

Cabinet Secretary for Finance and Local Government
Rùnaire a' Chaibineit airson Ionmhas agus Riaghaltas
Ionadail

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Kenneth Gibson MSP
Convenor
Finance and Public Administration Committee
The Scottish Parliament
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18 March 2026,

Dear Kenneth,

The Office for Budget Responsibility (OBR) published updated UK Government tax revenue and social security benefits expenditure forecasts on 03 March 2026. HMT have used these forecasts to calculate updated Block Grant Adjustment (BGA) estimates for the Scottish Budget 2026-27 and later years, which the Scottish Government has now agreed. Table A in the annex to this letter outlines the BGAs for Income Tax, Land and Buildings Transaction Tax (LBTT), Scottish Landfill Tax (SLfT) and Scottish Aggregates Tax (SAT), as well as the changes to the BGAs from those that were agreed at Autumn Statement 2025. The same information for social security BGAs is outlined in Table B.

While these BGAs show the direction of travel since the last OBR forecast at the UK Autumn Budget, they only show one side of the funding position. The net position between Scottish tax revenue/social security expenditure will be known when the Scottish Fiscal Commission next publish their forecasts. This is ordinarily published alongside the Medium-Term Financial Strategy (MTFS). As discussed in my letter to the committee on 10 February, it will be for the next administration to agree an approach to the MTFS following the Scottish Parliament elections.

My officials will be happy to answer any further questions you have.

Yours sincerely

SHONA ROBISON

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ANNEX A

Table A: Spring Forecast 2026 Tax BGAs and change from Autumn Statement 2025 (£m)

BGAs since Scottish Budget (£m)		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Income Tax	BGA	-17,887	-19,357	-20,511	-21,389	-22,154	-23,184	-24,182
	Change from Scottish Budget 2026-27	-48	9	28	-3	-45	-56	-100
LBTT	BGA	-625	-691	-810	-903	-1,000	-1,080	-1,149
	Change from Scottish Budget 2026-27	0	-23	-22	-17	-12	-6	-9
SLfT	BGA	-73	-81	-58	-59	-70	-67	-72
	Change from Scottish Budget 2026-27	0	-3	-3	-4	-1	-2	-2
SAT	BGA	N/A	N/A	-37	-39	-41	-42	-43
	Change from Scottish Budget 2026-27	N/A	N/A	0	0	0	0	-0
TOTAL TAX	BGA	-18,586	-20,129	-21,416	-22,390	-23,264	-24,374	-25,446
	Change from Scottish Budget 2026-27	-48	-16	3	-25	-57	-64	-111

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Figures may not sum due to rounding

Positive numbers in bold indicate an improvement to SG's funding position, while negatives indicate a deterioration. A positive change means the BGA deducted from the block grant has reduced, while a negative change means it has increased.

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Table B: Spring Forecast 2026 Social Security BGAs and change from Autumn Statement 2025 (£m)

BGA change since Scottish Budget (£m)	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
BGA (Attendance Allowance)	817	884	924	960	1,001	1,043
Change in BGA from Scottish Budget 2026-27	-3	-2	-4	-4	-4	-4
BGA (Personal Independence Payment)	3,260	3,646	3,939	4,250	4,624	4,999
Change in BGA from Scottish Budget 2026-27	-10	9	-8	-10	-16	-20
BGA (Disability Living Allowance)	1,017	1,082	1,127	1,144	1,125	1,154
Change in BGA from Scottish Budget 2026-27	12	24	26	30	34	39
BGA (Carer's Allowance)	430	471	504	528	553	577
Change in BGA from Scottish Budget 2026-27	-0	3	2	2	2	3
BGA (Industrial Injuries Disablement Scheme)	84	83	81	78	75	72
Change in BGA from Scottish Budget 2026-27	0	0	-0	-0	-0	-0
BGA (Severe Disablement Allowance)	5	4	4	3	2	2
Change in BGA from Scottish Budget 2026-27	-0	-0	-0	-0	-0	-0
BGA (Cold Weather Payment)	7	6	6	6	6	6
Change in BGA from Scottish Budget 2026-27	0	0	0	0	0	0
BGA (Winter Fuel Payment)	182	181	180	180	184	187
Change in BGA from Scottish Budget 2026-27	-0	-0	-0	-0	0	3
BGA (Winter Fuel Payment Tax Recovery)	1	1	2	3	4	5
Change in BGA from Scottish Budget 2026-27	0	0	0	0	0	0
TOTAL BGAs	5,801	6,358	6,766	7,152	7,574	8,045
Change in BGA from Scottish Budget 2026-27	-2	34	15	19	15	21

Figures may not sum due to rounding

Positive numbers in bold indicate an improvement to SG's funding position, while negatives indicate a deterioration. A positive change means the BGA added to the block grant has increased, while a negative change means it has decreased.

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