scotland) Act.</p> <p>We deliver Scotland's Census which provides data at a sufficiently granular level of detail to facilitate decision making at a local level, and to help designate areas of specific cultural importance.</p> <p>We hold records spanning the 12th to the 21st centuries which touch on virtually every aspect of Scottish life, and have an important role in improving public sector record-keeping. The information we hold is used for a wide variety of purposes by people across the globe.</p> <p>Census data provides excellent insight into demographic and, therefore, population demands which facilitates the appropriate allocation of funding at a more local level. Census responses are also used to facilitate tailored service design to ensure services are as relevant as possible to service users, e.g. veterans.</p>
Historic Environment Scotland
<p>Primary National Outcome: Culture</p> <p>Secondary National Outcomes: Environment, Communities, Economy</p> <p>Support for the historic environment and Historic Environment Scotland ensures that Scotland's rich heritage is protected and celebrated for the benefit of current and future generations. Investment in the historic environment helps to support skills development and job creation. Support for heritage assets can enhance local economic development, and contributes to regeneration. Investment in the historic environment through grants, research into conservation, adaptation and energy efficiency, and protection offered by designations and consents processes ensures that our environment is maintained and enhanced. Our historic environment and heritage can bring people together by celebrating elements of their shared past, or the diversity of our communities. Encouraging access and volunteering opportunities empowers people to get involved in their historic environment.</p>

Culture, Tourism and Major Events

Primary National Outcome: Culture

Secondary National Outcomes: Economy, Communities, Fair Work and Business

We support our National Collections - National Museums Scotland, National Galleries of Scotland and National Library of Scotland, enabling free access to the permanent collections to enable Scotland's rich and diverse cultural heritage to be enjoyed by everyone. Investing in cultural infrastructure enables Scotland's rich heritage to be enjoyed by current and future generations. Through Creative Scotland, we invest millions in cultural projects. Through the Youth Music Initiative, we will provide support for every school pupil in Scotland to be offered a year of free music tuition by the time they leave primary school. Our Major Events budget supports a strong and inspirational programme of events and festivals each year that generate business, create jobs and boost the economy whilst delivering benefits to communities across Scotland and build on our nation's strong reputation and international attractiveness. Investment in cultural and heritage infrastructure will ensure Scotland's reputation as a first class visitor destination is maintained. Tourism makes a key contribution to Scotland's economy, employing one in eight people and supporting £7 billion of GDP, benefiting communities, towns and cities across Scotland. We will improve facilities for communities experiencing a high volume of tourism through the extended Rural Tourism Infrastructure Fund. Youth arts boost the skills of those who participate, help tackle inequalities and make Scotland a stronger, fairer and more inclusive society.

External Affairs

Primary National Outcome: Culture

Secondary National Outcomes: International, Economy, Poverty

Our International work promotes and celebrates our culture offering opportunities to reach new audiences and form wider partnerships that enrich Scotland's cultural experience.

Our contribution to International Development helps to tackle poverty and inequality in our priority countries - Rwanda, Malawi, Zambia and Pakistan. Enhancing Scotland's voice through our international activity supports the growth of our economy by supporting our reputation and partnerships overseas and encouraging international audiences to live, work, invest, study, visit and do business with Scotland.

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 all benefits through Social Security Scotland, improving on the current system wherever we can. We will ensure a safe and secure transition of powers so that people who rely on these benefits continue to get the right payments at the right time. The portfolio will continue to tackle poverty and inequality, provide assistance to ensure that every child has the best start in life, improve the lives of those in need and mitigate the worst impacts of UK Government welfare cuts.

The portfolio supports a wide range of work to prevent discrimination and promote equality and human rights. It will continue to support strategic and front-line projects to address inequality and discrimination across the protected characteristics, delivering on our commitment to provide security for the third sector through 3-year funding streams. We will support the embedding of equality and human rights in the development of policy across government and the improvement of public sector delivery on equality. We are bringing together several funding streams which previously all supported some aspect of work related to violence against women and girls. This review will enable us to more closely align future funding to support organisations to develop and deliver work that directly contributes to delivering the ambitions of the Equally Safe strategy. Proposals for legislation which will drive long-term, systemic change in relation to human rights are being developed by the National Taskforce for Human Rights Leadership. We support and celebrate the skills and talents of our older people and seek to reduce barriers for all to contribute to their communities.

PORTFOLIO PRIORITIES

Creating a Fairer Scotland priorities

We believe social security is an investment in the people of Scotland. We are committed to delivering a system based on fairness, dignity and respect, which will play a key role in the creation of a fairer society, improving wellbeing and helping to reduce child poverty. Our focus on taking a rights-based approach to the delivery of social security in Scotland will support the human rights outcome and values of kindness, dignity and compassion. This portfolio supports the National Performance Framework outcomes of Human Rights, Communities, Poverty, Children, Fair Work and Business. Scotland performs successfully against international treaty obligations and the Sustainable Development Goals.

In 2020-21 we will:

- take on full responsibility for benefits which support people with disabilities and start delivering the replacement to the current Disability Living Allowance for Children and the Scottish replacement for Personal Independence Payment;
- improve outcomes for Scotland's children, tackling deep-seated inequalities in our society through the new Scottish Child Payment to eligible families with children under 6 by Christmas 2020, significantly ahead of the timetable in our Tackling Child Poverty Delivery Plan and highlighting our commitment to tackling child poverty;
- ensure Scotland's social security system is managed correctly and fairly, delivering benefits in accordance with the principles in the Social Security (Scotland) Act 2018 and the Social Security Charter; and
- continue to promote equality and human rights through investment in organisations working to achieve equality for women and girls (including preventing gender-based violence), remove barriers to positive ageing, and strengthen community engagement.

Social Security priorities

This budget will ensure the social security programme continues with a focus on the safe and secure transition of the remaining benefits to be devolved under the Scotland Act 2016, and we have committed £175 million to this in 2020-21.

The devolved elements of the social security system delivered with respect for the dignity of individuals will be administered by Social Security Scotland, with a total budget of £186 million.

In addition to the seven new payments we have already launched, we are using our devolved powers to introduce in 2020-21 the following:

- The Scottish Child Payment, with the first payments to be made by Christmas 2020 for children under 6. Scottish Government analysis suggests that up to 170,000 children could be eligible for this targeted direct financial support to low-income families.
- A new claims service for the first of our three Disability Assistance benefits, Disability Assistance for Children and Young People, which will replace the UK Government's Disability Living Allowance for Children in Scotland by summer 2020. As part of this, we will provide Child Winter Heating Assistance to families with severely disabled children from winter 2020.
- Our Personal Independence Payment (PIP) replacement benefit by early 2021.

In total, we will invest over £361 million to deliver Scotland's social security system in 2020-21.

Social Security Assistance priority

This budget provides the social security assistance to improve the outcomes for the people of Scotland who are entitled to these vital payments.

Social security payments are demand-led spend, driven by the number of people who have a claim, based on rates and eligibility criteria set in legislation, rather than by the amount allocated in a budget. The budget allocations for demand-led spend are based on expenditure forecasts produced by the Scottish Fiscal Commission. If benefit demand exceeds forecasts, the additional spend will be managed in-year and additional funding may need to be identified.

From April 2020, we are increasing the payments of Carer's Allowance, Carer's Allowance Supplement, Young Carer Grant and Funeral Support Payment to reflect the current cost of living, and we will also uplift the £700 standard rate for other funeral expenses to £1,000. From April 2020 we will take on executive competence for all disability benefits.

The majority of welfare spending remains reserved to the UK Government and has been subject to continuing cuts. The Scottish Government is committed to providing support to help mitigate some of the worst impacts of the cuts. As part of our mitigation, we will increase funding for the Scottish Welfare Fund and Discretionary Housing Payments (DHPs) in 2020-21.

In 2020-21 our budget will deliver social security assistance with a total forecast expenditure of £3.4 billion, including:

- £2.9 billion for Disability benefits;
- £330 million for Carer's Allowance plus Carer's Allowance Supplement;
- £18 million for Best Start Grant;
- £9 million for Funeral Support Payment;
- almost £60 million of funding to allow local authorities to fully mitigate the effects of the 'bedroom tax' with additional funding of £11 million for other DHPs including support for those affected by Local Housing Allowance (LHA) rates and benefit cap; and a further £2 million (including administration) to support care experienced young people; and
- increasing funding to the Scottish Welfare Fund to £35.5 million.

Promoting Equalities and Human Rights priorities

This budget provides support to improve equality and human rights outcomes for people and communities across Scotland; supports the infrastructure and capacity of equality community organisations and enables us to give focus and support on issues such as discrimination and structural inequalities, in line with the Values and Outcomes of the National Performance Framework.

In 2020-21 our budget will:

- support the work of the National Taskforce for Human Rights Leadership, including delivery of a participatory approach to the development of the proposed Scottish Bill of Rights and implementation of the capacity building programme recommended by the First Minister's Advisory Group;
- deliver and further develop the Scottish Human Rights Defender Fellowship, in conjunction with civil society partners, the University of Dundee and other contributors;
- ensure that Scotland engages successfully with international human rights mechanisms, including reporting performance against treaty obligations, responding to international recommendations and facilitating visits and inspections by relevant international bodies and UN Special Rapporteurs;
- deliver on the recommendations from the first report of the First Minister's National Advisory Council on Women and Girls, including a Gender Beacon Collaborative and gender-focused What Works? Institute;
- increase support to front-line services and wider activity to address gender-based violence and inequalities, and review ongoing support for the sector;
- enhance delivery across the Race Equality Action Plan, focusing in on a small number of the most impactful actions;
- maintain Scotland's reputation as a progressive country in terms of Lesbian, Gay, Bisexual, Transgender and Intersex equality;
- continue work to address social isolation and loneliness through the delivery phase of our Connected Scotland strategy; and
- take forward work to maximise the positive contribution that older people make to our society, and combat ageism and discrimination against them.

SPENDING PLANS

Table 14.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Equalities	22.7	24.6	30.2
Social Security	6.2	125.5	368.5
Social Security Assistance	94.0	434.8	3,389.5
Total Social Security and Older People	122.9	584.9	3,788.2
<i>of which:</i>			
Fiscal Resource	122.9	574.9	3,718.6
<i>of which Operating Costs*</i>	–	68.1	61.4
Non-cash	–	–	0.4
Capital	–	10.0	60.0
Financial Transactions	–	–	9.2
UK Funded AME	–	–	–
Total Limit on Income (accruing resources)			10.0

The investment in the Social Security Programme includes internally-generated assets (e.g. software). The total investment is therefore visible across both the Operating Costs budget and in the Capital budget, and the proportion of each will change each year in line with the Programme's delivery plans.

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

What the Equalities budget does

Our spending on equality and human rights activities supports the drive for social justice, economic and inclusive growth, and community resilience and empowerment.

Table 14.02: Equalities Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Promoting Equality and Human Rights	22.7	24.6	30.2
Total Equality	22.7	24.6	30.2
<i>of which:</i>			
Fiscal Resource	22.7	24.6	30.2
Non-cash	–	–	–
Capital	–	–	–
Financial Transactions	–	–	–
UK Funded AME	–	–	–

What the Social Security budget does

This budget funds the continued implementation of Scotland's social security system, the operation of the Executive Agency, Social Security Scotland, and the administration of the Scottish Welfare Fund and Discretionary Housing Payments.

Table 14.03: Social Security Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Welfare Fund – Administration	5.0	5.0	5.5
Discretionary Housing Payments – Administration	1.2	1.2	1.2
Social Security Advice, Policy and Programme Costs	–	77.8	175.4
Social Security Scotland	–	41.5	186.4
Social Security	6.2	125.5	368.5
<i>of which:</i>			
Fiscal Resource	6.2	115.5	308.1
Non-cash	–	–	0.4
Capital	–	10.0	60.0
Financial Transactions	–	–	–
UK Funded AME	–	–	–

What the Social Security Assistance budget does

This budget enables the Scottish Government to provide vital support to some of the most vulnerable members of our society and to help to mitigate the negative impacts of the UK Government's welfare cuts.

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

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Scottish Welfare Fund	33.0	33.0	35.5
Discretionary Housing Payments - 'Bedroom Tax' Mitigation	50.1	52.3	59.7
Discretionary Housing Payments - other	10.9	10.9	12.9
Carer's Allowance	-	283.0	291.6
Carer's Allowance Supplement	-	37.0	38.8
Personal Independence Payment	-	-	1,582.9
Attendance Allowance	-	-	532.2
Disability Living Allowance (Adult)	-	-	501.9
Child Disability Assistance (DLA Child and DACYP)	-	-	216.6
Industrial Injuries Disablement Scheme	-	-	80.2
Severe Disablement Allowance	-	-	7.5
Best Start Grant	-	12.4	17.5
Funeral Support Payment	-	6.2	9.2
Job Start Payment	-	-	2.0
Young Carer Grant	-	-	1.0
Social Security	94.0	434.8	3,389.5
<i>of which:</i>			
Fiscal Resource	94.0	434.8	3,380.3
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	9.2
UK Funded AME	-	-	-

CONTRIBUTION TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 14.05: National Outcome

Social Security
<p>Primary National Outcome: Poverty</p> <p>Secondary National Outcomes: Children and Young People, Human Rights</p> <p>Social Security Scotland is actively contributing to tackling poverty in Scotland.</p> <p>It will deliver the Scottish Child Payment, with the first payments to be made by Christmas 2020 for children under 6. Scottish Government estimates suggest that 170,000 children from approximately 140,000 low-income households will be eligible. Once fully rolled out in 2022, the benefit could help up to 410,000 children and reduce child poverty by 3 percentage points, lifting 30,000 out of poverty and helping to stop many more families just above the poverty line falling below it.</p> <p>The Social Security (Scotland) Act 2018 and the Social Security Charter recognise that social security is itself a human right and essential to the realisation of other human rights, which informs all our work for the people of Scotland. We are committed to developing a social security system based on fairness, dignity and respect.</p>
Social Security Assistance
<p>Primary National Outcome: Poverty</p> <p>Secondary National Outcomes: Children and Young People, Human Rights</p> <p>The Scottish Government is committed to providing support to help mitigate some of the worst impacts of UK Government cuts. As part of our mitigation, we will increase funding for the Scottish Welfare Fund and Discretionary Housing Payments (DHPs) in 2020-21.</p> <ul style="list-style-type: none"> • The Scottish Welfare Fund is owned and managed by local authorities, providing a safety net for their residents on low incomes in crisis situations. Nearly £220 million has been paid out to more than 357,000 households in crisis since the Scottish Welfare Fund was introduced on 1 April 2013. • Discretionary Housing Payments (DHPs) are a lifeline for a range of households affected by UK Government cuts or who struggle to meet rent or other housing costs. DHPs are the method we use to mitigate the Bedroom Tax in Scotland whilst working towards abolition through the Universal Credit system. DHPs are administered in Scotland by the 32 local authorities.

Social Security Assistance

- The Funeral Support Payment helps people meet the costs of a funeral. The benefit helps alleviate the burden of debt clients may face when paying for a funeral and so help reduce funeral poverty. We have committed additional funds to support the widened eligibility for Funeral Support Payment. In addition, we have increased the standard rate from £700 to £1,000 to support people further. It is expected to support a total of around 5,000 people each year.
- The Young Carer Grant was launched on 21 October 2019 giving a cash support to teenage carers in Scotland. We estimate it to be an investment of around £700,000 to support almost 2,400 young carers in 2020-21.
- Job Start Payment is a brand new benefit that will be launched in spring 2020. It will help young people aged 16-24 who have been out of paid employment and in receipt of an eligible benefit for 6 months or more. It will be a one-off payment of £250 (£400 if a young person has children) to cover the cost of transport to work, clothes or food. Care leavers can claim until they are 25. It is expected to help around 5,000 young people.

Disability Assistance for Children and Young People (DACYP) will commence in 2020-21, replacing UK Disability Living Allowance for children in Scotland. It will provide financial assistance to children, young people and their families to mitigate some of the increased costs incurred as a result of disability or a long-term condition. DACYP will help to ensure that these children and young people receive the support they need to meet their care and mobility needs. From winter 2020 we will be providing Child Winter Heating Assistance in the form of a lump sum payment of £200 to families with children in receipt of the highest care component of Disability Assistance for Children and Young People to supplement winter heating costs for families. The Scottish Government forecasts that the number of families that will benefit from the change will be approximately 16,000 in 2020-21. The cost of the proposed change in 2020-21 is anticipated to be £3 million and will be fully funded by the Scottish Government.

Equalities

Primary National Outcome: Human Rights

Secondary National Outcomes: Children and Young People, Human Rights

Human Rights and Equality are fundamental to the National Performance Framework outcomes, and the Sustainable Development Goals (SDGs) which underpin them. Every one of the outcomes can only be fully delivered through a clear understanding of human rights and equality principles, and through their being applied consistently through decision making and action. This underpins our commitment to ensuring there is no regression in equality and human rights (particularly in the context of Brexit) and indeed maintaining pace and demonstrating leadership in their full realisation.

This budget supports an ambitious shift in approach to embedding Human Rights and Equality across the Scottish Government and wider Public Sector.

Example of activities in 2020-21:

- support the work of the National Taskforce for Human Rights Leadership, including delivery of a participatory approach to the development of the proposed Scottish Bill of Rights and implementation of the capacity building programme recommended by the First Minister's Advisory Group; and
- deliver on the recommendations from the first report of the First Minister's National Advisory Council on Women and Girls, including a Gender Beacon Collaborative and gender-focused What Works? Institute, and take forward the initial response to the second report of the Council.

CHAPTER 15

Government Business and Constitutional Relations

PORTFOLIO RESPONSIBILITIES

The Government Business and Constitutional Relations portfolio has a crucial role in seeking to ensure UK-EU negotiations, and necessary preparations for the UK's exit from the EU, are undertaken in a way that protects Scotland's interests and mitigates the damaging effects of EU exit as far as it is possible to do so.

The portfolio is responsible for the Scottish Government's constitutional policy, including: reviewing inter-governmental relations for a post EU exit; developments on UK frameworks and internal markets; defending and extending the devolution settlement; and consideration of Scotland's future including refreshing the case for independence. The portfolio is also sponsoring the Citizens' Assembly of Scotland.

This portfolio is responsible for the management of the Scottish Government's legislative programme and business in Parliament, for policy on Freedom of Information and open government, and for certain Royal and ceremonial activities within Scotland.

The portfolio covers Scottish Parliament and local government elections, leads on social research undertaken throughout Scottish Government to support policy development, and leads on delivering the Scottish Government's commitment to support the Armed Forces and Veterans community in Scotland.

We support the effective conduct of government business which has a positive contribution to all outcomes in the National Performance Framework, and particularly contribute to Scotland being connected and making a positive contribution internationally.

PORTFOLIO PRIORITIES

In 2020-21 we will:

- engage in negotiations and support the necessary preparation on the UK's future relationship with the EU, seeking to protect and promote Scottish interests, and to develop opportunities for Scotland to continue to collaborate with EU partners;
- develop and disseminate detailed information on the case for independence and continue to prepare for a referendum which would give Scotland the opportunity to choose its constitutional future, as demanded in the December 2019 election and at previous polls;

- continue to pursue our ambition for a society founded on fairness and equality through our democratic frameworks, modernising the approach to Scottish parliamentary and local elections, including provision for foreign nationals who live in Scotland to vote;
- sponsor the Citizens' Assembly of Scotland, including preparing for the publication of the Assembly's recommendations on Scotland's constitutional future, the Scottish Parliament's consideration of these recommendations, and the Scottish Government's response;
- work towards our ambition to be an open and connected government through work to extend coverage of Freedom of Information and delivering Scotland's Open Government Action Plans, and make a positive contribution internationally through our membership of the Open Government Partnership;
- work across the Scottish Government to respond to the recommendations of the Scottish Veterans Commissioner's reports and progress the UK-wide 'Strategy for our Veterans', responding to the consultation with stakeholders in Scotland through an implementation plan, to ensure that there is no disadvantage for the armed forces, veterans and their families when accessing services and support – we will maintain funding for the Scottish Veterans Commissioner to challenge and scrutinise policy delivery, and continue to support veterans charities and organisations, primarily through the Scottish Veterans Fund;
- sponsor the Local Government Boundary Commission for Scotland which will review the ward boundaries in the local authority areas which include islands, as required by the Islands (Scotland) Act 2018; and
- lead the development and provision of social research and analysis to improve policy making and implementation focusing on cross-cutting and topical issues.

SPENDING PLANS

Table 15.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
Government Business and Constitutional Relations	2.4	12.1	16.1
Total Government Business and Constitutional Relations	2.4	12.1	16.1
<i>of which:</i>			
Total Fiscal Resource	2.4	12.1	16.1
<i>of which Operating Costs*</i>	-	9.9	11.1
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

* Scottish Government operating costs have been presented in this way within portfolio budgets since 2019-20.

Total Limit on Income (accruing resources)			-
--	--	--	---

What the Government Business and Constitutional Relations budget does

- Supports the provision of social research and analysis to improve policy development and implementation.
- Covers Royal and ceremonial events and tasks within Scotland.
- Supports the delivery of elections and the Electoral Management Board.
- Supports the provision of guidance to implement the Referendums (Scotland) Act 2020.
- Provides funding for the Local Government Boundary Commission for Scotland.
- Provides for extending the coverage of the Freedom of Information (Scotland) Act 2002.
- Supports the Scottish Veterans Fund and Veterans Scotland.
- Supports the Citizens' Assembly of Scotland.
- Supports the work of the portfolio on EU exit, Cabinet business, Scottish Parliament and Local Government elections, Freedom of Information, the Government's legislative programme, Royal and ceremonial activity, inter-governmental relations, and policy on devolution, post-EU exit arrangements and the case for independence.

Table 15.02: Government Business Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Office of the Chief Researcher	0.8	0.6	0.5
Royal and Ceremonial	0.6	0.4	0.4
Local Government Elections	0.4	0.4	2.1
Boundary Commission	0.4	0.5	0.4
Scottish Parliamentary Elections	0.2	0.2	1.0
Extension of Freedom of Information Coverage	-	0.1	0.1
Referendums Act Implementation	-	-	0.1
Citizens' Assembly	-	-	0.2
Veterans*	-	-	0.2
Government Business and Constitutional Relations Policy and Co-ordination	-	9.9	11.1
Total Government Business and Constitutional Relations	2.4	12.1	16.1
<i>of which:</i>			
Fiscal Resource	2.4	12.1	16.1
Non-cash	-	-	-
Capital	-	-	-
Financial Transactions	-	-	-
UK Funded AME	-	-	-

* Veterans budget was previously held in Justice portfolio.

CONTRIBUTION TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 15.03: National Outcome

The GBCR Portfolio Budget supports delivery across all 11 National Outcomes. Through its Priorities the work makes a particular contribution to the following National Outcomes:

Elections

Primary National Outcome: Communities

The Electoral Management Board for Scotland (EMB) has a key role in delivering electoral events in Scotland. Returning Officers and Electoral Registration Officers drawn from across the country lead and support their colleagues to co-ordinate elections and referendums to give results in which the voter can have full confidence. The Board empowers communities by putting the voter first in every aspect of elections. The Board is working in partnership with the Scottish Government and local communities and stakeholders to remove barriers and improve accessibility to voting. Work is progressing to improve the experience of people with sight loss.

Local Government Boundary Commission

Primary National Outcome: Communities

The Local Government Boundary Commission for Scotland is responsible for carrying out reviews of:

- the boundaries of local authority areas;
- carrying out reviews of electoral wards for local authorities;
- responding to requests for reviews of electoral wards or local authority areas; and
- carrying out reviews of constituencies and regions for the Scottish Parliament.

On 14 January 2019 the Commission announced the commencement of its reviews of electoral arrangements for the six council areas specified in the Islands (Scotland) Act 2018.

These are Argyll and Bute Council, Comhairle nan Eilean Siar, Highland Council, North Ayrshire Council, Orkney Islands Council and Shetland Islands Council.

The review process empowers communities to have a say in, and influence over, the electoral arrangements which affect them. The introduction of one and two member wards in the Islands (Scotland) Act provides more flexibility to meet the needs of communities - previously only three or four member wards were permitted.

Royal and Ceremonial Events and Tasks Within Scotland

Primary National Outcome: Communities

Secondary National Outcomes: Culture, Economy, international

The work with the Royal Households, the Lord Lyon, Lord-Lieutenants and through the promotion of the honours system will ensure that Scotland's reputation for diversity and inclusivity continues to grow. It will help to recognise the contribution made by individuals in all parts of Scotland.

Scottish Veterans Fund and Veterans Scotland

Primary National Outcome: Communities

Secondary National Outcomes: Education, Health, Economy

The Scottish Veterans Fund administered by Veterans Scotland will grant support projects that include one or more of the following for veterans and their families:

- support access to health and social care; housing; employment; skills and education; financial advice or other public and third sector services;
- support meaningful inclusion in civilian life including promoting positive health and wellbeing and aiding social integration;
- support successful transition to civilian life following Service; and/or
- raise awareness of veterans and their families amongst the general public, emphasising their positive contribution to society and local communities.

Provision of Social Research Throughout the Scottish Government

Primary National Outcome: Communities

Secondary National Outcomes: Children and Young People, Poverty, Education

Social research informs the delivery of all national Performance outcomes. It supports this work through the recruitment, development and promotion of social researchers, the development and dissemination of new methods and policies, the provision of advice and guidance about social research.

CHAPTER 16

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.

PORTFOLIO PRIORITIES

COPFS' strategic priorities continue to:

- maintain the rule of law and the administration of justice in Scotland;
- secure justice for the people of Scotland through the independent, effective and fair investigation and prosecution of crime in the public interest;
- investigate sudden and unexpected deaths in order to identify their causes and, where appropriate, so that lessons are learned from avoidable deaths;
- underpin public confidence in the police through the independent, effective and fair investigation and prosecution of criminal allegations against police officers; and
- help to protect individuals and communities from harm, including through the use of the powers available under the Proceeds of Crime Act and otherwise.

COPFS supports the Scottish Government's National Outcomes in the National Performance Framework and the 'Justice in Scotland: Vision and Priorities' paper. The Service seeks to contribute to delivering a just, safe and resilient Scotland, in particular by:

- delivering high quality casework;
- improving its service; and
- supporting its people.

Casework priorities

COPFS will deliver high quality casework through independent, robust, fair and effective professional decision making, case preparation and presentation and, in particular, will:

- continue to investigate and prosecute all reports of criminality (including allegations of criminal conduct by police officers) independently, effectively and fairly;
- continue to investigate sudden and unexpected deaths in order to identify their causes and, where appropriate, so that lessons can be learned from avoidable deaths;
- secure timely justice through appropriate prosecutorial action, achieving the right outcome, in the public interest, at the earliest opportunity;
- take appropriate prosecutorial action, including offering diversion and other alternatives to prosecution where these are in the public interest;
- shorten the time taken to complete complex investigations;
- promote the early resolution of summary criminal cases in three summary pilot courts;
- treat victims, witnesses and nearest relatives with respect and respond to their individual needs;
- respect and uphold the rights of those accused of crime;
- support children and vulnerable witnesses to give evidence in a way that is appropriate to them;
- recover the proceeds of crime, in particular, from organised crime and serious economic crime; and
- contribute to tackling inequality through the investigation and prosecution of hate crime, domestic abuse and sexual offending.

Quality of service priorities

COPFS will improve the quality of service which it provides by modernising the way it works and supporting wider reform of the criminal justice system and, in particular, will:

- improve communication with victims, witnesses and next of kin;
- implement the Vulnerable Witnesses (Criminal Evidence) (Scotland) Act 2019 to provide children with the opportunity to give their evidence before the start of a trial;
- support the implementation of the Scottish Government's Justice Digital Strategy and its development of a digital evidence sharing system;
- implement the COPFS Corporate Digital Strategy;
- develop proposals to expand the use of tablet computers to present digital solemn casework;
- develop and implement improved digital services for the public;
- continue to implement the High Court improvement project, improving and shortening the time taken to complete the investigation and preparation of High Court prosecutions;
- continue to implement the Scottish Fatalities Investigation Unit (SFIU) Modernisation Programme, improving the system for the investigation of deaths;
- provide the capability to work productively across our network of local offices;
- automate business and administration tasks, saving storage space and reducing printing, paper and postage;
- support shared digital working with the NHS; and
- support a UK Government proposal to deal with unpaid road traffic penalties through fines enforcement.

Workforce priorities

COPFS will support its people by building a skilled, engaged and diverse workforce, investing in staff development and strengthening the capacity to deliver an improved service and, in particular, will:

- build a more engaged, diverse and flexible workforce;
- maintain recruitment to replace staff who leave during the year and recruit additional staff where required to deal with the changing caseload;
- continue to reduce non-staff costs, in particular our estates costs, in order to maintain recruitment of skilled staff;
- secure and implement a fair pay deal within the terms of the Scottish Public Sector Pay Policy;
- promote wellbeing measures and effective management targeted at reducing sickness absences to the average level for the UK Civil Service;

- implement simplified career development and performance management processes as part of the 'Fair Futures' transformation programme;
- implement a new project called 'Future Ways of Working' to bring together modern digital technology, improvements to our offices and simplified working policies to allow more flexibility in making decisions about where and how staff work;
- implement a new programme for all trainee solicitors to allow them to undertake supported court appearances in the first year of their traineeships;
- develop proposals to adopt an apprenticeship model supported by the Law Society of Scotland as a route to qualification as a solicitor;
- invest in the skills and knowledge which our people will need to excel; and
- invest in the development of future leaders to inspire and engage staff.

SPENDING PLANS

Table 16.01: Spending Plans (Level 2)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 2	£m	£m	£m
COPFS	116.0	120.7	133.8
Total COPFS	116.0	120.7	133.8
<i>of which:</i>			
Total Fiscal Resource	108.4	113.4	124.9
Non-cash	4.0	3.7	4.6
Capital	3.6	3.6	4.3
Financial Transactions	-	-	-
UK Funded AME	-	-	-
Total Limit on Income (accruing resources)			2.0

What the COPFS budget does

COPFS receives reports of crimes from the police and other reporting agencies. It assesses whether there is sufficient evidence to take prosecutorial action, and, if so, what action is in the public interest. In appropriate cases, it directs investigations by the police. Prosecutors in COPFS prosecute all forms of crime before the High Court, Sheriff Court and Justice of the Peace court and impose direct prosecutorial measures.

The Service takes action to assess and recover proceeds of crime; co-operates with counterparts in other jurisdictions; and assists victims and witnesses. COPFS also investigates deaths which require further explanation and complaints of criminal conduct against police officers.

Table 16.02: Crown Office and Procurator Fiscal Service Spending Plans (Level 3)

	2018-19 Budget	2019-20 Budget	2020-21 Budget
Level 3	£m	£m	£m
Staff Costs	78.3	84.6	95.0
Office Costs	3.8	3.6	3.8
Case related	13.3	12.9	13.3
Centrally Managed Costs	17.0	16.0	17.4
Capital Expenditure	3.6	3.6	4.3
Total COPFS	116.0	120.7	133.8
<i>of which</i>			
Fiscal Resource	108.4	113.4	124.9
Non-cash	4.0	3.7	4.6
Capital	3.6	3.6	4.3
Financial Transactions	-	-	-
UK Funded AME	-	-	-

CONTRIBUTIONS TO NATIONAL OUTCOMES

This table summarises the portfolio's contributions to the Outcomes of the National Performance Framework.

Table 16.03: National Outcomes

Casework
<p>Primary National Outcome: Communities</p> <p>Secondary National Outcomes: Human Rights, Economy</p> <p>COPFS will contribute to the further development of communities so that they are inclusive, empowered, resilient and safe, by securing justice through independent, robust, fair and effective decisions, case preparation and presentation. The Human Rights National Outcome is progressed by: upholding and promoting the rule of law and human rights; ensuring victims, witnesses and nearest relatives are treated with respect and their individual needs are responded to; respecting and upholding the rights of those accused of crime and supporting children and vulnerable witnesses to give evidence in a way that is appropriate to them.</p>
Quality of Service
<p>Primary National Outcome: Communities</p> <p>Secondary National Outcomes: Human Rights, Economy, Environment</p> <p>COPFS will contribute to communities which are inclusive, empowered, resilient and safe by delivering an improved level of public service which is person-centred, modern and affordable.</p>

COPFS Support

Primary National Outcome: Communities

Secondary National Outcomes: Human Rights, Economy, Fair Work and Business

The Communities National Outcome is progressed by responding to crime which has a significant adverse impact on individual victims and their immediate families and which also adversely affects the wider community. Work to progress this National Outcome includes: working to shorten the time taken to complete complex investigations and promote the earlier resolution of summary cases; supporting children and vulnerable witnesses to give evidence in a way that is appropriate to them, in particular by recording their evidence before a trial; recovering the proceeds of crime, in particular from organised crime and serious economic crime; and contributing to tackling inequality through our investigation and prosecution of hate crime, domestic abuse and sexual offending. The Economy National Outcome is progressed by: continuing to invest in its Serious and Organised Crime Unit and its Economic Crime Unit in order to promote the rule of law and legitimate economic development in Scotland and supporting the building of sustainable and inclusive growth by enforcing the framework of regulation that underpins a successful Scottish economy. The Fair Work and Business National Outcome is progressed by maintaining recruitment to replace staff who leave and recruiting additional staff to deal with changing caseloads, ensuring that staff welfare is prioritised in a rapidly changing working environment and building a more engaged, diverse and flexible workforce; and investing in projects to improve wellbeing, 'Fair Futures' and 'Future Ways of Working'.

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 from 6 November 2019 to 11 March 2020 means that the tax and spending plans for Scotland set out in this document had to be set without certainty over key elements that determine our fiscal position next year. As a result, some pragmatic decisions have had to be taken when determining the funding available to support this budget. Therefore, there is less than the usual certainty in the funding envelope set out in the reconciliation below.

In May 2019 the Scottish Government published the Medium-Term Financial Strategy (MTFS),¹ which included a Framework for the Spending Review to be published alongside Scotland's Budget in December 2019. Political, economic and fiscal uncertainties in the intervening period, most materially the UK Government's deferral of its own Spending Review, have forced us to re-consider this plan and postpone the publication of the Spending Review.

Specific Funding Issues for 2020-21

For this budget, assumptions have had to be made about the Barnett consequential that will be added to the Scottish block grant as a result of the upcoming UK Budget, where in previous budgets there has been certainty. The level of consequential assumed in the funding position set out in Table A.01 is derived from the costings document in the Conservative Party 2019 election manifesto.²

We have taken a prudent assessment in estimating a £468 million increase in the funding envelope for 2020-21.

1 <https://www.gov.scot/publications/scotlands-fiscal-outlook-scottish-governments-medium-term-financial-strategy-2019/>

2 https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5ddaa257967a3b50273283c4_Conervative%202019%20Costings.pdf

Tax Assumptions and Provisional Block Grant Adjustments

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, in contrast to previous years. Provisional Block Grant Adjustments (BGAs) have been used, based on the March Spring Statement OBR forecast.³ This means that the SFC forecasts of tax and social security include more up-to-date information than can be used for the BGAs used in the preparation of the budget this year. The approach taken by the SFC is set out in their report available at <https://www.fiscalcommission.scot/>

Updated BGAs will be calculated alongside the UK Budget on 11 March and these could be incorporated into the Scottish Budget during 2020-21 on request by the Scottish Government. Should Scottish Ministers choose not to do so, adjustments to the financial position will flow through as part of the normal operation of Fiscal Framework arrangements – so for income tax any change to the funding position will flow through as part of the reconciliation process in 2023-24.

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 are commencing in 2020-21, amounting to £2.9 billion in additional expenditure. Social security powers transferring to Scotland need to be managed within HM Treasury budget control limits (a change 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). This introduces 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 Framework⁴ provides for borrowing powers and the Scotland Reserve to stabilise spending across years. 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. This year Scottish Ministers have decided to borrow £207 million to smooth the negative budget impact of forecast errors arising from tax and social security reconciliations. In recognition of the Climate Emergency a decision has been taken to borrow the maximum £450 million in capital borrowing to support infrastructure expenditure, rather than the £350 million indicated in the MTFS.

³ 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.

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503481/fiscal_framework_agreement_25_feb_16_2.pdf

EU Exit

The SFC forecasts assume an orderly transition to a new trading arrangement with the EU. However, the risk of failure to negotiate a trade agreement by the end of December 2020 remains, and with it the potential need for substantial reprioritisation of budgets across the priorities set out in this document. The first impacts of Brexit are already reflected in changes to the funding arrangements for Farm Payments, with £472 million of funding for this now flowing to the Scottish Government directly from HM Treasury rather than from the EU. Fisheries funding will also be provided by the UK Government in 2020-21, and Scottish Ministers seek to be engaged on the design of the Shared Prosperity Fund which will replace EU Structural Funding in future.

Implementing Budget Process Review Group Recommendations

The implementation of the Scotland Act 2016⁵ and the associated Fiscal Framework have made significant changes to the structure of Scottish Government budgets and the sources of funding that support government expenditure. In addition, the report of the Budget Process Review Group⁶ included a recommendation that the Scottish Government budget process establishes as a core objective that any revised process should ‘improve transparency and raise public understanding and awareness of the Budget’.

To improve budget transparency this Annex sets out a short overview of the fiscal control framework (the rules governing government spending) that the Scottish Government operates within, the key budgetary control limits within which Scottish Ministers must manage income and expenditure, and shows how the control limits link to the Spending Plans as set out in this document. In this year’s exceptional circumstances, it also describes any additional assumptions that have been used in calculating the fiscal envelope available to the Scottish Government.

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

5 <http://www.legislation.gov.uk/ukpga/2016/11/contents/enacted>

6 http://www.parliament.scot/S5_Finance/Reports/BPRG_-_Final_Report_30.06.17.pdf

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.⁷

As indicated above, this budget includes an estimate of consequential that are expected to flow from the UK Budget 2020-21. 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 11 March 2020.

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. The interaction of the Block Grant Adjustments for social security powers and the forecast expenditure on individual benefits are described in Annex G. The adjustments for devolved and assigned taxes are explained further in Chapter 2 of this document. The Fiscal Framework itself sets out in detail the operation of both.

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. 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 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.

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.

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479717/statement_of_funding_2015_print.pdf

The Scottish Government intends to use its resource borrowing powers under the Fiscal Framework to manage the forecast errors impacting on the 2020-21 budget limit. A decision to borrow to support capital spending will also impact on the funding available relative to the spending limits set by HM Treasury. The aggregate of the residual block grant plus devolved tax revenues plus agreed borrowing is a key control limit in defining the funding envelope within which Scottish Ministers must manage expenditure for a given year. Table A.01 below sets out the Scottish Government Budget Control Limits.

Table A.01: Scottish Government Budget Control Limits 2018-19 to 2020-21

SG Spending Limits – Cash Terms	2018-19 £m	2019-20 £m	2020-21 £m
UK Government Spending Review settlement – November 2015	30,620	30,870	
UK Government Spending Round settlement – September 2019			35,728*
Subsequent Barnett consequentials and other additions	1,682	3,498	
Anticipated Barnett consequentials			468
Total Budget Limit from HM Treasury (A)	32,302	34,368	36,196
<i>of which:</i>			
Fiscal Resource Budget Limit	27,200	28,770	29,711
Non-cash Budget Limit	1,105	1,145	1,145
Capital Budget Limit	3,596	4,106	4,734
Financial Transactions	401	347	606
Block Grant Adjustment for Social Security (B)		290	3,203
Farm Payments (C)			472
Net Block Grant Adjustment	(12,472)	(12,193)	(12,991)
Scottish Income Tax	12,115	11,684	12,365
Land and Buildings Transaction Tax	588	643	641
Scottish Landfill Tax	106	104	116
Non-Tax Income**	25	25	25
Reconciliation to Outturn			(207)
Net Resource Budget Adjustment (D)	362	262	(51)
Resource Borrowing (E)			207
Capital Borrowing (F)	450	450	450
Total Scottish Government Funding (A+B+C+D+E+F)	33,114	35,370	40,477

* Confirmed by HM Treasury.

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

(A) Total block grant from HM Treasury.

(B) Details of devolved benefits covered by this Block Grant Adjustment are set out in the Social Security chapter (Ch14).

(C) From 2020-21 Farm Subsidy direct payments will be funded by HM Treasury (previously funding came from the EU).

(D) Net Resource Budget Adjustment includes the impact of Scottish Government decisions on taxes against the Block Grant Adjustment.

(E) Resource borrowing undertaken to offset the fiscal framework reconciliation impact for previous financial years.

(F) Capital borrowing up to the annual maximum.

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).

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 capital borrowing.

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.⁸

⁸ <http://www.gov.scot/Topics/Government/local-government/17999/11199>

- 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 funding provided for these areas to support other expenditure.

Spending Plans

The full spending plans for the year are set out in Table A.02. Portfolio chapters show the allocation of these totals across individual programmes.

Table A.02: Portfolio Spending Plans

2020-21 Scottish Budget	Resource £m	Capital £m	Financial Transactions £m	Total £m	UK Funded AME £m	Total £m
Health and Sport	14,805.5	428.0	10.0	15,243.5	100.4	15,343.9
Communities and Local Government	7,552.3	1,473.5	338.5	9,364.3	2,790.0	12,154.3
Finance, Economy and Fair Work	471.4	105.0	310.1	886.5	5,385.1	6,271.6
Education and Skills	2,727.5	395.5	55.0	3,178.0	392.5	3,570.5
Justice	2,673.5	158.0	-	2,831.5	-	2,831.5
Transport, Infrastructure and Connectivity	1,219.2	2,166.1	60.4	3,445.7	-	3,445.7
Environment, Climate Change and Land Reform	191.8	274.0	(4.0)	461.8	-	461.8
Rural Economy	839.8	109.5	(160.3)	789.0	-	789.0
Culture, Tourism and External Affairs	335.9	28.5	1.1	365.5	-	365.5
Social Security and Older People	3,719.0	60.0	9.2	3,788.2	-	3,788.2
Government Business and Constitutional Relations	16.1	-	-	16.1	-	16.1
Crown Office and Procurator Fiscal Service	129.5	4.3	-	133.8	-	133.8
Scottish Government	34,681.5	5,202.4	620.0	40,503.9	8,668.0	49,171.9
Scottish Parliament and Audit Scotland	113.0	1.1	-	114.1	2.0	116.1
Total Scotland	34,794.5	5,203.5	620.0	40,618.0	8,670.0	49,288.0

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 not yet reflected in those control limits (which reconcile to the latest published HM Treasury figures). Table A.03 reconciles the aggregate funding limits to spending plans for 2018-19, 2019-20 and 2020-21 (the current budget year and the comparator years shown across the document).

Table A.03: Reconciliation of Funding to Spending Plans

SG Spending Limits – Cash Terms	2018-19 £m	2019-20 £m	2020-21 £m
Scottish Government Funding	33,114	35,370	40,477
Barnett Consequentials	(435)	(1021)	
Reserve	234	313	143
Machinery of Government Changes	(1)	28	8
Anticipated budget transfers	159	269	246
Unallocated Non-cash budget	(196)	(230)	(261)
Changes to Income Tax	62		
Queen's and Lord Treasurer's Remembrancer	50	5	5
Total Reconciling Items	(127)	(636)	141
Scottish Government Spending Plans	32,987	34,735	40,618

Considering each of the reconciling items in turn

Barnett consequentials – the comparator figures across this document reflect the spending plans as set out at the budget for those years, to show a like for like comparison against 2020-21 plans. The budget figures in Table A.01 reflect the impact of any additional Barnett consequential on the budget limits for 2018-19 and 2019-20 flowing from UK Fiscal events since the relevant Budget. To get to the funding position that underpinned the spending plans shown in this document, the consequential budget impact of these subsequent fiscal events needs to be removed.

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.

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

In 2018-19 there was a change to tax policy during the passage of the Budget Bill. This change capped the uplift of the Higher Rate Threshold for Scottish Income Tax and provided £62 million of funding to support additional 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 £50 million shown for 2018-19 is the funding impact of the accumulated revenues, which sit outside of HM Treasury control aggregates. The £5 million shown against 2019-20 and 2020-21 represents the estimated receipts of each year.

ANNEX B

Summary of Portfolio Spending Plans

B.01: Total Managed Expenditure

	Real terms @ 2019-20 prices					
	2018-19 Budget	2019-20 Budget	2020-21 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	13,599.1	14,327.1	15,343.9	13,871.1	14,327.1	15,066.7
Communities and Local Government	11,530.3	11,954.8	12,154.3	11,760.9	11,954.8	11,934.7
Finance, Economy and Fair Work	5,057.5	5,336.8	6,271.6	5,158.7	5,336.8	6,158.3
Education and Skills	3,412.6	3,448.0	3,570.5	3,480.9	3,448.0	3,506.0
Justice	2,652.9	2,719.2	2,831.5	2,706.0	2,719.2	2,780.3
Transport, Infrastructure and Connectivity	2,647.5	2,910.2	3,445.7	2,700.5	2,910.2	3,383.4
Environment, Climate Change and Land Reform	405.5	426.6	461.8	413.6	426.6	453.5
Rural Economy	362.1	351.0	789.0	369.3	351.0	774.7
Culture, Tourism and External Affairs	344.3	331.0	365.5	351.2	331.0	358.9
Social Security and Older People	122.9	584.9	3,788.2	125.4	584.9	3,719.8
Government Business and Constitutional Relations	2.4	12.1	16.1	2.4	12.1	15.8
Administration	192.6	-	-	196.5	-	-
Crown Office and Procurator Fiscal Service	116.0	120.7	133.8	118.3	120.7	131.4
Scottish Parliament and Audit Scotland	109.6	110.6	116.1	111.8	110.6	114.0
Total	40,555.3	42,633.0	49,288.0	41,366.4	42,633.0	48,397.5

Table B.02: Fiscal Resource

	Real terms @ 2019-20 prices					
	2018-19 Budget	2019-20 Budget	2020-21 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	12,874.8	13,607.4	14,532.3	13,132.3	13,607.4	14,269.7
Communities and Local Government	7,158.6	7,102.5	7,552.0	7,301.8	7,102.5	7,415.6
Finance, Economy and Fair Work	415.1	411.2	440.5	423.4	411.2	432.5
Education and Skills	2,577.8	2,657.0	2,490.1	2,629.4	2,657.0	2,445.1
Justice	2,410.0	2,442.1	2,537.8	2,458.2	2,442.1	2,491.9
Transport, Infrastructure and Connectivity	1,017.0	1,000.0	1,106.3	1,037.3	1,000.0	1,086.3
Environment, Climate Change and Land Reform	153.6	168.5	175.3	156.7	168.5	172.1
Rural Economy	232.0	241.4	795.0	236.6	241.4	780.6
Culture, Tourism and External Affairs	296.9	287.7	319.1	302.8	287.7	313.3
Social Security and Older People	122.9	574.9	3,718.6	125.4	574.9	3,651.4
Government Business and Constitutional Relations	2.4	12.1	16.1	2.4	12.1	15.8
Administration	164.9	-	-	168.2	-	-
Crown Office and Procurator Fiscal Service	108.4	113.4	124.9	110.6	113.4	122.6
Scottish Parliament and Audit Scotland	95.1	96.2	102.1	97.0	96.2	100.3
Total	27,629.5	28,714.4	33,910.1	28,182.1	28,714.4	33,297.4

Table B.03: Non-Cash (Ringfenced)

	Real terms @ 2019-20 prices					
	2018-19 Budget	2019-20 Budget	2020-21 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	273.1	273.3	273.2	278.6	273.3	268.3
Communities and Local Government	0.3	0.3	0.3	0.3	0.3	0.3
Finance, Economy and Fair Work	11.2	26.9	30.9	11.4	26.9	30.3
Education and Skills	235.8	243.5	237.4	240.5	243.5	233.1
Justice	130.1	133.1	135.7	132.7	133.1	133.2
Transport, Infrastructure and Connectivity	152.6	155.6	112.9	155.7	155.6	110.9
Environment, Climate Change and Land Reform	12.0	13.1	16.5	12.2	13.1	16.2
Rural Economy	47.7	37.6	44.8	48.7	37.6	44.0
Culture, Tourism and External Affairs	17.7	16.8	16.8	18.1	16.8	16.5
Social Security and Older People	-	-	0.4	-	-	0.4
Government Business and Constitutional Relations	-	-	-	-	-	-
Administration	14.6	-	-	14.9	-	-
Crown Office and Procurator Fiscal Service	4.0	3.7	4.6	4.1	3.7	4.5
Scottish Parliament and Audit Scotland	11.0	10.9	10.9	11.2	10.9	10.7
Total	910.1	914.8	884.4	928.3	914.8	868.4

Table B.04: Capital (inc Financial Transactions)

	Real terms @ 2019-20 prices					
	2018-19 Budget	2019-20 Budget	2020-21 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	351.2	346.0	438.0	358.2	346.0	430.1
Communities and Local Government	1,735.4	1,999.0	1,812.0	1,770.1	1,999.0	1,779.3
Finance, Economy and Fair Work	229.6	353.7	415.1	234.2	353.7	407.6
Education and Skills	171.0	150.0	450.5	174.4	150.0	442.4
Justice	112.8	144.0	158.0	115.1	144.0	155.1
Transport, Infrastructure and Connectivity	1,477.9	1,754.6	2,226.5	1,507.5	1,754.6	2,186.3
Environment, Climate Change and Land Reform	239.9	245.0	270.0	244.7	245.0	265.1
Rural Economy	82.4	72.0	(50.8)	84.0	72.0	(49.9)
Culture, Tourism and External Affairs	29.7	26.5	29.6	30.3	26.5	29.1
Social Security and Older People	-	10.0	69.2	-	10.0	67.9
Government Business and Constitutional Relations	-	-	-	-	-	-
Administration	13.1	-	-	13.4	-	-
Crown Office and Procurator Fiscal Service	3.6	3.6	4.3	3.7	3.6	4.2
Scottish Parliament and Audit Scotland	1.5	1.5	1.1	1.5	1.5	1.1
Total	4,448.1	5,105.9	5,823.5	4,537.1	5,105.9	5,718.3

Table B.05: UK Funded Annually Managed Expenditure

				Real terms @ 2019-20 prices		
	2018-19 Budget	2019-20 Budget	2020-21 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget
	£m	£m	£m	£m	£m	£m
Health and Sport	100.0	100.4	100.4	102.0	100.4	98.6
Communities and Local Government	2,636.0	2,853.0	2,790.0	2,688.7	2,853.0	2,740.9
Finance, Economy and Fair Work	4,401.6	4,545.0	5,385.1	4,489.6	4,545.0	5,290.4
Education and Skills	428.0	397.5	392.5	436.6	397.5	385.6
Justice	-	-	-	-	-	-
Transport, Infrastructure and Connectivity	-	-	-	-	-	-
Environment, Climate Change and Land Reform	-	-	-	-	-	-
Rural Economy	-	-	-	-	-	-
Culture, Tourism and External Affairs	-	-	-	-	-	-
Social Security and Older People	-	-	-	-	-	-
Government Business and Constitutional Relations	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Crown Office and Procurator Fiscal Service	-	-	-	-	-	-
Scottish Parliament and Audit Scotland	2.0	2.0	2.0	2.0	2.0	2.0
Total	7,567.6	7,897.9	8,670.0	7,718.9	7,897.9	8,517.5

ANNEX C

Budgets Split by HM Treasury Aggregate (web only)

ANNEX D

Outturn Comparison 2012-13 to 2018-19

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn
	£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
Sport ¹	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
Total Health and Sport	11,685.7	11,961.6	12,214.3	12,508.0	13,260.7	13,391.3	13,778.3
Local Government ²	11,225.1	10,310.6	10,733.5	10,877.8	10,336.6	10,462.1	10,703.6
Planning	4.1	3.8	5.0	5.2	4.4	6.6	10.4
Third Sector	19.4	22.0	23.7	18.4	21.6	21.2	22.1
Housing	-	-	-	-	616.8	633.9	787.7
Social Justice & Regeneration	-	-	-	-	61.5	60.1	67.3
Governance, Elections & Reform	0.7	0.4	0.1	1.5	1.3	0.1	1.1
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
Scottish Housing Regulator	3.7	4.9	4.4	4.3	4.0	4.0	4.2
Total Communities and Local Government	11,651.0	10,793.0	11,328.8	11,559.5	11,049.1	11,191.0	11,599.4
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
Other Finance	10.9	17.8	62.1	48.9	40.7	36.2	53.3
Enterprise	256.4	297.3	259.8	258.9	236.0	304.4	433.0
Economic Advice	1.5	2.0	2.0	2.1	2.5	3.6	7.8
Employability and Training	-	-	21.6	18.0	16.8	35.3	45.2
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)	-	-
Accountant in Bankruptcy	0.9	0.7	0.6	1.1	1.4	2.2	1.7

¹ Sport subsumed within Health Level 2 from 2017-18

² Budgets for Police and Fire in excess of £1 billion were transferred from Local Government to the new police and fire authorities from 2013-14 onwards

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn
	£m	£m	£m	£m	£m	£m	£m
Revenue Scotland	-	-	-	4.6	4.6	5.5	7.4
Scottish Fiscal Commission	-	-	-	-	0.9	1.5	1.6
Total Finance, Economy and Fair Work	2,842.8	2,969.5	3,963.9	3,796.0	3,614.6	4,953.2	6,386.9
Learning	175.2	159.0	156.8	173.0	183.4	213.3	257.3
Children and Families	90.0	95.7	96.5	89.5	80.6	155.0	133.2
Higher Education Student Support	644.6	670.0	810.1	883.1	906.7	881.0	1,583.8
Scottish Funding Council	1,675.7	1,682.4	1,712.6	1,693.8	1,780.8	1,645.3	2,014.9
Advanced Learning and Science	-	266.0	6.0	4.8	4.5	5.1	5.8
Early Learning & Childcare Programme	-	-	-	-	-	-	7.7
Skills & Training	-	-	236.6	255.2	228.1	239.9	251.0
Other ELL	233.1	-	-	-	-	-	-
Total Education & Skills	2,818.6	2,873.1	3,018.6	3,099.4	3,184.1	3,139.6	4,253.7
Community Justice Services	30.7	27.8	28.3	32.6	25.0	26.1	29.4
Judiciary	48.6	50.7	53.3	40.9	31.1	32.9	34.3
Criminal Injuries Compensation	25.1	20.5	17.5	17.5	17.4	13.6	17.0
Legal Aid	160.8	166.2	155.5	145.7	146.7	140.9	135.6
Scottish Police Authority (SPA)	-	1,199.9	1,153.1	1,167.3	1,142.2	1,202.3	1,269.6
Scottish Fire and Rescue Service	-	302.6	308.2	307.8	322.4	322.2	324.2
Miscellaneous	16.0	33.0	28.7	29.4	37.1	26.1	30.9
Police Central Government	245.9	45.4	23.5	25.9	26.7	54.9	60.8
Safer and Stronger Communities	3.4	2.9	3.8	6.2	3.8	4.4	4.9
Scottish Resilience	16.3	-	-	-	-	-	-
Police and Fire Pensions	329.1	327.4	477.4	312.3	372.3	406.1	425.2
Scottish Courts and Tribunals Service	78.5	87.6	73.9	92.9	108.1	108.4	131.7
Scottish Prison Service	426.2	297.8	337.8	332.2	331.5	341.3	349.7
Total Justice²	1,380.6	2,561.8	2,661.0	2,510.7	2,564.3	2,679.2	2,813.3

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn
	£m	£m	£m	£m	£m	£m	£m
Digital Public Services, Committees, Commissions and Other Expenditure	16.3	19.1	90.7	-	-	-	-
Digital Connectivity ³	-	-	-	78.0	81.9	63.5	13.1
Energy	22.7	39.0	53.5	41.6	36.2	33.8	89.5
Cities Investment & Strategy	-	-	-	33.1	44.4	43.7	91.7
Rail Services	783.6	838.0	708.3	748.6	737.9	776.0	787.4
Concessionary Fares and Bus Services	258.9	246.7	252.7	252.4	250.2	253.2	263.4
Other Transport Policy, Projects and Agency Administration	61.3	74.7	74.1	66.4	112.1	185.4	193.5
Motorways and Trunk Roads	766.0	595.9	578.8	773.4	785.0	804.1	649.9
Ferry Services	120.4	142.8	167.9	205.7	209.7	237.8	211.3
Air Services	38.0	56.5	56.9	63.2	57.6	57.5	95.8
Scottish Futures Fund	2.1	7.7	16.6	14.6	-	-	-
Transport, Infrastructure and Connectivity	2,069.3	2,020.4	1,999.5	2,277.0	2,315.0	2,455.0	2,395.5
Marine	50.1	54.8	53.8	54.1	55.6	57.8	54.6
Research, Analysis and Other Services	76.0	72.3	69.2	64.5	64.9	63.1	62.8
Environmental Services	146.7	150.4	149.1	155.8	136.2	144.8	169.4
Climate Change	7.5	13.5	15.1	15.1	15.4	16.2	16.1
Scottish Water	9.5	(66.7)	(25.4)	(97.1)	(95.9)	22.6	110.9
Total Environment, Climate Change and Land Reform	289.8	224.3	261.8	192.4	176.2	304.5	413.9
EU Support and Related Services	133.9	116.4	163.6	160.6	195.5	146.4	177.8
Rural Services	35.3	40.1	35.5	82.9	162.3	174.9	(35.4)
Rural Economy Enterprise	86.4	70.8	67.5	67.2	68.4	76.4	91.8
Fisheries and Aquaculture Grants	4.5	8.2	5.6	7.8	4.4	5.4	5.0
Forestry Commission	77.4	68.8	56.4	54.5	56.1	67.4	68.4
Rural Economy	337.5	304.3	328.6	373.0	486.7	470.5	307.7

³ Digital Connectivity has not split between new Finance, Economy & 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
	£m	£m	£m	£m	£m	£m	£m
External Affairs	12.1	12.5	12.2	14.4	11.8	15.0	15.6
Culture, Tourism and Major Events	238.2	219.4	207.3	210.7	214.4	220.1	240.4
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
Historic Environment Scotland	-	-	-	45.3	43.1	41.5	42.7
Young Scots Fund	0.8	-	-	-	-	-	-
Total Culture, Tourism and External Affairs	320.9	294.5	275.0	291.5	294.9	302.9	332.8
Equalities	19.7	18.8	21.7	22.5	23.8	25.1	23.1
Social Security	-	-	-	-	1.4	12.4	258.9
Total Social Security and Older People	19.7	18.8	21.7	22.5	25.2	37.5	282.1
Government Business	11.5	4.8	4.4	5.0	32.1	11.1	11.3
Total Government Business and Constitutional Relations	11.5	4.8	4.4	5.0	32.1	11.1	11.3
Administration	224.8	206.8	200.0	182.7	181.5	184.3	188.2
Total Administration	224.8	206.8	200.0	182.7	181.5	184.3	188.2
Total Crown Office and Procurator Fiscal Service	109.0	109.7	112.4	113.2	112.7	112.8	121.1
Total Crown Office and Procurator Fiscal Service	109.0	109.7	112.4	113.2	112.7	112.8	121.1
Total Scottish Government Budget	33,761.2	34,342.6	36,390.0	36,930.9	37,297.1	39,232.9	42,884.3

ANNEX E

Budget Bill Reconciliation and Cash Authorisation

Table E.01: Revised NDPB Cash and Resource Budgets by Portfolio, 2020-21

Portfolios (with at least one Executive NDPB)	NDPB Budget (Cash terms) £m	Non-Cash items £m	NDPB Budget (Resource Terms) £m
Health and Sport	100.0	1.3	101.3
Communities & Local Government	1.4	-	1.4
Finance, Economy and Fair Work	217.7	8.3	226.0
Education and Skills	2,146.0	33.6	2,179.6
Justice	1,627.0	75.4	1,702.4
Transport, Infrastructure and Connectivity	81.7	12.0	93.7
Environment, Climate Change and Land Reform	102.6	10.9	113.5
Rural Economy	81.3	7.7	89.0
Culture, Tourism & External Affairs	180.1	13.9	194.0
Total	4,537.8	163.1	4,700.9

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	15,343.9	(1.3)		21.0	(16.0)		15,347.6
Communities and Local Government	12,154.3				-7.6	(880.9)	11,265.8
Finance, Economy and Fair Work	6,271.6	(8.3)		(66.0)	(5,406.0)		791.3
Education and Skills	3,570.5	(33.6)				708.7	4,245.6
Justice	2,831.5	(75.4)	(31.5)	1.2	(122.6)	86.5	2,689.7
Transport, Infrastructure and Connectivity	3,445.7	(12.0)		(18.7)		85.7	3,500.7
Environment, Climate Change and Land Reform	461.8	(10.9)	46.7				497.6
Rural Economy	789.0	(7.7)	0.1				781.4
Culture, Tourism and External Affairs	365.5	(13.9)			-65.3		286.3
Social Security and Older People	3,788.2						3,788.2
Government Business and Constitutional Relations	16.1						16.1
Crown Office and Procurator Fiscal Service	133.8						133.8
National Records of Scotland					65.3		65.3
Teachers and NHS Pensions					5,385.1		5,385.1
Office of Scottish Charity Regulator					3.3		3.3
Scottish Courts and Tribunals Service					122.6		122.6
Scottish Housing Regulator					4.3		4.3
Scottish Fiscal Commission					1.9		1.9
Revenue Scotland					6.6		6.6
Registers of Scotland					12.4		12.4
Food Standards Scotland					16.0		16.0
The Scottish Government	49,171.9	-163.1	15.3	(62.5)	0.0	0.0	48,961.6
Scottish Parliament and Audit Scotland*	116.1						116.1
Total Managed Expenditure	49,288.0	-163.1	15.3	(62.5)	0.0	0.0	49,077.7

* Annex tables e.06 and e.07 show a further breakdown

Table E.03: The Components of the Scottish Budget 2020-21

	Expenditure Within Expenditure Limit £m	Expenditure Within UK Funded AME £m	Other Expenditure £m	Total Budget £m
Scottish Executive - Portfolios				
Health and Sport	15,226.6	100.0	21.0	15,347.6
Communities & Local Government	8,475.8	2,790.0		11,265.8
Finance, Economy & Fair Work	791.3			791.3
Education and Skills	3,853.1	392.5		4,245.6
Justice	2,638.8		50.9	2,689.7
Transport, Infrastructure & Connectivity	3,369.7		131.0	3,500.7
Environment, Climate Change and Land Reform	497.6			497.6
Rural Economy	781.3		0.1	781.4
Culture, Tourism & External Affairs	286.3			286.3
Social Security & Older People	3,788.2			3,788.2
Government Business & Constitutional Relations	16.1			16.1
Total Programme	39,724.8	3,282.5	203.0	43,210.3
Crown Office and Procurator Fiscal	133.8			133.8
Total Scottish Government (Consolidated)	39,858.6	3,282.5	203.0	43,341.1
Scottish Housing Regulator	4.3			4.3
National Records of Scotland	65.3			65.3
Office of the Scottish Charity Regulator	3.3			3.3
Scottish Courts and Tribunals Service	122.6			122.6
Scottish Fiscal Commission	1.9			1.9
Revenue Scotland	6.6			6.6
Registers of Scotland	12.4			12.4
Food Standards Scotland	15.6	0.4		16.0
Scottish Teachers' and NHS Pension Schemes		5,385.1		5,385.1
Total Scottish Administration	40,090.6	8,668.0	203.0	48,961.6
Direct Funded Bodies				
Scottish Parliament Corporate Body	105.2	2.0		107.2
Audit Scotland	8.9			8.9
Total Scottish Budget	40,204.7	8,670.0	203.0	49,077.7

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

	Budget	Adjustments		Cash Authorisation
	£m	Depreciation £m	Other £m	£m
Scottish Administration	48,961.6	(694.4)	(5,212.3)	43,054.9
Scottish Parliament Corporate Body	107.2	(10.5)	(2.1)	94.6
Audit Scotland	8.9	(0.3)		8.6
Total	49.077.7	(705.2)	(5,214.4)	43,158.1

Sources of Funding for Scottish Budget:	
Cash grant from the Scottish Consolidated Fund	24,320.5
Non Domestic Rate Income	2,790.0
Scottish Rate of Income Tax	12,365.0
Forecast receipts from LBTT and Landfill Tax	756.0
Fines, Forfeitures and Fixed Penalties	25.0
Queen's and Lord Treasurers Remembrancer	5.0
Resource Borrowing	207.0
Capital borrowing	450.0
National Insurance Contributions	2,239.6
Total Cash Authorisation	43,158.1

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

Proposed Budget	2019-20	2020-21		
	Total £m	Operating £m	Capital £m	Total £m
	104.0	102.7	0.9	103.6
Less Retained Income	(1.0)	(1.0)	0.0	(1.0)
Capital Receipts Applied	0.0	0.0	0.0	0.0
	103.0	101.7	0.9	102.6
Budget Analysis				
Scottish Parliament Administration Costs	101.7	106.3	0.0	106.3
Scottish Parliament Capital Expenditure	1.3	0.0	0.9	0.9
Net Expenditure	103.0	106.3	0.9	107.2

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

Proposed Budget	2019-20		2020-21		
	Total £m		Operating £m	Capital £m	Total £m
	25.5		27.1	0.2	27.3
Less Retained Income	(17.9)		(18.4)	0.0	(18.4)
Capital Receipts Applied	0.0		0.0	0.0	0.0
	7.6		8.7	0.2	8.9
Budget Analysis					
Audit Scotland Capital	0.2		0.0	0.2	0.2
Less: income from fees & charges (Accounts Commission)	(11.6)		(11.9)	0.0	(11.9)
Less: income from fees & charges (Parliament & the Auditor General)	(6.3)		(6.5)	0.0	(6.5)
Support to Parliament & the Auditor General: Current expenditure	13.7		15.2	0.0	15.2
Support to the Accounts Commission: Current expenditure	11.6		11.9	0.0	11.9
Net Expenditure	7.6		8.7	0.2	8.9

ANNEX F

Scottish Government Operating Costs

2020-21 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 by the portfolio, plus a share of the costs, such as accommodation, IT, legal services and HR, which cannot be readily attributed to a portfolio. The budget for corporate capital projects is allocated to the Finance, Economy and Fair Work portfolio as it was in 2019-20.

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
Health and Sport	53.9	64.7
Communities and Local Government	35.8	40.2
Finance, Economy and Fair Work	98.1	100.9
Education and Skills	37.3	41.4
Justice	27.5	30.1
Transport, Infrastructure and Connectivity	10.6	10.3
Environment, Climate Change and Land Reform	63.3	70.1
Rural Economy	89.0	95.4
Culture, Tourism and External Affairs	14.3	16.4
Social Security and Older People	68.1	61.4
Government Business and Constitutional Relations	9.9	11.1
Total	507.8	541.9

Overall, the total operating costs of the Scottish Government represents 1.1 per cent of the overall Scottish Budget (as measured by Total Managed Expenditure) of £49.288 billion.

Our priorities

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.

In 2020-21 the operating costs budget will support the provision of staff to deliver the key priorities set out in portfolio chapters.

It will also:

- secure maximum value for public money and invest further in the effectiveness of our people, systems and workplaces, building on significant efficiencies already achieved in procurement, estates, facilities and other operational costs; and
- ensure a high-performing, efficient and engaged workforce which exemplifies our commitment to fair work, diversity, flexible working and partnership with the recognised trade unions.

Portfolio chapters

The change in presentation approach introduced and described in Scottish Budget 2019-20 impacts on the presentation of the tables within the portfolio chapters, and there is a break in the time series between 2018-19 and 2019-20. The 2019-20 and 2020-21 budget figures include all operating costs. For 2018-19 the budget figures have not been adjusted and correspond to the budget figures set out in Draft Budget 2018-19. This reflects the fact that in 2018-19 staffing costs were met from both individual portfolio budgets and the Administration budget.

ANNEX G

Social Security Block Grant Adjustments

As part of the Fiscal Framework between the Scottish Government and the UK Government, a Block Grant Adjustment is applied to the Scottish Block Grant for social security expenditure devolved under the Scotland Act 2016. Social Security Block Grant Adjustments (BGAs) are added to the Scottish Block Grant since they represent expenditure which the UK Government no longer needs to make. This is in contrast to tax BGAs which are deducted since they represent revenues foregone.

Provisional BGAs for social security have been used due to the Scottish Budget being published before the UK Budget. Updated BGAs will be calculated based on forecasts produced by the Office for Budget Responsibility (OBR) at the UK Budget on 11 March and these updated BGAs could be incorporated into the Scottish Budget, if the Scottish Government requests this.

Further detail on the operation of the Fiscal Framework is set out in the Fiscal Framework Technical Note.

The provisional BGAs for social security are set out in Table G.01.

Table G.01: Social Security Block Grant Adjustments

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Attendance Allowance	N/A	N/A	535	551	570	593
Carer's Allowance	157	286	303	323	352	382
Disability Living Allowance (DLA)	N/A	N/A	669	638	611	586
Industrial Injuries Disablement Allowance (IIDA)	N/A	N/A	85	84	84	84
Personal Independence Payment (PIP)	N/A	N/A	1,601	1,751	1,909	2,065
Severe Disablement Allowance (SDA)	N/A	N/A	9	8	8	8
Total	157	286	3,203	3,357	3,535	3,718

Notes:

The BGAs shown are calculated using the Indexed Per Capita (IPC) indexation method. This method in practice determines the BGAs applied to the budget. This is set out in more detail in the Fiscal Framework Technical Note.¹

Figures may not sum due to rounding

2018-19 Carer's Allowance is Outturn

¹ <https://www.gov.scot/publications/fiscal-framework-factsheet/pages/technical-note/>

Methodology for calculating provisional BGAs for social security expenditure

Executive competence for Attendance Allowance, Disability Living Allowance, Industrial Injuries Disablement Allowance, Personal Independent Payment and Severe Disablement Allowance are being transferred from 2020-21 and BGAs for these benefits are being calculated for the first time. As a result, the UK Spring Statement 2019 did not include Scottish forecasts for any of these. A summary of how the baseline figure for each benefit has been calculated is below.

Attendance Allowance

The OBR published a Scottish forecast for Attendance Allowance at the UK Spring Statement 2019 and this forecast has been used to calculate the 2020-21 provisional BGA.

Carer's Allowance

Carer's Allowance was devolved in 2018-19 and a BGA from the forecast in the UK Spring Statement 2019 has been added to the Scottish Government's budget.

Disability Living Allowance, Personal Independent Payment

The OBR published an aggregated Scottish forecast for DLA and PIP along with a forecast of their aggregated expenditure in Scotland as a percentage of Great Britain at the UK Spring Statement 2019. That percentage has been applied to the separate Great Britain forecasts from the UK Spring Statement 2019 to produce 2019-20 baseline forecasts for each benefit which are used to calculate the separate 2020-21 provisional BGAs.

Severe Disablement Allowance, Industrial Injuries Disablement Allowance

The OBR did not publish a Scottish forecast of SDA or IIDA at the UK Spring Statement 2019. To calculate a 2019-20 baseline figure for each benefit, expenditure in Scotland as a percentage of Great Britain has been calculated using 2018-19 Department of Work and Pensions outturn for the benefit and applied to the OBR 2019-20 forecast from the UK Spring Statement 2019. These baselines are used to calculate the 2020-21 provisional BGAs.

ANNEX H

Glossary

Annually Managed Expenditure (AME)

A small number of programmes that, while they fall within the devolved responsibilities of the Scottish Government, continue to be funded annually by the UK Government on the basis of demand. These budgets are ring-fenced for specific purposes, principally NHS and teachers' pension payments and student loans, and cannot be deployed for any other purpose. This expenditure is generally less predictable and is not subject to multi-year limits.

Audit Scotland

Audit Scotland was set up in April 2000 to audit the accounts of the Scottish Government and other public sector bodies in Scotland and to ensure that public funds are used properly, efficiently and effectively.

Barnett Formula

The Barnett Formula allocates to Scotland a population share of changes in comparable spending programmes in England. Comparability is the extent to which services delivered by UK Government departments correspond to services delivered by devolved administrations. Scotland gets exactly the same pounds per head increase as in England. Barnett only applies to expenditure classified within UK Government departments' Departmental Expenditure Limits. Details can be found in the Statement of Funding Policy available on the HM Treasury website.¹

Block Grant Adjustment

After devolution of taxes through the Scotland Act and Fiscal Framework, the Scottish block grant continues to be calculated by the Barnett Formula. But an adjustment to the block grant needs to be made to reflect that some of the budget is now funded by Scottish tax revenues that were previously retained by the UK Government. There are two steps to this. First, an initial deduction from the block grant is made for each tax. This is to compensate the UK Government for the tax revenue which is now being retained by the Scottish Government. Secondly, for each subsequent year the Block Grant Adjustments (BGAs) for each tax are grown or 'indexed' to take account of changing tax revenue over time.

Cash Terms

Figures expressed in cash terms (also known as nominal terms) are not adjusted for the effect of inflation (see Real Terms).

¹ <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents>

Common Agricultural Policy (CAP)

The Common Agricultural Policy was set up under European Union treaties to increase agricultural production, provide a fair standard of living for farmers and make sure that food is available at reasonable prices.

Convention of Scottish Local Authorities (COSLA)

The Convention of Scottish Local Authorities is a membership organisation which represents the shared interests of Scotland's 32 local authorities.

COP26

COP26 is the 26th session of the Conference of the Parties to the UN Climate Change Conference which is taking place in Glasgow in November 2020.

Council of Economic Advisers (CEA)

The Council of Economic Advisers was established in 2007 to advise Scottish Ministers on how to make Scotland's economy more competitive.

Depreciation

A depreciation charge is a non-cash item which measures the wearing out, consumption or other reduction in useful life of a fixed asset.

European Structural Funds

European Structural Funds include the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF). They are used to tackle regional disparities and support regional development through actions including developing infrastructure and telecommunications, developing human resources and supporting research and development. The Scottish Government is the 'managing authority' for the funds in Scotland.

Executive Agency

Semi-autonomous executive agencies operate within a framework set by the responsible Cabinet Secretary or Minister, which specifies policies, objectives and available resources. All agencies are set annual performance targets by their Cabinet Secretary or Minister who, in turn, accounts to Parliament for the work of the agency.

Expenditure Limit

Treasury limit applied to spending on either resource, capital or the combination of both. Commonly used in the past in the phrase Departmental Expenditure Limit (DEL).

Financial Transactions

Financial Transactions are a form of capital budget allocated by HM Treasury to the Scottish Government which can only be used for the provision of loans or equity investment beyond the public sector and cannot be used to fund public services. Financial Transactions facilities have to be repaid to HM Treasury in future years.

Fiscal Framework

The Fiscal Framework is an agreement between the UK and Scottish Governments that governs funding of the Scottish budget and underpins the powers devolved through the Scotland Act 2016.

Gross Domestic Product (GDP)

Gross Domestic Product is a measure of the total economic activity in a region. References to growth in the economy are quoted using GDP. It is a measure of the total amount of goods and services produced within a year in a country. In the UK, three different approaches (measuring production, income or expenditure) are used in the generation of one single GDP estimate.

Growth Accelerator (GA)

The Growth Accelerator is a funding mechanism based on the wider economic impact of infrastructure investment. Capital funding is internally invested, with funding reimbursed by the Scottish Government over a set period following achievement of pre-agreed key milestones and targets.

Integration Authority

The Public Bodies (Joint Working) (Scotland) Act 2014 introduced a statutory duty for NHS Boards and local authorities to integrate the planning and delivery of health and social care services. The Act required the establishment of Integration Authorities to oversee the integration. One type of Integration Authority is an Integration Joint Board. The partnership arrangement between the Integration Authority, local authority and NHS Board is a Health and Social Care Partnership.

Land and Buildings Transaction Tax (LBTT)

Land and Buildings Transaction Tax is a tax on land and property transactions which replaced Stamp Duty Land Tax (SDLT) in Scotland from April 2015. LBTT has a progressive rate structure which means that only the proportion of the price above each tax threshold will be taxed at the next rate, rather than the whole purchase price.

Local Government

A collective term for Scotland's 32 local authorities.

Net-zero

Net-zero refers to achieving an overall balance between greenhouse gas emissions produced and greenhouse gas emissions taken out of the atmosphere, so that the net effect is that the increase in greenhouse gases is zero. The Scottish Government's targets consider all greenhouse gases, such as carbon dioxide, methane, nitrogen gases, chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons.

Non-cash

Non-cash is specified in HM Treasury's Consolidated Budgeting Guidance: the major components are depreciation (see separate definition), impairments and the taking and release of provisions.

Non-Departmental Public Body (NDPB)

A Non-Departmental Public Body is a body that operates independently of Ministers, although Ministers have ultimate responsibility. There are two main types of NDPB: executive NDPBs, which carry out administrative, regulatory, executive or commercial functions; and advisory NDPBs, which provide independent, expert advice to Ministers.

Non-Ministerial Department

A Non-Ministerial Department (NMD) is a public body with many characteristics of a full department, but without a Minister. NMDs generally cover matters for which direct political oversight is judged unnecessary or inappropriate. They are usually headed by a senior civil servant as Chief Executive, with an independent Chair and non-executive directors for the board.

Non-Profit Distributing (NPD)

The Non-Profit Distributing model is a system for funding capital infrastructure projects. It is fully debt-financed, maximises value for money and allows shareholder transparency.

Office for Budget Responsibility (OBR)

The Office for Budget Responsibility was formed in May 2010 to provide independent assessments of public finances and the economy for each UK Budget, Spring Statement and Autumn Statement.

Real Terms

Any price or value adjusted for the effect of inflation. Real terms figures in the Budget are calculated using the GDP deflators published by HM Treasury.

Regulatory Asset Base (RAB)

The value of a regulated industry's assets. As an example, for the rail industry, this is the Office of Rail and Road's (ORR) calculation of the value of Network Rail's assets. The regulator agrees investment plans for 5-year periods, including adding new investments to the Regulatory Asset Base.

Science, Technology, Engineering and Mathematics (STEM)

The academic disciplines of science, technology, engineering and mathematics are often collectively described as STEM subjects.

Scotland Reserve

The Scotland Reserve arrangements enable the Scottish Government to smooth expenditure, manage tax volatility and determine the timing of expenditure within specified limits. The Scotland Reserve is separated between resource and capital and replaces the previous cash reserve. The Scotland Reserve is capped in aggregate at £700 million. Annual drawdowns from the reserve are limited to £250 million for resource and £100 million for capital. There are no annual limits for payments into the Scotland Reserve. The total annual drawdown limits will be temporarily waived in the face of a Scotland-specific economic shock.

Scottish Fiscal Commission (SFC)

The Scottish Fiscal Commission was established as an independent Non-Ministerial Department on 1 April 2017. Commissioners are accountable to, and give evidence to, the Scottish Parliament. The Commission is responsible for producing independent forecasts of: revenue from fully devolved taxes and non-savings non-dividend income tax; onshore GDP in Scotland; and devolved demand-led social security expenditure.

Scottish Futures Trust (SFT)

The Scottish Futures Trust is the independent company established by the Scottish Government with the objective of maximising value for money across public infrastructure development.

Scottish Income Tax

Scottish Income Tax is a tax paid by Scottish taxpayers on all non-savings, non-dividend taxable income. The devolution of Scottish Income Tax commenced in April 2017.

Scottish Landfill Communities Fund (SLCF)

The Scottish Landfill Communities Fund is a tax credit scheme, linked to Scottish Landfill Tax, that encourages landfill site operators to contribute tax credits to benefit community and environmental projects.

Scottish Landfill Tax (SLfT)

Scottish Landfill Tax is a tax on the disposal of waste to landfill. It replaced UK Landfill Tax in Scotland in April 2015.

Tax Incremental Financing (TIF)

Tax Incremental Financing is a method of unlocking private investment in the regeneration of local areas. Initial borrowing by a local authority to fund the infrastructure is repaid through future increases in non-domestic rate revenues due to increased business creation resulting from the local authority's investment.

Total Managed Expenditure (TME)

Total Managed Expenditure comprises the sum of resource, capital and Annually Managed Expenditure (AME), less depreciation.



© Crown copyright 2020

ISBN: 978-1-83960-496-6

This document is also available on The Scottish Government website:
www.gov.scot

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS685594 (02/20)

W W W . g o v . s c o t