

# **Scottish Government Budget - May 2022**

## **Foreword by the Finance Secretary**

This Scottish Government has declared that we will deliver our promises. This budget is how we do so. It is a budget which not only makes Scotland's people its focus, but its priority. We have cut and saved where we can to ensure that public services deliver the best they can for all of Scotland, eliminating waste and oversight while making sure that we provide for all of Scotland. We have even produced a surplus, which will go into the consolidated fund - over £150 million in fact. That is money we're saving for the future, for the future of Scotland.

This government has created a series of facts and figures, with the support of the entire government, including myself and the First Minister, that we strongly believe improves on the previous budget, without sacrificing the things which Scotland needs for the future. That may be our strongest legacy - setting up a green, sustainable, and prosperous future for Scotland - one where everyone can make their way to the top, and one where Scotland moves to the forefront of the UK on many issues, from homelessness to justice, education, to redevelopment of our towns and cities.

I hope you read through this budget carefully, and understand the good it will do for Scotland for many years to come. I strongly believe that this budget very much emphasises the common ground we all share, and that there is something for everyone within it.

The Most Honourable Marquess of Sutton Coldfield GCT GCMG GCB KCB CVO PC  
/u/CountBrandenburg  
Secretary of State for Finance and the Economy

## Section 1: Revenue

### Block Grant

1. The UK Government's annual block grant remains the primary source of funding for the Scottish Government, paid annually by the UK Government. This totals
2. After negotiations with Westminster, the UK Chancellor agreed to give Scotland an equivalent price-per-head in funding as the Welsh HS2 settlement. This totals £697 million per year.

	2022/23
<b>Block Grant Income</b>	£19,750
<b>HCLG Settlement</b>	£697

### VAT Assignments

1. Section 16 of the Scotland Act 2016 sets out that the first ten percentage points of the standard rate, and the first 2.5 percentage points of the reduced rate of VAT collected will be paid by Westminster to the Scottish Consolidated Fund.
2. The total VAT Assignments for Scotland are, therefore, forecast to be £11,273,000 million. This is a rise in revenue of £1,155.80 million when compared with the previous budget.

	<b>2022/2023*</b> <b>(£million)</b>
<b>VAT Assignments</b>	£11,723.00

### Income Tax

1. The Scottish Government proposes to expand income tax to 6 brackets, due to Westminster reducing the personal allowance from £21,500 to £12,500.
2. This additional allowance (referred to as the Scottish Additional Allowance for simplicity) is taxed at 0%, and covers the difference between the new personal allowance and the old personal allowance.

<b><u>Scottish Income Tax Band</u></b>	<b><u>Bands</u></b>
Personal Allowance	£0 to £12,500
Scottish Additional Allowance	£12,501 to £21,499
Scottish Lower Rate	£21,500 to £49,999
Scottish Basic Rate	£50,000 to £99,999

Scottish Additional Rate	£100,000 to £149,999
Scottish Higher Rate	£150,000 -

<b><u>Scottish Income Tax Band</u></b>	<b><u>Rate %</u></b>	<b><u>Revenue (£m)</u></b>
Personal Allowance	0%	£0
Scottish Additional Allowance	0%	£0
Scottish Lower Rate	16%	£2,259.27
Scottish Basic Rate	23%	£2,960.49
Scottish Additional Rate	30%	£1,059.77
Scottish Higher Rate	50%	£2,842.28

### **Land Value Tax**

1. The Land Value Tax is a tax on the basic value of land. The rate has been lowered from 35% to 30%.
2. The total Land Value Tax revenue for Scotland is forecast to be £5,468.31 million - a decrease of £172.67 million on the previous financial year.

	<b>2022/2023* (£million)</b>
<b>Land Value Tax</b>	£5,468.31

### **Land and Buildings Transaction Tax**

1. The Land and the Building Transaction Tax (LBTT) is a tax on purchasers of land, buildings and on interests in commercial leases, divided between the three categories as shown below.
2. These rates will remain unchanged (and so will the revenues), generating revenue of £422.12m.

<b><u>Bands</u></b>	<b><u>Rate</u></b>	<b><u>Transactions</u></b>	<b><u>Revenue (£m)</u></b>
<b>Residential Property</b>			
£0 to £249,999	0%	79,940	£0
£250,000 to £324,999	2.5%	11,505	£20.42
£325,000 to £499,999	5%	8,376	£51.20
£500,000 to £749,999	6%	2,290	£39.25
£750,000+	10%	708	£46.40

<b>Non-Residential Property</b>			
£0 to £149,999	0%	3,078	£0
£150,000 to £324,999	2%	1,483	£2.31
£325,000 +	5%	2,159	£224.54
<b>Commercial Leases</b>			
£0 to £149,999	0%	0	£0
£150,000 +	2%	4,973	£38.00
<b>Total Revenue</b>			<b>£422.12</b>

	<b>2021/2022*</b> <b>(£million)</b>
<b>Land and Building Transaction Tax</b>	£422.12

### **Scottish Landfill Tax**

1. The Scottish Landfill Tax is a tax on the disposal of waste at a landfill. It has a standard rate (for more polluting material) and a lower rate (for “inert” material). Charges are calculated on a per-tonne basis.
2. This Government will increase the rate of Scottish Landfill Tax on a 2% inflationary basis.

<b><u>Bands</u></b>	<b><u>Rate</u></b>	<b><u>Tonnage</u></b>	<b><u>Revenue (£m)</u></b>
Standard Rate	£96.90	1,245,114	£120.65
Lower Rate	£6.60	769,607	£5.07
<b><u>Total Revenue</u></b>			<b>£125.73</b>

	<b>2022/2023</b> <b>(£million)</b>
<b>Landfill Disposal Tax</b>	£120.45

### **Air Passenger Duty**

1. Air Passenger Duty (APD) is a tax on passenger flights from Scotland. There are two “destination bands”. Band A is for flights to a country whose capital is within 2000 miles of Edinburgh, and Band B for flights to a country whose capital is above 2000 miles away from Edinburgh. This is accompanied by three rate bands. With some exemptions and changes this effectively works out at a Reduced Rate for those in economy class, a Standard Rate for those in any other class, and a Higher Rate for private jets.

2. The rates of APD are to remain unchanged in the next financial year, generating £378 million in revenue.

	<b><u>Reduced Rate</u></b>	<b><u>Standard Rate</u></b>	<b><u>Higher Rate</u></b>
<b>Band A</b>	£13	£26	£78
<b>Band B</b>	£80	£176	£529

	<b>2022/2023 (£million)</b>
<b>Air Passenger Duty</b>	£378.00

## **Section 2: Expenditure**

Unless otherwise stated, funding, like that of drug rehabilitation for example, from the previous budget has been left unchanged.

## **Health**

1. £1.7 million has been allocated to community health services for the purchase and distribution of naloxone kits. At least 50,000 kits can be distributed across Scotland through this effort.
2. £10 million for the Young Patients Family Fund, designed to provide financial assistance to a child's parent or guardian for costs associated with their care such as travel or accommodation.
3. £15 million for designing, implementing, and staffing, a better process of interacting with families of deceased persons regarding organ donation.
4. £5 million to the NHS Special Health Boards for the Happy & Healthy Scotland campaign, a holdover from the 15th Government's programme for government - designed to combat obesity, eating disorders and mental health challenges amongst the population.
5. Another £5 million allocated for the Young Men's Mental Health Campaign.
6. £2 million for the Calorie Count Education Campaign - the first step in getting Scotland educated on calorie counts in their daily lives.
7. £57 million to cover the abolition of prescription fees in Scotland.
8. £10 million for an HIV Prevention Fund, designed to educate across Scotland about how to prevent HIV transmission.
9. £40 million in a general NHS increase.
10. Subtracting the following:
  - a. Digitalisation fund cut to £0.00, as the fund is now funded through the previous budget.
  - b. Palliative home services fund spending cut to £0.00, as it was funded in the previous budget.
  - c. £15 million previously spent on building the Glasgow University Imagery Centre of Excellence. As we're not building another, no need to keep budgeting like we are.
  - d. £9.6 million previously spent on 8 upgraded MRI scanners. Already done.
  - e. £65 million spent on establishing NHS Gender clinics. That was establishment money - not money used to run them. They're established, so the money can be saved. We have ring fenced £5 million to fund NSH Gender clinics.
  - f. £300 million previously spent to build a new NHS Hospital in Lerwick. As we're not building another new NHS hospital in Lerwick, the money can be saved.
  - g. £10 million that was apparently inserted into the budget at some point without reason.

	<b>2022/2023* (£million)</b>
<b><u>Healthcare</u></b>	<b><u>£15,436.69</u></b>
NHS Territorial Health Boards	£10,927.09
NHS Special Health Boards	£974.01
Community Health Services	£1,957.35
Departmental Allocations	£1,098.87
National Services Scotland	£451.35
Healthcare Improvement Scotland	£27.54
Palliative Home Services	£0.00
NHS Digital Modernisation Fund	£0.00



## **Justice**

1. £5 million has been allocated for a judiciary Digitalisation Fund.
2. £20 million for the Scottish Police Digitalisation Fund - To further digitise information and to renew current biometric systems to ensure they are as up to date and accurate as possible.
3. £25 million to expand the availability and scope of prisoner rehabilitation programmes in all of Scotland's prisons.
4. £5 million for a pilot programme to see the effectiveness of sending social services on non-violent calls to emergency services, to see if a further expansion is warranted.
5. Subtracting:
  - a. £25 million previously spent on procuring police body cams - money for their maintenance and support can be covered through normal police budget - does not need a dedicated line item.
  - b. £250 million previously budgeted for the Scottish Police Authority Transition Fund.
  - c. An unknown £50 million previously budgeted without a reason for spending it.

	<b>2022/2023 (£million)</b>
<b><u>Justice</u></b>	<b><u>£3,283.88</u></b>
Judiciary, Community justice, legal aid and related	£396.85
Criminal injuries compensation	£17.43
Scottish Police Authority, Police Pensions and related	£1,752.12
Scottish Fire and Rescue Service and Pensions	£404.82
Scottish Prison Service	£482.96
Operational, administrative and miscellaneous costs	£229.71

## **Education**

1. A series of appropriation measures as passed under this government's Higher Education whitepaper and associated bill -
  - a. Introduction of Tuition Fees at 2.5k a student costs £97 million.
  - b. £5 million for lifting the repayment threshold to £25,000.
  - c. £16.5 million for the New Care Experienced Bursary.
  - d. £5 million for a more generous bursary in general.
  - e. £70 million in student loan changes.
  - f. £2 million in administrative costs for the new system.
  - g. £1 million for Adopt An Apprentice scheme
  - h. £10 million in apprenticeship changes.
2. £10 million for a digital adaptive exam pilot, including the development or purchase of software to run said exams, and all related expenses.
3. Subtracting:
  - a. £220.9 million for full Maintenance Loans / Grants at University, as obviously the new tuition-based system makes said payments redundant.
  - b. £8 million in laptop funding, due to no need to purchase as many new ones.

	<b>2022/2023 (£million)</b>
<b><u>Education</u></b>	<b><u>£4906.06</u></b>
Learning, including advanced learning and science	£363.80
Children and Families	£154.47
Scottish Funding Council	£2,616.86
Higher Education Student Support	£1,309.44
Skills and Training	£268.77
Pupil Premium and laptop funding	£192.89

## **Finance and the Economy**

1. £5 million for Regional Development Offices.
2. £5 million allocated for the National Economic Innovation Council.
3. Subtractions:
  - a. £13 million previously allocated for setting up innovation hubs. We have left £2 million of the initial allocation to fund their operations.
  - b. £35 million previously allocated to the Scottish Shipbuilding Fund.

	<b>2022/2023 (£million)</b>
<b><u>Finance and the Economy</u></b>	<b><u>£686.51</u></b>
Revenue Scotland	£6.76
Scotland Acts - tax implementation	£8.17
Scotland Acts - non-tax implementation	£73.52
Employability and Training	£89.55
Scottish Enterprise, Energy and Innovation	£501.95
Accountant in Bankruptcy	£3.33
Miscellaneous	£3.23

## **Infrastructure and the Environment**

1. £400 million for CrossRail Glasgow.
2. £20 million to cover the Campbeltown to Ardrossan ferry route year-round.
3. £10 million for Aberdeen to Shetland and Orkney ferry route expansion.
4. £30 million for a Rural Public Transport Fund
5. £20 million for the integrated ticketing system
6. £10 million for contactless payment for rail journeys in Scotland
7. £2 million to cover the merger of Caledonian Maritime Assets Ltd and Caledonian MacBrayne.
8. £26 million to takeover service of P&O's Scottish routes through the newly merged Scottish Ferries Corporation.
9. £100,000 for the Scottish Government to transition to styrofoam alternatives
10. £100 million for rewilding fund, previously promised in 15th government's programme for government.
11. £100,000 for Recycling Bin Assistance Fund.
12. Subtracting:
  - a. £115 million for Waverly rail expansion - already previously funded.
  - b. £145 million for the A71 - M74 Corridor, again, already previously spent.
  - c. £205 million for the Forfar-Brechin Railway Link, also already spent.
  - d. £765 million for North Sea Relief Fund.
  - e. £750 million for North Sea Relief Fund.
  - f. £115.14 from Green Strategy.

	<b>2022/2023* (£million)</b>
<b><u>Infrastructure and Environment</u></b>	<u>£6,096.39</u>
Motorways, trunk roads and road safety	£970.11
Support for aid services	£17.48
Vessels, piers and support for ferry services	£308.22
Scottish Railways	£1,257.64
Scottish Futures Trust	£4.68
Concessionary Bus Travel	£279.97
Digital Connectivity	£91.80
Highland and Islands Airport Limited	£37.97
Scottish Canals	£12.07
Other transport policy, projects and administration	£215.81
Electric Charging Fund	£80.00
Infrastructure Strategy Fund	£1,150.00
Research Programmes and Economic Surveys	£54.20
Natural Assets, Natural Resources and Flooding	£119.35

Marine Scotland	£54.10
National Parks	£14.85
Scottish Water	£116.63
Private Water Supplies	£1.76
Scottish Environmental Protection Agency	£36.83
Scottish Natural Heritage	£48.06
Zero Waste Scotland	£21.53
Royal Botanical Garden, Edinburgh	£13.42
Sustainable Action Fund	£22.89
Green Strategy Fund	£1,167.00

## **Communities and Local Government**

1. £5 million for 25 hours of free adult swimming lessons (cost shared 50-50 with local governments).
2. £2 million for drink testing kits and anti-spiking aids.
3. £50 million for the Vacant Building Utilisation Fund, as part of our quest to revitalize vacant buildings across Scotland for better uses.
4. £50 million for the Town Revitalisation Fund - designed to act similarly to EU development funding.
5. £2 million for the Community Shed Fund, following the example of The Inverclyde Shed.

	<b>2022/2023 (£million)</b>
<b><u>Communities and Local Government</u></b>	<b><u>£10,917.40</u></b>
Housing and the Scottish Housing Regulator	£983.51
First Home Fund	£300.00
Affordable Housing Fund	£100.00
Third Sector	£25.49
Communities Fund	£204.00
Miscellaneous	£9.56
Free Period Products	£144.00
Fisheries and aquaculture grants	£6.04
Veterinary surveillance, food industry, rural services	£30.59
EU support and related services	£185.61
Free Period Products	£144.00
Use of Languages Support Fund	£5.00
Forestry Commission	£66.27
Highlands and Islands Enterprise	£73.13
Crofting Commission	£3.02
Scottish Parliamentary Elections	£0.61
Local Government Elections	£0.41
Local Government Boundary Commission	£0.41
General revenue grant	£6,938.66
General Capital Grant	£610.37
Specific Grants (legislation)	£636.17
Specific Grants (other)	£584.55
Anti-Sectarianism Fund	£10.00

## **Culture and Sport**

1. £10 million for the National Digital Library Service.
2. £10 million to build 1,000 KM of wheelchair-accessible pathways across Scotland's national parks.
3. £500,000 to provide green stage lighting for Scotland's National Performing Companies
4. £5 million for a Green Stage Lighting Fund, to cover both stage venues as well as film/TV productions.
5. £30 million for the Seaside Resort Support Fund, another item from the 15th Government's Programme for Government.
6. £30 million for the Establishment of a dedicated National Winter Sports Centre, to be run by Sports Scotland, as part of our Winter Sports Showcase legacy and future event planning.
7. £2 million for bid work pursuant for a Scottish bid for the 2030 Commonwealth Games.
8. £25 million for the Scottish Culture International Promotion Fund, designed to promote Scottish culture and related businesses/works internationally.

	<b>2022/2023* (£million)</b>
<b><u>Culture and Sport</u></b>	<b><u>£706.69</u></b>
Grassroots Sports Fund	£102.00
Sports Scotland	£90.46
Creative Scotland and other arts	£88.50
Culture Collections	£86.31
National Records	£38.76
National performing companies	£24.33
Historical Environment Scotland	£42.76
Gaelic Language Services	£0.10
Scottish Government Science Fund	£20.40
Tourism, events and marketing	£125.45
Royal and Ceremonial	£0.61
Procurement and Shared Services	£17.48
Public information and engagement	£2.8692
Equalities	£33.61

## **Other Expenditure**

1. A significant increase in International Development and Small Grants funding.

	<b>2022/2023* (£million)</b>
<b><u>Other Expenditure</u></b>	<b><u>£5,076.97</u></b>
Crown Office and Procurator Fiscal Service	£120.69
The Scottish Parliamentary Corporate Body	£105.44
Audit Scotland	£8.59
Office of the Scottish Charity Regulator	£3.06
British and Irish Council	£0.10
International Development and Small Grants	£8.00
SPPA - administration	£19.89
SPPA - Teacher's Pensions	£1,614.05
SPPA - NHS Pensions	£3,102.43



## Section 3: Outlook

	2022/2023* (£million)
TOTAL INCOME	£47,333.11
TOTAL EXPENDITURE	£47,110.59
<b>Total Surplus</b>	<b><u>£222.52</u></b>

## **Afterword by the First Minister**

As one in a long line of Scottish First Ministers (among other things), I have always believed that how a government impacts its people the greatest is through how it spends its money. In this budget, we have sought to meaningfully improve the lives of all who live in Scotland. To steal a bit from the American inventor Benjamin Franklin, we seek not only to make our people healthier, wealthier, and wiser, but better.

I truly believe we have done this in our budget - we have expanded healthcare knowledge and access, lowered LVT, and even made strides in apprenticeships and toward a digital library service, among many other things. We work to revive our cities and towns through funds directed for that purpose - something I am particularly proud about. That's not even counting our work to make Scotland greener, such as our rural public transit fund, which will also help to expand public transport access to parts of Scotland lacking in public transport, particularly to our major cities, or anything else we've proposed.

Like my Secretary of State for Finance, I encourage all who read this budget to support it. Not just because I played a hand in its creation, and because my government is the one seeking its passage, but because I believe it is the best budget for Scotland. It gives us a solid foundation, and allows us to deliver the best future for everyone. I hope you were inspired by reading this, as much as I was by helping create it.

The Most Noble Duke of Abercorn KCT KP MVO MBE PC MSP  
/u/Comped  
First Minister of Scotland