

Buidsead na h-Alba t-Earrach 2024

The Scottish Budget Spring 2024

Aithisg agus Aithris Ionmhasail

Report and Financial Statement

Leig ro Phàrlamaid le Ministearan na h-Alba
Laid before Parliament by the Scottish Ministers

Ro-ràdh bho Rùnaire a' Chaibineid

Foreword from the Cabinet Secretary

In preparing this budget, I found myself in a rather unusual position of needing to revisit several calculations and assumptions used by those previously holding this office. Early in the term, it was not clear whether that would leave Scotland with more or less money than what was first thought.

I am pleased to say that, after extensive but careful revisions, our fiscal headroom was much greater than expected. This budget returns some of that money to you, through an increase in the personal allowance and a decrease in income tax. It also invests in a substantial number of new funds and projects, delivering change for our futures.

Like the last budget presented to the Scottish Parliament, no real-term cuts have been made in this budget. And this budget is record-setting. We have increased spending on housing not by a factor of two or four, but by a factor of ten. And we've taken social housing seriously, bumping the trickle of £20m per year for the Scottish Housing Agency to use to a substantial £1.5bn per year. We'll get your money working for you.

I am proud to present this Government's plans to get Scotland back on track.



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Cabinet Secretary for Finance and the Economy

1.

Gèarr-chunntas fiosgail

Fiscal overview

This Budget continues to provide a surplus to future Governments, ensuring responsible fiscal management.

This term has seen a significant number of changes in Scotland's financial position. Aside from the revision to figures, estimates and assumptions, we have agreed a new funding formula with Westminster to ensure the fair division of funds across all of the countries of the United Kingdom. This funding model is similar to the old Barnett model.

During this process, it was discovered that Westminster had been paying a VAT correction to the Scottish Government each year when it should have been a one-off payment. Although this amount was not accounted for in the Scottish budgets, we have secured a parachute payment over five years, giving greater flexibility to invest in infrastructure projects.

Revenue Proposals 2024/25

Revenue	2024/25
Block Grant	£5,393,000,000.00
VAT Assignments	£6,311,490,341.00
VAT Transition Parachute Payment	£3,000,000,000.00
Scottish Income Tax	£31,246,406,407.89
Land Value Tax	£8,743,434,472.50
Landfill Tax	£49,604,035.49
Air Departure Tax and FFL	£262,398,723.00
Scottish Aggregates Levy	£76,500,000.00
Total	£55,082,833,979.88

Expenditure Proposals 2024/25

Expenditure	2024/25
Education and Skills	
Environment and Net-Zero	
Finance and Economic Affairs	
Transport and Infrastructure	
Local Government	
Culture and Sport	
Healthcare	
Justice	
Total	

Surplus	2024/25
Total	

2.

Teachd-a-steach Revenue

Funding from HM Government

After discussions with the former Chancellor of the Exchequer, we reached an agreement to replace the stop-gap funding system with a longer-term system based on Westminster Government spending (known as the Barnett formula).

	2024/25
Block Grant	£5,393,000,000.00

VAT Assignments

The VAT rebate calculations have substantially changed since the last budget. In this report, we use the actual figures provided by the Westminster Government, and therefore the amounts that the Scottish Government actually receive. This is a significant increase in funding for the Scottish Government.

	2024/25
VAT Assignment	£6,311,490,341.00

Income Tax

Scottish Income Tax Policy Proposals 2024/25

With the significant increase in VAT assignments and the Block Grant, we have been able to reduce the tax burden on ordinary people. Recognising that the Land Value Tax is more beneficial to the economy than Income Tax, we have decided to put more money in Scottish people's pockets through adjustments to the Income Tax rates.

The end of the Scottish Additional Allowance has been increased by £1,000.00 – from £15,000 to £16,000. The Lower Rate now also starts at £16,000. All of the other bands have remained the same.

1. The Personal Allowance and Scottish Additional Allowance remain the same, at 0%.
2. The Lower Rate has been reduced by two percentage points, from 17% to 15%.
3. The Basic Rate has been reduced by one percentage point, from 26% back down to 25%.
4. The Additional Rate has remained the same at 45%.
5. The Higher Rate has remained the same at 51%.

This results in £31,246,406,407.89 in total Scottish Income Tax receipts.

Band	Range	Rate
Personal Allowance	£0 to £14,000	0%
Scottish Additional Allowance	£14,001 to £15,999	0%
Lower Rate	£16,000 to £29,999	15%
Basic Rate	£30,000 to £49,999	25%
Additional Rate	£50,000 to £99,999	45%
Higher Rate	Above £100,000	51%

Land Value Tax

The Land Value Tax is a tax imposed on the basic value of land where the rates are dependent on land usage, per the Land Value Tax (Scotland) Act 2021.

Land Value Tax Proposals 2024/25

The Scottish Government recognises the benefits of the Land Value Tax and has kept the rates as previously set in the last budget of:

1. 45% for the Standard Rate
2. 75% for the Second Homes Rate

This results in total receipts of £8,743,434,473 from the Land Value Tax.

	Tax Rate	Revenue (£)

Standard Rate	45%	8,649,464,438
Second Homes Rate	75%	93,970,034

Scottish Landfill Tax

The Scottish Landfill Tax is a tax on the disposal of waste at a landfill. It is charged per tonne. There are two rates: the standard and lower rates.

Scottish Landfill Tax Proposals 2024/25

The Scottish Landfill Tax rates remain the same in 2024/25:

1. The Standard Rate is £103.00 per tonne.
2. The Lower Rate is £3.75 per tonne.

Bands	Rate	Tonnage	Revenue
Standard Rate	£103.00	454,540	£46,817,637.23
Lower Rate	£3.75	743,040	£2,786,398.27
Total Revenue			£49,604,035.49

Air Departure Tax and Frequent Flyer Levy

The Air Departure Tax (ADT) is a tax on some passengers leaving Scottish airports. The Frequent Flyer Levy (FFL) is a charge starting on the second flight within a year and increasing for every subsequent year.

Air Departure Tax and Frequent Flyer Levy Proposals 2024/25

The Scottish Government has decided to keep the Air Departure Tax and Frequent Flyer Levy at the existing levels.

1. Receipts from the Air Departure Tax are expected to be £258,182,400.00.
2. Receipts from the Frequent Flyer Levy are expected to be £4,216,323.00

Band	Geographical Extent	Rate
Domestic	Scotland	£0
Band A	Common Travel Area (Excluding Scotland)	200% the cost of the ticket or £500 (whichever is greatest) + The Frequent Flyer Levy

Band B	Territory not included in another band	The Frequent Flyer Levy
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Number of annual flights (n)	0 - 1	2 - 3	4 - 5	Above 5
Rate (out of ticket cost)	£0	46%	149%	240% + 31(n-5)%

Scottish Aggregates Levy

The rate of the Scottish Aggregates Levy has been corrected to £2.50 per tonne of aggregate, as legislated by the previous Scottish Government.

3.

Caiteachas Expenditure

Education and Skills

This budget has seen an overall increase in spending within the Education and Skills portfolio.

1. All areas have seen an increase by at least inflation.
2. Learning has been increased by £12,000,000 above inflation to provide additional funding for Gaelic and Scots learning. This funding is also budgeted to increase by 5% each year to account for growth in the course.
3. Higher Education has increased by £1,553,663,140 because of the introduction of a Student Minimum Income, which provides every student in Scotland a guaranteed £15,000, including any UBI they receive.

Education and Skills	2024/25
Learning	£691,666,800.00
Higher Education	£3,042,829,276.00
Scottish Funding Council	£2,722,393,872.00
Skills and Training	£337,720,082.00
Children and Families	£157,559,400.00
Pupil Premium and Laptop Funding	£188,721,828.00
Total	£7,140,891,258.00

Net Zero and the Environment

This budget has seen an overall increase in funding on environmental affairs.

1. All areas have seen an increase by at least inflation.

- Green Strategy has seen an increase of £65,143,997 above inflation with the introduction of the District Heating Pilot Fund.

Net Zero and the Environment	2024/25
Research Programmes and Economic Surveys	£72,828,000.00
Natural Assets and Resources	£257,040,000.00
Green Strategy	£1,122,210,797.00
Marine Scotland	£56,285,640.00
Zero-Waste Scotland	£30,702,000.00
National Parks	£15,449,940.00
Scottish Water and Drinking Water Quality Regulator	£123,891,852.00
Private Water Supplies	£1,831,104.00
Scottish Environment Protection Agency	£38,317,932.00
Scottish Natural Heritage	£51,000,408.00
Royal Botanic Garden, Edinburgh	£13,962,168.00
Just Transition	£334,437,932.00
Total	£2,117,957,773.00

Finance and the Economy

This budget has seen an overall increase in funding on Finance and Economy:

- All areas have seen an increase by at least inflation.
- Enterprise, Innovation and Investment has increased by £794,797,999.98 after inflation because of the provision of funds for the National Scottish Investment Bank and the merger of the Small Business Kickstart Scheme into it.

Finance and the Economy	2024/25
Employability and Training	£92,073,820.00
Revenue Scotland	£7,033,104.00
Enterprise, Innovation and Investment	£1,412,108,937.00
Scotland Acts Implementation	£84,438,864.00
Miscellaneous (Public Bodies)	£320,646,164.00
Miscellaneous (External Affairs)	£10,508,040.00
Total	£1,926,808,929.00

Transport and Infrastructure

This budget has seen an overall increase to transport and infrastructure funding.

1. All areas have increased by at least inflation.
2. Infrastructure Strategy has increased £1211,174,750 after inflation. This is for three projects. First, we will fund fixed links across the Sound of Barra, the Sound of Harris, and between the islands and the Isle of Skye. Second, we will purchase electric ferries and associated infrastructure for the Shetland and Orkney islands. Finally, we have boosted funding into the Cyclelanes fund, and have broadened its scope to cover both walking and cycling.
3. Scottish Railways sees an increase of £2,376,208,000 because of the developed proposals between the Scottish Government and the Westminster Government, whereby the Scottish Government will fund the link between Edinburgh and Glasgow, and Westminster will fund the onwards link to England.

Transport and Infrastructure	2024/25
Infrastructure Strategy	£1,778,751,250.00
Motorways and Trunk Roads	£921,307,404.00
Support for Air Services	£18,186,192.00
Vessels, Piers and Ferry Services	£61,331,988.00
Scottish Railways	£3,687,622,000.00
Concessionary Fares and Bus Services	£592,355,820.00

Connectivity and Integration	£961,090,308.00
Scottish Canals	£12,557,628.00
Total	£8,033,202,590.00

SJHC

SJHC	2024/25
Housing and Scottish Housing Regulator	£3,254,888,472.00
Communities and Poverty Reduction	£397,069,884.00
Rural Scotland	£389,057,580.00
Miscellaneous	£1,456,560.00
Local Government	£9,941,468,808.00
Total	£13,983,941,304.00

Culture, Languages, and the Constitution

Culture, Languages, and the Constitution	2024/25
Sports Scotland	£310,955,120.00
Culture Scotland	£367,242,313.00
Miscellaneous	£209,738,904.00
Total	£887,936,337.00

Health and Wellbeing

Healthcare	2024/25
NHS Territorial Health Boards	£11,907,693,213.00
NHS Special Health Boards	£1,076,585,112.00
Community Health Services	£2,105,417,272.00

Departmental Allocations	£1,157,012,194.00
National Services Scotland (Common Services Agency)	£386,021,776.00
Health Improvement Scotland	£29,224,836.00
Total	£16,661,954,402.00

Justice and Home Affairs

Justice and Home Affairs	2024/25
Judiciary and Legal Aid	£433,759,284.00
Law Enforcement and Community Justice	£1,888,896,588.00
Criminal Injuries Compensation	£18,134,172.00
Scottish Fire and Rescue Services and Pensions	£429,591,564.00
Scottish Prison Service	£792,521,848.00
Operational, Administrative and Miscellaneous Costs	£240,490,284.00
Total	£3,803,393,740.00