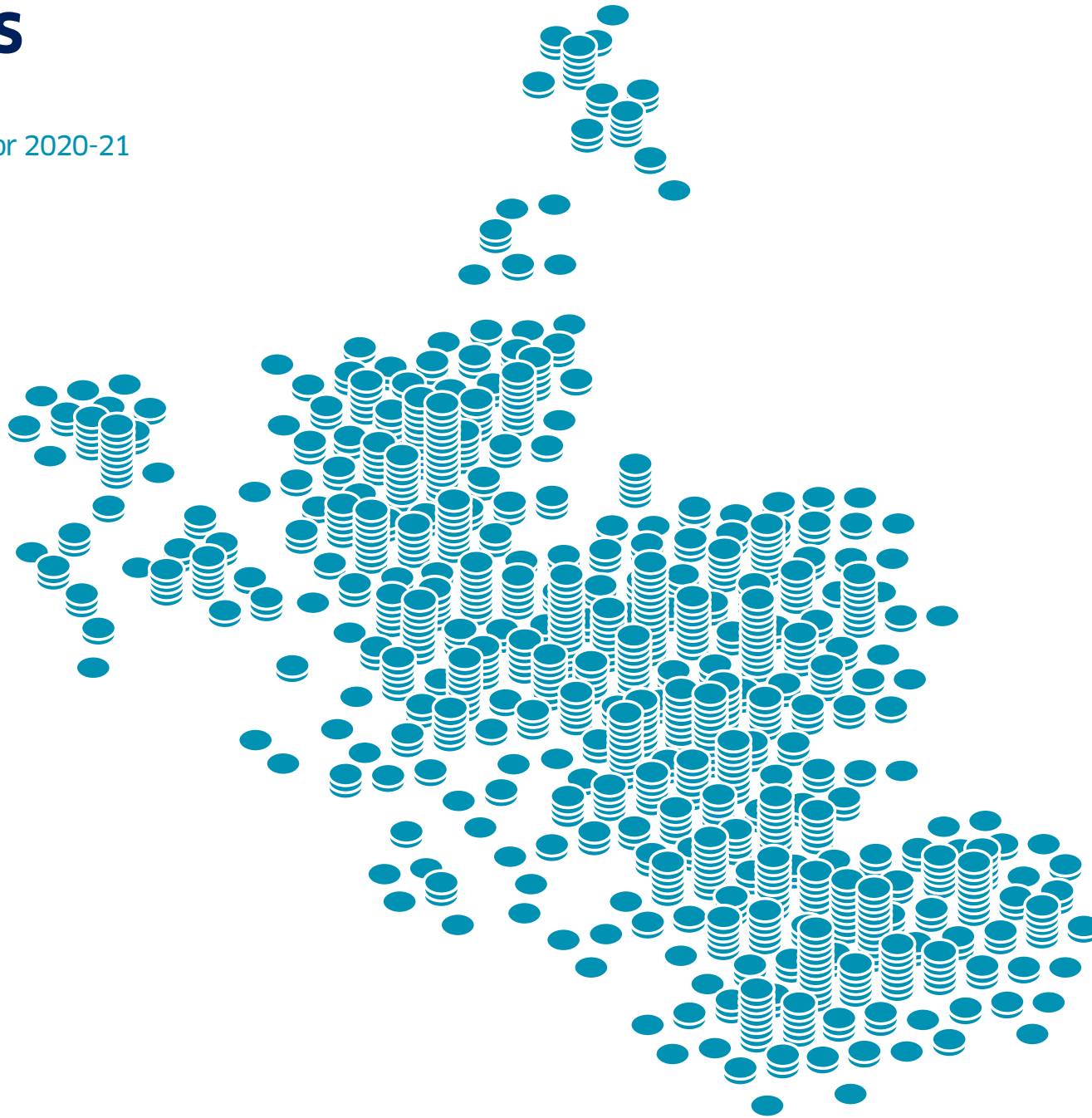


Scotland's Finances

Key facts and figures for 2020-21



Competent, financially prudent Scottish Government

DEVOLVED FINANCES

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

BARNETT FORMULA



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

MONEY IN

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



THE SCOTTISH CONSOLIDATED FUND



MONEY OUT


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

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



Our financial system in 2020-21

SCOTTISH BUDGET IN 2020-21 IS £49.5 BILLION



- The Scottish Government's latest published accounts are for 2018-19 and they were given a clean bill of health by Audit Scotland. This was the 14th consecutive year they received an unqualified opinion.
- For financial year 2018-19 the Scottish Government, its Executive Agencies and the Crown Office and Procurator Fiscal Service made 99.0% of all payments within 10 days.
- For all taxes set, raised or assigned in Scotland, the block grant is reduced.

TAXES SET IN SCOTLAND IN 2020-21:

SCOTTISH INCOME TAX



NON-DOMESTIC RATES



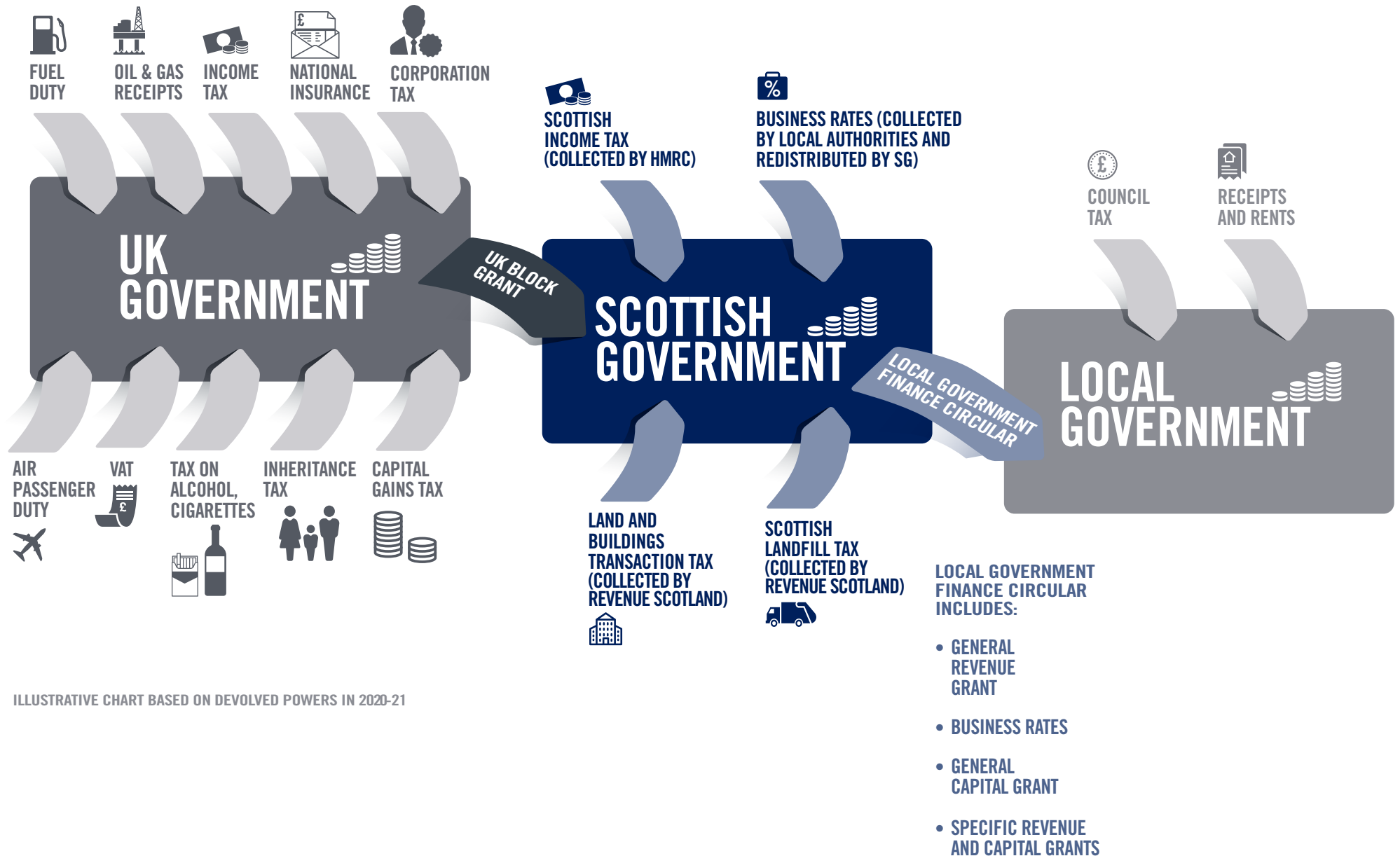
LAND AND BUILDINGS TRANSACTION TAX



SCOTTISH LANDFILL TAX



The Scottish tax landscape 2020-21



ILLUSTRATIVE CHART BASED ON DEVOLVED POWERS IN 2020-21

What is planned to be spent in 2020-21

PORTFOLIO BUDGETS 2020-21
 (SOME PERCENTAGES ARE ROUNDED)
 NB. ALL FIGURES RELATE TO THE BUDGET BILL AS PASSED



FINANCE
 £5.6bn 11.3%



JUSTICE
 £2.8bn 5.8%



COMMUNITIES AND LOCAL GOVERNMENT
 £12.3bn 24.8%



ECONOMY, FAIR WORK AND CULTURE
 £0.9bn 1.9%



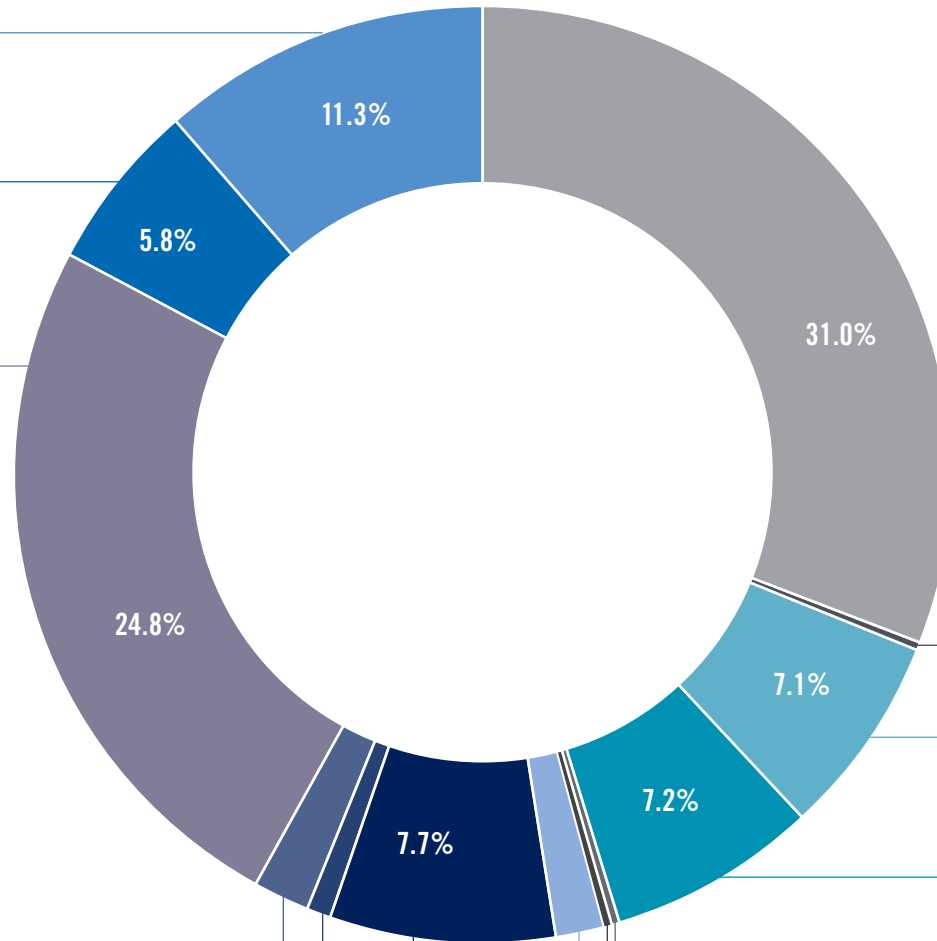
ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM
 £0.5bn 0.9%



SOCIAL SECURITY AND OLDER PEOPLE
 £3.8bn 7.7%



IN 2020-21 THE LOCAL GOVERNMENT SETTLEMENT TO SUPPORT COUNCILS ADDS UP TO OVER £11.4 BILLION



HEALTH AND SPORT
 £15.3bn 31.0%



SCOTTISH PARLIAMENT AND AUDIT SCOTLAND
 £0.1bn 0.2%



TRANSPORT, INFRASTRUCTURE AND CONNECTIVITY
 £3.5bn 7.1%



EDUCATION AND SKILLS
 £3.6bn 7.2%



CROWN OFFICE AND PROCURATOR FISCAL SERVICE
 £0.1bn 0.3%



CONSTITUTION, EUROPE AND EXTERNAL AFFAIRS
 £40m 0.1%






RURAL ECONOMY AND TOURISM
 £0.8bn 1.7%

TOTAL PORTFOLIO EXPENDITURE 2020-21

£49.5bn

The Fiscal Framework - from 1999 to today

TIMELINE OF CHANGE

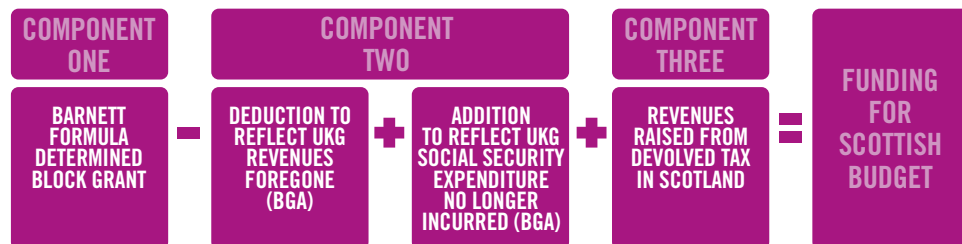
1999	2015	2016	2017	2018	FUTURE YEARS
 <p>SCOTTISH PARLIAMENT CAN INCREASE OR REDUCE INCOME TAX BY 3P IN THE POUND</p> <p>SCOTTISH PARLIAMENT HAS POWERS OVER NON-DOMESTIC RATES</p>	 <p>LAND AND BUILDINGS TRANSACTION TAX AND LANDFILL TAX FULLY DEVOLVED TO SCOTTISH PARLIAMENT</p>	<p>%</p> <p>SCOTTISH PARLIAMENT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

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



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

HOW THE SCOTTISH BUDGET IS CALCULATED



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

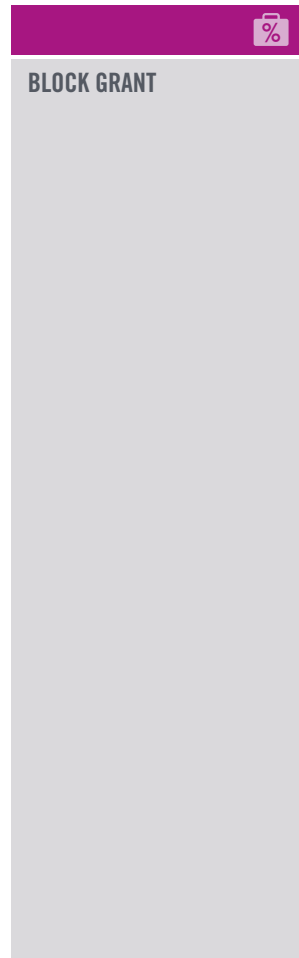
How our funding system is changing

WHERE THE SCOTTISH GOVERNMENT BUDGET COMES FROM

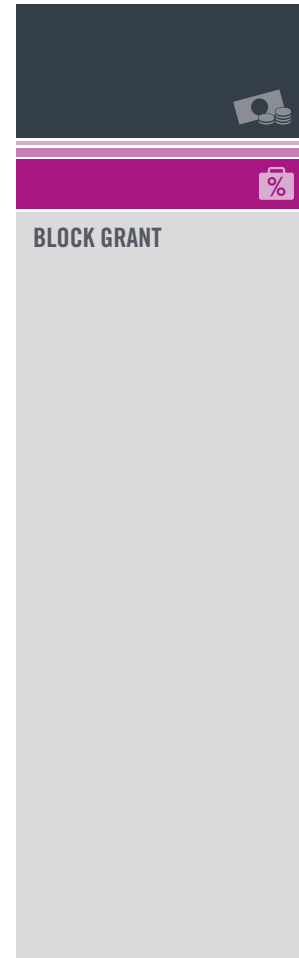
-  AIR PASSENGER DUTY
-  SCOTTISH RATE OF INCOME TAX / INCOME TAX
-  SCOTTISH LANDFILL TAX
-  LAND AND BUILDINGS TRANSACTION TAX
-  NON DOMESTIC RATES
-  VAT
-  BLOCK GRANT

TABLE PROVIDES ILLUSTRATIVE SHARE OF BUDGET BASED ON ESTIMATES FROM 2017-18 FIGURES.

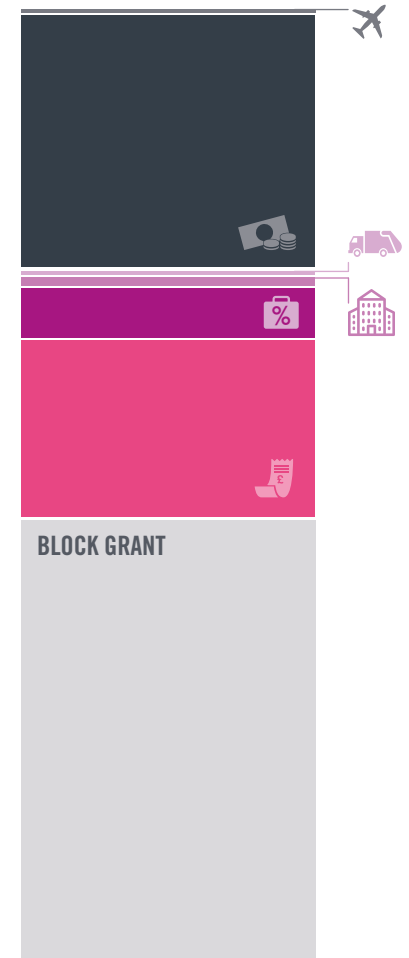
IN ADDITION LOCAL AUTHORITIES SET AND RAISE COUNCIL TAX TO FUND LOCAL SERVICES, BUT THIS IS OUTWITH THE SCOTTISH BUDGET.



SCOTLAND ACT 1998



SCOTLAND ACT 2012



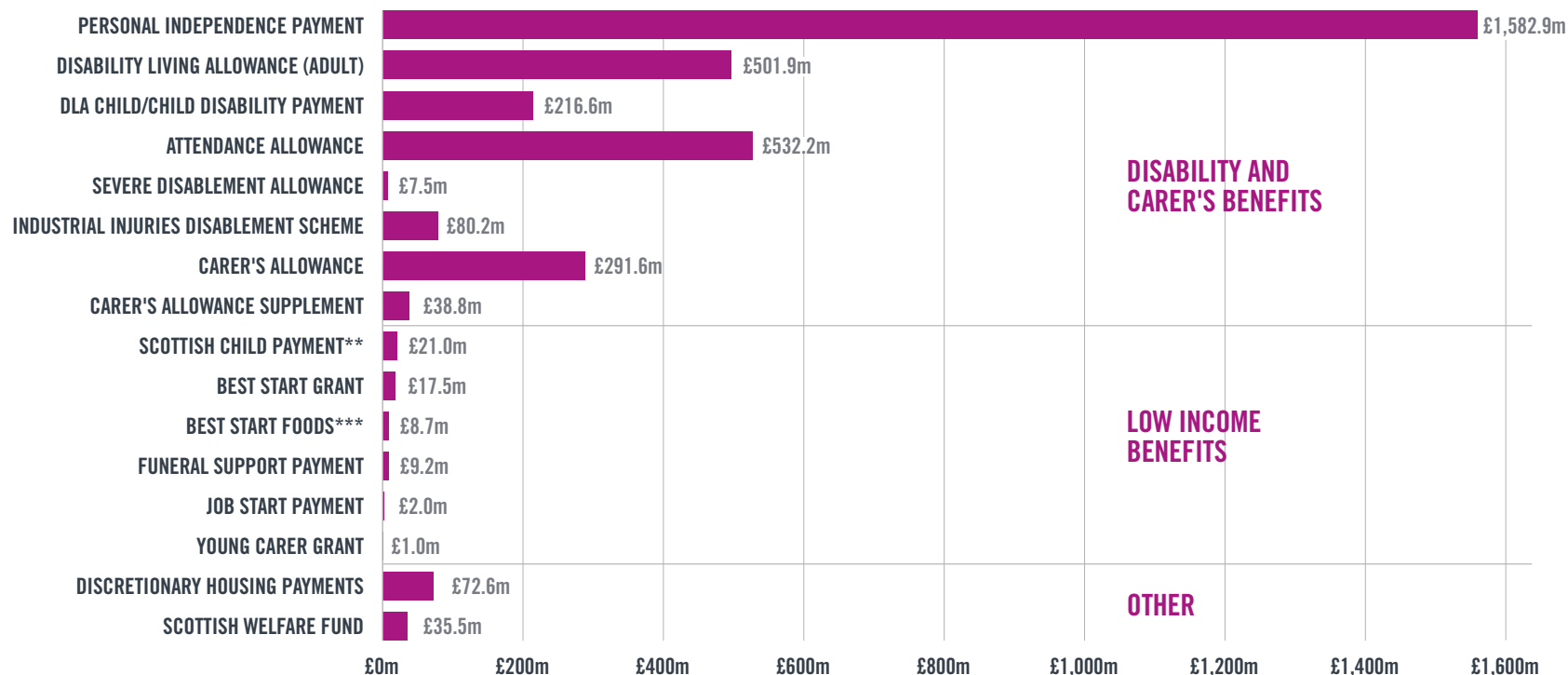
SCOTLAND ACT 2016

ESTIMATES ONCE ALL FISCAL POWERS HAVE BEEN DEVOLVED

Social Security delivering for Scotland...

(INFORMATION ON THIS PAGE IS SUBJECT TO CHANGE DUE TO COVID-19)¹

SOCIAL SECURITY BENEFITS EXPENDITURE: 2020-21 BUDGET*



We have successfully introduced seven benefits up to March 2020, with a total of 16 to be delivered overall by Social Security Scotland

As of 1 April 2020, the Scottish Government has executive competence for 18 benefits, including the Scottish Welfare Fund and Discretionary Housing Payments

Social Security Scotland supports 1.8 million children and adults – around one in three people in Scotland

Once fully operational Social Security Scotland will administer £4.1 billion in payments per annum

FURTHER BENEFITS TO BE DELIVERED...

- CHILD DISABILITY PAYMENT
- CARER'S ASSISTANCE FOR MORE THAN ONE DISABLED CHILD
- WINTER HEATING ASSISTANCE AND COLD SPELL HEATING ASSISTANCE
- JOB START PAYMENT
- DISABILITY ASSISTANCE FOR OLDER PEOPLE
- SCOTTISH CHILD PAYMENT
- SCOTTISH CARER'S ALLOWANCE
- DISABILITY ASSISTANCE FOR WORKING AGE PEOPLE
- EMPLOYMENT INJURY ASSISTANCE

¹ Following the announcement by the Cabinet Secretary for Social Security and Older People on 1 April 2020, timescales and budgets are likely to change in response to the Covid-19 epidemic

* All figures (except Job Start Payment and Young Carer Grant) based on Scottish Fiscal Commission forecast February 2020

** Scottish Child Payment is funded through the Communities and Local Government portfolio

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



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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: 978-1-80004-906-2 (web only)

Published by The Scottish Government, March 2021

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS853246 (03/21)

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