



The Scottish Budget process - summary

Women's Economic Empowerment
Project

January 2024

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UK BUDGET PROCESS

- Spring Budget - principal 'fiscal event'
 - Public Finances
 - DEL /day to day £472bn
 - Public Sector receipts 2023-24 £1058bn
 - Total Managed Expenditure £189bn
- Autumn Statement – policy changes, changes in tax and spending decisions
- Block grant to Scotland £36.6bn; Wales 15.9 bn; Northern Ireland 13.5bn via the 'Barnet Formula' – population based allocation.



UK GOVERNMENT AUTUMN STATEMENT HEADLINES

- National insurance – including cutting the rate of Class 1 NICs paid by employees from 12% to 10% from 6 January 2024 and cutting the main rate of Class 4 NICs, paid by the self-employed, from 9% to 8% from 6 April 2024.
- Alcohol duties – freezes alcohol duties until 1 August 2024 and delays the annual uprating decision to the 2024 Spring Budget.
- A package of **welfare reforms**, including a **strengthening of work search requirements** for some, designed to increase employment.
- Local housing allowance – rates will be increased to equal the 30th percentile of an area's market rents in 2024/25. Rates will then be maintained in cash terms in subsequent years.
- National living wage – this will be raised from £10.42 per hour to £11.44 from April 2024. It will apply to those aged 21 or over, after an extension of the rate to 21 and 22 year olds.

IMPLICATIONS FOR SCOTLAND

- Already significant cuts to spending in Scotland - additional in-year (2023-24) savings (£680.3 million)
- Reductions in departmental spend at UK level means reduction in DEL allocations through Barnett Formula
 - Cutting NI contributions → no direct Barnett consequential
 - Reduction of investment in public services → large Barnett consequential

SCOTTISH ECONOMIC CONTEXT

- 5.4m population
 - 2.6m adult working age population – 73.2%;
 - 75.8% men; 70.7% women.
 - 105.7k unemployed in 2021 (3.9%);
 - **815.2k ‘economically inactive’ (23.8%)**
 - **49.6% employment rate for disabled people**
 - 62.1% minority ethnic employment rate.
- GDP growth 2022 4.9%; 8.4% 2021
- Scottish Budget 2023-24 £59.7bn
- Income tax receipts 2020-21 - £12.1bn. Scottish Fiscal Commission 50 year projection – £10bn gap in funding.
- Key economic sectors - No mention of care economy
 - 2021, 130,000 people were directly employed in adult social care support, which is approximately 5% of the Scottish workforce. This is more than three times as many workers as agriculture, forestry, and fishing combined.
 - 83% of the social care workforce are women.

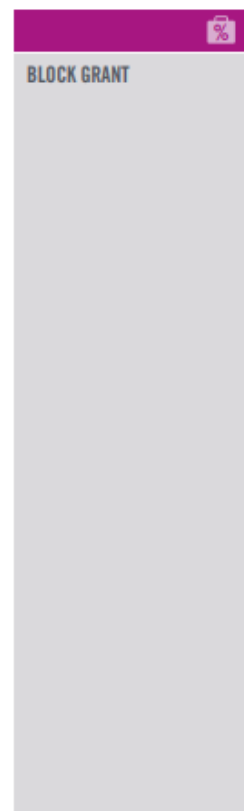
SCOTTISH BUDGET PROCESS

WHERE THE SCOTTISH GOVERNMENT BUDGET COMES FROM



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

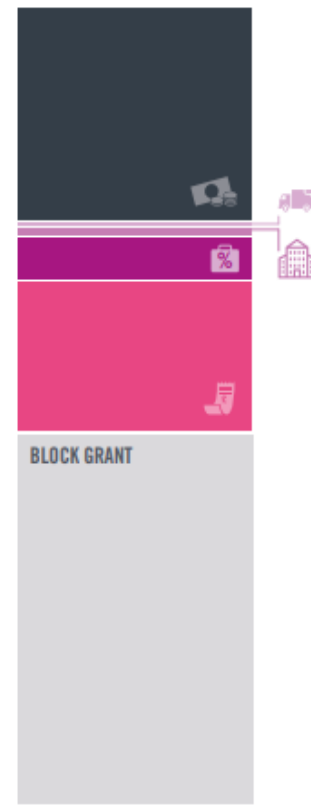
IN ADDITION LOCAL AUTHORITIES SET AND RAISE COUNCIL TAX TO FUND LOCAL SERVICES, BUT THIS IS OUTWITH THE SCOTTISH BUDGET.



SCOTLAND ACT 1998



SCOTLAND ACT 2012

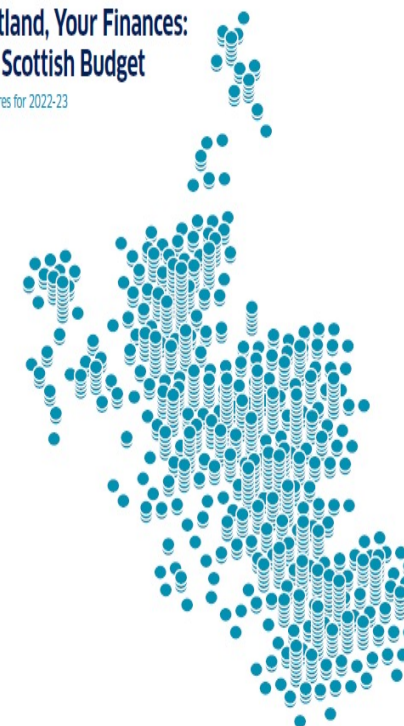


SCOTLAND ACT 2016

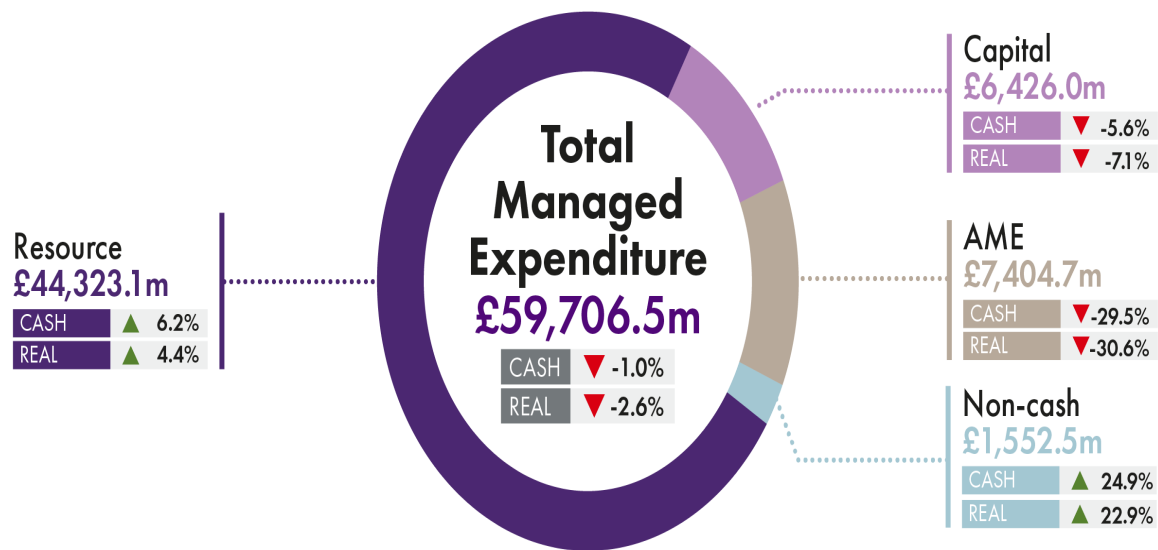
ESTIMATES ONCE ALL FISCAL POWERS HAVE BEEN DEVOLVED

Your Scotland, Your Finances: 2022-23 Scottish Budget

Key facts and figures for 2022-23



SCOTTISH BUDGET – THE MONEY = £59.7BN



SPICe Briefing
Pàipear-ullachaidh SPICe

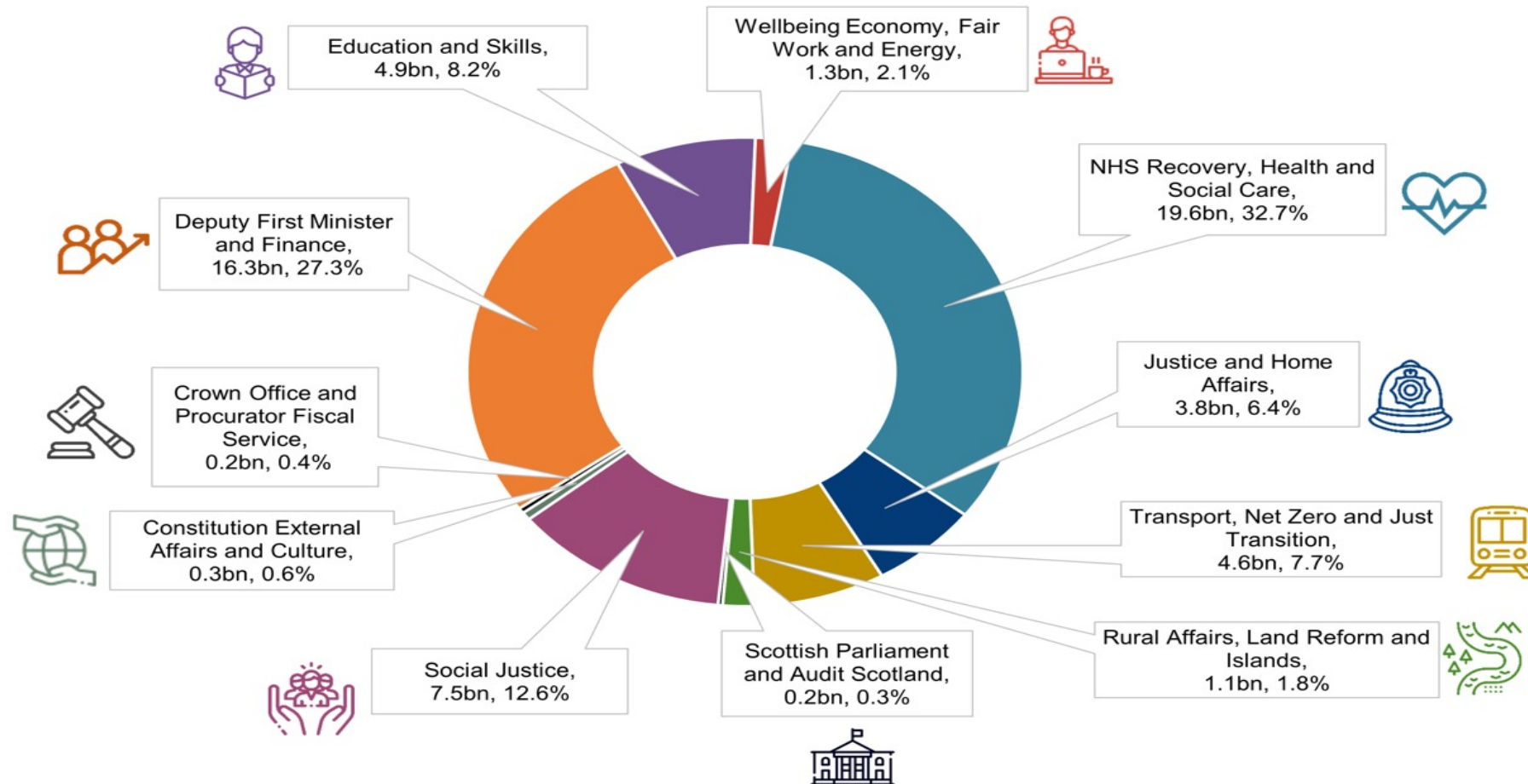
Scottish Budget 2024-25

Ross Burnside, Ailsa Burn-Murdoch, Andrew Feeney-Seale, Nicola Hudson,
Greig Liddell, Rob Watts

<https://bprcdn.parliament.scot/published/2024/1/4/d19ce079-c10b-4a0f-b526-448852face3e/24-01.pdf>



SCOTTISH BUDGET: PORTFOLIO/DEPARTMENT SPEND



TAX



The Scottish Parliament
Pàrlamaid na h-Alba

Tax in Scotland

SB 23-47i

This infographic looks at the Scottish Fiscal Commission's forecasts for Income Tax, Non-Domestic Rates, Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax revenues in 2024-25.

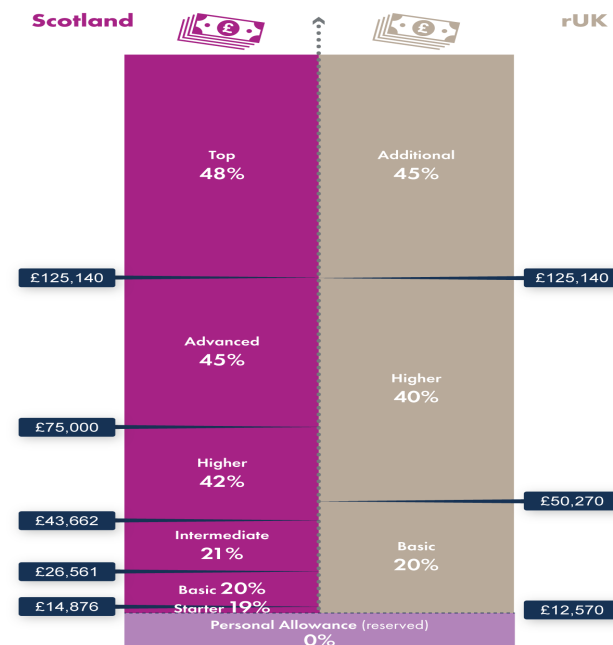
It also shows rates and bands for Non-Savings, Non-Dividend (NSND) Income Tax and LBTT.

SPICe

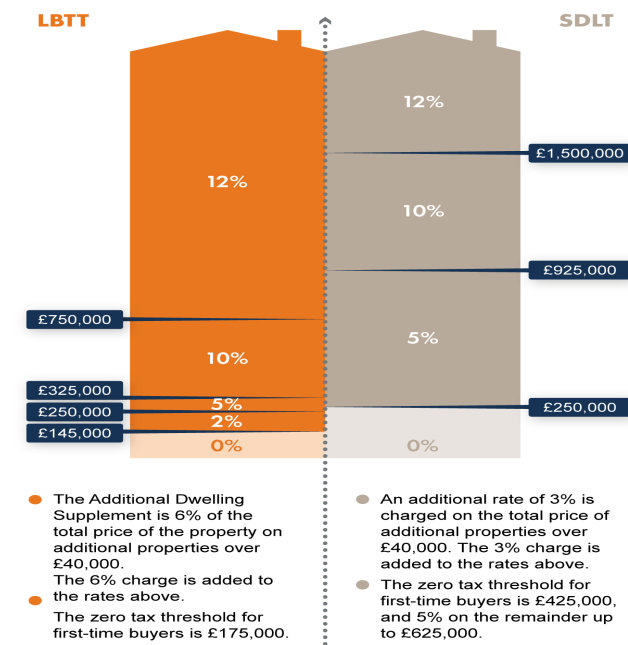
The Information Centre
An t-ionad Fiosrachaidh



How does Scottish Income tax policy compare to the rest of the UK?



Residential property tax: How does LBTT compare to Stamp Duty Land Tax (SDLT) in rUK?



SOCIAL SECURITY SPEND IN SCOTLAND

Devolved Social Security spend for 2024-25 £6,258m

Department for Work and Pensions £1,925m

Severe Disablement Allowance - £5m
Industrial Injuries Disablement scheme - £87m
Carer's Allowance - £206m
Personal Independence Payment - £641m
Attendance Allowance - £566m
Disability Living Allowance (Adult) - £420m

Adult Disability Payment - £2,585m
Child Winter Heating Payment - £9m
Funeral Support Payment - £12m
Best Start Foods - £18m
Best Start Grant - £21m
Winter Heating Payment - £24m
Carer's Allowance Supplement - £55m

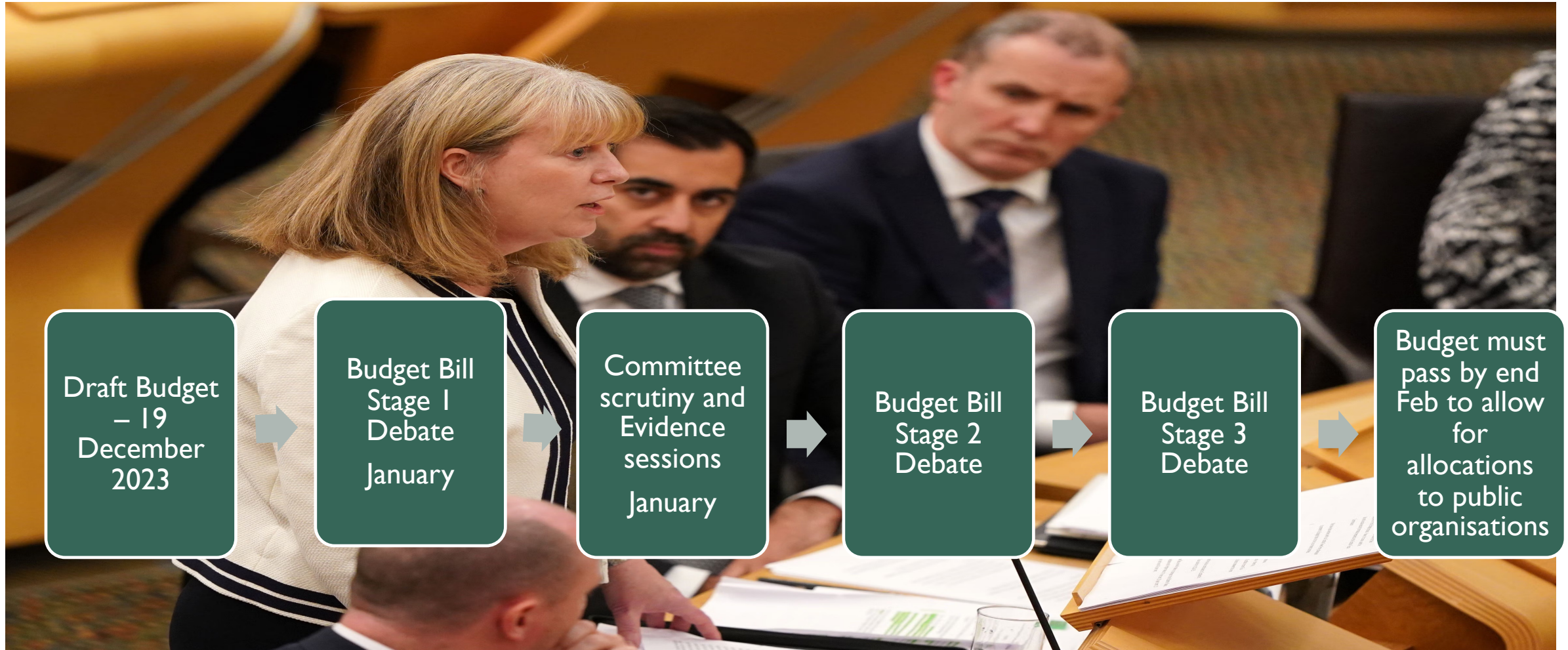
Local Authorities £126m

Discretionary Housing Payments - £90m
Council Tax Reduction - £366m
Scottish Welfare Fund - £36m

Social Security Scotland £4,207m

Carer Support Payment - £206m
Scottish Child Payment - £457m
Child Disability Payment - £450m
Pension Age Disability Payment - £189m
Pension Age Winter Heating Payment - £180m

SCOTTISH BUDGET PROCESS - TIMELINE



SCOTTISH BUDGET – A DIFFERENT APPROACH

- Equality and Fairer Scotland Budget Statement - since 2009
- Equality and Human Rights Budget Advisory Group (EHRBAG) – since 2000
 - Similar models in Wales and Ireland
- Budgeting commissioning guidance – only aligned with Programme for Government in 2023
- Equality Impact Assessment processes under review
- Repeated training with Economy Directorate
- EBAG/EHRBAG recommendations – 2020; response 2023
- Scottish Government Fiscal Transparency project



THIS PROJECT AND SCOTTISH BUDGET PROCESS

- Today's session
 - BSL video of Scottish Budget process -
<https://www.youtube.com/watch?v=cW9TihKsOFQ&feature=youtu.be>
- Scottish Parliament Equality, Human Rights and Civil Justice Committee – 30 January 2024
- Scottish Parliament visit – Stage 3 debate (?) tbc
- Follow up workshops
- Next stage of project – manifesto building, legislative theatre...