

An Leas-phrìomh Mhinistear agus Ath-shlànachadh
Cobhid
Deputy First Minister and Cabinet Secretary for Covid
Recovery
John Swinney MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: dfmcscri@gov.scot

Kenneth Gibson MSP
Convenor
Finance and Public Administration
Committee
The Scottish Parliament
Edinburgh
EH99 1SP

By email: fpa.committee@parliament.scot

29 November 2022

Dear Kenneth,

The Office for Budget Responsibility (OBR) published updated UK Government tax revenue and social security expenditure forecasts on 17 November. These forecasts inform the Block Grant Adjustments (BGAs) for the Scottish Budget 2023-24. Table A in the annex to this letter sets out the BGAs for Income Tax, Land and Buildings Transaction Tax (LBTT), Scottish Landfill Tax (SLfT), and the devolved Social Security benefits.

The full impact on Scotland's Budget will not be known until the SFC publish their final forecasts in December.

As the 2022-23 BGAs for the Fully Devolved Taxes and Social Security benefits have been updated to reflect the latest forecasts of corresponding tax receipts and social security expenditure in the rest of the UK, we have calculated the in-year reconciliations required to the 2022-23 Scottish Budget, as outlined at Table B in the Annex. Although a positive reconciliation of £42 million will be added to the 2022-23 Block Grant, this is only one side of the equation. Adjustments expected to the equivalent forecasts for fully devolved Scottish Taxes and Social Security payments, along with changes to resource borrowing capacity (to offset forecast errors) effectively negate any positive impact. As things stand, the net impact on the financial position for 2022-23 is therefore expected to be nil. A more complete picture of the net budget position will be available on receipt of final SFC revenue forecasts to be published alongside the 2023-24 Scottish Budget. The forecast position will continue to evolve between now and the end of the year.

The final reconciliation applying to the 2023-24 Scottish Budget relating to previous years' outturn will be finalised once outturn mid-year population data for 2021 is published by the ONS. I will update the Committee when the data is available.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020



I hope you have found this update helpful, and my officials would be happy to provide any further information on the BGAs to Committee Members, as required.

JOHN SWINNEY

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020



ANNEX A

Table A: Block Grant Adjustments - OBR forecasts November 2022 (£m)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Income Tax	-13,594	-14,681	-15,485	-15,932	-16,455	-17,179	-18,105
LBTT	-642	-717	-517	-509	-604	-735	-830
SLfT	-102	-103	-99	-93	-87	-92	-94
Total Tax	-14,338	-15,501	-16,101	-16,535	-17,146	-18,006	-19,028

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
AA⁴	517	545	621	679	700	716	735
PIP	1,738	2,024	2,481	2,808	3,009	3,221	3,457
DLA	707	732	802	851	842	828	830
CA	294	315	365	396	410	434	454
IIDS	81	78	82	84	80	76	73
SDA	7	6	6	5	4	4	3
CWP	N/A	3	3	3	3	3	3
TOTAL SS	3,343	3,703	4,360	4,825	5,048	5,283	5,556

indicates outturn data

All BGAs are calculated using the IPC method

Figures may not sum due to rounding

Table B In-year reconciliations to the 2022-23 Budget

	2022-23 BGAs set at 2022-23 Scottish Budget in January (£m)	2022-23 BGAs based on OBR November 17 forecast (£m)	Change in the forecast BGA from Scottish Budget (£m)
LBTT	-664	-717	-53
SLfT	-82	-103	-21
Social Security Benefits with a BGA*	+3,587	+3,703	+116
Total	+2,841	+2,883	+42

* CA, DLA, PIP, IIDS, SDA, AA and CWP

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020

