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FOREWORD
by the Cabinet Secretary for Finance, Employment and Sustainable Growth

This document sets out the Scottish Government’s Draft Budget for 2014-15 and our indicative spending plans for 2015-16 for consultation with the Scottish Parliament and the people of Scotland.

This Draft Budget demonstrates the benefits to Scotland of decisions being made in Scotland by those who care most about Scotland and the challenges we face as a result of decisions made in Westminster.

We will use Scotland’s budget to support an investment led recovery, create jobs, boost housing, continue progress towards a low carbon economy, provide record numbers of apprenticeships, support small businesses, deliver free higher education and protect household incomes through the social wage and the continuing council tax freeze. We will continue to work on our shared priorities with our local government partners.

We must work to deliver these aims against a backdrop of continued austerity driven by a UK Government for which the people of Scotland did not vote.

The Scottish Government’s budget is being cut by close to 11 per cent in real terms between 2010-11 and 2015-16, despite the crucial role that public spending and the public services play in supporting the economy. Based on the projections set out in this year’s UK Spending Round, it is likely that further budget reductions will be imposed on Scotland until at least 2017-18.

The costs of the UK Government’s commitment to austerity are increasingly borne by the most vulnerable in our society, with cuts to welfare benefits that are estimated to remove £4.5 billion from Scotland’s economy over the five years to 2015.

The Scottish Government disagrees strongly with this approach.

This Draft Budget sets out the steps we are taking within our limited powers to tackle the effects of Westminster’s welfare reforms and protect the public services we all rely on.

It is only with full decision-making powers that the Scottish Parliament will be able to access all of Scotland’s resources to deliver a more prosperous and fairer Scotland.
A budget for Scotland’s future
In the Scottish Spending Review 2011 and Government Economic Strategy, we established the foundations for our positive forward plans to support Scotland’s economy and protect our public services. In this Draft Budget we build on those solid foundations.

This Budget sets out our actions on:

- accelerating the economic recovery while creating jobs and new opportunities, including through the transition to a low carbon economy;
- maintaining our commitment to a Social Wage for the people of Scotland and addressing the implications of welfare reform; and
- protecting our public services by taking forward an ambitious programme of public service reform, driving a shift in resources to preventative approaches and delivering improved outcomes for people and communities.

Economic recovery, investment and jobs
The recession in Scotland was shallower than in the UK and over the last year our economy has performed better than the UK as a whole.

Sustained investment in growth is critical to take advantage of the positive signs of recovery that we have seen in recent months, delivering a boost to employment and output in the short term and a better connected, more productive economy in the longer term.

Over the next two years we will secure more than £8 billion of investment in Scotland’s infrastructure, building homes, schools, transport links, colleges and hospitals.

We will continue to fund a record number of modern apprenticeships and maintain our commitment to Opportunities for All, guaranteeing those aged between 16 and 19 not currently in work or training the support they need to progress.

In addition, this Draft Budget will help deliver college reforms that are supporting more students to prepare for the world of work through full time courses. We will provide colleges with a funding floor in 2014-15 and we will increase this in 2015-16, securing valuable opportunities for our young people.

And to help parents return to work and to minimise the costs of childcare this Draft Budget will provide over £190 million of investment over the next two years to increase early learning and childcare to 600 hours per child, saving families around £700 a year.

A flourishing and confident private sector is vital to growth and small businesses are crucial to Scotland’s economy. This Draft Budget will continue to deliver the most generous package of business rates relief in the UK – worth over £560 million a year – including supporting 89,000 business properties through the Small Business Bonus.

We are investing decisively in Scotland’s economic growth. Working with our partners in local government and with our enterprise and skills agencies we are supporting businesses to grow and internationalise while helping our people to take advantage of the opportunities that will follow.
We will continue to drive significant investment in the low carbon economy, to cut emissions, create jobs across all of Scotland and secure Scotland’s leadership in the green economy.

Next year we will welcome visitors from across the globe to enjoy the Commonwealth Games, the Ryder Cup and the second year of Homecoming, providing an unprecedented opportunity to showcase Scotland to the world.

To secure a sporting legacy from the Commonwealth Games, this Budget provides £24 million in 2015-16 for a National Performance Centre for Sport.

**Supporting people and communities**

Nothing illustrates more vividly the difference between the benefits of decisions being taken in Scotland and the costs to families and to the public purse of decisions made at Westminster than the difference between Scotland’s Social Wage and the UK Government’s approach to welfare reform.

At a time when the decisions of the UK Government have helped create a fall in average real household incomes of seven per cent in two years, this budget renews and extends the support we are offering at a time of financial pressure.

The Scottish Parliament has made a number of key decisions that, taken together, provide a Social Wage for people across Scotland.

Our commitments include:

- working with our partners in local government to retain the council tax freeze saving the average household around £1,200 by the end of the current Parliament;
- free prescriptions and free eye examinations;
- maintaining free personal care;
- support for concessionary bus travel;
- supporting Scottish students through our commitment to free higher education and, from this year, providing a minimum income of £7,250 for Scotland’s students starting with those in most hardship;
- continuing Education Maintenance Allowances for those young people who need support to remain in education; and
- paying the Scottish Living Wage to all our employees and providing additional support for low-paid workers.

We will continue to be as creative and as innovative as we can within our legislative competence in working with partners to limit the damaging impacts of welfare cuts, including through the Scottish Welfare Fund, support for advisory services and the new Council Tax Reduction scheme.
Our response to the UK Government’s welfare agenda, and to the delivery of public services, reflects the value we place on action developed and led by local people within their communities.

The third sector – our charities, voluntary organisations and social enterprises – has a critical role to play. We have taken steps in this Draft Budget to support this sector, most notably additional funding to help with the integration of health and social care.

Reforming public services

We also understand how important our public services are to the people of Scotland. We value an NHS that is publicly owned just as we believe that local government should be properly funded to deliver high quality public services.

That is why we will use our budget to:

- pass on the full Barnett resource consequentials to the NHS in Scotland and continue to reject the UK Government’s approach of privatising the NHS;
- prioritise local government funding, in contrast to the approach adopted by the UK Government;
- maintain our commitment to 1,000 extra police officers, at a time when our action has helped reduce crime to a 39 year low; and
- reject the Chancellor’s approach to pay progression for public service workers. We will continue to pay and uprate the Scottish Living Wage, support low-paid workers with up to two per cent pay increases and continue our commitment to no compulsory redundancies.

From 2015-16, the Public Bodies (Joint Working) (Scotland) Bill will drive the delivery of joined-up, high quality and sustainable health and social care provision.

This work is of fundamental importance and the Draft Budget announces funding of £120 million in 2015-16, building on the Reshaping Care for Older People Change Fund, that will both support NHS Boards, local authorities, the third sector and other partners to deliver on this agenda and fund key national initiatives.

Conclusion

This Draft Budget provides evidence of the progress that is being made across the full range of government interventions in the economy and public services.

It shows that, with the limited decision-making powers available to us, we have been able to deliver improvements in the labour market and restore growth in the Scottish economy despite tough global economic challenges. This Draft Budget maintains that momentum.

Our transformational programme of reform is already delivering benefits for people and communities, but we must not reduce the pace of change.
We must ensure that best practice from around the country is shared, applied and built upon, to help achieve better outcomes.

This Draft Budget confirms the sustained programme of investment that we believe is right for Scotland. It maintains our record of competence in the efficient and effective management of the public finances and reaffirms our commitment to delivering a fairer and more equal Scotland.

However, our actions are constrained by the current devolution settlement and undermined by a UK Government taking decisions that do not reflect the views and values of the people of Scotland.

Without access to all of Scotland’s resources and the ability to properly grow our economy, to tackle poverty and develop our assets, our continued progress and the protection of services we value is at risk.

Scotland is a prosperous country. Scotland’s Balance Sheet shows that we have paid more in tax per head in each of the last 30 years than the rest of the UK. Over the last five years Scotland was in a relatively stronger financial position than the UK by an estimated £12.6 billion.

This Draft Budget sets out a way forward for Scotland. It shows that a Scottish Government taking decisions for Scotland will protect household incomes, support growth and protect public services.

This is why the Scottish Government will set out the positive case for change in next year’s referendum on Scotland’s future.

I commend these spending proposals to the Scottish Parliament and look forward to debating them over the coming months.

John Swinney MSP
Cabinet Secretary for Finance, Employment and Sustainable Growth
INTRODUCTION

Next year, the people of Scotland will have the opportunity to decide their constitutional future. The Scottish Government believes that decisions affecting Scotland are best made here, by people with Scotland’s vital interests at heart. We make the case for independence to give the Scottish Parliament and the people of Scotland the direct stake in Scotland’s economic performance that is normal for all nations, large and small.

Throughout 2014-15, we will make that case for positive change. In parallel, this Draft Budget demonstrates our capacity to promote spending plans within our current powers that are prudent, coherent and sensitive to Scotland’s priorities and needs.

Our proposals flow from the Government Economic Strategy and are driven by the Scottish Government’s Purpose: To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. This document sets out the Draft Budget for 2014-15 along with indicative spending plans for 2015-16.

Our focus on fulfilling our Purpose continues to guide our actions for economic recovery, our public services and the wellbeing of the people of Scotland. This budget confirms substantial investment in infrastructure, skills and job creation and builds on the progress we are making in reform of our public services.

In publishing these plans, we also remain committed to being open with the people of Scotland about how this government will meet the challenges facing the Scottish economy and the public finances.

Our proposals to maximise the benefits of public spending in Scotland continue to be hampered by the real terms cuts that are being made to the Scottish budget by the UK Government. In addition, the UK Government’s programme of welfare reform is expected to place significant extra demands on devolved policies and services.

Scottish Ministers have been clear that fully mitigating the effect of cuts from the UK Government will not be possible under the current constitutional framework. However, our bold and distinct approach, forged in our values, evidenced by the National Performance Framework and by successive Scottish budgets, continues our record of competence in the management of the public finances, using the fiscal powers currently available to us.
Outcome of the UK Spending Round 2013

The UK Government announced the outcomes of its Spending Round on 26 June 2013, confirming budget totals for the last year of the current spending review period (2010-11 to 2014-15) and setting out budget totals for 2015-16. The spending limits for the Scottish Budget are set out in Table 1.01 below. In order to manage our budgets over this period, we will make use of the Budget Exchange Mechanism agreed with HM Treasury, whereby we can carry forward underspends within agreed limits and draw them down in the following year.

Table 1.01: Scottish Government Departmental Expenditure Limits 2010-11 to 2015-16

<table>
<thead>
<tr>
<th>SG Spending Limits – Cash Terms</th>
<th>2010-11 £m</th>
<th>2011-12 £m</th>
<th>2012-13 £m</th>
<th>2013-14 £m</th>
<th>2014-15 £m</th>
<th>2015-16 £m</th>
</tr>
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<tbody>
<tr>
<td>UK Government SR settlement October 2010</td>
<td>29,224</td>
<td>27,907</td>
<td>28,262</td>
<td>28,248</td>
<td>28,484</td>
<td>–</td>
</tr>
<tr>
<td>Subsequent UK Budget consequentials and other agreed transfers</td>
<td>434</td>
<td>341</td>
<td>841</td>
<td>1,865</td>
<td>2</td>
<td>–</td>
</tr>
<tr>
<td>UK Government SR settlement June 2013</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>29,649</td>
</tr>
<tr>
<td>Council Tax Benefit for comparison purposes</td>
<td>376</td>
<td>375</td>
<td>373</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total DEL</td>
<td>29,600</td>
<td>28,716</td>
<td>28,976</td>
<td>29,089</td>
<td>29,349</td>
<td>29,649</td>
</tr>
<tr>
<td>Non-cash Resource DEL</td>
<td>642</td>
<td>616</td>
<td>696</td>
<td>771</td>
<td>821</td>
<td>1,031</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>3,293</td>
<td>2,762</td>
<td>2,676</td>
<td>2,508</td>
<td>2,654</td>
<td>2,652</td>
</tr>
<tr>
<td>Financial Transactions</td>
<td>35</td>
<td>139</td>
<td>182</td>
<td>311</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>SG Spending Limits – Real Terms (2013-14 prices)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Resource DEL</td>
<td>27,156</td>
<td>26,258</td>
<td>26,157</td>
<td>25,671</td>
<td>25,213</td>
<td>24,731</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>3,484</td>
<td>2,862</td>
<td>2,737</td>
<td>2,508</td>
<td>2,605</td>
<td>2,557</td>
</tr>
<tr>
<td>Total Fiscal DEL</td>
<td>30,640</td>
<td>29,120</td>
<td>28,894</td>
<td>28,179</td>
<td>27,818</td>
<td>27,288</td>
</tr>
<tr>
<td>Real Terms Change – year on year</td>
<td>-5.00%</td>
<td>-0.80%</td>
<td>-2.50%</td>
<td>-1.30%</td>
<td>-1.90%</td>
<td>-1.90%</td>
</tr>
<tr>
<td>Real Terms Change – cumulative</td>
<td>-5.00%</td>
<td>-5.70%</td>
<td>-8.00%</td>
<td>-9.20%</td>
<td>-10.90%</td>
<td>–</td>
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Notes:
1. For 2013-14, includes transfers of responsibility for Council Tax Benefit (£328 million), Social Fund (£29 million) and Police and Fire Depreciation (£61 million) totalling £418 million.
2. For 2014-15, includes transfers of responsibility for Council Tax Benefit (£320 million), Social Fund (£28 million) and Police and Fire Depreciation (£63 million) totalling £411 million.

The UK Spending Round confirmed that the Scottish Government’s Fiscal DEL budget will be reduced by 10.9 per cent in real terms between 2010-11 and 2015-16.

The UK Government has cut Scotland’s Fiscal Resource DEL budget for 2014-15 by £125 million compared to the spending plans we set out previously and this reduction is baselined into 2015-16.
The Capital DEL budget has been held broadly stable in cash terms over 2014-15 and 2015-16 but this is set within an overall context of the Capital budget being cut in real terms by 26.6 per cent\(^1\) over the period 2010-11 to 2015-16.

The Spending Round also provided information about the UK Government’s plans for public spending beyond 2015-16, which point to cuts to departmental spending continuing until at least 2017-18. This could see the Scottish budget being reduced in real terms by around 14 per cent between 2010-11 and 2017-18, subject to future movements in UK departments’ expenditure and the application of the Barnett Formula.

**OUR PRIORITIES**

The financial outlook therefore remains very challenging. In this Draft Budget, the Scottish Government sets out spending plans to respond to this challenge, building on the plans set out in *Scottish Spending Review 2011*, the vision set out in *Empowering Scotland: The Government’s Programme for Scotland 2013-14*, and the framework for long-term sustainable growth set out in the *Government Economic Strategy*.

Our spending proposals are focused on:

- accelerating the economic recovery while creating jobs and new opportunities, including through the transition to a low carbon economy;
- maintaining our commitment to a social wage for the people of Scotland and addressing the implications of welfare reform; and
- protecting our public services by taking forward an ambitious programme of public service reform, driving a shift in resources to preventative approaches and delivering improved outcomes for people and communities.

**ACCELERATING RECOVERY**

The Scottish Government is committed to delivering sustainable economic growth, with opportunities for all to flourish. By building a more dynamic, faster growing and fairer economy, we will increase prosperity, be better placed to tackle Scotland’s health and social challenges, and establish a more equal society.

In recent months, we have seen positive signs of recovery in the Scottish economy despite challenging global economic conditions. To build on these trends, this Draft Budget focuses upon:

- supporting an investment led recovery;
- taking direct action to boost employment, create more economic opportunity and enhance business confidence; and
- rebalancing the economy, through supporting innovation, internationalisation, and the transition to a low carbon economy.

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1. Excluding financial transactions, which can only be used for loans and equity funding outside the public sector and must be repaid.
Together these priorities will ensure that the spending decisions outlined in this Draft Budget not only focus on what the public sector and its partners can do to accelerate recovery but also put in place the foundations for private sector led investment, growth and job creation.

**Supporting an investment led recovery**

Infrastructure investment – from both the public and private sectors – is key to increasing the momentum of the recovery.

Investing in public sector infrastructure creates new assets, such as roads and schools, which in turn make the economy better connected and more productive, boosting Scotland’s economic potential.

The Scottish Government is taking decisive action to support an investment led recovery, despite the fact that the Scottish Capital DEL budget has been reduced by 26.6 per cent² in real terms for the period between 2010-11 and 2015-16.

We will secure investment of over £8 billion in 2014-15 and 2015-16, from a combination of our capital budget, the new borrowing powers in 2015-16, revenue funded investment through the Non-Profit Distributing (NPD) programme, Regulatory Asset Base (RAB) rail enhancements, capital receipts and allocating some resource funding to capital assets.

**Figure 1: Estimated Infrastructure Investment**

![Figure 1: Estimated Infrastructure Investment](image)

The figure above sets out estimated capital investment in the period 2013-14 to 2015-16. It does not include the investment facilitated by local authorities through the Tax Incremental Financing pilot schemes, nor the investment in housing facilitated by the National Housing Trust. More information on progress with these initiatives and the NPD programme is provided in Annex B.

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² Excluding financial transactions.
As we set out in the Infrastructure Investment Plan published in December 2011, we are using long term revenue funding of some capital projects to increase investment to support the economy. We confirmed that our investment would be within a sustainable financial framework, and that we would not expect to commit to spend more than 5 per cent of our future total annual DEL budgets on the annual costs associated with these contracts. Our current projections indicate that we will remain within that limit. Further detail is provided in Annex A.

The *Infrastructure Investment Plan* (IIP) set out our priorities for investment in Scotland up to 2030. Our annual progress report, published in February 2013, highlighted that significant progress has been made over the year, with nine of the major infrastructure projects included in the IIP completed and now operational. These include:

- three transport projects: the Paisley Corridor rail improvements, the Fife Intelligent Transport System (part of the Queensferry Crossing project) and A96 Fochabers to Mosstodloch Bypass;

- four health projects: NHS Lanarkshire – Airdrie Community Health Centre, NHS Tayside – Mental Health Developments Project, NHS Lothian – Royal Victoria Hospital and NHS Grampian – Emergency Care Centre; and

- two prison projects: HMP Low Moss and HMP Shotts Redevelopment Phase 2.

Progress is continuing to be made in other areas:

- Health – work continues on time and on budget on the £842 million New South Glasgow Hospitals and major refurbishment programmes continue at Monklands Hospital, Aberdeen Royal Infirmary, Raigmore Hospital and Ayr Hospital.

- Transport – major works for the tower foundations of the Queensferry Crossing have been completed this month. The project remains on target for completion by the end of 2016 and has released £145 million of budget savings since the contracts were awarded in Summer 2011. The new forecast budget range is therefore £1.4 to £1.45 billion.

- Education – the first four new high schools being built under Scotland’s Schools for the Future Programme are now open. In total 67 new schools will be built.

- Housing – we remain on course to meet our five year target of delivering 30,000 additional new affordable homes. We have already completed 12,891 additional affordable homes and 9,926 of these are for social rent. In the three years to March 2015, we will invest over £970 million in new affordable housing and we will invest a further £120 million to help first-time buyers and existing home owners to buy a new build home.
Regeneration – our regeneration strategy, Achieving a Sustainable Future, sets out our vision of a Scotland where our most disadvantaged communities are supported and where all places are sustainable and promote wellbeing. This is supported by a range of interventions, including the People and Communities Fund and the Capital Investment Fund, worth £24 million and £150 million respectively over three years.

Boosting employment, creating economic opportunity and enhancing business confidence

The Scottish Government’s priority throughout the economic downturn has been on supporting and sustaining employment and this focus continues as the recovery takes hold. Next year we will welcome visitors from across the globe to enjoy the Commonwealth Games, the Ryder Cup and the second year of Homecoming, providing an unprecedented opportunity to showcase Scotland to the world.

Unlocking Scotland’s economic and employment potential requires a strong recovery in the private sector. The Scottish Government has put in place a range of measures to support businesses in our key growth sectors and across a range of other industries.

- We will offer the most generous package of business rates relief in the UK worth over £560 million per year and are committed to retaining the Small Business Bonus.
- We are supporting business growth with a £37.9 million SME Growth Programme and through our ongoing investment in Scotland’s enterprise bodies, including £53 million of financial transaction loan facilities to assist company growth and infrastructure projects.
- The Scottish Investment Bank will continue to support exporting and growth companies with loans from £250,000 to £2 million.

In Scotland we know the value of skills, education and training. We believe that as well as setting the conditions for business to grow we also need to set the conditions for our people to flourish and achieve their potential.

Opportunities for All is our guarantee to all of Scotland’s 16 to 19 year olds who are not in education, employment or training that we will deliver an appropriate learning or training place for them at this crucial point in their lives.

We are investing heavily in learning and training. In particular we will:

- deliver on our ongoing commitment to 25,000 Modern Apprenticeships;
- invest £30 million between 2012 and 2015 to support youth employment initiatives;
- introduce a funding floor in 2014-15 of £522 million for the college sector rising to £526 million in 2015-16 ensuring that the benefits which are generated by college reform are reinvested in our young people;
- invest over a billion pounds a year in our higher education sector; and
● continue to better align skills provision with the labour market and deliver Skills Investment Plans for key sectors to ensure that the training we provide has the maximum impact on the economy and the individual.

When faced with challenges in the labour market, the Scottish Government has responded swiftly and decisively. The appointment of a Minister for Youth Employment – the first in the UK – and the establishment of a Strategic Group on Women & Work chaired by the Minister, have targeted specific issues of concern.

One of the very real barriers many women face in accessing employment is the availability of affordable childcare. We are investing over £190 million in total in 2014-15 and 2015-16 to deliver practical help for families by fully funding an additional 125 hours a year of early learning and childcare for three and four year olds. This is worth around £700 per year to a family and takes total early learning and childcare provision to 600 hours per child.

Rebalancing the economy
The impact of the recession – the deepest since the Great Depression – will continue to have an effect for some time to come. It is vital therefore that we move our economy on to a more balanced and sustained growth path. This includes supporting growth across key sectors of the economy – such as in manufacturing – targeting new opportunities in international markets and supporting growth companies, innovation and entrepreneurship.

Digital technologies offer great potential for transforming markets, businesses and public services by improving productivity and opening up new markets for companies in all sectors of the economy. The Scottish Government is committed to embracing this opportunity and to transforming Scotland into a world-leading digital nation by 2020.

We will therefore invest substantial resources in digital technologies in the coming years across a number of budgets. Two major infrastructure contracts have been agreed with BT to provide access to next generation broadband across Scotland. Supported by over £280 million of government investment, these contracts will ensure that 95 per cent of premises in Scotland will have access to superfast broadband by the end of 2017-18, exceeding the Scottish Government’s target.

A key driver for Scotland’s economic recovery will be the transition to a low carbon economy. Our actions to support this priority include to:

● continue to provide substantial support to renewables, including £21 million of financial transactions loans facilities; and

● work with our skills and enterprise agencies to establish Energy Skills Scotland to maximise the impact of available resources and stimulate employer investment in skills.

In parallel, we are funding a range of measures across government portfolios that will support our climate change objectives, including to:

● increase funding for Sustainable and Active Travel in 2014-15 by £10 million and provide further funding of £15 million in 2015-16 over and above previous commitments;
● deliver around £40 million of investment through the Future Transport Fund in 2014-15 and 2015-16;

● maintain the Sustainable Action Fund into 2015-16;

● provide an additional £15 million over two years for peatland restoration through the Scottish Rural Development Programme (SRDP);

● maintain the Fuel Poverty, Domestic Energy Efficiency and Climate Change Budget at £79 million. This, along with private sector funding, is expected to bring in £200 million of investment towards tackling fuel poverty and meeting climate change targets; and

● make £31.25 million available through the Warm Homes Fund in 2014-15, bringing our investment to a total of £50 million in the Fund a year earlier than planned.

THE SOCIAL WAGE AND TACKLING WELFARE CUTS

The UK Government is implementing a broad range of cuts and changes to the welfare benefits system which are having damaging consequences for people, organisations and devolved services across Scotland.

Our analysis estimates that the reforms could potentially reduce benefit expenditure in Scotland by over £4.5 billion over the five years to 2015, affecting some of the most vulnerable in our society. There are also a wide range of implications for the organisations which are helping those affected and for the devolved services that people will turn to for support, such as health and housing.

We believe that our commitments to economic growth, to reducing child poverty, and to bridging the gap between rich and poor will be hampered by these changes. We therefore continue to challenge the UK Government for fairer welfare reform and to take action to ensure that safeguards are in place for those who need them most. Scottish Ministers have been clear that reversing the effect of all of the changes will not be possible within the resources available to the Scottish Government. Faced with the consequences of Westminster’s reforms, our challenge is to be as creative and as innovative as we can to protect the most vulnerable in our society.

We are investing at least £68 million each year in targeted actions to mitigate the worst impacts of the UK Government’s welfare reforms. Our actions include:

● Delivering on our new devolved responsibilities in relation to the Scottish Welfare Fund. We will maintain investment in this new Fund at £33 million a year, providing the capacity to support some 200,000 people.

● Delivering the new Council Tax Reduction scheme to support vulnerable people in meeting their council tax liabilities, following the UK Government’s abolition of Council Tax Benefit. We and our partners in local government provided an additional £40 million in 2013-14 to fill the 10 per cent cut in funding from the UK Government for Council Tax Benefit successor arrangements, supporting over 500,000 people in Scotland. For 2014-15, we will roll forward our contribution of
£23 million to mitigate the funding cut, with a proposal that local government will again contribute £17 million. This will ensure we are able to maintain support for vulnerable people through the scheme.

- Helping the housing community to support those affected by housing benefit reform, including the ‘bedroom tax’. We continue to press the UK Government in the strongest possible terms to abolish this tax and to increase discretionary housing payments. Meanwhile, we are taking immediate action to help those affected. In March, we announced that we would provide an additional £2.5 million across 2013-14 and 2014-15 for social landlords to give people the advice and support they need.

- Providing funds for advice services to ensure that people and organisations in Scotland are supported in the transition to Universal Credit and have access to the help they need. In January 2013, we announced that we would provide £5.4 million between 2012-13 and 2014-15 to help the organisations that provide these services to cope with the increase in demand as a direct result of the reforms.

- Investing in a range of pilots and transitional support to prepare claimants for the online model of Universal Credit and look at measures to help vulnerable groups.

- Investing in a range of third sector initiatives to ensure people receive the benefits to which they are entitled and to tackle poverty, particularly in support of the Child Poverty Strategy for Scotland.

- Taking steps to ensure that people in Scotland continue to have access to a wide range of passported benefits under the new benefits regime, such as free school meals and Blue Badge Parking Disks. We introduced secondary legislation in April 2013 and we will introduce further regulations which will set new criteria for income-related passported benefits.

- Continuing to work with our partners and a wide range of organisations across key sectors including local government, the third sector, housing and health to better understand the impacts of the reforms on people and organisations and inform our mitigation activity as far as possible.

More broadly, a number of activities across our spending plans are contributing to tackling the impacts of welfare reform and the reduction in UK Government welfare expenditure. For example, the new £6 million Enterprise Ready Fund, announced on 3 September 2013, which is designed to help strengthen enterprising third sector organisations, will give priority to activities which support prevention and respond to some of the problems generated by Westminster’s welfare reform. We will also be investing £2.5 million over 2014-15 and 2015-16 to build the capacity and resilience of communities and local third sector organisations, helping them to respond to the worst effects of welfare reform.
The Social Wage
We appreciate the difficulties that people face as a result of the recession and UK Government cuts and this budget continues to provide support to hard-pressed households via the Social Wage.

These measures include:

- no NHS prescription charges and free eye examinations;
- free higher education;
- minimum income for students;
- Education Maintenance Allowance;
- concessionary travel;
- free personal care for the elderly; and
- freezing council tax.

In addition, we are maintaining our commitments to protect the NHS resource budget in real terms and have prioritised funding for local government, reflecting the key services and outcomes that local authorities deliver for the people of Scotland.

We will also continue with our commitment to a policy of no compulsory redundancy, supporting thousands of public sector jobs and giving confidence to households across Scotland. In addition, we will continue to implement and uprate the Scottish Living Wage over the remainder of this Parliament.

Furthermore, our public sector pay policy for 2014-15, published alongside this Draft Budget, provides for continued protection for those on the lowest incomes, increasing the minimum uplift for those earning less than £21,000 a year so that some staff will receive a pay increase of up to 2 per cent. We are retaining existing policy on pay progression, in stark contrast to the Chancellor’s divisive reforms. The policy authorises employers to meet the cost of these measures outside the 1 per cent cap that will continue to apply to increases in the total cost of basic pay awards for staff earning more than £21,000 a year.

IMPROVING PUBLIC SERVICES
Effective Government is critical to the successful implementation of the Government Economic Strategy and the delivery of sustainable economic growth. With the Scottish budget continuing to face significant reductions for the foreseeable future, we expect public bodies to deliver efficiencies of at least 3 per cent per annum and to report publicly on the results achieved. The Scottish Government delivered a 3 per cent efficiency saving across its central spending in 2011-12. Good progress has been made in 2012-13 and will be reported upon later in the year.
Public sector efficiency savings, while important, will not be sufficient to meet the rising demands placed on public services. The Scottish Government is pursuing an ambitious programme of public service reform focused on improving outcomes and built around four interlinked and evidence-based pillars: a decisive shift towards prevention; partnership between public services; greater investment in people delivering services; and a sharp focus on performance.

Embedding these four pillars into our policies and services continues our consistent and clear determination to ensure that public services are at the heart of our efforts to boost sustainable economic growth.

Our strategic approach has been recognised in a recent report by the Carnegie UK Trust, which highlighted Scotland’s unique ‘golden thread’ linking the system-wide strategy for public service reform with coherent, programmes of improvement and resources to drive long-term financial sustainability.

‘Scotland was the only jurisdiction where we were able to clearly observe a strategic approach and trace it to a series of cross-cutting policies.’

_Carnegie UK Trust Report (May 2013) “Weathering the Storm” page 9._

Our comprehensive and transformational programme of reform is already delivering benefits for people and communities (a delivery update is provided in Annex C).

**Decisive shift to prevention**

The Scottish Government is committed to making prevention the defining feature of how public services work in Scotland. From investing in the early years to give all children the best start in life, to making sure that older people are supported to enjoy full and positive lives in their own home or in a homely setting, we have invested over £500 million over the current Spending Review period in three Change Funds to facilitate the shift towards prevention. By their nature, these funds are instruments to support transition. In this Draft Budget we will maintain all existing change fund commitments in 2014-15 and, from 2015-16, each individual fund will evolve to further strengthen our approach to tackling inequalities and to mainstream prevention practice across public services.

Funding of £100 million will be allocated via Health Boards in 2015-16 to further drive the shift towards prevention, and an additional £20 million will be deployed centrally within Health to support national initiatives. This will be a partnership resource accessible to local authorities, working with Health Boards, the third sector and others, to support investment in health and social care services as new arrangements for integration are implemented.
Partnership and integrated local services
The shift in focus across the three change funds will support the progress being made on public service reform through new arrangements for community planning and reinforces our commitment to drive much closer partnership and the integration of total resource at local levels around joint priorities.

While significant steps have been taken to strengthen local partnership working in recent years, more can be done to enable local partners to place their focus on integrated budgeting and planning.

For this reason, an Agreement on Joint Working is published alongside this budget which places clear expectations on the public sector to share budget and resource planning assumptions with community planning partners at an early stage. Local government, NHS Boards and other statutory partners will be expected to work together, including with the third sector, to make sure that resource decisions are focused on the agreed local priorities of each Community Planning Partnership (CPP). This will help to mitigate some of the worst effects of the UK Government’s welfare cuts and deliver better outcomes for communities across Scotland.

The third sector is right at the heart of transforming lives in Scotland. Its key partners in service planning and delivery, the third sector is working directly with communities and individuals to deliver preventative solutions to build independence and wellbeing.

Across the Draft Budget, the Scottish Government is committed to helping build and sustain the capacity and leadership of the sector to play its full strategic role, and strengthen opportunities for enterprise and social innovation.

Performance improvement
The Scottish Government Improvement Framework translates the clear strategic direction that was set in the Scottish Government’s response to the Christie Commission into practical action. It provides Scotland’s public services with a consistent approach to embedding a culture of continuous improvement in pursuit of better outcomes and ensuring that public finances are spent wisely, where they will have the most positive impact on people’s lives.

As we move forward in the reform journey we will learn lessons from the world’s first Early Years Collaborative to nurture innovation and scale-up and share learning about what works best. To support this, we are creating a Scottish ‘What Works’ research centre to provide additional evidence to inform decisions on how integrated approaches at the local level can boost the pace and scale of change across public services.

Workforce and leadership
Ultimately, the transformation that is needed will depend more on people than on processes. The public service workforce operates in a complex environment and it must be highly skilled and engaged if we are to achieve our reform ambitions. Unlocking the full creativity and potential of all public service workers and enabling them to work across organisations and sectors, in innovative ways is fundamental part of the shift to prevention.
As well as continued investment in workforce development throughout our wide-ranging programme of reforms, we are also helping people across the public sector to work more effectively together to support creativity and innovation. This will ensure staff at all levels have the skills and confidence necessary to work with individuals and communities so that outcomes are achieved as effectively and efficiently as possible, building on the considerable assets that are found in every community.

LOOKING TO THE FUTURE

This Draft Budget sets out our plans to deliver Scotland’s priorities within our current powers and responsibilities. At present the Scottish Government is responsible for setting taxes that generate around seven per cent of revenues raised in Scotland. We believe that such limited responsibility is unsustainable. It is essential that we have full responsibility for Scotland’s resources in the future.

In the course of 2014-15, progress will be made with implementing the financial measures in the Scotland Act 2012, including completing the necessary legislation to enable devolved taxes to be collected and testing the administrative systems covering taxation and borrowing. We also expect to complete discussions with the UK Government on the mechanism for adjusting the Scottish block grant in 2015-16 to reflect the fact that a proportion of Scottish spending will be funded from our own resources.

The financial measures in the Act are modest, but within the current constitutional settlement are a step in the right direction.

Scotland’s new borrowing powers, which come into effect from April 2015, will enable us to borrow up to 10 per cent of our Capital DEL in any one year, subject to a statutory maximum of £2.2 billion. This Draft Budget sets out our plans for borrowing the full amount of £296 million in 2015-16 in order to maximise our investment in productive economic infrastructure at this vital time for the economy.

The new Land and Buildings Transaction Tax (LBTT) Act, passed by the Scottish Parliament in June 2013, provides an indication of what Scotland is able to do when given even limited powers. The new tax replaces Stamp Duty Land Tax (SDLT) in Scotland from April 2015. The current structure of SDLT, which is regarded as causing distortions in the housing market, will be replaced by a properly progressive structure under LBTT. Collection arrangements will be streamlined through close working between the new Scottish tax authority, Revenue Scotland, and Registers of Scotland which already administers the land registers of Scotland and is in a strong position to administer tax collection.

Legislation to establish the new Scottish Landfill Tax is progressing through the Scottish Parliament and is scheduled to complete the parliamentary process before the beginning of 2014-15, with implementation commencing in April 2015. Once enacted, the legislation is expected to give Revenue Scotland and the Scottish Environment Protection Agency the power to administer collection of the tax, including tax on material that has been dumped to landfill illegally. The LBTT and Scottish Landfill Tax have an estimated annual value of around £400 million.
These changes to the overall tax system are by necessity limited because the transfer of tax power has been limited.

However, they provide an indication of the kind of innovative and progressive approach that Scotland would be able to take were the full range of tax powers available as a result of independence. The Scottish Government has highlighted some of the positive choices that could be taken to transform our economy if all public finance decisions were vested in the Scottish Parliament.

For example, the Scottish Government has indicated that it would set a business tax strategy, including using corporation tax, to stimulate investment, growth and jobs; we would seek to better align our additional spending responsibilities – such as in welfare – with our tax and current devolved powers; and more generally, we would use the full range of fiscal and economic policy levers to complement the specific strengths of the Scottish economy and address any weaknesses.

Such economic levers – and many more – are not in Scotland’s control. On air passenger duty, for example, current policy reflects the circumstances of congested parts of the UK where airport capacity is at a premium, and not the position in Scotland, where airport capacity is available and there is a pressing need for improved global connectivity.

With full fiscal autonomy under independence, Scotland would be able to make decisions about expenditure, taxation and borrowing that suit Scotland’s aspirations and priorities over the medium and longer term rather than working within short-term HM Treasury restrictions.

Having the full range of decision-making powers over economic and social policy that independence will bring would provide many new opportunities for the people of Scotland. These opportunities will be set out in the White Paper on Independence due to be published in Autumn 2013.
This section of the document provides greater detail on the Draft Budget for 2014-15 and the spending plans for the 2015-16, for all portfolios. The Draft Budget for 2014-15 will, subject to Parliamentary consideration, form the basis of the Budget Bill 2014-15 which will be laid before the Scottish Parliament in January 2014.

**2014-15 PROPOSED BUDGET**

The Scottish Government’s Total Managed Expenditure (TME) amounts to £35,407.6 million in 2014-15, including the Departmental Expenditure Limit (DEL) of £29,584.4 million.

**Table 2.01 Total Proposed Budget for 2014-15**

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<th>2014-15 Draft Budget</th>
<th>DEL Resource £m</th>
<th>DEL Capital £m</th>
<th>DEL Total £m</th>
<th>AME &amp; Other £m</th>
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1. DEL Capital includes Financial Transactions facilities, details of which appear in relevant portfolio chapters.
All figures are in cash terms and are presented on a full resource basis, and include depreciation and impairment charges where appropriate.

**COMPARATIVE SPENDING**

In order to ensure a transparent like-for-like comparison with previous years, the tables throughout this document show the figures that were included in Draft Budget 2013-14, as updated for 2013 Budget Act, alongside the Draft Budget 2014-15 proposals. A number of further changes were announced at Stage 3 of the Budget Bill that will be formally presented to the Parliament for approval at the Autumn Budget Revision in October.

In order to aid comparison with previously published spending plans, Annex D ‘Comparison 2008-09 to 2015-16’ provides a presentation based on the current portfolio structure.

**BLOCK GRANT ADJUSTMENT**

The indicative spending plans for 2015-16 will be subject to an adjustment of the Scottish Government’s block grant. The block grant will be reduced to compensate the UK Government for the tax revenues forfeited through the full devolution of two taxes in the Scotland Act 2012 (Stamp Duty Land Tax and Landfill Tax). Details of the actual amount of the adjustment are still to be agreed with HM Treasury.

**BORROWING**

The indicative spending plans for 2015-16 assume that the Scottish Government makes use of the full £296 million of borrowing to support capital investment available under the terms of the Scotland Act 2012.

**REAL TERMS FIGURES**

Real terms figures have been calculated using the latest estimated GDP deflators published by HM Treasury of 1.9 and 1.8 per cent for 2014-15 and 2015-16 respectively.
PORTFOLIO RESPONSIBILITIES

The Health and Wellbeing portfolio is responsible for helping people to maintain and improve their health and wellbeing, especially in disadvantaged communities, and for delivering high-quality sustainable health and social care services. Our remit also includes tackling discrimination, promoting equality, sport and the Commonwealth Games.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH

The Scottish Government remains committed to publicly funded healthcare services for the people of Scotland which contribute directly to growth in the Scottish economy. This is by ensuring that the people of Scotland live longer, healthier lives through providing high-quality health and social care and by focusing on prevention and early intervention to reduce key health risk drivers of premature mortality, such as alcohol misuse, smoking, mental illness, poor mental wellbeing, cardiovascular disease and cancer. We also make an important and direct contribution to economic growth through the significant investment in world class research and development in medical/life sciences technology and innovation.

In a time of continuing financial constraint the overall context will be the Health and Social Care Quality Strategy and, in particular, the Route Map to the ‘2020 Vision’ for health and social care. The Quality Strategy sets out how we plan to make Scotland a world leader in healthcare quality, providing person-centred, clinically effective and safe healthcare services.

The mutual NHSScotland does not seek to promote competition. In Scotland, high-quality health provision is ensured by a variety of other means, including efficiency and productivity initiatives both centrally and in each NHS Board.

We are fully committed to investing significantly in NHSScotland infrastructure. Work continues, on time and on budget, on the £842 million New South Glasgow Hospitals Project, which is due to complete in Spring 2015 with £230.7 million invested in the project in 2013-14.

During 2013-14 a number of capital projects will be completed. In the acute sector major refurbishment programmes continue at Monklands Hospital in Airdrie, Aberdeen Royal Infirmary, Raigmore Hospital in Inverness and Ayr Hospital.
Community based projects delivered in 2013-14 include new health centres in Alexandria, Possilpark and East Pollockshields in Glasgow, Glenwood Health Centre in Glenrothes, and Lauder Health Centre. Dental facilities in Oban and Fraserburgh will also be completed.

The official opening of the £70 million Mental Health project at the Murray Royal Hospital in Perth, the first Non Profit Distributing (NPD) health project to be delivered in Scotland took place in June 2013. Procurement for a further four NPD Projects commenced in 2013, having a combined estimated capital value of £440 million. These projects are the Royal Hospital for Sick Children/Department of Neurosciences in Edinburgh, Dumfries and Galloway Royal Infirmary replacement, North Ayrshire Community Hospital and a National Production Centre for the Scottish National Blood Transfusion Service.

Learning and building on the experience of the London 2012 Olympics, the Glasgow 2014 Commonwealth Games will have an impact beyond the 11 days of sporting competition. Over £1 billion of investment in infrastructure for Games venues and associated transport networks has been stimulated by the Games. In the East End of Glasgow, housing development for the Athletes’ Village and supporting infrastructure will promote sustainable economic growth. More broadly, support for the 2014 Games and other major sporting events will create jobs, provide contract opportunities for Scottish businesses and boost our events and tourism industry.

NATIONAL OUTCOMES

In Scotland we have considerable experience and success in delivering and improving high quality and sustainable healthcare services, which make a positive contribution across all of our National Outcomes. The most direct impact is on the following six:

- we live longer healthier lives;
- our children have the best start in life and are ready to succeed;
- our people are able to maintain their independence as they get older and are able to access appropriate support when they need it;
- our public services are high quality, continually improving, efficient and responsive to local people’s needs;
- we are better educated, more skilled and more successful, renowned for our research and innovation; and
- we have tackled the significant inequalities in Scottish society.

In particular, our record of success includes:

- significantly reducing premature mortality from cancer, heart disease and stroke through a number of initiatives, including most recently, the high profile detect cancer early programme;
- delivering enhanced patient safety with major reductions in levels of Healthcare Associated Infections (HAI);
● a 2020 vision for our Workforce which will reinforce NHSScotland values, support patient safety and ensure a sustainable workforce for the future;

● significantly reducing waiting times and delayed discharge from hospital;

● a new relationship with industry and research to pursue a joint agenda of healthcare improvement and economic growth through innovation; and

● effective management of a £12 billion budget.

Many of our successes are recognised internationally as innovative and aspirational, both for what they have delivered to date and for their future scope and potential for improving health and social care in Scotland.

OUR PRIORITIES

The Health and Wellbeing portfolio will be responsible for public spending totalling £12.2 billion in 2014-15. Funding allocated to healthcare will be £12 billion, of which Territorial Boards and Special Health Boards will receive a core allocation of £9.4 billion. £207.7 million will be allocated to Sport including the Commonwealth Games 2014, £20.3 million to Equalities and £10.9 million to the Food Standards Agency Scotland.

Over the next few years the demands for health and social care and the circumstances in which they will be delivered will be radically different. It is our job to ensure that we can continue to provide the high quality health and care services the people of Scotland expect and deserve, securing the best possible outcomes for people from the care and support they receive. We must therefore collectively recognise and respond to the most immediate and significant challenges we face. These include Scotland’s public health record and level of inequalities, our ageing population, the increasing expectations arising from new drugs, treatments and technologies and the specific impact of inflation on the health service. Our vision is that by 2020 everyone is able to live longer, healthier lives at home, or in a homely setting.

We will have a healthcare system where we have integrated health and social care, a focus on prevention, anticipation and supported self-management. When hospital treatment is required and cannot be provided in a community setting, day case treatment will be the norm. Whatever the setting, care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions. There will be a focus on ensuring that people get back into their home or community environment as soon as appropriate, with minimal risk of re-admission.

It is also important to highlight that the action and spending prioritised in pursuit of the 2020 Vision for Health and Social Care makes a vital contribution to our commitment to the four pillars of public service reform set out in our response to the Christie Commission Report. This reflects our commitment to achieving outcomes which matter to the people of Scotland while ensuring the financial sustainability of our public services.

Working in partnership is fundamental to achieving progress in each of the priority areas – partnership across NHSScotland, with local government, with the third and independent sectors, with industry, with central government and with people. This
partnership approach is particularly vital for one of our three Quality Ambitions: that all the services we develop and deliver are person-centred. The focus in the Route Map on developing the workforce and leadership capacity also makes an important contribution to the people pillar. The 2020 Route Map clearly identifies prevention as a priority area of activity around population health, but it is also fundamental to the approaches we will develop to improve care for people with multi-morbidities, and in support of older people through an integrated system. We will be driving improvement across the range of priority areas using the Framework for Improvement which has measurement and performance as one of its key features.

Partnership working across the public sector remains a hallmark of our approach to public service reform and will ensure that a preventative approach to the delivery of outcomes is embedded in the new Single Outcome Agreements (SOAs). The Agreement on Community Planning and Joint Resourcing, which forms part of the Budget announcement, places clear expectations on the public sector to share their budget and resource planning assumptions at an early stage and to work together, through Community Planning Partnerships (CPPs) to deploy resources towards the jointly agreed priorities set out in each CPP’s SOA. NHS Boards, as well as Local Government and other partners, will be expected to show a demonstrable commitment to the Agreement.

Priority areas for action
In 2014-15 and 2015-16 we will prioritise spending in the following areas:

Further improving the quality of the care we provide with a particular focus on:

● **Increasing the role of Primary Care** – There is now a strong consensus on the urgent need for an expanded role for primary care and general practice in particular. This is at the heart of our 2020 Vision, specifically focused on keeping people healthy in the community for as long as possible and represents a critical prerequisite to tackling health inequalities and the challenges facing unscheduled care.

● **Integrating Health and Social Care** – Integration of adult health and social care is a key part of the Scottish Government’s commitment to public service reform in Scotland. We will continue to drive forward the widely endorsed commitment to integrating health and social care services in Scotland. Additional resource of £100 million will be made available in 2015-16 via NHS Boards to support partnerships to drive the shift towards prevention. A further £20 million will support the development and implementation of national initiatives across Scotland in 2015-16.

● **Accelerating our programme to improve safety in all healthcare environments** – Building on the world-leading and recognised success of the Scottish Patient Safety Programme, we will continue the ground-breaking extension of this programme into primary care, maternity services, paediatrics and mental health, and will embark on the development of a new Scottish Patient Safety Index to accelerate our progress in driving down harm in acute care settings. We will continue to reduce Healthcare Associated Infections (HAI) in all care settings and will tackle emerging threats. We will respond to the recommendations of the Vale of Leven Hospital Inquiry once published.
● **Improving the way we deliver unscheduled and emergency care** - A new Expert Group has been established to identify and agree high impact actions to transform the way that unscheduled care is delivered with a focus on reducing the number of people who present at A&E departments through action in the community, in primary care and to improve the flow of patients out of A&E. Specific work will be done to improve services at weekends and out of hours in both urban and remote and rural areas.

● **People-powered health and care services** - Through the Patient Rights Act and ground-breaking work to develop more person-centred health and care services we will give the public a voice on their experiences to drive up the quality of care. We will also promote personal responsibility for health and wellbeing, and support self-management so that people are better able to maintain their health and manage periods of ill health. This will include a focus on improving resources and support to people to help them navigate and understand the system, so that they become more involved and engaged in their healthcare.

● **Improving our approach to supporting and treating people who have multiple and chronic illnesses** - We will work with Community Planning Partners to deliver improved outcomes for people living with multiple morbidities, including mental health conditions. We will consider the whole pathway of care with a focus on people aged under 65 years in areas of deprivation and high levels of health inequalities. This work will link closely with the work to expand the role of primary care, to improve unscheduled care, to put people at the centre and to integrate health and care services.

**Improving the health of the population with a particular focus on:**

● **Early years** - We will drive forward the Early Years Collaborative, breaking new ground in improvement methodology across the full range of public partners involved in a child’s early years, building on the success of the Family Nurse Partnership programme and working on the ambition to make Scotland the best place for children to grow up.

● **Reducing health inequalities** - We will refocus our efforts on health inequalities particularly in the context of benefits cuts which will impact most on those most at risk of ill-health. We will do this by targeting improvement resources into primary care in the most deprived areas of Scotland, including staff and equipment such as tele-health facilities, learning from the experience and work of the Deep-End Practices in Glasgow and Neighbourhood Partnerships in Edinburgh.

● **Preventative measures on alcohol, tobacco, dental health, physical activity and early detection of cancer** - Despite significant improvement in health outcomes in recent years, Scotland continues to have a poor record of healthy life expectancy. Alongside the commitment to refocus energy on targeting health inequalities, we will continue to pursue a preventative agenda in partnership across the public sector, concentrating on tackling Scotland’s relationship with alcohol and smoking, and in increasing levels of physical activity and improving oral health. We will also continue to invest in the hugely important programme of work to increase
the early detection of cancer. Once again, much of this work will require strong partnership working, and will be supported by Health and Social Care providers playing a full role in Community Planning Partnerships and the development of Single Outcome Agreements, and through the new Integrated Health and Social Care Partnerships.

Securing the value and financial sustainability of the health and care services we provide:

● **Establish a vision for the health and social care workforce for 2020, and setting out a clear plan of actions with immediate effect** – In June 2013 we launched Everyone Matters – our Workforce Vision to deliver the health and care workforce required to realise the overall 2020 vision. One of the early actions is a focus on workforce planning to ensure that we have the right people, in the right numbers in the right jobs.

● **Support the importance of strong and robust professional leadership at all levels of the service** – This includes innovative approaches to professional education and Continuing Professional Development (CPD), which makes best use of investment, to ensure that professionals have the right training and skills to respond to the changing demands on healthcare.

● **Increase our investment in innovations which both increase quality of care and reduce costs and simultaneously provide growth in the Scottish economy** – The new Innovation Partnership Board which has been established to take forward the joint Statement of Intent between Government, NHS and industry will additionally be asked to oversee a new Innovation Fund which will be tested through two initial pilots before roll out to scale. The approach is an ambitious one and aims to target high value fundraising through philanthropy, European funding, and assessing other models of fundraising.

● **Increase efficiency and productivity through more effective use of unified approaches coupled with local solutions and decision making where appropriate** – We will fully implement the Efficiency and Productivity Portfolio of action at scale, including a specific focus on implementing shared services where possible and appropriate, reducing drug costs through a single programme management focus on prescribing savings, which better co-ordinates both the national and local work in this area and optimises the use of management information to highlight areas for improvement.

**Investing in Capital and Infrastructure**

● Provide £150 million for maintenance of the estate and equipment replacement.

● Earmark £111 million funding for the physical completion of the children and adult hospitals element of the New South Glasgow Hospitals project.

● Provide £51 million funding to enable projects being taken forward under hub and the NPD model to move forward quickly.

● Commit £12 million to support the radiotherapy equipment replacement programme.
Commit £9.3 million in 2014-15 as part of a £22 million project for expansion of radiotherapy services in the West of Scotland.

Sport

- Continue to work with and support Games partners to ensure the delivery of a spectacularly successful, athlete-centred and sport focused Commonwealth Games.
- Ensure a positive and lasting legacy from hosting the Games, with benefits spread across the whole of Scotland.
- Continue to work with sports governing bodies across Scotland to increase sports participation, increase physical activity and encourage everyone to lead a more active lifestyle.
- In addition to our investments in elite sport, commit £24 million in 2015-16 for the creation of a National Performance Centre for Sport.

Equalities

- Continue our strong commitment to promoting equality, supporting communities and tackling discrimination and prejudice. Addressing these issues is key to improving the health and wellbeing of our people, to our economic success as a country and to our social cohesion as a society. Removing the barriers which prevent people realising their potential, building on the assets of our diverse population and engaging communities in the design and delivery of the services and policies which affect them are important elements of our future work.
- Continue to focus on activities that support early intervention and prevention, which address the inequalities in accessing employment and economic participation and which can help mitigate the worst effects of welfare reform on communities.
- Continue to provide support to increasing the capacity of equality communities and facilitate their engagement in the design and delivery of services. Activity to support the effective implementation of the public sector equality duty will also continue. These activities are supported by investment in organisations and projects, including through the £3 million per annum Equality Fund.
- Through continuing work on public participation and adult care and support, we will ensure that the service addresses the needs of people who due to factors such as disability, age or ethnicity are most at risk from inequalities.
- Legislate to introduce same sex marriage and end the requirement for transgender people to divorce or dissolve a civil partnership when they transition.
- Continue with significant investment to support local interventions and frontline services, including through the £3.5 million fund to tackle violence against women. Also to support women and children affected by domestic abuse through
a further £3.5 million fund and to resource the network of local rape crisis centres across Scotland with £0.7 million of support.

- Develop a strategy for Scotland to tackle violence against women.
- Provide support to a range of national and intermediary equality organisations supporting the equality infrastructure and building the capacity of communities and leadership across the sector.
- Take forward the implementation of the public sector equality duty. Specific duties include making progress on the Scottish Government’s own equality outcomes.
- Continue to promote awareness raising and training to support implementation of the Forced Marriage etc. (Protection and Jurisdiction) (Scotland) Act 2011.
- Publish a refreshed approach to integrating asylum seekers and refugees, a good practice paper in relation to working with Gypsies/Travellers, and a race equality statement.

**Food Standards Agency**

- In 2012 the Minister for Public Health announced that the Scottish Government intended to implement the majority of recommendations of the independent review panel on food safety and standards including setting up a new Scottish body for food safety, standards, labelling, nutrition and meat inspection.
- The Scottish Government is leading the process of setting up the new body. Legislation will be introduced into the Scottish Parliament in 2014 with the vesting of the new body scheduled for mid-2015.

**Table 3.01: Spending Plans (Level 2)**

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Table 3.02: Spending Plans (Level 2 real terms) at 2013-14 prices

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Health

Table 3.03: More Detailed Spending Plans (Level 3)

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Notes:
1. Allocations for 2014-15 and 2015-16 for Primary and Community Care Services are still to be decided and are subject to UK pay negotiations with the professional groups concerned.
### Table 3.04: Territorial and Special Health Boards spending plans (Level 4)

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<td><strong>Total Territorial and Special Boards</strong></td>
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What the budget does

The budget supports services and initiatives designed to help people in Scotland to live longer and healthier lives with reduced health inequalities and to provide more sustainable, high quality and continually improving healthcare services close to home.

NHS Boards provide free and universal frontline healthcare services for patients and their families. NHS Boards will build on their recent achievements in order to deliver quality healthcare services. Through their Local Delivery Plans, NHS Boards will demonstrate how they will work in partnership to deliver accelerated improvements for key priorities, for example, by tackling health inequalities, improving access to elective mental health and substance misuse services, and reducing healthcare associated infection.

Budget changes

Our total healthcare funding in 2014-15 of £12 billion reflects an increase of £138.1 million over 2013-14. This comprises resource funding of £11.6 billion, net capital funding of £254 million and annually managed expenditure of £100 million. Resource funding has increased by £284.6 million in 2014-15, from £11,321.8 million to £11,606.4 million. This is the full amount of the budget consequentials arising from the increase to health in England and delivers on the Scottish Government’s commitment to pass on the resource budget consequentials in full to the health budget in Scotland.

NHS Territorial Boards will receive allocation increases of 3.1 per cent in 2014-15 and 2.7 per cent in 2015-16 – increases above forecast inflation in both years reflecting the importance that we attach to protecting frontline point of care services. To achieve this and also to support an increase for NHS Special Boards delivering direct patient care, such as the Scottish Ambulance Service, we have adopted a similar approach in 2014-15 and 2015-16 to that in previous years where a differential efficiency target has been set for NHS Special Boards budgets and we will reinvest savings in the delivery of new health expenditure programmes.

In 2014-15 and 2015-16 we will:

- continue the Detect Cancer Early programme focusing on breast, bowel and lung cancer which are the three most common cancers in Scotland. This will improve survival and reap benefits for patients, their families and all of Scotland;

- deliver the 12-week Treatment Time Guarantee for eligible patients as set out in the Patients Rights Act;

- sustain 18 weeks referral to treatment, outpatient and diagnostic maximum waits standards;

- implement the provisions of the Alcohol (Minimum Pricing) (Scotland) Act 2012, which was passed by the Scottish Parliament in May 2012;

- support people in Scotland to maintain their health through implementation of the recently enacted tobacco control legislation;

- continue to deliver the Obesity Route Map Action Plan;
● continue to support the implementation of the refreshed Action Plan for *Rights, Relationships and Recovery (RRRs): the Review of Mental Health Nursing*;

● remain committed to the vital role that Community Nurses, including public health nurses, make to improving the health of the people of Scotland. We will continue to support NHS Boards to modernise nursing in the community, improve care for patients and build capacity, capability and sustainability across the whole nursing workforce;

● support implementation of *Setting the Direction: Nursing and Midwifery Education in Scotland* to ensure our status as a world-class provider in this arena;

● implement the *National Delivery Plan for the Allied Health Professions* (AHPs) which defines the future vision for AHPs and the services they deliver. We will also continue implementation of the National Falls Programme;

● develop and deliver a *National Delivery Plan for Healthcare Scientists*;

● refresh the Leading Better Care programme to more effectively support Senior Charge Nurses in improving care quality;

● respond to the recommendations of the Vale of Leven Hospital Inquiry once published;

● continue to support the implementation of the second National Dementia Strategy;

● continue to support quality improvement in maternity services, contributing to the provision of person-centred, safe and effective care for women and babies. Also help maximise maternity staff’s contribution to addressing health inequalities by supporting NHS Boards to achieve the early access HEAT target by 2015 across all deprivation quintiles (80 per cent women ‘booked’ by 12 weeks of pregnancy) and support implementation of the *Getting it Right for Every Child* (GIRFEC) practice model in maternity services;

● support implementation of the Scottish Patient Safety Programme – Maternity Care Quality Improvement Collaborative which aims to reduce inequalities in outcomes, and making maternity care a safer and positive experience for women, babies and families;

● continue to invest in Specialist Children’s Services to ensure these services are safe and sustainable;

● continue to develop the Family Nurse Partnership programme, which has increased its capacity to enable 60 per cent more families to be supported since 2012-13. By the end of 2015, we will have at least one Family Nurse Partnership team in each NHS Board area;

● continue to drive forward work through the Early Years Collaborative to achieve the vision and priorities of the Early Years Taskforce;
● support HAI Task Force Groups to deliver the outcomes specified in the HAI Delivery Plan 2011 Onwards;

● support NHS Boards to achieve revised HAI HEAT targets and ensure integration of HAI Task Force work with Scottish Patient Safety Partnership-led work;

● support people to be able to manage their own mental health and continue to focus on prevention and anticipation through attention to early years, parenting and child and adolescent mental health;

● focus on delivery of the mental health HEAT targets to ensure faster access to evidence based psychological therapies and specialist Child and Adolescent Mental Health Services, with no one waiting longer than 18 weeks from referral to treatment from December 2014;

● continue our work towards reducing the suicide rate. We will publish our policy for the future later in the year;

● continue to support partnerships to integrate health and social care services in order to deliver nationally agreed outcomes. This will be done by supporting the integrated funding arrangements for health and social care through additional resource of £100 million that will be available to be allocated via NHS Boards in 2015-16 to help drive the shift towards prevention. A further £20 million will be held centrally within Health to support national initiatives;

● increase the pace of Reshaping Care for Older People and lever a further shift through partnership resources that are focused towards greater prevention and anticipatory care for people with multiple co-morbidities;

● support partnerships to work with their third and independent sector partners to jointly commission health, care and housing services that improve outcomes;

● continue to improve the quality of life for those with dementia and their carers and families, building on the first Dementia Strategy by now working to deliver the second strategy, with a continuing focus on diagnosis and post-diagnostic support;

● continue the ground-breaking work in improving child dental health and implement the strategy for improving dental health for priority groups;

● use our NHS resources efficiently to ensure that patients are treated quickly and in the location that best suits their needs. Over 80 per cent of procedures are now carried out as same-day surgery;

● maintain our preparedness for a flu pandemic;

● ensure successful implementation of the new Staff Governance Standard that sets out NHS employers' commitment to develop and effectively manage their staff, and to ensure that all staff have a positive employee experience; and

● continue to support NHS Boards to deliver efficiency savings while improving quality through the Efficiency and Productivity Framework.
Sport

Table 3.05: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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What the budget does

The Scottish Government is working in partnership with Glasgow City Council, Commonwealth Games Scotland and the Glasgow 2014 Organising Committee to ensure that the Games are an outstanding success. Funding for the Games comes from the Scottish Government, Glasgow City Council and commercial income raised by the Organising Committee. The Scottish Government is the principal funder (67 per cent) and ultimate guarantor of the Glasgow 2014 Commonwealth Games.

The success of the Games is also about securing legacy benefits both before and after the Games themselves. We will continue to work with stakeholders, including legacy leads in each local authority, to increase awareness of and involvement in legacy opportunities across Scotland.

The budget supports the aspiration of delivering a more active population. Increasing physical activity can increase life expectancy, decrease health inequalities and achieve tangible cost savings for the NHS and across a range of sectors. Given change in activity levels in Scotland will require a partnership approach, physical activity is one of the six key priorities for Community Planning Partnerships to consider in their Single Outcome Agreements. We will also continue to direct attention towards increasing physical activity and encouraging everyone to lead a more active lifestyle, using the power and excitement of the Commonwealth Games and the Ryder Cup as a catalyst to get more people active. This will build on activity such as ensuring two hours of PE for all primary school aged children and two periods of PE for secondary school aged pupils are provided as a minimum. We are making significant progress on this with 84 per cent of primary schools and 92 per cent of secondary schools meeting the target.

We are continuing to invest in the elite athletes programme and have increased our overall investment to £9 million to underpin the performance development programmes including those for the 17 Commonwealth Sports in preparation for the Commonwealth Games in 2014.
Budget changes
In 2015-16, £24 million has been allocated to the National Performance Centre for Sport from the Young Scots Fund.

In 2014-15 and 2015-16 we will:

- support the Glasgow 2014 Organising Committee to prepare for and deliver the Glasgow 2014 Commonwealth Games and, subsequently, its dissolution;
- continue to increase the number of people being active;
- continue to increase the number of Community Sports Hubs;
- ensure all schools are providing the minimum levels of PE;
- enhance and grow the successful Active Schools Programme;
- develop and implement a new Youth Sport Strategy;
- build on the clubgolf programme to further embed a Ryder Cup legacy; and
- develop a National Performance Centre for Sport which will be completed in 2016.

Equalities

Table 3.06: More Detailed Spending Plans (Level 3)

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<tr>
<th></th>
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<td>AME</td>
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</table>

What the budget does
The equality budget is used to promote equality and to tackle discrimination, prejudice and disadvantage which act as barriers to equality of opportunity, economic progress and the wellbeing of the people of Scotland. There is a continuing adverse impact of the economic recession and the UK Government’s welfare cuts on women, disabled people and ethnic minority people in particular. It is important, therefore, to maintain the equality budget at a level which enables us to help ensure the wellbeing of communities and reduce these adverse effects where possible.
In 2014-15 and 2015-16 we will:

- promote equality across the range of protected groups and provide support to help eliminate the significant inequalities, disadvantage and discrimination in Scottish society;

- invest in equality activity and interventions that focus on issues around employment and economic activity, hate crime and public service reform and improvement, concentrating our efforts on early intervention and prevention;

- continue to support work to address violence against women – providing support to frontline services and resources for the support networks and infrastructure;

- work to ensure that the integration of asylum seekers and refugees continues and that services are appropriate to their evolving circumstances;

- continue to promote religious tolerance and understanding and work on improving outcomes for minority ethnic communities, including publishing a Race Equality Statement;

- address issues of gender, age, Lesbian, Gay, Bisexual and Transgender (LGBT) and disability equality, work to promote independent living for disabled people and ensure that the Commonwealth Games are inclusive of all;

- legislate to introduce same sex marriage and end the requirement for transgender people to divorce or dissolve a civil partnership when they transition;

- increase the capacity of communities and the engagement of equality groups with mainstream providers and public institutions so that they can contribute to shaping policy and service delivery;

- continue to carry out awareness raising to support the implementation of the Forced Marriage etc (Protection and Jurisdiction) (Scotland) Act 2011; and

- implement the public sector equality specific duties, including making progress on the Scottish Government’s suite of eight equality outcomes. Continue to support the improvement in equality evidence, analysis and assessment of policy.
**Food Standards Agency Scotland**

**Table 3.07: More Detailed Spending Plans (Level 3)**

<table>
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<tr>
<th>Level 3</th>
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</table>

**What the budget does**

The primary focus of the Food Standards Agency (FSA) in Scotland is to protect the Scottish public from the risk of consuming contaminated food. In Scotland the FSA handles issues in relation to:

- Food standards, nutrition and diet;
- General food hygiene, fish, shellfish and milk hygiene;
- Hygiene controls on meat and meat products;
- Regulation of animal feeding stuffs; and
- Novel foods, radiological safety and emergencies.

In 2013-14, the FSA in Scotland led the response to the horsemeat incident in Scotland and worked closely with the Scottish Government and local authorities to ensure appropriate consumer protection and information was in place. FSA in Scotland also delivered the Scottish launch of a unified voluntary front of pack labelling scheme which has gained significant industry support to make it easier for consumers to know what is in their food. They are also leading on negotiations with the food industry in support of the Scottish Government’s reformulation strategy and *Supporting Healthy Choices*, a voluntary framework with industry to move the Scottish diet towards Dietary Goals which were revised by the Agency in May 2013.
In 2014-15 and 2015-16 we will:

- ensure food produced or sold in Scotland and the rest of the UK is safe to eat through delivery of our Foodborne Disease Strategy, tackling campylobacter and *E. coli* O157 as a priority;

- work with food producers and caterers to ensure that they give priority to consumer interests in relation to food;

- ensure that consumers have the information and understanding they need to make informed choices about where and what they eat;

- adapt systems and operational procedures as necessary in response to key lessons identified in the handling of the horsemeat incident; and

- ensure business compliance is effectively supported because it delivers consumer protection. This will include a focus on effective, risk-based and proportionate regulation and enforcement.
PORTFOLIO RESPONSIBILITIES
The Finance, Employment and Sustainable Growth (FESG) portfolio is crucial in building a more dynamic and faster growing economy and in supporting wider public service reform. Our aim is to increase prosperity, establish a fairer and more equal society and enable Scotland to use our people and resources to improve outcomes. To achieve this, the FESG programme features substantial investment in: business, tourism, renewable energy, capital infrastructure, entrepreneurship and innovation. It also supports investment in digital public services and planning; action on community empowerment, and in promoting equality; building an effective and enterprising third sector and improving public services through Community Planning Partnerships.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH
Over the last year and up to the end of Q1 2013, the Scottish economy grew by 1.2 per cent compared to growth of just 0.3 per cent in the UK as a whole. Overall, and as a result of the actions we have taken, the recession in Scotland was shallower than the UK with output in Scotland now just 2.0 per cent below its pre-recession peak, whereas in Q1 across the UK as a whole, output is still some 3.9 per cent below its peak.

It is essential that we continue to work to deliver sustainable economic growth, boosting the resilience of our economy, making the most of the competitive advantage of our key sectors, growing Scottish exports and investing in infrastructure, entrepreneurship, innovation and skills development to prepare Scotland for the future. To build on the positive growth witnessed over the past year, our programme for the economy in the year ahead will focus on:

- supporting an investment led recovery;
- taking direct action to boost employment and creating more economic opportunity;
- enhancing economic confidence in Scottish households, and promoting business development;
- building an enterprising third sector; and
- rebalancing the economy, through supporting entrepreneurship and innovation, internationalisation, and a transition to a low carbon economy.
Capital investment is an essential element of our approach to boosting growth. As the economic recovery begins to take hold, it is more important than ever to ensure that Scotland’s workforce is equipped to take advantage of new opportunities. This underlines the importance of workforce skills, as reflected by the strategic priority they are given in the *Government Economic Strategy*.

**NATIONAL OUTCOMES**

Our strategic vision is to create a framework to which all public services in Scotland are aligned, encouraging more partnership working. We are making positive contributions across all of our National Outcomes; specifically:

- We aim to realise our full economic potential with more and better employment opportunities for our people;
- We all live in a Scotland that is the most attractive place for doing business in Europe; and
- Our public services are high quality, continually improving, efficient and responsive to the needs of local people.

Some key actions for economic growth include:

- Introduction of the Regulatory Reform (Scotland) Bill to further improve the way regulations are applied in practice across Scotland and to include a duty on regulators to contribute to sustainable economic growth.
- Continued support for Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) and to local authorities delivering local economic development through the Business Gateway service. In 2012-13, SE had 118 offers of Regional Selective Assistance accepted, totalling £43 million. These offers secured planned capital expenditure of £216 million and are expected to create or safeguard 4,766 jobs. HIE have invested in energy infrastructure across the region and have also signed a contract with BT for a £146 million project to roll out next generation broadband.
- Establishment of four Enterprise Areas comprising 15 strategic sites in some of Scotland’s most dynamic industries. These sites present clear and immediate opportunities to generate growth and stimulate job creation.
- Engagement in UK and European R&D and innovation programmes, building on recent successes, such as the Technology Strategy Board’s Offshore Renewable Energy Catapult in Strathclyde University and the European Innovative Medicines Initiative, the biggest ever investment of its kind in Scotland for researching new drug treatments.
- Introduction of the EDGE (Encouraging Dynamic Growth Entrepreneurs) Fund to boost jobs and growth in the Scottish economy - a £2 million investment providing awards of up to £50,000 to our most capable and dynamic entrepreneurs.
Publication of *Scotland’s Digital Future - Delivery of Public Services* strategy, which promotes innovative and user-friendly public services and will also achieve better value through collaboration and the greater use of digital technologies.

Supporting the third sector and building social enterprise and entrepreneurship through:

- Securing the place and voice of the sector as a critical partner in the planning design and delivery of prevention and improvement approaches in the areas of reshaping care, in reducing re-offending and in early years’ intervention through a range of partnership initiatives;

- Providing business support through the *Just Enterprise* programme helping 1,389 recipients in the first year, 1,704 recipients in the second year and providing business and development support to some 213 enterprising third sector organisations, 98 per cent of which were still trading after 12 months; and

- Taking forward the *Developing Markets for Third Sector Suppliers* programme involving 31 of the 32 local authorities and winning the Best Supplier Engagement Initiative of the Year award (GO Awards) in October 2012. Through this programme we are supporting the development of a number of strategic exemplar Public Social Partnerships across Scotland.

Substantial support for Scotland’s renewables sector. In the last year, Ministers consented over 1.1GW of onshore renewable developments. Offshore, we have secured UK Government and European Commission funding for three projects; and consents were granted for the world’s largest wave farm and for the development of the European Offshore Wind Deployment Centre. Our funds are helping to stimulate the offshore renewables supply chain and to provide dedicated support for wave energy technologies. We also continued our support for community and local ownership of energy through our Community and Renewable Energy Scheme.

Opportunities exist across the whole Scottish Economy for domestic energy efficiency, business and industry, and public sector in the transition to a low carbon economy and we continue to maximise both the financial and environmental opportunities through energy efficiency and low carbon investment programmes.

Our *Resource Efficient Scotland* programme has simplified the energy and resource efficiency advice and support delivery landscape and is supporting organisations in the business, public and third sectors. We are also looking at a number of energy efficiency programmes that could be rolled out across the Scottish Government’s and other large public sector estates to attract private sector funding, and maximise spend to save opportunities.
BUDGET CHANGES

Budget changes since the publication of the Draft Budget 2013-14 are identified under each of the level 2 headings.

OUR PRIORITIES

In 2014-15 and 2015-16 we will continue to work in partnership with our key delivery agencies in line with the Government Economic Strategy. We will build on previous successes, specifically by:

Company support

- Supporting entrepreneurship and innovation including the EDGE fund and ensuring there is connectivity between all support available to allow businesses to grow and internationalise.

- Continuing to work in partnership with banks, through SE, HIE and VisitScotland, to help companies improve their chances of securing funding and encouraging greater levels of private sector investment and growth, building on Scotland’s strong Business Angel community.

- The Scottish Investment Bank (SIB) will continue to deliver a range of equity investment schemes investing in early stage innovative and high growth business, alongside private sector investors. SIB’s £113 million Scottish Loan Fund supports growth and exporting companies with access to loans from £250,000 to £2 million. The Scottish Government is also considering the business case for the creation of a ‘Scottish Business Development Bank’.

- Support for a £37.9 million SME Growth Programme to support businesses to grow and create employment.

Building on success

- Maintaining the Small Business Bonus Scheme, and the commitment to matching the English poundage for the lifetime of this Parliament. The Scottish Government also continues to offer the most generous package of rates reliefs available anywhere in UK, worth over £560 million a year. In addition, we are undertaking a thorough and comprehensive review of the business rates system, initiated through the publication of the consultation paper Supporting Business – Promoting Growth. On 4 September 2013 the Scottish Government responded to that consultation, outlining a series of actions that it will take to reform the business rates system to better support business. These actions include: more powers for local councils, measures to improve transparency and consistency and a separate view of the valuation appeals process.

- Building on Scotland’s strong recent inward investment record. Scottish Development International (SDI) and its partners are on track to achieve the target of 25,000-35,000 planned jobs through inward investment between 2011 and 2015. The Ernst and Young UK Attractiveness Survey 2013 shows that, in two out of the last three years, Scotland has been the top-ranked UK country/region outside of London in securing Foreign Direct Investment projects.
• Remaining committed to tourism, one of Scotland’s key growth sectors, VisitScotland will continue to support the Scottish tourism industry to increase tourism opportunities, including through its marketing and the Conference Bid Fund and delivering key initiatives such as Homecoming Scotland 2014 and the Ryder Cup at Gleneagles in 2014. Together with the Commonwealth Games, these major events will act as a catalyst for the tourism sector in a year in which ‘Scotland Welcomes the World’. They provide an unprecedented opportunity to showcase Scotland on an international stage, build an economic legacy through a focus on business and export promotion, and capture Scotland’s image and place in the world.

• Supporting a modern and high performing planning system which contributes to sustainable economic growth.

• This year’s budget has a strong focus on offshore renewables because we want to make the most of Scotland’s extraordinary offshore energy resources and because we are determined to remain at the forefront of the emerging offshore wind, wave and tidal industries. Our levels of support for renewables is recognition of the central role that the sector will play in delivering our future electricity needs and in meeting global, European, UK and Scottish targets.

• Further we will look to maximise the financial opportunities for Scotland from the transition to a low carbon economy – a strategic priority of the Government Economic Strategy – which will allow us to increase our resilience, grow the market for innovative technologies and provide us with a platform for greater international trade to stimulate sustainable economic growth. We will be helping households and businesses save money through energy and resource efficiency and by securing new jobs and investment, and it also supports our long-term energy security. Further the funding will promote Scotland as an international destination of choice for investment in low carbon and helping others develop a low carbon economy brings important economic opportunities to Scotland.

• Continuing to support the role and development of the third sector and to growing social enterprise and entrepreneurship. The third sector is key to our economic activity, to the delivery of public services and to the wellbeing of our communities. It is at the heart of transforming lives in Scotland through the range of its activities and in the work it is doing to help mitigate some of the worst effects of welfare reform on vulnerable people. It is essential to the future of empowered sustainable communities. The Scottish Government continues to invest in its development and growth, providing advice and support through Just Enterprise, working with the public sector, through Ready for Business, to open up its markets to the third sector, investing in the national third sector infrastructure and local third sector interfaces and building the support for entrepreneurs and social enterprises. In addition we have taken a number of innovative steps to engage the third sector further in public service delivery and in the work around prevention.
We announced a new £6 million fund on 3 September 2013 to support the development and growth of Scotland’s enterprising sector. The fund will give priority to activities supporting prevention and responding to welfare reform.

Our Digital Future

We are progressing with the implementation of Scotland’s Digital Future – Delivery of Public Services, including establishing the Scottish Wide Area Network (SWAN). Delivering on the recommendations in the McClelland Review, SWAN will be a single public services network for integrated service delivery that will be available for use by any, and potentially all, public sector organisations in Scotland. The Network will enable much greater infrastructure sharing and collaboration to deliver both cost and performance advantages for public sector and third sector organisations as well as public corporations. The Scottish Government is expected to sign a contract with the chosen supplier in October 2013 with the first services going live from April 2014.

Table 4.01: Spending Plans (Level 2)

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Table 4.02: Spending Plans (Level 2 real terms) at 2013-14 prices

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<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<td>AME</td>
<td>2,827.6</td>
<td>2,637.1</td>
<td>2,681.4</td>
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</tbody>
</table>

Scottish Public Pensions Agency

Table 4.03: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Administration</td>
<td>11.9</td>
<td>12.5</td>
<td>13.0</td>
</tr>
<tr>
<td>IT Provision</td>
<td>1.1</td>
<td>2.8</td>
<td>12.2</td>
</tr>
<tr>
<td>Scottish Teachers’ Superannuation Scheme (Scotland)</td>
<td>1,355.9</td>
<td>1,158.5</td>
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<td>NHS Pension Scheme</td>
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<td>1,528.9</td>
<td>1,593.0</td>
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<td>2,702.7</td>
<td>2,806.8</td>
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<tr>
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<td></td>
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</tr>
<tr>
<td>DEL Resource</td>
<td>11.9</td>
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</tr>
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<td>DEL Capital</td>
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<td>12.2</td>
</tr>
<tr>
<td>AME</td>
<td>2,827.6</td>
<td>2,687.4</td>
<td>2,781.6</td>
</tr>
</tbody>
</table>

What the budget does

The Scottish Public Pension Agency’s principal role is to administer the pensions, premature retirement and injury benefits schemes for members of the NHS Superannuation Scheme (Scotland) and the Scottish Teachers’ Superannuation Scheme.
The Agency also develops the regulations covering the NHS Superannuation Scheme (Scotland), the Scottish Teachers’ Superannuation Scheme (STSS), and the Local Government, Police and Firefighters’ Pensions Schemes in Scotland. It determines appeals made by members of these schemes and provides a pensions calculation service for some small public pension schemes operating in Scotland and elsewhere.

The pension scheme funding represents the costs of pensions accrued in that year plus notional interest on current liabilities less income received. It is classified as Annually Managed Expenditure (AME), funded separately by HM Treasury from the Departmental Expenditure Limit (DEL) settlement and, as such, variations in the scheme expenditure do not have to be balanced by adjustments elsewhere in the Scottish Budget.

**Budget changes**

AME forecasts for 2014-15 have been updated.

Additional capital has been provided in 2014-15 and 2015-16 for a new IT system to comply with the provisions contained in the UK Government’s Public Service Pension Reform Act, including the implementation of the policy and operational reforms to the NHS and STSS schemes from April 2015.

In 2014-15 and 2015-16 the Agency will:

- maintain our core service standards for 469,000 pensioners, active members and those with preserved rights in the Scottish NHS and Teachers’ superannuation schemes;

- make preparations to administer the reformed Scottish NHS and Teachers’ superannuation schemes including the possibility of assuming responsibility for police and fire authorities pension schemes in Scotland from 1 April 2015; and

- prepare for the new governance regime for public sector pensions which will take effect on 1 April 2015.
Digital Public Services, Committees, Commissions and Other
Table 4.04: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving Public Services</td>
<td>3.5</td>
<td>0.6</td>
<td>0.6</td>
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<tr>
<td>Digital Public Services</td>
<td>4.7</td>
<td>7.8</td>
<td>7.8</td>
</tr>
<tr>
<td>Local Governance</td>
<td>1.4</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Commissions</td>
<td>0.4</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Local Government Elections</td>
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<td>0.3</td>
<td>0.3</td>
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<tr>
<td>Council of Economic Advisers</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
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<td>10.4</td>
<td>10.4</td>
</tr>
<tr>
<td>of which:</td>
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<tr>
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<tr>
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</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Improving Public Services, Digital Public Services and Local Governance budgets provide support to programmes and projects designed to create public services that are digital first, reliable, efficient and person-centred. The aim is to help achieve better outcomes for people and communities, through a focus on prevention, on closer integration of services at the local level, on performance improvement and through enabling new ways of working to make the best use of the assets and potential of Scotland’s people, including the public sector workforce.

The Commissions budget funds the work of the Local Government Boundary Commission for Scotland, which is an advisory NDPB that is responsible for statutory and ad-hoc reviews of electoral and administrative arrangements.

The Local Government Elections budget will meet the costs associated with the Scottish Government’s initiatives on improving the co-ordination and administration of elections. The Scottish Government is currently in negotiations with the Scotland Office regarding the transfer of responsibility for running Scottish Parliament Elections. This will have financial implications for the 2015-16 budgets.

The main purpose of the Council of Economic Advisers’ budget is to support the provision of economic advice to Ministers, both privately in meetings and publicly through its Annual Report. The majority of the costs incurred are due to travel expenses and subsistence for the members attending meetings. Members are not paid.
Budget changes

Minor changes in level 3 figures for Improving Public Services, Digital Public Services and Local Governance to reflect changes in responsibilities within the Scottish Government.

In 2014-15 and 2015-16 we will:

- continue with development of the mygovscot portal to give people in Scotland clearer access to the public services available to them, no matter what organisation provides them. The launch of mygovscot is expected in 2014 and will be based on a re-iteration of earlier releases using the agile development process;

- develop our approach to effective use and management of public sector data as part of our drive to improve service delivery; including open data, data innovation, spatial information and data sharing;

- ensure delivery of local outcomes, which in turn help to achieve Scotland’s National Outcomes, by supporting community planning and wider engagement. The Scottish Government provides a range of support to Community Planning Partnerships, Community Councils and community organisations to build capacity in outcomes-based working at the local level;

- continue to support the development of Business Improvement Districts across Scotland, which encourages businesses to invest collectively in local improvements and thereby contribute to the sustainable economic growth of the local economy; and

- fund the Electoral Management Board for Scotland and support the Electoral Commission in the exercise of its statutory activities.

Planning

Table 4.05: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
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<td>Planning</td>
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<td>Building Standards</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
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<tr>
<td>Architecture and Place</td>
<td>1.5</td>
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<td>1.4</td>
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<td>Planning and Environmental Appeals</td>
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<td>0.7</td>
<td>0.7</td>
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<tr>
<td>Total</td>
<td>3.6</td>
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<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
What the budget does

The Planning budget supports the purpose of increasing sustainable economic growth through key elements of the planning modernisation programme. These include the ongoing development of the e-planning project, which has transformed access to the planning system; support for community engagement and sustainable communities, principally through funding to Planning Aid for Scotland; the Charrette programme of community engagement and promotion of good practice. In addition, the budget covers the work undertaken by the Environmental Assessment team in providing guidance for mandatory environmental assessments across all sectors of government.

The largest portion of the budget provides sponsorship to Architecture and Design Scotland, which carries out a variety of advisory roles to improve the quality of Scotland’s built environment. It also provides funding that supports the National Outcome that we value and enjoy our built and natural environment.

The Building Standards budget provides for the preparation and updating of building standards legislation and guidance documents, including implementation of the recommendations in the Low Carbon Buildings Strategy for Scotland. A key work area is to ensure that European obligations are met and the main priority is the Energy Performance Certificate (EPC) element of the Energy Performance of Buildings Directive to ensure that the Green Deal can be delivered.

The Planning and Environment Appeals budget provides for determination of appeals made to Scottish Ministers under planning and environmental legislation against decisions made, or enforcement action taken, by planning authorities and the Scottish Environment Protection Agency. It conducts examinations of strategic and local development plans and inquiries held in relation to compulsory purchase orders, transport and other infrastructure projects such as onshore renewables and core path plans which promote access to the countryside.

In 2014-15 and 2015-16 we will continue the implementation of a modernised planning system to support sustainable economic growth and ensure that the right development is located in the right place. This will include:

- continuing reform of domestic and non-domestic permitted development and greater focus on development delivery and viability;
- continuing our progress towards a well-resourced planning system with an appropriate system of fees and charges in the context of a new performance framework agreed across local and central government, agencies and the private sector; and
- complete the National Planning Framework 3 scheduled for June 2014.
Enterprise, Energy and Tourism

Table 4.06: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
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<th>2015-16 Plans £m</th>
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<td>115.9</td>
<td>81.9</td>
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<td>Tourism</td>
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<td>56.9</td>
<td>45.7</td>
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<tr>
<td>Innovation and Industries</td>
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<td>8.7</td>
<td>8.7</td>
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<td>(40.0)</td>
<td>(40.0)</td>
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<td>64.5</td>
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<tr>
<td>AME</td>
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<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Enterprise budget is focused on supporting growth companies, growth sectors and growth markets.

The Enterprise Bodies budget funds SE and HIE and includes budget for Scottish Development International (SDI) and for grants provided through the SMART: Scotland programme and the Regional Selective Assistance scheme. SE and HIE focus on developing those sectors in which Scotland has a comparative advantage, as well as supporting businesses expanding into new markets, helping companies invest in innovation and commercialise research, providing finance through the Scottish Investment Bank and supporting companies to develop their leadership and workforce. Core to this is the switch to the low carbon economy, which offers Scotland economic advantages from its wealth of natural resources. In addition to its key role of supporting sustainable economic growth in the Highlands and Islands area, HIE also plays an important role in strengthening local communities, particularly in some of Scotland’s most fragile areas.

The Energy sector is a key driver in Scotland’s economy. We must ensure that we have the domestic skills, supply chain and research and development capacity to benefit companies with Scottish bases, and providing employment opportunities across the country.

The Energy budget for 2014-15 will help maintain Scotland’s position as one of the world’s most attractive destinations for renewable energy investment, development and deployment.
The Tourism budget supports VisitScotland, enabling it to continue to undertake award-winning campaigns to promote Scotland as a tourism destination, both within the UK and in key overseas markets. As part of wider equalities actions, VisitScotland is working with partners to boost accessible tourism, with a particular focus on disabled and older people.

Our continuing levels of support to VisitScotland reflect the unique potential of the major events in 2014 to contribute to tourism growth in Scotland and realise significant short-term economic return.

On innovation, we are seeking to enhance collaboration between business and the science base, improve business innovation and investment in research and development, and thereby increase sustainable economic growth. We will be publishing in the Autumn of 2013 a new framework for boosting innovation and entrepreneurship in Scotland. The Innovation and Industries budget supports this work through funding of a number of programmes including specific knowledge transfer activity managed by the Scottish Funding Council and the EDGE fund.

**Budget changes**

Budget changes since the publication of the Draft Budget 2013-14 are as follows:

- Enterprise Bodies received additional capital funding of £2.9 million in 2013-14. They have a net increase in 2014-15 of £6.8 million, which includes a transfer of resource to capital of £41.8 million;

- Tourism received additional funding of £0.9 million in 2013-14 and £5.4 million in 2014-15;

- Energy funding has changed from £102.0 million in 2014-15 to £81.9 million to reflect reprofiling of capital expenditure and restructuring within the Scottish Government. Total Energy budgets over the spending period (2014-16) however are not reduced overall and remain at a similar anticipated spend level;

- We recognise that the spending of public sector funding has not happened as quickly as we would have hoped particularly within Renewables. We believe this is a reflection of the industry caution given the uncertainty over UK Energy policy, in particular Electricity Market Reform and that once there is clarity over final strike prices in the new support framework, together with certainty on the impact of the reforms, market confidence and greater investment will follow. We have therefore boosted the energy spend in 2015-16 to coincide with this to maximise benefit of investment in Scotland.

- A further £6 million will be deducted in year 2013-14 and £12 million in each of 2014-2015 and 2015-16 to meet the anticipated costs of the Enterprise Areas business rates relief scheme and will transfer to the Local Government budget.
In 2014-15 and 2015-16 we will:

- continue to take action to support the priorities identified in the *Government Economic Strategy* and in particular provide significant capital resources to assist with continuing economic recovery;

- provide an additional £3 million per annum to support entrepreneurship and innovation;

- provide £74 million in Financial Transaction resources over the two years to support energy efficiency measures and to assist company growth and infrastructure projects.

- our enterprise bodies will be active on behalf of their account-managed companies with advisory support, and are working with the banks to help improve the chances of account-managed companies securing funding;

- Scottish Development International will work to attract new inward investment. Scotland’s International Trade and Investment Strategy has set a target of 25,000-35,000 planned jobs through inward investment between 2011 and 2015, and we are on track to achieve this;

- we will further promote and develop Scotland’s four Enterprise Areas to encourage businesses to set up and grow in these strategic locations while supporting the development of supply chain links between Enterprise Areas and businesses in the surrounding area and across Scotland. We will also capitalise on opportunities where the Highlands and Islands has a comparative advantage such as renewable energy — combined with the development of the University of the Highlands and Islands (UHI) and the provision of superfast broadband;

- we will continue to build on Scotland’s position as a leading centre for investment in offshore wind technology and at the cutting edge of developments in marine energy. Other priorities include supporting more community and home renewables projects, and an increase in renewable and low carbon heat schemes. As part of our construction, skills and green economy investment we will use a Green Deal transfer from the UK Government to increase expenditure on domestic energy efficiency measures. We will also use existing energy budget provision to increase public sector energy efficiency measures and help with peatland restoration in the Rural Affairs and Environment portfolio;

- we are providing VisitScotland with the resources to allow it to maximise the opportunities presented by major events taking place in the run up to and during 2014. VisitScotland will: help partners secure major conferences through the Conference Bid Fund; grow Scotland’s reputation as a quality destination through its Quality Assurance advisory services; deliver the Themed Years and Homecoming 2014 programmes; and strengthen and promote Scotland’s events industry and help deliver the National Events Strategy; and
Ministers have since 2012-13 challenged the bodies included in the Strategic Forum (SE, HIE, VisitScotland, Skills Development Scotland and the Scottish Funding Council) to work together, and with other public bodies, to achieve savings through greater collaboration and alignment. This challenge continues for 2014-15 and for 2015-16 and we will set the target for each of the five bodies before the start of the budget year.

### Third Sector

**Table 4.07: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Third Sector</td>
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<tr>
<td>Reducing Re-offending Change Fund</td>
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<tr>
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<td><strong>24.5</strong></td>
<td><strong>24.5</strong></td>
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<td><strong>of which:</strong></td>
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<tr>
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<td>24.5</td>
<td>24.5</td>
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<tr>
<td>DEL Capital</td>
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<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**What the budget does**

The third sector is at the centre of our communities – contributing to their empowerment and sustainability and to transforming the lives of the people in them. It also has a vital role to play in the design and delivery of our public services and in shaping the society in which we live. It is essential therefore that we continue to invest in the sector and particularly as we continue to experience the challenges of the current economic climate. The budget supports the development of a thriving third sector, the growth of social enterprise and entrepreneurship; the building of capacity and leadership, the empowerment of communities and the engagement of the sector as a key social partner in the planning, design and delivery of public services. It enables work to focus on prevention, improvement and community empowerment building on the assets of individuals and communities.

We are supporting the sector’s capacity to utilise its assets, to capitalise on the resources, talent and energies of local communities, to build its networks and social capital, to strengthen its focus on prevention activity and to work to mitigate the worst effects of welfare reform. Our budget acknowledges the contribution that volunteering makes to the support in local communities and the importance of community and third sector leadership within local community planning partnerships.

In the coming period we will work closely with the third sector to enable current and future investment to support and enhance this approach.
Funding focuses on strengthening the sector and its infrastructure, supporting the opportunities for enterprise and social innovation, building the capacity and leadership of the sector; enabling its important role in public service reform and prevention; and encouraging the social enterprise model to increase the sector’s economic contribution.

The budget will continue to support the engagement of the third sector in work around prevention and change currently focusing on reducing re-offending, early years and reshaping care.

In 2014-15 and 2015-16, to maximise the contribution of the third sector, we will:

- provide support for capacity building and business development to generate capable, sustainable communities and enterprising third sector organisations;
- invest in the development and growth of social enterprises and enterprising third sector organisations;
- continue to support the public sector to ensure its markets are open to the third sector and to support the development of strategic exemplar public social partnerships;
- invest in the national and local infrastructure to support third sector engagement and participation, and to strengthen the voice and leadership of the sector;
- enable the third sector to play a full role in public service reform and programmes of prevention, and to strengthen the empowerment of communities; and
- support the third sector to play a full partnership role with Community Planning Partnerships.

**Accountant in Bankruptcy**

**Table 4.08: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant in Bankruptcy</td>
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<td><strong>1.8</strong></td>
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<tr>
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<td>1.3</td>
</tr>
<tr>
<td>DEL Capital</td>
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<td>0.5</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
What the budget does

Accountant in Bankruptcy (AiB) is an Executive Agency of the Scottish Government. AiB supervises the process of personal insolvency in Scotland, approves debtor applications for bankruptcy, acts as Trustee in bankruptcy, investigates complaints against private sector Trustees in bankruptcy, and acts as the Administrator in the Debt Arrangement Scheme. This includes approving money advisers, payment distributors and debtors’ debt payment programmes. AiB also maintains the public register of bankruptcies, Protected Trust Deeds and company insolvencies. It has the policy lead for the development of policy in relation to bankruptcy, corporate insolvency, the Debt Arrangement Scheme and diligence.

Budget changes

In 2014-15AiB will be developing a new case information system to replace their existing system, which is now in need of refresh. Planned capital spend for the year 2014-15 is £1.5 million to deliver the new system and further develop related IT systems. Residual project spend of £0.5 million is expected in 2015-16. The IT developments will provide the new functionality required as part of the legislative changes set out in the Bankruptcy and Debt Advice (Scotland) Act, to be implemented in April 2015. The cost of these systems will be recovered in future years.

In 2014-15 and 2015-16 the Agency will:

- deliver, in conjunction with stakeholders, a range of options for individuals seeking debt relief and debt management;
- support Ministers to develop and refine policy;
- supervise the process of debt relief;
- continue on the journey towards full cost recovery; and
- deliver a new case information system and develop related IT systems in order to meet its changing needs and increase service efficiencies.

Registers of Scotland

Table 4.09: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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</thead>
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<tr>
<td>Registers of Scotland</td>
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<td>Total</td>
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</tr>
<tr>
<td>DEL Resource</td>
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<tr>
<td>DEL Capital</td>
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<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
What the budget does

Registers of Scotland (RoS) is a Trading Fund and self-financing from fees so does not receive direct funding from government. RoS provides a vital service to Scotland’s economy and property market through its registration activities. The Keeper of the Registers is responsible for the registration of all property ownership and rights in land in Scotland as well as maintaining and supplying information from a range of other public registers.

The changes brought about by the new Land Registration etc. (Scotland) Act 2012 will modernise and improve the functionality of RoS Land Registration from 2014-15 onward, developing better digital processes to benefit both Scottish businesses and the citizen and supporting the vision and principles set out in the National Digital Public Services Strategy.

RoS will also have a role in the collection of Land and Buildings Transactions tax for Revenue Scotland from April 2015 and is operating a new Crofting Registration services on a voluntary basis, which becomes compulsory from November 2013.

Office of the Scottish Charity Regulator

Table 4.10: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<tbody>
<tr>
<td>Office of the Scottish Charity Regulator</td>
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<td>DEL Capital</td>
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</tbody>
</table>

What the budget does

The Office of the Scottish Charity Regulator (OSCR) is the independent registrar and regulator for Scottish charities. It has a statutory function to determine the charitable status of bodies, to keep the public register of charities (the definitive on-line register contains details of over 23,500 charities), to encourage, facilitate and monitor compliance by charities, and to identify and investigate apparent misconduct in the administration of charities, taking remedial or protective action as appropriate. OSCR also has a duty to give information or advice or to make proposals to Scottish Ministers on matters relating to its functions.
In 2014-15 and 2015-16, OSCR will focus resources on:

- improving the long-term sustainability of the charity sector by developing greater competence and better governance, primarily through an outreach programme, working with intermediaries and advisors, and issuing clear and relevant guidance;

- continuing the review, evaluation and revision of its comprehensive monitoring programmes with a view to implementing a more efficient, risk-based framework, aimed at looking at the right charities at the right time, and to the right extent; and

- consolidating the on-line services for charities and the public, building on earlier capital investment, including enhancing the information about charities which the public can access from the on-line register.
PORTFOLIO RESPONSIBILITIES

The Education and Lifelong Learning portfolio is responsible for government policy related to improving outcomes for children, young people and in collaboration with colleagues in Health and Social Care Directorates, users of social care. It covers all aspects of early years, school education and national qualifications; university research and science; further and higher education; as well as community and adult learning and development, skills and training; and Gaelic language broadcasting. The majority of the budget is contained within the local government settlement which provides for local authority delivery of school education and social work.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH

Providing opportunities to enable individuals and their families to improve their life chances, and supporting them to make the most of those opportunities, is key to ensuring that all of Scotland's citizens are able to participate fully in creating a more prosperous nation. In spite of budget decisions taken at a UK level, we are clear that investment in education, training and research must be a priority and through this budget we will continue to build on the strong foundations we have already put in place.

In the early years, the portfolio continues to provide a strong base for all of Scotland's children, irrespective of background, to develop, learn and achieve their potential. The economic climate, and the tough choices it has forced upon individuals and families, makes early intervention all the more important. Our decision to shift spend towards prevention and early intervention, with Community Planning Partnerships (CPPs) supported to deliver improved outcomes for children in the early years through the Early Years Collaborative, has resulted in a robust set of mechanisms aimed at ensuring that Scotland’s children and families get the best start in life.

The portfolio ensures that this support continues when young people enter full time education. Curriculum for Excellence ( CfE ) is providing our young people with an education which will enhance their prospects and provide them with the skills and behaviours needed to ensure they are able to succeed, in learning, life and work.

Scotland’s Schools for the Future Programme represents a strong commitment to improving the quality of Scotland’s school estate. We are investing £800 million towards a total package of £1.25 billion of investment resulting in the construction of 67 new schools by 2018. This includes a further 30 new schools to be built through the third and final phase of the Programme, announced in September 2012, and has given certainty
to the construction industries, providing a welcome boost to our economic recovery. The proportion of schools reported as being in good or satisfactory condition has increased from 61 per cent in April 2007 to 82 per cent in April 2012.

Government support for Gaelic has made a significant contribution to supporting recovery and increasing sustainable growth. In addition to providing support in many urban areas of Scotland, much Gaelic funding helps operations in areas of low population and has the added advantage of working to preserve a distinct language and cultural community in Scotland. For example, investment in Gaelic Medium Education infrastructure not only expands the resources and support for Gaelic Medium pupils and teachers but also creates construction jobs and jobs in the schools themselves.

The challenging economic climate has increased the importance of training opportunities as well as further and higher education places. The educational, economic and social benefits these opportunities bring are key to ensuring that Scotland has a well-educated and skilled workforce, capable of attracting – and retaining – interest from employers. This, in turn, will support individuals of all backgrounds into employment.

Scotland is the only country in the UK with a dedicated Minister for Youth Employment. When the Minister was appointed in December 2011 the youth unemployment rate in Scotland was 25.4 per cent (113,000 people), it is now 19.1 per cent (77,000 people). Only eight out of the 28 EU countries have a lower youth unemployment rate.

As part of the post-16 reform work the portfolio has delivered a significant restructuring of post-16 education aimed at creating better life chances for young people and ensuring that they are better prepared for work. The delivery of the Post-16 Education (Scotland) Act 2013 provides a basis for improving college and university governance, ensuring they are fit for the 21st century, and improving access to university for students from under-represented backgrounds. It will also provide the structures which will underpin our significant programme of college regionalisation, supporting the four merged colleges vesting on 1 August 2013 with a further four college mergers planned with vesting in November 2013. As the full extent of savings from mergers come through we have also established a clear ‘floor’ for the level of funding from the Scottish Government to the college sector. We will also continue to invest heavily in a more efficient estate which can help to reduce outgoings. Spending on further education will be stable during the period of the Spending Review.

We will ensure that key spending on university provision which has sustained the international excellence of our higher education system and its vital contribution to the national economy is continued. In 2013-14 we allocated over £1 billion in the budget to universities – a cash terms increase of 3.9 per cent on the previous year’s budget – and this investment will be maintained. The portfolio has delivered record high numbers of full time students in higher education at Scotland’s colleges and universities – 199,430 full time students for 2011-12 up from 178,680 in 2006-07.

Our Higher Education Institutions are also developing ever closer links with industry. For example, in collaboration with Scottish Enterprise and Highlands and Islands Enterprise, the Scottish Funding Council is developing a network of Innovation Centres across Scotland’s key sectors. These centres of excellence will be collaborations between universities, businesses and others to enhance innovation across Scotland’s key sectors, providing direct industry-academia links.
NATIONAL OUTCOMES

The policies, activities and expenditure of the Education and Lifelong Learning portfolio contribute to a number of national outcomes, especially the following:

● our children have the best start in life and are ready to succeed;
● we have improved the life chances for children, young people and families at risk;
● we are better educated, more skilled and more successful, renowned for our research and innovation;
● our young people are successful learners, confident individuals, effective contributors and responsible citizens;
● we realise our full economic potential with more and better employment opportunities for our people;
● we take pride in a strong, fair and inclusive national identity; and
● we have tackled the significant inequalities in Scottish society.

Activity across the portfolio contributes to delivery of each of these outcomes.

For example, the portfolio has introduced the Children and Young People (Scotland) Bill which will reflect a significant step forward in ensuring that our children have the best start in life and are ready to succeed. This Bill, which is intended will become law in early 2014, will create an obligation on councils, the health service and Government to deliver early years services and to see early years education as an essential part of the learning journey. Changes in legislation brought about by the introduction of this Bill will enable a step change in the way in which young people and their families are supported.

We have improved the life chances for children, young people and families at risk and taken steps to tackle the significant inequalities in Scottish society by delivering on our manifesto commitment to establish a £50 million Sure Start Fund as the Scottish Government’s contribution to the Early Years Change fund – a partnership between Scottish Government, local government and NHSScotland – aimed at supporting and nurturing children in the first years of their life. We have also established the Early Years Collaborative – the world’s first national, multi-agency quality improvement collaborative – with CPPs working across Scotland using quality improvement methodology to give our children the best start in life. In addition, we have provided £15 million (with a further £15 million committed for 2014-15) to over 140 third sector organisations to support their work on early intervention and prevention. The reduction of educational inequity through CfE and targeted interventions to close the attainment gap which has existed in Scotland for far too long is a priority for the coming years.

The portfolio continues to deliver a number of key policies which collectively contribute to ensuring that we are better educated, more skilled and more successful, renowned for our research and innovation and that our young people are successful learners, confident individuals, effective contributors and responsible citizens. The first group of learners entered their Senior Phase of Curriculum for Excellence in 2013 and the portfolio is developing a new generation of National Qualifications from the 2013-14 academic year to meet the needs of these learners. These young people are being supported by highly
skilled teachers, with Scotland now having the lowest level of teacher unemployment in the UK. Recognising the crucial role of teachers in helping the achievement of these outcomes, the portfolio supports the development of the profession as well as national support and challenge through Education Scotland.

The portfolio’s increased focus on providing Gaelic Medium Education reflects real steps towards the Scottish Government’s goal to take pride in a strong, fair and inclusive national identity. The portfolio has delivered on the manifesto commitment to promote the acquisition, use and status of Gaelic through the implementation of the Gaelic Action Plan, which was put in place in 2009 and revised in 2012 by the National Gaelic Language Plan. In addition, the portfolio has a £4.5 million Gaelic Grant for Gaelic Medium Education. In addition to providing support in many urban areas of Scotland, much Gaelic funding helps operations in areas of low population and has the added advantage of working to preserve a distinct language and cultural community in Scotland. Our support for Gaelic through the arts, education, media and other sectors will seek to create a secure future for Gaelic in Scotland and the opportunity to learn Gaelic, alongside other languages, will be enhanced as the ‘Barcelona System’ is rolled out in Scottish education.

The varied interventions that the portfolio has introduced since 2011 have also contributed to ensuring that we realise our full economic potential with more and better employment opportunities for our people. Since April 2012, Opportunities for All has offered an appropriate place in learning or training for all 16-19 year olds not in education, employment or training.

We will invest £30 million between 2012 and 2015 to support youth employment initiatives, including £11 million invested in Community Jobs Scotland, £1.5 million over three years to support provision of an employer recruitment incentive for targeted groups and £9 million allocated to six local authorities with significant youth unemployment challenges supporting around 3,500 young people. In addition to this, 2013-14 saw the creation of the Employability Fund, a £52 million fund which draws together investment from the Scottish Funding Council and Skills Development Scotland in pre-employment training, ensuring provision is better tailored towards the needs of participants and local labour markets. This will continue during the period of the Spending Review.

**BUDGET CHANGES**

The following changes have been made to our spending plans since publication of the Scottish Draft Budget 2013–14:

We have allocated an additional £19 million of resource funding to the university sector in 2014-15 compared to 2013-14 and will maintain that in 2015-16.

The Office of National Statistics has reclassified Scotland’s incorporated colleges as public sector (central government) bodies. Whilst this decision has no impact on the level of funding provided for Scotland’s colleges, the central government classification requires that the full income and expenditure budget for the sector is recorded against Departmental Expenditure Limits. The budget disclosed in this document has therefore
been adjusted to show the full income and expenditure for the sector at an aggregate level. Funding for the sector will continue to be routed through the Scottish Funding Council as cash grant in aid.

Scottish Ministers remain committed to the £522 million net cash resource funding floor for Scotland’s colleges established for 2013-14 and which is now increased to £526 million for 2015-16.

We have reallocated resources anticipated from efficiencies and underspends in a number of areas across the portfolio to invest £5 million in continued support for third sector Strategic Funding Partnerships and £2 million to support additional pressures on the Scottish Social Services Council.

There have been a number of other smaller changes to realign responsibilities across the portfolio and within wider Scottish Government as a whole, but with minor net effect on the overall funding available to the portfolio.

**OUR PRIORITIES**

In 2014-15 and 2015-16 we will:

- continue to prioritise investment in the first years of life – where we believe we will have the biggest impact – and preventative spend at the earliest point where problems emerge. Our Early Years funding and funding of the third sector will work to improve life chances, building capacity within both CPPs and the third sector to deliver vital services to those who need them most;

- by August 2014, use the new powers available through the Children and Young People (Scotland) Bill to increase free and more flexible provision of early learning and childcare from 475 to 600 hours per year for 3 and 4 year olds, and 2 year olds who are looked after or are under a kinship care order – an increase of 45 per cent from 2007, and benefiting around 120,000 children in Scotland;

- continue our investment in school infrastructure across the whole of Scotland. By March 2018 the Government’s £1.25 billion Schools for the Future Programme will see the construction of 67 new schools built for over 46,000 pupils. These schools will be built in every part of Scotland in partnership with local authorities. As a result of efficiencies delivered through the Scottish Futures Trust an extra 12 schools will be built, over and above the 55 initially envisaged at the outset of the programme in June 2009, for the same level of investment;

- continue to ensure that children and young people develop the knowledge and understanding, skills, capabilities and attributes which they need for mental, emotional, social and physical wellbeing now and in the future;

- ensure an increase in the numbers learning, speaking and using Gaelic;

- maintain our commitment and focus on supporting more of Scotland’s young people into education, training or employment, with appropriate support and opportunities for targeted groups through Opportunities for All;

- secure the benefits of college regionalisation by maintaining the funding floor whilst continuing to invest in a more efficient college estate;
● support universities with over £1 billion each year ensuring that the sector remains internationally competitive and contributes ever more strongly to the national economy; and

● continue to deliver on our commitment to ensure that education is based on the ability to learn and not the ability to pay by keeping higher education free for Scottish students and continuing to deliver on our commitment to support the poorest students with a minimum income of £7,250 per year in maintenance support.

Table 5.01: Spending Plans (Level 2)

<table>
<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<td>Employability Skills and Lifelong Learning</td>
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<td>SFC</td>
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Table 5.02: Spending Plans (Level 2 real terms) at 2013-14 prices

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<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<td>Learning</td>
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<td>170.8</td>
</tr>
<tr>
<td>Children and Families</td>
<td>96.7</td>
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<td>Employability Skills and Lifelong Learning</td>
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<td>235.2</td>
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Learning

Table 5.03: More Detailed Spending Plans (Level 3)

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<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
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<td>66.7</td>
<td>71.7</td>
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<tr>
<td>Strategy and Performance</td>
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<td>Learning and Support</td>
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<td>Gaelic</td>
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<td>Education Scotland</td>
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<td><strong>Total</strong></td>
<td><strong>183.7</strong></td>
<td><strong>173.0</strong></td>
<td><strong>177.2</strong></td>
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</table>

*of which:*

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<tr>
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<th>2013-14 £m</th>
<th>2014-15 £m</th>
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<tr>
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<tr>
<td>AME</td>
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</tbody>
</table>

What the budget does

The majority of expenditure on school education in Scotland is funded by local authorities from the budgets outlined in chapter 12.

The Learning Directorate budget delivers national challenge and improvement support for education. It funds Education Scotland and the Scottish Qualifications Authority.

Budget changes

In 2014-15 and 2015-16 we will:

- work with national partners, local government and others to ensure that *Curriculum for Excellence* continues to deliver improvements for learners which help our young people to become successful, confident, responsible and contributing citizens of tomorrow. We will continue the effective introduction of new National Qualifications (including new Highers in 2014/15 and Advanced Highers in 2015-16) and the implementation of the assessment framework;

- continue to develop and support projects designed to maintain improvement in the quality of teaching in Scotland at various levels, with a view to achieving Ministers’ aspirations that teaching becomes a Masters level profession. Such quality improvements, while important in their own right, are also a key factor in improving attainment and delivering educational policy commitments through CfE. They will also help to tackle the link between deprivation and attainment;

- continue to secure appropriate progress in reduction of class sizes and support the joint commitment with COSLA to maintain teacher numbers. Achieving these objectives in the context of increasing school rolls will most likely require the funding of additional places for initial teacher education and associated workforce planning activity;
● continue to work to maintain entitlement to Free School Meals in Scotland in the context of welfare reform;

● continue to support both the work of the National Implementation Board, established to take forward proposals to improve the full spectrum of teacher education following the Donaldson Review, and the work to establish a college of educational leadership in Scotland;

● drive forward our ambitious plans to create the conditions in which all children and young people can learn two languages in addition to their mother tongue by 2020;

● continue to support the development and delivery of Glow and associated infrastructure in Scotland, enabling our children and young people to benefit from leading technologies to support their learning;

● continue to support the implementation of equalities and inclusion, including support for services to support children and young people with additional support needs, and supporting all children and young people to have equal opportunity to access, and benefit from, learning; and

● support a range of projects and initiatives that increase the numbers learning, speaking and using Gaelic and in so doing support a number of National Outcomes and contribute to the Scottish Government public service reform agenda:
  ○ continue to promote, support and expand Gaelic education at all levels;
  ○ support Bord na Gaidhlig promoting the use of Gaelic in Scottish public life;
  ○ support the operation of MG ALBA in partnership with the BBC;
  ○ promote the use of Gaelic in Scottish cultural and community life; and
  ○ promote the use of the Scots language in Scottish cultural life and work with Education Scotland to deliver the network of Scots co-ordinators.

Level 2 Children & Families

Table 5.04: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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</thead>
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<td><strong>99.5</strong></td>
<td><strong>94.9</strong></td>
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<td><strong>of which:</strong></td>
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<td></td>
</tr>
<tr>
<td>DEL Resource</td>
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<tr>
<td>DEL Capital</td>
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<tr>
<td>AME</td>
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</tr>
</tbody>
</table>
What the budget does

Most of the expenditure on children’s services is channelled through local authorities and NHS Boards. The Children and Families budget primarily supports the functions of the Scottish Children’s Reporters Administration, Scottish Social Services Council and Children’s Hearings Scotland, building on the reform of the children’s hearings system. It provides support for specific workforce development activities for the social services sector and also for Centres for Excellence providing training and support for the workforce on specialist areas such as residential child care and youth justice. It also supports a broad range of activity to improve children’s services, including commitments shared with local government, such as the development of strategic commissioning strategies and improvements to care and permanence planning for looked after children.

Budget changes

In 2014-15 and 2015-16 we will:

● through our Early Years Collaborative, deliver tangible improvement in outcomes for vulnerable children – putting Scotland squarely on course to shifting the balance of public services towards early intervention and prevention by 2016;

● continue to invest to improve life chances. The Children and Young People (Scotland) Bill will strengthen children’s rights and set in legislation key elements of our Getting it Right for Every Child approach to ensure that every child and family gets the support and help they need when they need it. It will also include elements to ensure better permanence planning for looked after children;

● continue, primarily through our funding for the Scottish Social Services Council, to protect and support vulnerable individuals, families and the wider public by driving and supporting the development of a regulated, competent, confident and valued social services workforce;

● continue to improve support for frontline child protection professionals, particularly in the areas of child sexual exploitation and neglect;

● support the transformation of children’s services from being reactive to being focused on prevention and early intervention through strategic commissioning. We will also seek to improve standards in the provision of foster care in relation to the recommendations of the National Foster Care Review 2013; and

● continue to support implementation of the Whole Systems Approach to youth justice to maximise early intervention and minimise the impacts on young people coming to the notice of the police.
Employability & Skills

Table 5.05: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
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<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

These budgets support policy and development relating to all aspects of lifelong learning. This includes our investment in skills and national training programmes and our continued support for young people to develop their skills as they move into training and work.

Budget changes

In 2014-15 and 2015-16 we will:

- deliver our ongoing commitment to 25,000 Modern Apprenticeships, through a continued focus of the Employability Fund on young people, and by maintaining financial support for employers to enable them recruit and train young people while strengthening and growing their businesses;
- continue to better align skills provision with labour markets and ensure the delivery of Skills Investment Plans for key sectors;
- continue to support public science engagement initiatives across Scotland that promote a culture of science and raise awareness of its relevance and importance, and promote the study of science and the pursuit of science careers. This includes: Scotland’s four science centres and 19 science festivals; our Talking Science outreach programme; key educational partners including the Institute of Physics, Generation Science, the British Science Association and the Engineering Development Trust; and a number of school science clubs, competitions and prizes;
- drive better job outcomes for those of all ages who are disadvantaged in the labour market. This will be achieved through improved partnership working and greater links between employability and economic development by the Scottish Employability Forum at a national level and supporting the work of CPP employability partnerships at a local authority level; and
- fully respond to the recommendations of the Commission for Developing Scotland’s Young Workforce report on vocational training and skills.

Scottish Funding Council

Table 5.06: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Operational Expenditure</td>
<td>–</td>
<td>687.1</td>
<td>691.1</td>
</tr>
<tr>
<td>College Operational Income</td>
<td>–</td>
<td>(165.4)</td>
<td>(165.4)</td>
</tr>
<tr>
<td>Net College Resource</td>
<td>511.7</td>
<td>521.7</td>
<td>525.7</td>
</tr>
<tr>
<td>Higher Education Resource</td>
<td>1,041.6</td>
<td>1,060.9</td>
<td>1,062.5</td>
</tr>
<tr>
<td>College Capital Expenditure</td>
<td>–</td>
<td>46.1</td>
<td>39.5</td>
</tr>
<tr>
<td>College Capital Receipts</td>
<td>–</td>
<td>(19.5)</td>
<td>(19.5)</td>
</tr>
<tr>
<td>Net College Capital</td>
<td>28.0</td>
<td>26.6</td>
<td>20.0</td>
</tr>
<tr>
<td>Higher Education Capital</td>
<td>28.7</td>
<td>34.8</td>
<td>16.0</td>
</tr>
<tr>
<td>SFC Admin</td>
<td>7.9</td>
<td>7.9</td>
<td>7.9</td>
</tr>
<tr>
<td>Total</td>
<td>1,617.9</td>
<td>1,651.9</td>
<td>1,632.1</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>1,561.2</td>
<td>1,590.5</td>
<td>1,596.1</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>56.7</td>
<td>61.4</td>
<td>36.0</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Scottish Funding Council budget funds strategic investment in Scotland’s colleges and higher education institutions (including the Open University in Scotland). This funding will support the development and delivery of study programmes that offer coherent high-quality provision for learners across Scotland. It will also enable universities to undertake world-class research to maintain Scotland’s international competitiveness.

Budget changes

An additional £51 million has been provided to the Scottish Funding Council to ensure that the commitment of £522 million to the college sector is delivered across 2014-15. The funding floor has been increased to £526 million in 2015-16.
The Office of National Statistics has reclassified Scotland’s incorporated colleges as public sector (central government) bodies. Whilst this decision has no impact on the level of funding provided for Scotland’s colleges, the central government classification requires that the full income and expenditure budget for the sector is recorded against Departmental Expenditure Limits. The budget disclosed in this document has therefore been adjusted to show that full income and expenditure for the sector at an aggregate level. Funding for the sector will continue to be routed through the Scottish Funding Council as cash grant in aid. Aggregate information is prepared for 2014-15 on the basis of returns provided by the sector. That sectoral breakdown is not available for 2015-16 and the figures quoted here establish an estimated baseline that will be refined as information becomes available in due course.

In 2014-15 an additional £5 million capital will be allocated to higher education to support increased research and development capacity in the university sector.

In 2014-15 and 2015-16 we will:

- implement the Post-16 Education (Scotland) Act 2013 which introduces:
  - legal backing for widening access agreements;
  - principles of good governance for the university sector;
  - significant changes to the way colleges are governed to improve public accountability;
  - twelve regional chairs for the college sector, appointed through the public appointment process; and
  - a requirement that college and university governing bodies consider equality duties when appointing governors.

- continue to ensure that colleges use this investment to deliver the best outcomes for learner and businesses through ambitious regional outcome agreements;

- maintain our investment of over £1 billion each year in the university sector;

- continue to provide public value for money by encouraging ambitious outcome agreements with universities and support access to higher education for students from poorer areas through additional widening access places;

- continue to provide support for university places in key subjects likely to address skills gaps and have the greatest economic impact; and

- continue to fund initiatives to support and enhance knowledge exchange including the ground-breaking Innovation Centres.
### Higher Education Student Support

**Table 5.07: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Support and Tuition Fee Payments</td>
<td>302.4</td>
<td>306.0</td>
<td>305.5</td>
</tr>
<tr>
<td>Student Loan Company Administration Costs</td>
<td>5.0</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Student Loan Interest Subsidy to Bank</td>
<td>4.5</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Cost of Providing Student Loans (RAB Charge)</td>
<td>134.0</td>
<td>181.6</td>
<td>302.1</td>
</tr>
<tr>
<td>SAAS Operating Costs Resource</td>
<td>8.3</td>
<td>10.3</td>
<td>10.3</td>
</tr>
<tr>
<td>SAAS operating Costs Capital</td>
<td>0.4</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>SAAS DEL Total</strong></td>
<td><strong>454.6</strong></td>
<td><strong>506.4</strong></td>
<td><strong>626.4</strong></td>
</tr>
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<td><strong>AME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Student Loans Advanced</td>
<td>408.3</td>
<td>468.3</td>
<td>468.3</td>
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<tr>
<td>Capitalised Interest</td>
<td>(50.0)</td>
<td>(52.0)</td>
<td>(52.0)</td>
</tr>
<tr>
<td>Student Loans Fair Value Adjustment</td>
<td>(72.0)</td>
<td>(72.0)</td>
<td>(72.0)</td>
</tr>
<tr>
<td>Student Loan Sale Subsidy Impairment Adjustments</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>HESS AME Total</strong></td>
<td><strong>289.8</strong></td>
<td><strong>347.8</strong></td>
<td><strong>347.8</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>744.4</strong></td>
<td><strong>854.2</strong></td>
<td><strong>974.2</strong></td>
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<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>454.2</td>
<td>505.4</td>
<td>625.4</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>0.4</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>AME</strong></td>
<td><strong>289.8</strong></td>
<td><strong>347.8</strong></td>
<td><strong>347.8</strong></td>
</tr>
</tbody>
</table>

**What the budget does**

Higher Education Student Support provides financial support to Scottish domiciled students undertaking higher education courses in the UK and to EU students studying in Scotland. The level of spend is demand led, depending on the student population in a given year, but an overall control is maintained on the number of Scottish domiciled and European students studying in Scotland for which the Scottish Funding Council funds institutions. Student loans are provided at a cost to the Scottish Government which is calculated using the gross value of loans advanced in the year. The Student Loans Company administers the borrower’s loan accounts on behalf of the Scottish Government.

The Student Awards Agency for Scotland (SAAS) budget meets the costs of running the Agency (running costs, IT systems and Capital Charges). SAAS administers schemes covering student support for higher education students (at college and university) as well as bursaries for nursing and midwifery students. The cost to the Government of providing student loans also flows to the Student Loans Company through SAAS. SAAS administers the Individual Learning Accounts Scotland scheme in partnership with Skills Development Scotland.
The Annually Managed Expenditure (AME) figures are forecasts and relate to the amount of AME funding for student loans which the HM Treasury made available to the Scottish Government through the UK Spending Review published in 2010. We have introduced proposals for a minimum student income of £7,250, starting with the poorest students and this took effect from the start of academic year 2013-14.

The actual amounts of student loans required by the Scottish Government will depend on the student response to increased loan availability. The associated AME forecasts set out above will therefore be subject to revision during the Spending Review period.

**Budget changes**

In 2014-15 and 2015-16 we will:

- drive forward progress on priorities such as widening access, delivering on our commitment to ensure that access to education is based on the ability to learn rather than on the ability to pay; and
- divert savings from Loan Interest subsidies and Student Loan Company administration to invest a further £2 million in operating costs to ensure high quality and timely delivery of support to students.

**Local Government Gaelic**

**Table 5.08: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Gaelic Grant</td>
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<td>4.5</td>
<td>4.5</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>4.5</strong></td>
<td><strong>4.5</strong></td>
<td><strong>4.5</strong></td>
</tr>
<tr>
<td><em>of which:</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**What the budget does**

This budget, together with other Gaelic funding lines, supports costs attached to the delivery of Gaelic education and Gaelic medium education in Scotland. This funding supports Gaelic education through a wide range of Gaelic education programmes and projects.
PORTFOLIO RESPONSIBILITIES

The Justice portfolio has responsibility for the civil and criminal justice systems which include Scotland’s prisons, courts, police, fire and rescue services, the legal aid system and criminal justice social work services. The portfolio also supports work to build Scotland’s resilience through multi-agency planning.

The purpose of the Justice portfolio is to keep our communities safe, and to administer justice in its various forms: civil, criminal and administrative.

In delivering our Purpose we aim to contribute positively to a flourishing Scotland, helping to create an inclusive and respectful society in which all people and communities live in safety and security; where individual and collective rights are supported and, where disputes are resolved fairly and swiftly.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH

The justice system is a vital public service and one in which powers are largely devolved to the Scottish Parliament. Working closely with partners, the Justice portfolio has demonstrated how much can be achieved when decisions about Scotland are taken within Scotland by people committed to delivering the best outcomes for our communities.

The justice system has played a crucial role in supporting the Scottish Government’s overall Purpose for ensuring sustainable economic growth and promoting employment and employability. It has delivered radical reforms to Scotland’s justice services, for example, by reforming the police and fire services and helping to protect frontline services from the impact of financial cuts. Despite UK Government spending reductions, police officer numbers in Scotland have been maintained at more than 1,000 higher than in 2007.

Radical reform of public services has focused attention on preventative approaches to tackle the root causes of crime and help communities and individuals to achieve their potential. Scottish Ministers have driven the creation of a single national police service, not only to harmonise and focus resources, but to reconnect with local communities and radically re-shape how social issues are tackled across Scotland, in partnership with a wide range of public and third sector organisations. We have maintained access to justice for individuals and businesses through the Legal Aid system and are also investing in advice services to help people deal with the impact of the UK Government’s radical welfare reforms.
NATIONAL OUTCOMES

The Justice portfolio has specific goals which are designed to make a real difference to both our society and our economy. To achieve these goals, we focus our efforts on three National Outcomes, which guide our work within the justice system. These are:

- we live our lives safe from crime, disorder and danger;
- we have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others; and
- our public services are high quality, continually improving, efficient and responsive to local people’s needs.

These three National Outcomes have been broken down to a set of eight justice outcomes which describe the Scotland we want to create and sustain. They are:

- we experience low levels of crime;
- we experience low levels of fear, alarm and distress;
- we are at a low risk of unintentional harm;
- our people and communities support and respect each other, exercising both their rights and responsibilities;
- we have high levels of public confidence in justice institutions and processes;
- our public services are fair and accessible;
- our institutions and processes are effective and efficient; and
- our public services respect the rights and voices of users.

Based firmly on evidence, we believe that by focusing our activity and resources on delivering these outcomes is the best way to make a tangible difference to the lives of the people of Scotland.

The commitment of justice agencies to work together to deliver these outcomes is set out within the Strategy for Justice in Scotland (2012). No one part of the justice system can deliver these outcomes alone. No single project or initiative can be implemented in one part of the system without having implications for other parts of the system. We therefore work in partnership with all organisations across criminal, civil and administrative justice, and beyond, with organisations in education, health and housing. Our collaboration spans the public, private and third sectors. It is based on all partners having a shared vision and taking collective responsibility to deliver improved outcomes.
BUDGET CHANGES
An additional £63.4 million of non-cash Resource DEL has been allocated to the Scottish Police Authority (SPA) and Scottish Fire and Rescue Service (SFRS) to cover depreciation charges related to assets transferred from legacy Police and Fire Bodies and new assets purchased during the year. This additional non-cash budget cover was provided directly by HM Treasury and reflects the classification of the Scottish Police Authority and Scottish Fire and Rescue Service as central government bodies (from 1 April 2013). The additional non-cash budget is spending power neutral.

An additional £15 million in 2014-15 and 2015-16 for police and fire pensions.

There are also a number of smaller budget changes that are detailed in the relevant budget sections.

OUR PRIORITIES
In 2014-15 and 2015-16 we will prioritise spending in the following ways:

● we will deliver the savings from the successful transition to the new single police service while maintaining a strong police presence in our communities with our commitment to 1,000 more police officers than were in post when we took office in 2007, maintaining a strong and visible police presence which is helping to keep our communities safer;

● we will work through our Building Safer Communities programme to reduce crime, particularly violent crime. We will work jointly with partners to deter high risk and vulnerable groups from committing crime at an early stage, working with children and families as a priority. Along with tough enforcement initiatives from Police Scotland, we will continue to support approaches which focus on early intervention, prevention and changing offending behaviour. This includes investment in violence reduction and knife crime educational programmes, in addition to innovative partnership approaches to reduce violence. We will continue to support work to protect society from sex offenders and action to tackle domestic abuse and violence against women;

● we will work to reduce the damaging impacts of alcohol and drug problems. We will continue to support an approach based on tackling those criminals who supply drugs alongside our investment of £32.3 million to support people, families and communities into recovery from problem drug use;

● we will continue to work to prevent offending by young people. We have ensured that the proceeds of crime are reinvested in our communities through our CashBack for Communities programme, enabling young people to take part in sporting, cultural, educational and mentoring activities. Since 2008, we have invested and committed over £50 million across Scotland and funded 1.1 million activities and opportunities for young people;
● we will work to reduce reoffending. We will continue to support tough and effective community sentencing through the Community Payback Order. We will focus on early and targeted intervention to reduce reoffending and we will look to improve links between employment, housing, education and health services to help people who have repeatedly offended access the services they need to reduce their reoffending. The Reducing Reoffending Change Fund will support services to provide offenders with substantial one-to-one support through evidence-based mentoring schemes which will be delivered by Public Social Partnerships (PSPs). The existing evidence base suggests that mentoring is a promising intervention with the potential to help offenders build new social networks that can support the desistance process; increase offenders’ chances of employability; and support offenders’ engagement with other interventions that can work to reduce reoffending (for example through signposting, increasing motivation and increasing attendance);

● the evidence shows us that these outcomes are associated with reductions in reoffending in the longer term. Reducing reconviction rates and frequencies to a level which maintains or lowers the prison population will ensure that we avoid the significant costs of expanding the prison estate in future;

● we will work to ensure that victims and witnesses have positive experiences of, and confidence in, the justice system;

● we will work to reduce the harm from fires and other emergencies and will support the continuing work of Scotland’s single fire and rescue service, protecting frontline services and enhancing effectiveness. We will continue to invest in local and national multi-agency shared service initiatives to ensure appropriate responses to emergencies;

● we will work to tackle hate crime and sectarianism. We will invest over £3 million to support community-based initiatives to tackle sectarianism and further develop our understanding through research, while continuing to support work to tackle racial or ethnic hatred. We will also maintain work to support victims in their engagement with Justice agencies;

● we will continue our work to transform civil and administrative justice, reforming the courts and tribunal systems to make them more cost effective, efficient and accessible;

● we will continue to enable access to justice while advancing law reform. We will ensure that those most in need are able to access publicly-funded legal assistance and progress a range of projects under the Making Justice Work Programme to enable access to justice. We will work to ensure that disputes are resolved at the most appropriate level in the justice system and will progress work to reform criminal and civil procedure to keep pace with changes in society and international standards;

● we will continue to work on improving processes in the courts system and we will progress work to develop further our unified Scottish Tribunals Service; and
we will work to enhance efficiency, ensuring that the benefits of police and fire service reform are realised. These programmes of reform will deliver recurring cashable savings from 2016-17 in excess of £130 million, ensuring that frontline services are protected at a time of financial constraint.

Table 6.01: Spending Plans (Level 2)

<table>
<thead>
<tr>
<th>Service</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Justice Services</td>
<td>31.9</td>
<td>32.3</td>
<td>32.3</td>
</tr>
<tr>
<td>Courts, Judiciary and Scottish Tribunals Service</td>
<td>51.7</td>
<td>51.6</td>
<td>51.6</td>
</tr>
<tr>
<td>Criminal Injuries Compensation</td>
<td>20.5</td>
<td>17.5</td>
<td>17.5</td>
</tr>
<tr>
<td>Legal Aid</td>
<td>149.3</td>
<td>142.8</td>
<td>146.4</td>
</tr>
<tr>
<td>Scottish Police Authority (SPA)¹</td>
<td>1,086.4</td>
<td>1,082.6</td>
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<tr>
<td>Scottish Fire and Rescue Service</td>
<td>293.1</td>
<td>310.2</td>
<td>309.2</td>
</tr>
<tr>
<td>Police Central Government</td>
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<td>101.3</td>
</tr>
<tr>
<td>Safer and Stronger Communities [Drugs and Community Safety]</td>
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<td>40.3</td>
<td>40.3</td>
</tr>
<tr>
<td>Police and Fire Pensions</td>
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<td>346.8</td>
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<tr>
<td>Scottish Prison Service</td>
<td>364.5</td>
<td>382.3</td>
<td>398.2</td>
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<tr>
<td>Miscellaneous</td>
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<td>31.2</td>
<td>25.3</td>
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<tr>
<td>Scottish Court Service</td>
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<td>73.4</td>
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<td><strong>2,589.1</strong></td>
<td><strong>2,615.3</strong></td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>2,465.6</td>
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<td>2,524.3</td>
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<tr>
<td>DEL Capital</td>
<td>86.6</td>
<td>46.1</td>
<td>91.0</td>
</tr>
<tr>
<td>AME</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Government Grants to Local Authorities</td>
<td>86.5</td>
<td>86.5</td>
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</tbody>
</table>

1. The 2013-14 budget figures exclude depreciation relating to assets transferred from legacy Police and Fire Boards and assets purchased in-year. For comparative purposes the budget is £60.5 million.
<table>
<thead>
<tr>
<th>Service</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Justice Services</td>
<td>31.9</td>
<td>31.7</td>
<td>31.1</td>
</tr>
<tr>
<td>Courts, Judiciary and Scottish Tribunals Service</td>
<td>51.7</td>
<td>50.6</td>
<td>49.7</td>
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<td>Criminal Injuries Compensation</td>
<td>20.5</td>
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<tr>
<td>Legal Aid</td>
<td>149.3</td>
<td>140.1</td>
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<tr>
<td>Scottish Fire and Rescue Service</td>
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<td>304.4</td>
<td>298.1</td>
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<tr>
<td>Police Central Government</td>
<td>114.0</td>
<td>99.4</td>
<td>97.7</td>
</tr>
<tr>
<td>Safer and Stronger Communities [Drugs and Community Safety]</td>
<td>38.7</td>
<td>39.5</td>
<td>38.8</td>
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<tr>
<td>Police and Fire Pensions</td>
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<td>334.3</td>
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<tr>
<td>Scottish Prison Service</td>
<td>364.5</td>
<td>375.2</td>
<td>383.9</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>30.1</td>
<td>30.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Scottish Court Service</td>
<td>80.2</td>
<td>71.0</td>
<td>70.8</td>
</tr>
<tr>
<td><strong>Total Level 2</strong></td>
<td><strong>2,552.2</strong></td>
<td><strong>2,540.7</strong></td>
<td><strong>2,521.2</strong></td>
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<tr>
<td>of which:</td>
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<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Central Government Grants to Local Authorities</td>
<td>86.5</td>
<td>84.9</td>
<td>83.4</td>
</tr>
</tbody>
</table>

**Community Justice Services**

**Table 6.03: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Service</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offender services</td>
<td>25.3</td>
<td>25.8</td>
<td>25.8</td>
</tr>
<tr>
<td>Victim/witness support</td>
<td>5.7</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31.9</strong></td>
<td><strong>32.3</strong></td>
<td><strong>32.3</strong></td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>31.9</td>
<td>32.3</td>
<td>32.3</td>
</tr>
<tr>
<td>DEL Capital</td>
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<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
What the budget does
This programme provides funding for: Community Justice Authorities/Local Authorities by supporting their expenditure in the delivery of criminal justice social work services including the costs of Community Payback Orders; the electronic monitoring of offenders (e.g. through Restriction of Liberty Orders) across Scotland; providing support to local authorities for their role in Multi-Agency Public Protection Arrangements (MAPPA) in relation to sex offenders and restricted patients; it covers the running costs of Community Justice Authorities, and it also provides section 10 funding to voluntary organisations operating in the criminal justice social work sector. These resources are in addition to resources for the support of community justice services provided by local authorities.

This budget also provides core funding for third sector organisations whose work supports the victims of crime.

In 2014-15 and 2015-16 we will:

- continue to fund victim support organisations to enable them to meet the needs of victims of crime;
- develop and support initiatives to address the cycle of repeat offending through the projects of our Reducing Reoffending Programme, Phase 2;
- in order to show our support for robust community disposals, we will maintain the budgets for Community Payback Orders;
- develop the electronic monitoring service in Scotland, following consultation to determine the future direction of electronic monitoring and satellite tracking; and
- continue to implement the recommendations of the Commission on Women Offenders to support the female prison population.
Courts, Judiciary and Scottish Tribunal Service

Table 6.04: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courts, Judiciary</td>
<td>10.3</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Scottish Tribunal Service</td>
<td>11.5</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Judicial Salaries*</td>
<td>29.9</td>
<td>30.6</td>
<td>30.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51.7</strong></td>
<td><strong>51.6</strong></td>
<td><strong>51.6</strong></td>
</tr>
<tr>
<td>of which:</td>
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<tr>
<td>DEL Resource</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>DEL Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AME</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*This is non-voted spend which is met from the Scottish Consolidated Fund but is also part of the Departmental spending limit.

What the budget does

The funding for courts and the judiciary element of this budget provides for the Scottish Government contribution to the superannuation costs of judicial office holders in Scotland, and for the running costs of a number of justice agencies, such as the Judicial Appointments Board for Scotland. A separate budget is allocated from the Scottish Consolidated Fund to meet the salary costs of judicial office holders in Scotland.

The Scottish Tribunals Service (STS) provides support to a range of tribunals operating in Scotland and is delivering the reform of the Scottish tribunal system.

In 2014-15 and 2015-16 we will:

- continue to build a more efficient and effective service to Scottish tribunals supported by the STS and further develop the work of tribunals through the proposed Tribunals (Scotland) Bill and – if agreed – the proposed merger with the Scottish Court Service in 2015; and
- focus our resources on ensuring an independent and effective judiciary and timely and appropriate judicial appointments.
Criminal Injuries Compensation

Table 6.05: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Costs</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>CIC Scheme</td>
<td>17.8</td>
<td>14.8</td>
<td>14.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20.5</strong></td>
<td><strong>17.5</strong></td>
<td><strong>17.5</strong></td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>20.5</td>
<td>17.5</td>
<td>17.5</td>
</tr>
<tr>
<td>DEL Capital</td>
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<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Criminal Injuries Compensation Scheme meets the cost of compensation payments to the blameless victims of crime and is administered by the Criminal Injuries Compensation Authority.

In 2014-15 and 2015-16 we will:

- continue to meet the cost of compensation payments to the blameless victims of crime in Scotland, and fund a share of the running costs of the Criminal Injuries Compensation Authority in line with the Memorandum of Understanding; and

- consider options to review the current GB-wide Criminal Injuries Compensation Scheme to ensure compensation arrangements relevant to the needs of victims in Scotland.

Legal Aid

Table 6.06: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>11.2</td>
<td>10.7</td>
<td>10.3</td>
</tr>
<tr>
<td>Fund</td>
<td>138.1</td>
<td>132.1</td>
<td>136.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>149.3</strong></td>
<td><strong>142.8</strong></td>
<td><strong>146.4</strong></td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>149.2</td>
<td>142.3</td>
<td>146.3</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>0.1</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
What the budget does

The Scottish Legal Aid Board (a Non-Departmental Public Body that derives its general powers and functions from the Legal Aid (Scotland) Act 1986) administers the provision of the publicly funded legal assistance provided under this budget in Scotland and has responsibility for the settlement of all legal aid accounts. In addition, the Board funds a range of advice services, including ensuring that people in Scotland get the help and advice they need to deal with problems such as multiple debts, repossession and eviction. The Board also employs solicitors under Part V of the 1986 Act to provide a service that complements existing advice provision and helps address unmet legal need in relation to matters dealt with under civil legal assistance. Finally, the Board delivers criminal legal advice and representation to accused persons through its funding of the Public Defence Solicitors Office network.

Budget changes

An additional £0.4 million has been allocated for essential refurbishment work on the Legal Aid Board offices in 2014-15. An additional £3.6 million has been allocated in 2015-16 towards an anticipated increase in Legal Aid costs.

In 2014-15 and 2015-16 we will:

● direct resources to maintain access to justice, focusing on those most in need and ensuring that legal aid expenditure supports the efficient operation of the wider justice system;

● work with the Scottish Legal Aid Board and legal profession to further develop proposals for contracting for criminal legal aid services; and

● continue investment to enable people to access necessary help and advice services.

Scottish Police Authority

Table 6.07: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Police Authority</td>
<td>1,086.4</td>
<td>1,082.6</td>
<td>1,073.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
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<tr>
<td>of which:</td>
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<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>18.3</td>
<td>25.2</td>
<td>28.6</td>
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<tr>
<td>DEL Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
What the budget does

This budget is provided to the SPA which, in turn, allocates resources to the Chief Constable of the Police Service of Scotland. Through a joint planning and budgeting process, the expenditure delivers an effective and efficient policing service to the people in Scotland across our communities.

Budget changes

An additional £41.4 million in non-cash Resource DEL has been allocated to SPA in 2014-15 and £50 million in 2015-16 to cover depreciation on assets. This additional non-cash budget cover was provided directly by HM Treasury and is spending power neutral. The 2013-14 budget figure does not include the equivalent amount. For comparative purposes the figure is £39.1 million.

In 2014-15 and 2015-16 we will:

● continue to support and work with the Scottish Police Authority and the Police Service of Scotland, in line with the published Strategic Police Plan, to ensure that the benefits of police reform are delivered at national level and for local communities.

This includes providing support for:

● the statutory policing principles and functions set out in the Police and Fire Reform (Scotland) Act 2012;

● police officer numbers to remain at more than 1,000 higher than in 2007;

● police services, including training forensics services, ICT and criminal records; and

● tackling serious and organised crime, drug enforcement and counter terrorism.

The capital budgets for 2014-15 and 2015-16 will support the police in delivering key components of their three-year capital plan, including the i-6 system and investment in ICT infrastructure.
Scottish Fire and Rescue Service

Table 6.08: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenditure</td>
<td>277.8</td>
<td>310.2</td>
<td>283.9</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>15.3</td>
<td>–</td>
<td>25.3</td>
</tr>
<tr>
<td>Total</td>
<td>293.1</td>
<td>310.2</td>
<td>309.2</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>277.8</td>
<td>310.2</td>
<td>283.9</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>15.3</td>
<td>–</td>
<td>25.3</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

This budget funds the SFRS to work in partnership with other agencies, the public and private sector and communities on fire safety, prevention, protection and emergency response, to improve the safety and wellbeing of the people of Scotland. Details of the Scottish Fire and Rescue Service priorities will be in its Strategic and Annual Plans, which align with the Fire and Rescue Framework for Scotland 2013.

Budget changes

An additional £22 million in non-cash Resource DEL has been allocated to SFRS in 2014-15 and £24.7 million in 2015-16 to cover depreciation on assets. This additional non-cash budget cover was provided directly by HM Treasury and is spending power neutral. The 2013-14 budget figure does not include the equivalent amount. For comparative purposes the figure is £21.4 million.

In 2014-15 and 2015-16 we will:

- continue to work with the SFRS to ensure that those priorities are achieved whilst the full benefits of the establishment of a single national service are delivered.
Police Central Government

Table 6.09: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Support Services</td>
<td>21.2</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>National Police Funding and Reform</td>
<td>92.8</td>
<td>98.5</td>
<td>98.5</td>
</tr>
<tr>
<td>Total</td>
<td>114.0</td>
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</tr>
<tr>
<td>of which:</td>
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<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>96.1</td>
<td>101.3</td>
<td>101.3</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>17.9</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

General spending by the police is met through the funding for the Scottish Police Authority. Funding remaining in the Police Central Government (PCG) budget in 2014-15 and 2015-16 includes funding for the Police Investigation Review Commissioner (PIRC), and the Airwave communication system. £70 million in 2014-15 and £70 million in 2015-16 is available to support police reform.

Budget changes

For 2014-15 £2.8 million is allocated to cover depreciation costs of the Scottish Crime Campus at Gartcosh. The 2013-14 allocation of £21.1 million had included £18.3 million for the construction of the campus which is on track to be completed in October 2013.

Resource budget of £0.2 million has been transferred out of the Police Central Government budget from 2014-15 into the Safer and Stronger Communities budget to cover expenditure on projects including support for multi-agency public protection arrangements, sex offender notifications and the UK central authority for the exchange of criminal records.

Resource budget of £4.2 million has been transferred out of the Police Central Government budget from 2014-15 and into the Transport Scotland budget to cover expenditure on road safety cameras.

Resource budget of £0.4 million has been transferred out of the Police Central Government budget into the Local Government budget to cover residual national police costs borne by local authorities.

In 2014-15 and 2015-16 we will:

- support the Police Investigation and Review Commissioner (PIRC);
- invest in police reform to deliver savings in this and future years; and
- continue to fund the core Airwave communications system for police in Scotland.
Drugs and Community Safety

Table 6.10: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Safety</td>
<td>6.4</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Drug Misuse</td>
<td>32.3</td>
<td>32.3</td>
<td>32.3</td>
</tr>
<tr>
<td>Total</td>
<td>38.7</td>
<td>40.3</td>
<td>40.3</td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>38.7</td>
<td>40.3</td>
<td>40.3</td>
</tr>
<tr>
<td>DEL Capital</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

The bulk of this budget is allocated to the Alcohol and Drug Partnerships via NHS Boards into services to promote recovery from problem drug use. This budget also supports the strategic operation of Alcohol and Drug Partnerships along with a range of initiatives to build safer communities and tackle sectarianism, drug problems, misuse of guns and other crime.

Budget changes

£0.4 million has been provided for the Building Safer Communities Justice change programme aimed at improving community safety and reducing violence.

Resource budget of £0.2 million has been transferred from the Police Central Government budget, from 2014-15, into the Safer and Stronger Communities budget to cover expenditure on projects including support for sex offender notifications and the UK central authority for the exchange of criminal records.

At Budget Revision stage, the Safer and Stronger Communities budget will be increased to include funds recovered under the Proceeds of Crime Act. Ministers will use this to invest in positive opportunities for young people helping to divert them from crime and antisocial behaviour.

In 2014-15 and 2015-16 we will:

- work towards creating a sectarian-free Scotland which is inclusive, fair and celebrates the positive identity of our many diverse communities. This includes a strong focus on funding activity at community level;
- work to reduce problem drug use by supporting people, families and communities to recover and to sustain recovery across Scotland;
- work to reduce crime, fear of crime, violence and antisocial behaviour by tackling its root causes, funding violence reduction educational programmes, anti-violence initiatives, promoting positive behaviour and building strong and resilient communities; and
- continue to develop and grow the CashBack for Communities programme to provide positive opportunities for our young people.
Police and Fire Pensions

Table 6.11: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Pensions</td>
<td>231.0</td>
<td>262.5</td>
<td>275.6</td>
</tr>
<tr>
<td>Fire Pensions</td>
<td>60.8</td>
<td>62.2</td>
<td>71.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>291.8</strong></td>
<td><strong>324.7</strong></td>
<td><strong>346.8</strong></td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>291.8</td>
<td>324.7</td>
<td>346.8</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

This budget provides funding to SPA and SFRS to contribute towards the pension costs of retired police and fire officers.

We will meet our obligations to provide for these pensions in full. Given the lack of clarity over the details of UK Government-driven reforms to public sector pensions, the numbers published above are based on historic trends. They will be updated in due course once the position becomes clearer.

Scottish Prison Service

Table 6.12: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Expenditure</td>
<td>342.0</td>
<td>368.9</td>
<td>368.2</td>
</tr>
<tr>
<td>Capital Spending</td>
<td>22.5</td>
<td>13.4</td>
<td>30.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>364.5</strong></td>
<td><strong>382.3</strong></td>
<td><strong>398.2</strong></td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>342.0</td>
<td>368.9</td>
<td>368.2</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>22.5</td>
<td>13.4</td>
<td>30.0</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

The Scottish Prison Service (SPS) budget covers expenditure associated with operating the prison system (both publicly and privately managed prisons) and the provision of a Court Custody and Prisoner Escorting Service (CCPES) on behalf of Scottish Courts, Scottish police and the wider justice system. The SPS provides a wide range of services to care for and support those who are in custody and their families and it also operates a Victim Notification Scheme for registered victims of crime.
In 2014-15 and 2015-16 SPS will focus its resources on:

- starting to operate HMP Grampian as the new prison for offenders residing in the Northern Community Justice Authority catchment area – and completing the closure and disposal of HMPs Aberdeen and Peterhead;

- implementing the programme of change resulting from the SPS Organisational Review;

- working with partner organisations to reduce the risk of prisoners reoffending on release from custody;

- taking forward work to plan the replacement of HMPs Barlinnie and Inverness; and

- implementing key recommendations from the Commission on Women Offenders, including ensuring suitable fit for purpose prison accommodation tailored for the needs of female prisoners. We recognise the need for the Scottish Prison Service to phase the necessary investment in the prison estate within the resources available to it. We commit over this Spending Review period and the next to make the necessary resources available to SPS to implement the modernisation of the prison estate for female prisoners, including a new dedicated facility at HMP Inverclyde.

**Miscellaneous**

**Table 6.13: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential accommodation for children</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Scottish Resilience</td>
<td>13.9</td>
<td>14.4</td>
<td>8.4</td>
</tr>
<tr>
<td>Other miscellaneous</td>
<td>10.7</td>
<td>11.3</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30.1</strong></td>
<td><strong>31.2</strong></td>
<td><strong>25.3</strong></td>
</tr>
<tr>
<td>of which:</td>
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<tr>
<td>DEL Resource</td>
<td>30.1</td>
<td>31.2</td>
<td>25.3</td>
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<tr>
<td>DEL Capital</td>
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<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**What the budget does**

This budget covers a wide range of smaller justice related spending areas such as residential accommodation for children, the Scottish Law Commission, the Parole Board for Scotland, the Risk Management Authority, the Scottish Criminal Cases Review Commission and provision for Her Majesty’s Inspectorate of Prisons in Scotland, Her Majesty’s Chief Inspector of Fire and Rescue in Scotland and Her Majesty’s Inspectorate of Constabulary in Scotland.
In addition, the budget supports work to build Scotland’s resilience through improved multi-agency planning and response to emergencies. This budget also provides funding to support the delivery of the Scottish Government’s commitment to the armed forces and veterans community in Scotland while policy responsibility for this area lies within the Infrastructure Investment and Cities portfolio.

Budget changes
From 2014-15 this budget now includes the remainder of the previous separate ‘Scottish Resilience’ Level 2, shown as a separate Level 3 in the above table. Following the establishment of the single SFRS and the transfer of previously centrally funded fire services such as the Fire College and Firelink to the new body, the remaining budgets were no longer of a scale to justify a separate Level 2.

In 2014-15 and 2015-16 we will:

- support effective government and multi-agency response to emergencies through the operation of SGoRR (the Scottish Government Resilience room); and
- support the delivery of the Scottish Government’s commitment to the armed forces and veterans community in Scotland.

Scottish Court Service

Table 6.14: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<tr>
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<td>66.4</td>
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</tr>
<tr>
<td>Total</td>
<td>80.2</td>
<td>72.3</td>
<td>73.4</td>
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<tr>
<td>of which:</td>
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<tr>
<td>DEL Capital</td>
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<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
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<td>–</td>
</tr>
</tbody>
</table>

What the budget does
The Scottish Court Service (SCS) provides the people, buildings and technology to support the work of Scotland’s courts, the judiciary of those courts and the Office of the Public Guardian. The SCS is a non-ministerial department led by a governing Board, chaired by the Lord President and with a majority of judicial members.
Budget changes

Figures for 2014-15 and 2015-16 have been adjusted to take account of depreciation charges arising from additional funding for capital to support estate spend on backlog maintenance and other improvements arising from legal compliance and sustainability, and for enhancements to information technology infrastructure and business systems required by significant legal reforms.

In 2014-15 and 2015-16, we will work with the judicially-led SCS on:

- taking forward reforms to the structure and processes of the court through the cross-justice Making Justice Work programme, including reducing inefficiency in the use of court time, enacting court closures and ensuring a court estate that is cost effective, proportionate, sustainable and accessible;

- transforming civil justice in Scotland by ensuring that cases are heard by the right court, by developing a simplified body of court rules that are fully supported by digital technology and by supporting the Scottish Civil Justice Council in driving continuous improvement;

- delivering key reforms, along with other justice bodies, to the criminal justice system, in particular arising from Lord Carloway’s review of criminal justice, Sheriff Principal Bowen’s review of sheriff and jury procedures and the Victims and Witnesses Bill;

- investing in the IT platform to increase our use of digital technology and video links to improve access to justice and maximise system efficiency; and

- preparing for the potential merger between SCS and Scottish Tribunal Service.
Central Government Grants to Local Authorities

Table 6.15: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
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<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<tr>
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<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

Following the Concordat agreement between the Scottish Government and local authorities, most of the previous budget for ring-fenced grant was added to the budget for general support to local authorities. This table shows the remaining area, Criminal Justice Social Work (CJSW), that is a ring-fenced grant to local authorities (or similar bodies) for justice purposes.

This funding supports local authorities in providing CJSW services across Scotland. These services include supervising those offenders aged 16 and over who have been subject to a community disposal from the courts; providing reports to courts to assist with sentencing decisions; and providing statutory supervision (throughcare) for certain offenders on release from prison. There are also special services for certain key groups of offenders.
PORTFOLIO RESPONSIBILITIES

Rural Affairs and Environment is a wide-ranging portfolio that has responsibility for protecting and enhancing the environment as well as for developing rural Scotland through working with rural industries and communities. It includes the Scottish Government lead on climate change, agriculture, marine management, sea fisheries, aquaculture, forestry, rural development, food and drink and environmental policy. Our overarching aim is to grow the rural economy through:

- community empowerment;
- improving digital connectivity, particularly to remote and rural areas;
- building up our world-class food and drink industry;
- supporting renewables, enhancing our environment and natural resources, and tackling climate change; and
- investing in the research base.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH

The Rural Affairs and Environment portfolio has a particular focus on rural Scotland and enabling all those living and working in our rural areas to contribute to a strong, cohesive Scottish economy.

- As set out in Scotland’s Digital Future – A Strategy for Scotland, improving connectivity in our most rural and remote communities will play a critical role in driving rural economic growth and competitiveness, creating more and better jobs and opening up new opportunities for a different way of living and working that encourages strong and growing rural towns and villages and respects and protects our environment.

- A healthy, natural environment delivering a range of ecosystem services is a necessary foundation for the sustainable development and expansion of land and marine and freshwater-based businesses. This is also a key factor in promoting Scotland’s reputation as a prime tourist destination and a producer of premium and world respected food and drink products, achieving our target of £5 billion of annual exports of food and drink six years early.
● As we seek to grow sustainable economic activity in the marine environment, the need for marine expertise and capability also grows. From implementing the reformed Common Fisheries Policy (CFP), to developing further our successful aquaculture industry, to delivering world-class marine renewable energy, our natural resources are vitally important to sustainable economic growth and especially so in coastal and remote rural areas.

● Our Zero Waste programme supports local authorities and businesses in implementing measures to realise the potential savings to the Scottish economy through more efficient use and recycling of materials recovered from waste, as well as reducing the environmental impacts of waste materials, especially in the marine environment.

● Moving the focus of environmental regulatory bodies towards a more proportionate and targeted facilitation role is reducing the burden on businesses while ensuring that our environment is protected and enhanced.

● Public investment in infrastructure through the National Park Authorities and Forestry Commission Scotland will support the development of private sector businesses and lever in additional funds.

● Our ambitious targets for the reduction of greenhouse gas emissions are central to the Scottish Government’s ambition to seize the opportunities given by the development of the low carbon economy. The government’s Report on Policies and Proposals (RPP) which was published in June 2013 sets out a wide range of activities across many portfolios, including Rural and Environment, which are essential to the achievement of these targets.

NATIONAL OUTCOMES

The RAE portfolio contributes to a number of national outcomes including: making Scotland a place where we value and enjoy our built and natural environment while protecting it for future generations; building strong and resilient communities; and reducing the local and global environmental impact of our consumption.

● The RPP shows that policies and proposals within the agriculture and land management sectors make an important contribution to the achievement of the Scottish Government’s ambitious targets for the reduction of greenhouse gases and the transition to the low carbon economy.

● Our support for Scotland’s world class food and drink industries has helped the sector exceed its challenging targets in terms of turnover and exports, ensuring increasing numbers of consumers can benefit from high quality Scottish produce.

● Our aim is that our rural areas are digitally connected and able to compete in the global economy. By the end of 2015-16, 85 per cent of Scottish premises will have access to next generation broadband, increasing to around 95 per cent by the end of 2017-18. This will help realise the economic potential of rural areas,
and, in certain respects, enable rural businesses to compete on an equal footing to urban businesses, supporting growth in our remote and rural communities.

- Our funding of the main research providers in the rural and environment area helps to maintain world class facilities and research output which supports the development of our land-based industries while making the best use of our land and maintaining the ecosystem services that are generated by our natural capital.

- Our support for the Central Scotland Green Network, and the urban forestry programme within Forestry Commission Scotland, is helping to transform the environment and sense of place within urban areas, leading to improved wellbeing and enhancing the perception of urban areas as places to live, work and play.

- Through our work in partnership with Scottish Environmental Protection Agency (SEPA), local authorities, Scottish Water and others to deliver the Flood Risk Management (Scotland) Act 2009 we reduce the number of homes and businesses adversely affected by flooding.

- Through policy development and the activities of our delivery partners (Scottish Natural Heritage, National Parks, Forestry Commission Scotland and Scottish Environment Protection Agency) the budget supports the protection and enhancement of our environment and natural assets, helping to create landscapes and ecosystem services which enrich our lives while enabling business to grow responsibly.

- The activities of our regulatory bodies help to ensure that economic development and business activity is aligned with the need to protect and enhance the goods and services provided by our natural assets.

- Through our Zero Waste programme we are promoting the concept of a circular economy where materials are conserved through reduced usage and efficient recycling.

- The Crofting Commission regulates, and promotes, crofting towards the Scottish Government’s aim of achieving growing, prosperous, inclusive and sustainable crofting communities. Crofting communities also have a beneficial impact on their wider rural and remote communities by retaining, and growing, population and appropriate provision of public services.

- The Scottish Government’s skills and advice provision aims to help farmers take a broader look at their businesses to enable them to use all their skills and resources to develop a financially and environmentally sustainable business to help keep Scottish producers competitive and improve business practices within the industry.

- The Scottish Government has played its part in negotiating a Common Agricultural Policy (CAP) deal that is good for Scottish farmers including access for new entrants from day one and more flexibility for coupled support.
We have also taken great strides in developing Scotland's marine renewables industry where Scotland is now a recognised world leader in this area.

The Scottish Government was a key contributor to the reformed Common Fisheries Policy - recognising the relative size and importance of sea fisheries and aquaculture to Scotland in comparison with the UK and most other Member States.

BUDGET CHANGES

Our spending plans include the following changes made to 2014-15 budgets since the publication of the Draft Budget 2013-14 which showed total budget plans of £522.1 million for 2014-15. These changes in total budget result in a net increase to plans of £37.1 million in 2014-15 giving the revised budget figure of £559.2 million in table 7.01 below.

The main increases are to the EU Support and Related Services Budget:

- An increase of £9.1 million in Scotland Rural Development Programme (SRDP) budgets, including new money for peatland restoration schemes in support of our climate change targets.

- Additional budget of £18.6 million for, mostly capital, investment in CAP reform reflecting the additional complexity and costs of the EU proposals and the new IT systems and business change required to implement them.

There is also an extra £6 million of capital for the Next Generation Digital Fund within the Environment and Rural Services Budget. This budget also includes £20.2 million capital from local government as part of the funding for the Step Change Programme to roll out next generation broadband across Scotland.

OUR PRIORITIES

EU Support and Related Services

- The next step for the CAP is ensuring the detailed implementing rules are right and considering how best to implement in Scotland to obtain the best results for Scotland’s rural economy, environment and communities. The scale of the change in the European subsidy regime requires completely new business processes and supporting IT. The development work required to deliver these changes in 2015 is already underway and represents a major area of investment over the coming years.

- Maintain increased levels of support for the food and drink sectors to help sustain the dramatic increase in economic activity in recent years.

Research, Analysis and Other Services

- Support the continued development of the research and monitoring organisations providing the natural and economic science evidence base that underpins the development and delivery of rural and environmental policy.
**Marine and Fisheries**

- Implement the reformed CFP to maximise the development of, and benefits from, sustainable sea fisheries, aquaculture, seafood processing and community-led local development.

- Implement the Inshore Fisheries Strategy to support the continued development of locally managed sustainable inshore fisheries, ensuring that they are able to maximise the benefits flowing from well-regulated inshore fish stocks and to co-exist effectively with other marine users in the inshore environment.

- Implement the Aquaculture and Fisheries (Scotland) Act 2013 to further support the sustainable development of Scotland’s aquaculture sector towards industry targets of a 50 per cent increase in marine finfish production and 100 per cent increase in shellfish production by 2020.

- Maximise the benefits arising from the European Maritime and Fisheries Fund to deliver increased capital investment, increased competitiveness in the aquaculture, fishing and fish processing industries, and to promote a resilient fleet structure.

- Continue to support a fishing and aquaculture industry with landings and production worth over £1 billion a year, and a marine industry that provides 50,000 jobs.

- Continue to create the framework required for the sustainable economic development of Scotland’s offshore wind and marine renewables sector and support future commercial scale offshore renewable energy projects in Scottish waters.

**Environment and Rural Services**

- Implement the national food and drink policy, supporting industry to meet its growth targets, local groups to celebrate the food from their local area, and the education of our children to understand more about the food they eat.

- Continue to support an independent regulatory function that ensures the quality of Scotland’s drinking water.

- Continue the move towards a circular economy by promoting enhanced recycling rates and by developing ways of tapping into the substantial potential savings to the Scottish economy through cutting waste and using materials more efficiently.

- Deliver an ambitious litter strategy which will reduce the impact of litter on the reputation of Scotland as an attractive place to live, work and visit.

- The Scottish Government is committed to Scotland having world-class digital infrastructure by 2020. In order to realise this ambition, the Scottish Government and its partners have allocated more than £280 million of public sector funding, including the Next Generation Digital Fund, to delivering the Infrastructure Action Plan.
● Lead the implementation of Scotland’s refreshed Biodiversity Strategy to protect and restore Scotland’s biodiversity on land and in our seas.

● Support our rural communities to allow them to take control of their own assets and make a real difference to their local area. This includes supporting communities to buy their own land through the Scottish Land Fund.

Climate Change

● The Climate Challenge Fund (CCF) will continue to provide funding to support communities across Scotland to come forward with their own solutions to reducing their carbon emissions and help create a low carbon future. CCF projects must be community led, create a legacy of low carbon behaviour and/or assets, and lead to a measurable reduction in carbon emissions.

Forestry Commission

● Contribute to the Scottish Government’s net carbon emission reduction targets of planting 100,000 hectares of new woodland over the 10 year period to 2022.

● Continue to invest in visitor infrastructure on the national forest estate in the care of Forestry Commission Scotland to generate further economic growth and new business opportunities for the private sector.

● Increase tree health surveillance and research and work with stakeholders to develop responses to the current challenge of a significant increase in the incidence of pests and diseases affecting our trees and woodlands.

Table 7.01: Spending Plans (Level 2)

<table>
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<tr>
<th>Level 2</th>
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<th>2014-15 Draft Budget £m</th>
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<td>EU Support and Related Services</td>
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<td>Research, Analysis and Other Services</td>
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Table 7.02: Spending Plans (Level 2 real terms) at 2013-14 prices

<table>
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<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
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<th>2015-16 Plans £m</th>
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<tr>
<td>EU Support and Related Services</td>
<td>106.3</td>
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<td>Research, Analysis and Other Services</td>
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EU Support and Related Services

Table 7.03: More Detailed Spending Plans (Level 3)

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<th>Level 3</th>
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<td>CAP Compliance Improvements</td>
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</table>
What the budget does

The EU Support and Related Services budget supports and protects £1 billion of primary production in the arable and horticultural sectors, providing support to the rural economy through the CAP. The direct support measures (Single Farm Payment and the Scottish Beef Scheme, £455 million in 2013-14) support over 20,000 producers, providing stability for farmers and leading to sustainable rural communities that are dependent on agriculture. Funding is solely from the EU European Agricultural Guarantee Fund (EAGF).

The SRDP from 2014-15 comprises National funds and EU funding from the European Agricultural Fund for Rural Development (EAFRD). The total EU funding for the Programme period 2014-20 is still under negotiation with the UK Government therefore the budgets are potentially subject to change.

Through the Payments and Inspections Budget, we deliver regulatory functions in relation to national and international legislation. This includes carrying out inspections to enforce marketing standards for our eggs, fresh fruit and vegetables. We also provide expert scientific and technical advice and information services on agricultural crops and aspects of the environment.

The CAP Compliance Improvements budget funds projects to prepare for the new Common Agricultural Policy and to enable improved compliance with EU regulations. New IT systems are currently being designed and built, and new business processes developed, which is why this budget is increased significantly in 2014-15 and 2015-16.

Budget changes

The following changes to 2014-15 budgets have been made since the publication of the Draft Budget 2013-14:

- The Business Development budget increases by £4.1 million reflecting the pressure that may arise from less EU funding for SRDP during the 2014-15 transition year.
- The Agri-Environment Budget increases by £5 million as a result of new money for peatland restoration schemes in support of our climate change targets.
- Payments and Inspections Admin budget increases by £1 million to create a small capital budget.
- The CAP compliance budget increases by £18.6 million as a result of the additional complexity and costs of the EU CAP reform proposals and the new IT systems and business change required to implement them.

In 2014-15 and 2015-16 we will:

- continue to deliver CAP pillar 1 payments efficiently and effectively throughout the current CAP period (2014-15);
actively manage the transition to the new CAP period from 2015 to provide customers and staff clear information on new schemes and rules agreed by the Scottish Government during 2014;

prepare a new SRDP ready for launch within six months of the EU approving the Scotland programme;

invest in new IT technologies and business processes to improve customer interaction and satisfaction with Scottish Government Rural Payments & Inspections Directorate payments and services as well as realising significant operational efficiencies. This major investment and change programme operates across financial years 2012-13 to 2016-17; and

develop proposals for the deployment of loan finance within the RAE portfolio using the budget provision in 2015-16 for Financial Transactions.

Research Analysis and Other Services

Table 7.04: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
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<th>2015-16 Plans £m</th>
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<td>–</td>
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</tr>
</tbody>
</table>

What the budget does

The Research Analysis and Other Services budget funds short and long-term scientific research to support the work of the Scottish Government and its advisory bodies in policy development and implementation and helps maintain a Scottish-based scientific capability of international standard at our Main Research Providers (MRPs)\(^1\) adapting and evolving the infrastructure and skills base to meet current priorities and future challenges.

The budget helps ensure that future threats to the economy, environment and society are minimised through funding research on key future challenges such as climate change mitigation and adaptation, animal and plant disease, food security and resource shortages and pressures.

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\(^1\) University of Aberdeen’s Rowett Institute of Nutrition and Health, Royal Botanic Garden Edinburgh, The James Hutton Institute, Moredun Research Institute, and Scotland’s Rural College
In addition the budget supports the work of the Royal Botanic Garden Edinburgh and enables the Scottish Government to build links and partnerships with other funders and providers of research – including the UK Research Councils and the University sector – to maximise the value of our research investment.

**Budget changes**

None.

In 2014-15 and 2015-16 we will:

- continue to fund and monitor the current five year programme of strategic research commissioned from our MRPs;
- strengthen delivery of multidisciplinary research outputs to policy through improving knowledge exchange and socio-economic capacity;
- fund policy facing Centres of Expertise in ‘Climate Change’, ‘Water’ and ‘Animal Disease’ and use performance data and feedback from Year One to further improve their support for policy;
- undertake a major review of our research portfolio and make recommendations for future investment;
- target further development of the food and drink and animal health sectors by supporting Strategic Partnerships with the university sector and links with industry;
- continue to support the Royal Botanic Garden Edinburgh’s work on conservation of species, protecting rare habitats, supporting sustainable agro-forestry, conserving biodiversity, monitoring climate change and improving rural livelihoods in very poor areas of the world;
- provide further modelling, research and analysis to inform reform of the CAP and next SRDP;
- provide research, advice and analysis to support a Zero Waste Scotland;
- engage in further thinking on embedding behaviours, including within policy design; and
- work towards reducing the data burden on farmers by using administrative data from the Cattle Tracing Scheme to meet EC statistical regulatory requirements.
Marine and Fisheries

Table 7.05: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Scotland</td>
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<tr>
<td>Fisheries Grants</td>
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</tr>
<tr>
<td>Fisheries Harbour Grants</td>
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<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Less Retained Income/Capital receipts</td>
<td>(5.5)</td>
<td>(8.2)</td>
<td>(8.2)</td>
</tr>
<tr>
<td>Total</td>
<td>53.9</td>
<td>55.8</td>
<td>55.3</td>
</tr>
<tr>
<td><em>of which:</em></td>
<td></td>
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<tr>
<td>DEL Resource</td>
<td>50.3</td>
<td>48.3</td>
<td>49.1</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>3.6</td>
<td>7.5</td>
<td>6.2</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Marine and Fisheries budget supports the sustainable use of Scotland’s marine environment. This bountiful and pristine natural resource is vitally important to sustainable economic growth and especially so in coastal and remote rural areas.

Marine Scotland is the key body with the job of managing the sea and the activities which impact on it, and in it, to deliver sustainable economic growth. Marine Scotland is responsible for marine planning and licensing of activities in the marine environment – crucially marine renewables, sea fisheries, aquaculture, recreational fisheries and the scientific and evidence base required to support these sectors.

It also has responsibility for safeguarding and monitoring domestic and foreign marine and fisheries activity in Scotland’s seas, coasts and ports. It does this through a network of local officers, surveillance vessels and aircraft. There is an absolute requirement to ensure that national and international regulations in place to protect the health of fish stocks and the marine environment are complied with.

The need for marine expertise and capability is growing, and will continue to grow with the development of renewable energy and ever increasing international obligations and requirements. To address this, we have redirected resources and capacity to offshore energy, creating new licensing and planning teams with scientific support, while also continuing to support well-established marine activities such as fisheries and aquaculture.

Budget changes

The following changes to 2014-15 budgets have been made since the publication of the Draft Budget 2013-14:

- The Marine Scotland budget increases by £0.4 million, a combination of an increase in capital investment of £0.9 million and a transfer out of £0.5 million for IT costs that are now paid from the Scottish Government Administration Budget.
The EU Fisheries Grant budget reduces by a net £1.8 million to reflect realistic levels of spend at the beginning of the next programme, which has been delayed until later in 2014.

In 2014-15 and 2015-16 we will:

- continue to support the sustainable development of Scotland’s aquaculture sector;
- bring decision making closer to home through regional fisheries management: supporting a transition to discard-free fishing while also protecting the long-term viability of the Scottish fishing fleet – thus helping to achieve long-term sustainability for our fish stocks, our fishing industry and our fisheries dependent communities;
- continue to support Scottish fisheries, aquaculture and fish processing industries through grants awarded through the European Fisheries Fund and successor programme, the European Maritime and Fisheries Fund;
- further develop a framework for the sustainable economic development of Scotland’s offshore wind and renewables sectors, building on the work undertaken to deliver the Sectoral Marine Plans for Offshore Wind, Wave and Tidal Energy in Scottish Waters to support future commercial scale offshore renewable energy projects in Scottish Waters to help deliver the 2020 target for reducing emissions;
- fully implement an integrated approach to marine planning and management as provided for in the Marine (Scotland) Act 2010;
- lead the implementation of a marine monitoring programme as required by the Marine Strategy Framework directive to ensure delivery of Good Environmental Status for our seas; and
- sustain our science base to provide robust evidence in support of policy developments and delivery.
Environmental and Rural Services

Table 7.06: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
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<tr>
<td>Scottish Natural Heritage</td>
<td>55.3</td>
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<td>53.1</td>
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<td>National Park Authorities</td>
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<td>12.5</td>
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<td>Natural Resources</td>
<td>0.3</td>
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<td>Scottish Environment Protection Agency</td>
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<td>Zero Waste</td>
<td>26.4</td>
<td>23.0</td>
<td>23.0</td>
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<tr>
<td>Natural Assets and Flooding</td>
<td>5.3</td>
<td>9.0</td>
<td>9.1</td>
</tr>
<tr>
<td>Next Generation Digital Fund</td>
<td>40.8</td>
<td>33.8</td>
<td>41.0</td>
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<td>Crofting Commission</td>
<td>1.7</td>
<td>2.6</td>
<td>2.6</td>
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<tr>
<td>Rural Cohesion</td>
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<tr>
<td>Bull Stud Farm</td>
<td>(1.5)</td>
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<td>Agricultural and Horticultural Advice and Support</td>
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<td>4.1</td>
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<td>Veterinary Surveillance</td>
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<td>18.2</td>
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<td>Private Water</td>
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<td>Drinking Water Quality Regulator</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>220.1</strong></td>
<td><strong>213.9</strong></td>
<td><strong>221.3</strong></td>
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<tr>
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<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Environmental and Rural Services budget primarily supports the commitment, set out in the National Outcomes, to ‘value and enjoy our built and natural environment and protect it and enhance it for future generations’. It also directly supports sustainable rural development, delivering digital infrastructure, the food and drink industry and the empowerment of rural communities.

Budget changes

The following changes to 2014-15 budgets have been made since the publication of the Draft Budget 2013-14:

- The increase in the Natural Resources budget of £1.0 million is funding to support scenic routes and geoparks.
- The Next Generation Digital Fund has been increased by £6 million in 2014-15 in order to support community broadband projects and to stimulate demand for connectivity across Scotland. £20.2 million capital from local government is included in this budget line as part of the funding for the Step Change Programme to roll out next generation broadband across Scotland.
The increase in the Natural Assets and Flooding line of £3.4 million and the corresponding decrease in the Zero Waste line are technical adjustments reflecting budget changes which took place in 2013-14. Current funding for Zero waste will be maintained in 2014-15 and 2015-16. Similarly the £0.9 million increase in the Crofting Commission budget is a technical adjustment to ensure the budget reflects existing levels of expenditure. The rural cohesion budget increases by £1 million to provide for additional capital investment.

In 2014-15 and 2015-16 we will:

- support Scottish Natural Heritage to provide advice on Scotland’s natural environment and wildlife, to deliver Scotland’s biodiversity targets and help meet our European and international obligations, and to work closely with planning authorities and developers to ensure that new developments take proportionate account of our valuable natural heritage;

- invest in our National Park Authorities to support the delivery of the National Park Partnership Plans, and to enhance visitor experience through improved infrastructure, generate sustainable economic growth, enhance biodiversity, support thriving communities and provide leadership in balancing development and conservation in some of our most treasured landscapes;

- build on the sound foundation of the Wildlife and Natural Environment (Scotland) Act to enhance our capacity to manage invasive and non-native species and combat wildlife crime, addressing especially the consequences of irresponsible behaviour associated with raptor persecution;

- work with partners to implement the Land Use Strategy in order to achieve a more integrated approach to land use and maintain the future capacity of Scotland’s land;

- make best use of all the available delivery mechanisms, including the renewed SRDP, to ensure that our land resources deliver improved and enduring benefits for Scotland;

- continue to encourage and promote, including through the Central Scotland Green Network, increased levels of physical activity to improve mental health and wellbeing and stimulate economic productivity (measured by NP Indicator 43);

- continue to build relationships with Community Planning Partnerships to maximise collaborative delivery for communities of national outcomes, including natural heritage objectives;

- secure the legacy of the Year of Natural Scotland 2013 and support the Year of Homecoming 2014;

- deliver Scotland’s first round of flood risk management plans that focus work at local level to reduce the level of flood risk;
● take forward, in partnership with the Scottish Environment Protection Agency, the development of the second round of river basin management plans;

● develop further improvements to the environmental permitting regime, utilising the new powers provided by the Regulatory Reform (Scotland) Bill;

● continue to complement our national food and drink policy – supporting our education programme, Think Local project and other policy areas;

● support Scotland Food & Drink, SAOS and our food and drink industry to meet its ambitious targets for growth;

● direct support through our Market Development Scheme to open up new markets for Scottish companies;

● continue to provide direct advice and support to the farming community, including public good advice delivered by SRUC and the Whole Farm review scheme;

● provide support for rural networking, rural communities, the proposed rural parliament and stakeholder engagement to promote LEADER;

● support the Land Reform Review Group and the Scottish Land Fund, as well as other elements of the Land Reform Agenda;

● fund operational costs for the Crofting Commission to enable delivery of its regulatory functions. Regulatory activity contributes towards the retention of crofting in Scotland, helps increase agricultural production, contributes to food security and supports maintenance of sustainable communities in remote rural areas;

● deliver the Crofting Cattle Improvement Scheme that supports the retention of the cattle across the crofting areas providing economic, social and environmental benefits;

● continue delivering animal health and welfare services to prevent, control or eradicate animal disease, and improve the welfare of kept animals;

● support the access to affordable veterinary services to crofters through the Highlands and Islands Veterinary Services Scheme; and

● support the veterinary laboratories network delivering veterinary surveillance across Scotland through the Veterinary and Advisory Services Programme.
Next Generation Digital Fund

The Next Generation Digital Fund is designed to lay the foundations of a world class digital Scotland. It is boosted still further by contributions from Scottish local authorities, Highlands and Islands Enterprise, UK Government’s Department of Culture, Media and Sport and European Regional Development Funding.

Responsibility for the fund rests with the Infrastructure, Investment and Cities portfolio and further details are available in Chapter 9. As much of the investment will be targeted in rural areas, the spending plans for the Next Generation Digital Fund are shown in this portfolio chapter.

In 2014-15 and 2015-16 we will:

- Deliver next generation broadband infrastructure through our Step Change programme. This will make next generation access available to over 85 per cent of premises across Scotland by the end of 2015-16 and around 95 per cent by the end of 2017-18 with the potential to deliver £2 billion in economic benefits over 15 years.

- Work in partnership with Scottish Local Authorities to ensure that the Step Change programme meets local needs and priorities that have been supported by over £50 million of additional contributions from local government.

- Continue to support and develop Community Broadband Scotland as the champion of community-based broadband solutions, working in partnership with Scottish Enterprise, HIE, CoSLA, Scottish Local Authorities Economic Development Group, Carnegie UK Trust, Cairngorms National Park Authority and Loch Lomond and Trossachs National Park Authority.

- Through Community Broadband Scotland, facilitate sustainable community broadband solutions in areas that lie beyond the immediate reach of our Step Change programme by providing advice, guidance and financial support to deliver exemplar programmes such as the recently announced project in Applecross that will develop an internet service which will be 10 times faster than is available currently.

- Support a number of connectivity projects that will demonstrate the potential of new digital technology and enhance Scotland’s international reputation.

- Stimulate demand for connectivity by enhancing digital skills; supporting the growth of our digital economy and the transformation of public services to ensure that we make the most of the opportunities of the digital age.

- Develop plans, in conjunction with industry and other stakeholders, to build upon our next generation infrastructure and ensure a world-class digital infrastructure, including fixed and mobile solutions, by 2020.
Climate Change

Table 7.07: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change Policy</td>
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<td>1.1</td>
</tr>
<tr>
<td>Land Managers Renewables Fund</td>
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<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Sustainable Action Fund</td>
<td>15.3</td>
<td>15.3</td>
<td>15.3</td>
</tr>
<tr>
<td>Total</td>
<td>19.4</td>
<td>19.4</td>
<td>19.4</td>
</tr>
<tr>
<td>of which:</td>
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<td></td>
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<tr>
<td>DEL Resource</td>
<td>19.4</td>
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<td>19.4</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

The Climate Change budget supports the development and implementation of the Scottish Government’s climate change policy and provides resources for both the Sustainable Action Fund and the Land Managers’ Renewables Fund.

Budget changes

None.

In 2014-15 and 2015-16 we will:

- continue to lead work to support the delivery and achievement of the Scottish climate change targets, and other work to support implementing the requirements of the Climate Change (Scotland) Act 2009;

- continue the work of the Sustainable Action Fund (SAF), which includes the flagship Climate Challenge Fund, and work to influence low carbon behaviours across Scotland; and

- continue to offer funding for the CARES loans for rural businesses established in 2011-12 to address the costs associated with the pre-planning stage of renewable energy projects for farmers and land managers.
Forestry Commission

Table 7.08: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodland Grants</td>
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<td>36.0</td>
<td>36.0</td>
</tr>
<tr>
<td>Policy, Regulation and Administration</td>
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<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Programme Costs</td>
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<td>21.0</td>
<td>21.0</td>
</tr>
<tr>
<td>Forest Enterprise</td>
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<td>21.7</td>
</tr>
<tr>
<td>Depreciation</td>
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<td>0.1</td>
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<tr>
<td>EU Income</td>
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<td>(19.8)</td>
<td>(19.8)</td>
</tr>
<tr>
<td>Total</td>
<td>66.9</td>
<td>64.1</td>
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<tr>
<td>of which:</td>
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<tr>
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<td>1.6</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

Forestry Commission Scotland works to increase the contribution of Scotland’s forests to health and wellbeing, the Scottish economy and environmental sustainability. It does this by: regulating and supporting the private forestry sector; promoting the expansion and sustainable management of Scotland’s woodlands; tackling tree health problems; increasing the contribution of woodlands to the quality of our towns and cities through the Woodlands In And Around Towns initiative; and supporting projects which reduce the impact of timber transport operations.

The budget also supports the sustainable management of the Scottish Ministers’ national forest estate, managed by Forest Enterprise Scotland, including: maintaining effective planning and consultation systems; maximising the value to the Scottish economy of the estate’s timber resource, other forest products and estate assets; using the estate to conserve and enhance biological diversity, cultural heritage and landscape quality; and increasing opportunities for all to visit, enjoy and learn from the estate.

Climate change will continue to be an area of major importance for forestry, with the aim of planting 100,000 hectares of new woodlands over the 10 year period to 2022.

Forestry Commission Scotland is also a key delivery partner for the Central Scotland Green Network.

Budget changes

The following changes to 2014-15 budgets have been made since the publication of the Draft Budget 2013-14:

- Additional £1.0 million proposed for 2014-15 to cover the costs of dealing with tree health issues including the outbreak of *Phytophthora ramorum* in larch trees.
In 2014-15 and 2015-16 we will:

- continue to support woodland expansion, drawing on the work of the Woodland Expansion Advisory Group to identify which types of land are best for tree planting;
- promote predictable and stable timber supplies to help the Scottish economy;
- increase tree health surveillance, respond to current problems and promote appropriate restocking of infected areas;
- invest in research on timber product development and use of timber in construction;
- use woodland access to help improve physical and mental health in Scotland;
- champion the Central Scotland Green Network and catalyse action on the ground;
- stimulate management of native and ancient woods using information from the Native Woodland Survey of Scotland;
- work with other government directorates to further promote the development of biomass for heat;
- provide information to help forest managers consider how best to adapt to climate change when planning future management of forests;
- promote landscape-scale restoration exemplar projects to contribute to the National Ecological Network;
- implement an integrated skills programme for the jobless;
- advance renewables developments on the national forest estate in support of the Scottish Government’s renewable energy targets;
- sustain at least 3 million cubic metres of timber production on the national forest estate, in each year, in support of the timber processing sector; and
- provide opportunities for new entrants into farming through starter farms on the national forest estate.
PORTFOLIO RESPONSIBILITIES
The Culture and External Affairs portfolio includes policy on culture, the new and historic built environment, Scotland’s national collections, performing companies and documentary heritage and European and international affairs.

The portfolio seeks to promote Scotland’s interests and identity at home and abroad and contributes to delivering Scotland’s economic ambition, investing capital in Scotland’s cultural and heritage infrastructure. It aims to enhance the quality of life for Scotland’s communities through maximising access to high quality cultural events and opportunities, and to help young people’s learning and creativity through engagement with culture and heritage. It promotes, protects and provides access to Scotland’s historic environment and it promotes the delivery of high quality places and buildings to support Scotland’s communities.

The portfolio also includes in 2014-15 the budget for the Young Scots Fund to support youth employment, and emerging young talent in sport, enterprise and creativity, working across other Scottish Government portfolios. In 2015-16 the £50 million commitment to the Young Scots Fund will be completed with the development of the National Performance Centre for Sport, to which £24 million has been allocated in the Health and Wellbeing portfolio.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH
All of the Government’s international work is underpinned by the Government’s Economic Strategy of delivering sustainable economic growth as it continues to deepen its relationships with key countries in the pursuit of furthering sustainable economic growth in Scotland and increasing Scotland’s visibility on the world stage. The framework which guides our international engagement was refreshed in October 2012 in view of global economic trends and the domestic constitutional debate. The framework continues to be underpinned by a series of targeted plans with China, India, Pakistan, Canada and the USA. In addition, Scotland has been working to deepen ties with the rapidly expanding Gulf States with a particular focus on Qatar and the United Arab Emirates.

The EU, North America and China are of key strategic importance to Scotland and for that reason we continue to maintain a Scottish Government presence in Brussels, Washington, Toronto and Beijing.
The Scottish Government’s key international priority for 2013 and 2014 is to increase the level of engagement with the European Union and its member countries, particularly through developing enhanced links with priority countries, especially France, Germany, Ireland and the Nordic and Baltic countries. We will also seek opportunities to promote Scottish Government priorities, both with visitors in Scotland, in Brussels and in priority countries.

We will work with partners to harness the unique potential of 2014, when Scotland welcomes the world to join the celebration of the second year of Homecoming and takes centre stage in global terms as host of the Commonwealth Games and Ryder Cup. This will help meet our major manifesto commitments, which include delivery of Homecoming 2014. The 2014 Ryder Cup at Gleneagles is also expected to attract around 45,000 spectators each day from across the world to watch the best players from Europe and the USA, with more than 250,000 expected over the course of the week.

Scotland is well established as a leading events destination. Events yield significant benefits for Scotland with clear evidence that our continued support for major events can drive economic growth and generate a positive impact and legacy that enhance our international profile and reputation.

The Scottish Government’s Economic Strategy 2011 confirms Creative Industries as one of the seven Growth Sectors identified for the contribution it can make towards our purpose of sustainable economic growth and its potential for internationalisation.

The sector, which contributes £2.8 billion to Scotland’s economy securing 57,800 jobs, is made up of those industries which are considered to be creative, including advertising, writing and publishing, film and TV production, product and fashion design, interactive experiences such as computer games, music and photography as well as art, craft and cultural education.

Architecture is an important segment of the sector particularly its export of services. Innovation in Scottish architecture is key to developing a sustainable future, creating green jobs, reducing carbon emissions and contributing to Scotland’s reputation as a green powerhouse of Europe. The quality of our architecture and of our places is also important in supporting and developing Scotland’s communities.

To this end, in June 2013 we published a new policy on architecture and place which emphasises the importance of good design as a multiplier of value. The new policy encourages the creation of buildings and places which succeed in bringing together activities and services for the people of Scotland to fulfil their potential in business and society.

Creative Scotland plays a significant role in co-ordinating the leadership of the Creative Industries sector working in partnership with our enterprise and skills agencies to help identify talent and maximise opportunities for creative enterprises to develop sustainable business models from their products and services.

Our National Collections and National Performing Companies, Creative Scotland, Historic Scotland and National Records of Scotland all make a vital contribution to supporting recovery and increasing sustainable economic growth by attracting increasing numbers of visitors to Scotland through their cultural, heritage and ancestral tourism activities.
Our historic environment supports in excess of 60,000 jobs (including indirect and induced effects) and contributes more than £2 billion to our economy. Historic Scotland’s Scottish Ten laser scanning project has promoted Scottish heritage and technology around the world.

There are over 340 museums and galleries in Scotland caring for more than 12 million objects. These attract an estimated 23.5 million visitors every year, generating around £660 million for the economy. The sector employs 4,000 people in museums.

National Records of Scotland (NRS) will continue to make its records available to ScotlandsPeople customers, in order to stimulate further ancestral tourism visits through interest in genealogy. In 2014, NRS will contribute to the second year of Homecoming including hosting an ancestral weekend, and supporting the commemoration of the start of World War 1 through the release of digitised records for soldiers’ wills.

National Records of Scotland also provides globally unique exemplars of research excellence, enhancing Scotland’s reputation and attracting investment and job creation to Scotland.

NATIONAL OUTCOMES

The policies, activities and expenditure of the Culture and External Affairs portfolio contribute to many of our National Outcomes, especially:

- we take pride in a strong, fair and inclusive national identity;
- our young people are successful learners, confident individuals, effective contributors and responsible citizens;
- we live longer, healthier lives; and
- we value and enjoy our built and natural environment and protect it and enhance it for future generations.

Culture and heritage are fundamental to our quality of life. A vibrant heritage is central in shaping our sense of place and making our communities attractive places to live in.

A key focus for cultural policy in Scotland is to widen access to participation in cultural activity and heritage. Engaging with culture is life enhancing in its own right, but participation in cultural activities is also known to bring benefits in learning and education and previous international studies have found significant association between cultural participation and good health, good satisfaction with life and low anxiety and depression scores. Recent Scottish Government research, for example, tells us that participation in cultural activity is linked to individual wellbeing and there is consistent evidence that people who participate in cultural activities or attend cultural places or events are more likely to report that their health is good and that they are satisfied with their life than those who do not participate.

Cultural activity can contribute to community regeneration – Sistema Scotland’s Big Noise Children’s Orchestra in Stirling, and now also in Govanhill (based on the El Sistema

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model), aims to achieve long-term social transformation in an area that has faced social and economic deprivation through cultural activity and participation. The Scottish Government commissioned evaluation of Sistema Scotland tells us that participation can help bolster the wellbeing of whole communities as well as individuals. In short, as an intrinsic element of a good quality of life and for the benefit it is known to bring to a host of fields, the Scottish Government is committed to promoting culture and to maximising access to engagement in cultural experiences. Furthermore, the whole ethos of engagement in cultural activity underpins the prevention agenda.

There is a role for high quality cultural interventions in reducing reoffending in the justice field as demonstrated by the Inspiring Change programme in Scotland which involved leading creative professionals from across Scotland’s major cultural organisations including the National Collections and National Performing Companies. The Companies also contribute to the Early Years agenda, concentrating on communication between parents and babies using music.

Our £10 million per annum Youth Music Initiative – a universal musical education opportunity in schools – provides a key opportunity for cultural engagement for younger age groups across Scotland, including those from lower socio-economic backgrounds who may otherwise not have access to music tuition. Evidence shows that people in Scotland who were encouraged to attend and take part in cultural activities as a child are more likely to participate in cultural activities in adulthood, even when other factors such as deprivation are accounted for, and that this effect is strongest when the childhood cultural activity involved performance such as playing a musical instrument.

The historic environment is a sustainable resource which plays a key role in enhancing environmental, economic and social wellbeing of local communities. Development and implementation of the first ever Historic Environment Strategy for Scotland will underpin the continued protection and enhancement of the historic environment for the benefit of the people of Scotland and further promote its celebration and enjoyment.

Our international engagement has also delivered tangible outcomes. As well as securing the importance of trade with EU partners and public investment in agriculture, structural funds and research and development, active engagement in the EU also makes a major contribution to the Scottish economy. Scotland’s leadership position in areas such as climate change and renewable energy contributes substantially to Scotland’s attractiveness to inward investment.

Over the past twelve months Ministers have visited a range of countries including France, Germany, Ireland, India, Qatar and the USA. The First Minister’s visit to the USA for Scotland Week in April 2013 involved targeted business engagement with top USA companies and included the creation of 220 new jobs, 34 jobs safeguarded and more than £12 million of new investment.

The work of the National Records of Scotland helps speed up cycles of improvement in outcomes for the people of Scotland through the delivery of a high quality cross-sectoral evidence base to inform public policy and strategic spending decisions in all portfolios.

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2 See: The evaluation of the process and outcomes achieved to date by Big Noise Children’s Orchestra in the Raploch Estate in Stirling, March 2011 [http://www.scotland.gov.uk/Publications/2011/03/16082812/0](http://www.scotland.gov.uk/Publications/2011/03/16082812/0)
National Records of Scotland will seek opportunities to explore options for modern, cost-effective improvements to the production of Census-type statistics on the population of Scotland, leading to a reduction in costs and increased frequency of data.

**BUDGET CHANGES**

The budgets for 2014-15 and 2015-16 reflect additional revenue to enable the portfolio’s core-funded bodies to continue to deliver high quality public services and additional capital made available to the portfolio for investment in maintaining the culture and heritage estate.

**OUR PRIORITIES**

In 2014-15 and 2015-16 we will:

- deliver an increased level of engagement with the European Union and its member states through developing policy links and delivering joint projects;

- maximise the international engagement opportunities (and associated long term economic benefits) around the Commonwealth Games in Glasgow, the Ryder Cup at Gleneagles and Scotland’s Year of Homecoming working closely with Team Scotland Partners; and

- continue to invest in the culture and heritage infrastructure across Scotland both through direct investment in capital projects such as the V&A at Dundee and National Conservation Centre, and through capital grant schemes at Creative Scotland and Historic Scotland.

**Table 8.01: Spending Plans (Level 2)**

<table>
<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe and External Affairs</td>
<td>15.7</td>
<td>15.5</td>
<td>16.9</td>
</tr>
<tr>
<td>Culture</td>
<td>153.1</td>
<td>150.6</td>
<td>158.7</td>
</tr>
<tr>
<td>Historic Scotland</td>
<td>44.7</td>
<td>37.8</td>
<td>40.8</td>
</tr>
<tr>
<td>Young Scots Fund</td>
<td>12.5</td>
<td>7.5</td>
<td>–</td>
</tr>
<tr>
<td>National Records of Scotland</td>
<td>20.8</td>
<td>19.8</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Total Level 2</strong></td>
<td><strong>246.8</strong></td>
<td><strong>231.2</strong></td>
<td><strong>235.9</strong></td>
</tr>
<tr>
<td>of which:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>223.7</td>
<td>216.2</td>
<td>216.2</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>23.1</td>
<td>15.0</td>
<td>17.7</td>
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<tr>
<td>Financial Transactions</td>
<td>–</td>
<td>–</td>
<td>2.0</td>
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<tr>
<td>AME</td>
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</table>
Table 8.02: Spending Plans (Level 2 real terms) at 2013-14 prices

<table>
<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe and External Affairs</td>
<td>15.7</td>
<td>15.2</td>
<td>16.3</td>
</tr>
<tr>
<td>Culture</td>
<td>153.1</td>
<td>147.8</td>
<td>153.0</td>
</tr>
<tr>
<td>Historic Scotland</td>
<td>44.7</td>
<td>37.1</td>
<td>39.3</td>
</tr>
<tr>
<td>Young Scots Fund</td>
<td>12.5</td>
<td>7.4</td>
<td>-</td>
</tr>
<tr>
<td>National Records of Scotland</td>
<td>20.8</td>
<td>19.4</td>
<td>18.8</td>
</tr>
<tr>
<td>Total Level 2</td>
<td>246.8</td>
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<tr>
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<td>212.3</td>
<td>208.4</td>
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<tr>
<td>DEL Capital</td>
<td>23.1</td>
<td>14.6</td>
<td>17.1</td>
</tr>
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<td>Financial Transactions</td>
<td>-</td>
<td>-</td>
<td>1.9</td>
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<tr>
<td>AME</td>
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</table>

Europe and External Affairs

Table 8.03: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Events and Themed Years</td>
<td>1.6</td>
<td>2.4</td>
<td>3.2</td>
</tr>
<tr>
<td>International Relations</td>
<td>14.1</td>
<td>13.1</td>
<td>13.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15.7</td>
<td>15.5</td>
<td>16.9</td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>15.7</td>
<td>15.5</td>
<td>16.9</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

The External Affairs budget supports the promotion of Scotland, its interests and identity at home and abroad in pursuit of sustainable economic growth. It contributes to the positioning of Scotland on the world stage as a good global citizen, particularly through our international development work. It is also used to maximise Scotland’s influence within the EU and deepen mutually beneficial links with the other target countries including Canada, USA, India, China, Pakistan and key Gulf States. The budget also supports the attraction of fresh talent to live, study and work in Scotland.

Budget changes

There has been a reduction of £418,000 in the external affairs budget due to transfers out of the budget line which covers migration issues to local government and Scottish Enterprise. The COSLA Strategic Migration Partnership receives £150,000 core funding
from the Scottish Government and this has now been consolidated within the local government budget line. A transfer of £268,000 has been made to Scottish Enterprise to fund the provision of the Relocation Advisory Service (RAS). RAS services are now provided as part of Scottish Enterprise’s TalentScotland initiative.

In addition, £690,000 has been transferred from International Relations to Major Events and Themed Years to reflect the fact that policy responsibility for Scotland’s Winter Festivals and diaspora activity has now shifted.

In 2015-16, an additional £1.1 million has been made available to enable the portfolio to increase its international engagement and to assist with the cost of the Scottish Open which from 2015-16 will be met by the Major Events budget.

In 2014-15 and 2015-16 we will:

- increase the level and frequency of Scottish engagement with EU institutions to secure a greater share of EU competitive funding and policy objectives;
- develop further links with key priority countries such as the Nordic and Baltic States and Ireland and increase the number of joint projects;
- maintain the International Development Fund at £9 million, enabling us to provide support to development projects in Malawi, Zambia, Tanzania, Rwanda and South Asia, covering themes such as health, education, renewable energy and economic development;
- continue to implement our priority country plans for the USA, Canada, Pakistan, India and China and deepen the economic and cultural relationships with the key Gulf States of Qatar, The United Arab Emirates and Saudi Arabia; and
- deliver the annual Scotland Week programme on budget.

**Culture**

**Table 8.04: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative Scotland and Other Arts</td>
<td>52.7</td>
<td>51.9</td>
<td>50.7</td>
</tr>
<tr>
<td>Cultural Collections</td>
<td>74.8</td>
<td>75.2</td>
<td>84.4</td>
</tr>
<tr>
<td>National Performing Companies</td>
<td>25.6</td>
<td>23.5</td>
<td>23.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>153.1</strong></td>
<td><strong>150.6</strong></td>
<td><strong>158.7</strong></td>
</tr>
<tr>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>136.1</td>
<td>136.1</td>
<td>139.5</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>17.0</td>
<td>14.5</td>
<td>17.2</td>
</tr>
<tr>
<td>Financial Transactions</td>
<td>–</td>
<td>–</td>
<td>2.0</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
What the budget does

The Culture budget contributes towards enhancing the quality of life for communities and individuals throughout Scotland by maximising participation in high quality cultural events and opportunities, supporting a wide range of Government commitments relating to culture and heritage. Our rich culture is not only valuable in its own right, but participating in creative activities such as making, or engaging with, music or art can lead to a broad range of positive personal, social and economic benefits.

Budget changes

Additional capital funding has been made available in 2014-15 and 2015-16 to enable us to increase spending on maintenance and repair of the culture estate.

In 2014-15 and 2015-16 we will:

- continue to improve Scotland’s cultural infrastructure including:
  - continuing our capital investment in the V&A at Dundee project;
  - completing the refurbishment of the Theatre Royal in Glasgow;
  - supporting the National Theatre of Scotland to complete its redevelopment of an industrial site into a headquarters and creative space which better meets its needs; and
  - continuing to invest in the maintenance of our National Collections’ assets and the historic estate.

- continue our support for the National Collections to enable the provision of free access to the collections for the public;

- support the artistic and educational activity of our five National Performing Companies through continued provision of over £23 million in direct funding, including £350,000 for the International Touring Fund to enable the companies to promote Scottish culture both at home and abroad;

- provide Creative Scotland with over £33 million in core funding to support artists and cultural activity across all art forms and for the benefit of communities right across Scotland;

- supplement Creative Scotland’s core grant with continued ring-fenced funding for the Youth Music Initiative (£10 million) to provide free music tuition for school children and Arts and Business (£300,000) to help maximise private sector investment in the arts;

- provide £2 million in Financial Transactions for a loan facility to support the longer term development of production infrastructure for commercial film and television in Scotland; and

- provide continued support of almost £4 million for non-national museums, galleries and libraries, strengthening their connections with communities and developing the skills of those in the sector.
**Historic Scotland**

**Table 8.05: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Costs</td>
<td>70.7</td>
<td>71.8</td>
<td>75.8</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>5.0</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Less Income</td>
<td>(31.0)</td>
<td>(34.0)</td>
<td>(35.0)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44.7</strong></td>
<td><strong>37.8</strong></td>
<td><strong>40.8</strong></td>
</tr>
</tbody>
</table>

**of which:**

- **DEL Resource**: 39.7 37.8 40.8
- **DEL Capital**: 5.0 – –
- **AME**: – – –

**What the budget does**

Historic Scotland protects and promotes Scotland's historic environment, through the conservation and maintenance of 345 nationally significant historic properties and monuments in the care of Scottish Ministers and, as the largest operator of paid visitor attractions in Scotland, through the employment of over 1,100 staff around Scotland who help to maintain our position as a world-class visitor destination. In its work with VisitScotland and VisitBritain, it is a key player in supporting tourism in Scotland.

It provides advice on the special interest and management of the most important parts of Scotland's wider historic environment, including listed buildings, scheduled monuments, historic wrecks, gardens and designed landscapes and battlefields, far beyond the 345 properties in care. It promotes cultural identity and associated community regeneration through designations, through educational programmes and through the Historic Environment Grants Programme. This programme contributes funding for the repair of Scotland's most important historic buildings, the regeneration of historic areas and the enhancement of the quality of Scotland's historic city centres. One of Historic Scotland's priorities is the transformation programme that will see the Agency take a significant step towards a proposed merger with the Royal Commission on the Ancient and Historical Monuments of Scotland (RCAHMS). This transformation programme will inform the strategy for the Scottish Historic Environment, create a new lead body and establish how the important functions of both Historic Scotland and RCAHMS will be safeguarded for the future.

Historic Scotland, as Scotland's largest employer of stonemasons, also protects and supports traditional skills through its employment of skilled crafts people and its work with colleges, Sector Skills Councils and others.
Budget changes

Income from properties is expected to grow to £34 million in 2014-15.

In 2014-15 and 2015-16 we will:

- complete in partnership with the National Trust for Scotland the new Bannockburn Visitor Centre for its opening in 2014;
- progress work on the National Conservation Centre for completion by Spring 2016;
- invest in local regeneration throughout Scotland through our grant schemes, enhance our properties to improve the visitor experience, conserve and maintain our properties, provide guidance on energy efficiency and on maintaining traditional buildings;
- continue to explore all means of growing income from current and alternative sources. This is essential to Historic Scotland to meet the reduction in core funding;
- review our processes and systems to identify further potential efficiencies, investing in the short term to deliver long-term savings; and
- continue being the lead body delivering the shared objectives of the historic environment strategy.

Young Scots Fund

Table 8.06: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Young Scots Fund</td>
<td>12.5</td>
<td>7.5</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>12.5</td>
<td>7.5</td>
<td>-</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>12.5</td>
<td>7.5</td>
<td>0.0</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
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</tbody>
</table>

What the budget does

The £50 million Young Scots Fund was started in 2012-13 with the aim of investing in emerging young talent in sport, enterprise and creativity over a four year period. The Young Scots Fund will be used to deliver a National Conservation Centre, and improved facilities for young people to participate in the arts and culture. The final element of the Young Scots Fund is the National Performance Centre for Sport (see Health and Wellbeing chapter).
Budget changes
In 2015-16, the entire Young Scots Fund budget was to be allocated to the National Performance Centre for Sport. Funding has therefore been allocated directly to the Sport budget.

In 2014-15 and 2015-16 we will:

- continue and complete our investment, through Historic Scotland, in the National Conservation Centre based in Stirling, which will focus on reviving scarce technical skills and promoting best practice in conservation;
- support Creative Scotland’s Youth Arts Strategy through investment in cultural infrastructure across Scotland which provides dedicated spaces for young people to undertake artistic activity; and
- continue to invest to ensure that Scotland’s young people, aged 16-24, have access to a range of interventions to move them towards and into work.

National Records of Scotland

Table 8.07: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Costs</td>
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<td>26.8</td>
<td>26.5</td>
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<tr>
<td>Capital Expenditure</td>
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<td>0.5</td>
</tr>
<tr>
<td>Less Retained Income</td>
<td>(7.5)</td>
<td>(7.5)</td>
<td>(7.5)</td>
</tr>
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</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does
National Records of Scotland (NRS) play an important role in cultural and economic life and their holdings are central to the nation’s sense of identity.

The functions of NRS are to:

- administer the registration of events such as births, deaths, marriages, civil partnerships, divorces and adoptions including the maintenance of appropriate statutes;
- take the Census of Scotland’s population every 10 years and prepare and publish demographic and other statistics;
- make available to customers public records about individuals, and maintain for the Scottish Government the National Health Service Central Register (NHSCR);
● select and preserve to archival standards public records worthy of permanent preservation; acquire other historical records of national importance, and make suitable arrangements for the disposal of other material;

● increase sustainable public access to the records; and

● take the lead in the development of archival and records management practice in Scotland and provide advice to custodians of records outwith the NRS.

Budget changes
In 2014-15 and 2015-16 we will:

● work in cooperation with local authorities to provide a network of Local Family History Centres where family historians will be able to access the same records as are available at the ScotlandsPeople Centre;

● continue to expand the ScotlandsPeople service, in particular adding records (e.g. Valuation Rolls) in order to stimulate further ancestral research and potential tourism visits;

● finalise the creation of the single ICT solution for NRS and ensure that we continue to use technology effectively to support our business, increase efficiencies and deliver better services to our customers; and

● seek opportunities to develop further the data linkage service for Scotland (alongside other government departments) which will, over time, increase secure data sharing; and investigate models for delivery of census type information in 2021, and offer advice to Scottish Ministers in 2015.
PORTFOLIO RESPONSIBILITIES

The Infrastructure, Investment and Cities (IIC) portfolio is responsible for transport policy and delivery, housing, regeneration, welfare reform mitigation, fuel poverty, veterans, digital economy, European Structural Funds, Scottish Water, Scottish Government procurement, Scottish Futures Trust, cities strategy, parliamentary business and government strategy.

In line with the Government Economic Strategy the majority of the portfolio spend is focused on investment in transport and water infrastructure, providing good quality, sustainable and affordable housing, helping to regenerate our communities and mitigating, where we can, the adverse impacts of the UK Government’s reforms to the benefits system. Overall, the portfolio will look to support a renewed focus on cities, towns and their regions, given the critical contribution they make as drivers of economic growth.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH

Cities are vital to the success of the Scottish economy. The more successful our cities, and their city regions, the more successful Scotland will become. We will continue to invest directly in cities, working with them individually and collectively, through the Scottish Cities Alliance, to take account of their own priorities. We recognise the benefits that improved connectivity will deliver for Scotland and we are committed to dualling the roads between all our cities. We have accelerated our £3 billion plans for the A9 between Inverness and Perth, which will start in 2015-16. Our £842 million investment in the New South Glasgow Hospitals and the £246 million for the modernisation of Glasgow’s subway brings our investment into Scotland’s largest city to over £1 billion. The £7 million Cities Investment Fund will continue to deliver a range of collaborative projects, designed to attract new investment into our cities and their regions, making them more competitive and increasing productivity and jobs. The projects span all four themes of the Agenda for Cities: connectivity, sustainability, knowledge and culture, ensuring that Scotland’s cities become increasingly able to compete in global markets and drive the Scottish economy.

An efficient transport system is essential for enhancing productivity and delivering faster, more sustainable growth in a low carbon economy. It can help open up new markets, increase access to employment and help build a critical mass of business that can drive up competitiveness and thereby deliver faster sustainable economic growth.
Ongoing investment in transport also connects regions and people to economic opportunity, whether through business, leisure travel, or tourism, thus contributing to national social cohesion and reducing the disparity between the regions of Scotland. Our investment in Scotland’s transport infrastructure therefore plays a key role in creating the best possible conditions for business success. It also directly supports business. In 2012-13, over 95 per cent of Transport Scotland’s £2 billion budget was invested back into the private sector, supporting 25 per cent of civil engineering contracts in Scotland and over 12,000 jobs. Figures from Network Rail show that investment in enhancing the rail network generated more than £154 million of work for businesses in Scotland in 2012-13, sustaining over 4,300 jobs across the country in addition to those staff directly employed by Network Rail Scotland.

Housing also has a direct impact on the economy – every £100 million of housing expenditure, whether from the Scottish Government or other sources, supports a total of £180 million of economic activity and around 1,300 jobs.

Our housing investment programmes are designed to maximise the combined impact of Scottish Government and external funding on both the provision of affordable housing and the house building industry: £1 million of Scottish Government funding for housing through the Affordable Housing Supply Programme (AHSP) levers in between £1 million and £4 million of external funding, while £2.8 million of Scottish Government guarantee through the original National Housing Trust (NHT) model unlocks around £146 million of housing development and 1,000 new-build homes. The MI New Home scheme, which is supported by a Scottish Government guarantee; Help to Buy (Scotland), our new £120 million shared equity scheme, which will launch this Autumn; and innovative financing approaches, which build on the success of the NHT initiative, will all unlock significant additional investment in housing, creating and sustaining jobs and increasing confidence in the house building industry’s future.

The Scottish Government has committed to provide at least 30,000 additional affordable homes over the five years to 2015-16, of which at least 20,000 will be for social rent, including 5,000 new council homes. All affordable homes delivered with direct Scottish Government support in the form of subsidy, loan, guarantee or waiver of receipts are counted towards the target. In July 2013 we announced an increase in grant subsidy of £16,000 for every new council and housing association property for social rent. We have also boosted our budgets for new affordable homes considerably and will now invest over £970 million over the three year period to March 2015. These steps will maintain momentum in the programme, and deliver vital support for construction and house building companies throughout Scotland.

The UK Government’s cuts and changes to the welfare system are set to impact on people and services across Scotland. We believe that our commitments to economic growth, to reducing child poverty, and to reducing the gap between rich and poor will be undermined by these reforms. Our challenge is to be as creative and as innovative as we can within our legislative competence and our available resources to mitigate the impacts wherever possible. This includes maintaining Welfare Reform Mitigation spend at £45 million.
Scottish Ministers’ aspiration is to transform Scotland into a world leading digital nation by 2020. Improving connectivity across Scotland will support future innovation in the digital economy and ensure Scotland’s business base can remain competitive in the global digital environment. It will also play a critical role in driving economic growth and competitiveness, creating more and better jobs. It will shape public service delivery, increasing the number of services to be delivered on-line which can be more effective and cost less. It will support the transition to a low carbon economy, opening up new opportunities for a different way of living and working that encourages strong and growing rural towns and villages and respects and protects our environment.

European Structural Funds play a significant role in meeting Europe 2020 and Scottish Government objectives by supporting infrastructure investments, improving digital connectivity, supporting the transition to a low carbon economy, raising skill levels and supporting individuals into employment – all of which help us achieve our full economic potential. The programmes follow the seven year cycle set by the EU budget, and run until the end of 2013, with some activity continuing through until 2015. In this current programme the Scottish Government front loaded expenditure to support economic recovery and growth and by the end of the current programme we aim to have secured training and improved skills for almost 400,000 individuals and to have delivered over 52,500 new jobs for Scotland. We will also have invested over £13 million in improvements to multimodal transport systems and over £4 million in support of renewable energy projects and energy efficiency systems in Scotland.

Furthermore, during the last year, we have made £15 million of the European Regional Development Fund (ERDF) available to projects supporting the growth of small and medium sized enterprises (SMEs). We are currently in the process of directing the remaining £20 million of the ERDF programme towards projects which will promote business innovation and growth.

Scottish Water supplies some 1.3 billion litres of high quality drinking water to 2.4 million homes and 159,000 businesses every day. Nearly 1 billion litres of waste water is taken away and treated before being returned to the rivers and seas. With an annual turnover of over £1.1 billion, it is one of Scotland’s 20 largest businesses. It employs some 3,500 staff and sustains a further 20 per cent of the Scottish civil construction industry.

Since its creation in 2002, Scottish Water has delivered significant improvements to services. Levels of service are now comparable with private sector comparators whilst the average household charge is £54 lower than in England and Wales. We are committed to ensuring that services continue to improve and that Scottish Water delivers its vision to be Scotland’s most valued and trusted business. Modern, efficient and affordable services are key to driving economic growth, boosting competitiveness and ensuring that Scotland’s environment is protected for future generations.

We set out the investment required for the current regulatory period 2010-15 in October 2009. This sets out the improvements that Scottish Water is required to make with regard to drinking water quality, the environment, customer service, enabling new connections, and mitigating and adapting to climate change. The cost of this programme has been determined by the economic regulator, the Water Industry Commission for
Scotland, at £2.5 billion. This is being financed by customers and by government lending. We will confirm our investment priorities for the next regulatory period 2015-21 in Summer 2014.

As a Hydro Nation, Scotland regards water as part of its national and international identity; it recognises that the sustainable management of its water resource is crucial to its future success and a key component of the flourishing low carbon economy and the basis of growing international trade opportunities. £5 million has been identified in 2014-15 to support research into new technologies, product development, and knowledge exchange with developing countries.

With an annual spend of around £9 billion each year, public sector procurement in Scotland can help support sustainable economic growth and contribute to many of the Scottish Government’s strategic priorities. For example, thinking creatively about how we develop procurement strategies and set up specific contracts can help ensure a level playing field for SMEs. We can also encourage innovation by, wherever possible, specifying the outcomes we want to achieve through our procurement, rather than a particular method of achieving them.

The Scottish Futures Trust (SFT) was established in 2008 with the aim of helping the Scottish Government to achieve better value for money from public infrastructure investment in Scotland. The importance of this work has grown, given the speed and scale of planned reductions in capital budgets. Overall, SFT has delivered £132 million of net future benefits and savings during 2012-13, as set out in their Statement of Benefits 2012-13. Added to the three previous years, SFT has now delivered a total of £503 million of savings and benefits to the people of Scotland. SFT is active across the public sector and is delivering innovative new ways of working that will result in improved value for money.

The Parliamentary Business and Government Strategy budget supports a wide range of strategic government activity: it funds central analytical services and strategic communications activity, which help to create a strong evidence base and improve the lives of the people of Scotland by raising awareness, building understanding and changing behaviours; it provides economic advice and analysis on developments in the Scottish and global economies, the public finances and the labour market; it supports Ministers and colleagues across the Scottish Government when developing policy in energy, business, economic strategy and constitutional reform, including preparations for the referendum on Scottish independence in September 2014; it funds the implementation of the financial provisions in the Scotland Act 2012; and it enables the Government to fulfil its responsibilities to ensure the public understand and benefit from these policies.

NATIONAL OUTCOMES

The IIC portfolio plays a significant role in helping achieve the Scottish Government’s Purpose, primarily through contributing to three Strategic Objectives: Wealthier and Fairer, Safer and Stronger, and Greener. It plays an important role in delivering a range of the national outcomes, in particular in achieving National Outcome 10: ‘We live in well designed, sustainable places where we are able to access the amenities and services
we need’. But our transport, housing, welfare reform mitigation, water, digital and cities policies have a wide range of inter-connections across all 16 National Outcomes. The links between homes, neighbourhoods, employment opportunities, community assets and capacity, education, health and crime, and preventative support for vulnerable and ageing populations are all important components of our current strategy.

Our National Transport Strategy (NTS) introduced three key strategic outcomes that are transport specific, aligned to nine of the National Outcomes. These are to improve journey times and connections, reduce emissions, and improve quality, accessibility and affordability.

All of our major construction projects, including the Queensferry Crossing, M8/M73/M74 Motorway Improvements Project, the Aberdeen Western Peripheral Route and Balmedie to Tipperty Project, the Borders Railway, the Edinburgh to Glasgow Improvements Programme and wider programme of network electrification will improve journey times and connections, as will the implementation of our Ferries Plan announced in December 2012. Our continuing commitment to the National Concessionary Travel Scheme for older and disabled people supports accessibility for vulnerable groups, and our approach to capping fare increases in ferries and rail, along with support to the Air Discount Scheme, is designed to ensure affordability and accessibility. Progressing electrification of the railway, encouraging modal shift through freight grants, supporting the development of the use of low carbon and electric vehicles and sustainable and active travel will all help to reduce emissions.

We are committed to retaining Scottish Water within the public sector. It is demonstrating that it is possible to deliver high quality public services at the levels of efficiency reached by private sector comparators. Our support for Scottish Water’s investment programme is key to the delivery of improvements to water and sewerage services – services which are essential for safeguarding public health and protecting our environment.

As set out in Scotland’s Sustainable Housing Strategy, a national retrofit programme to improve the energy efficiency of the existing housing stock, including the use of renewable energy, is required to meet our climate change targets and to assist in tackling fuel poverty. Our Home Energy Efficiency Programmes for Scotland (HEEPS) were launched in April 2013, bringing together Scottish Government funding and support from the new Energy Company Obligation (ECO). Local authorities have a central role in the development and delivery of the programme, which will have significant benefits for local economies.

Our Regeneration Strategy, Achieving a Sustainable Future, describes our vision of a Scotland where our most disadvantaged communities are supported and where all places are sustainable and promote wellbeing. We are clear on the need for regeneration to be holistic, supporting economically, physically and socially sustainable and empowered communities. We have fulfilled our commitment to undertake a review of town centres over the past year and we will produce an action plan in the Autumn. Revitalising Scotland’s town centres will require a concerted effort in partnership with a range of stakeholders and the plan will be a focal point for communities and local authorities wanting to take action.
The roll out of Universal Credit (UC) in Scotland, together with other welfare reforms already introduced, is expected to have a significant impact on devolved policies and services. There is also an expected impact on our Purpose Targets as set out in the Scottish Government’s National Performance Framework, particularly economic growth, solidarity and participation. While not exhaustive, examples of outcomes which may be affected include Scottish Government efforts around improving health in Scotland, tackling inequalities and reducing poverty. Others may include improving the life chances of children, younger people and families as well as ensuring everyone has the opportunity to work and improve their skills.

Scottish Ministers have taken action to mitigate the impacts of the UK Government’s reforms with the powers and resources available to them. We have established a £33 million Scottish Welfare Fund, adding £9.2 million to the funding received from the UK Government, which provides crisis grants for individuals and families facing financial difficulty, and community care grants to assist families and old people to stay in the community. In addition, in partnership with the Scottish Legal Aid Board and the Money Advice Service, we have established a new £7.45 million Making Advice Work grant funding programme. The Welfare Reform (Further Provision) (Scotland) Act 2012 places an obligation on Scottish Ministers to report to the Scottish Parliament over the next five years on the impact that the UK Welfare Reform Act is likely to have on the people of Scotland. We published our first report in June 2013\(^1\) together with a report outlining the approach we have taken to mitigation in partnership with our stakeholders\(^2\). We will update this paper on a continuing basis.

**BUDGET CHANGES**

Overall, the portfolio has seen an increase in the 2014-15 budgets since the Spending Review, primarily as a result of the allocation of capital consequentials, which the Scottish Government has used to stimulate the economy and achieve other outcomes through investment in affordable homes, home ownership and digital and transport infrastructure.

In addition, there has been movement between resource and capital budgets, primarily in rail, in line with the latest Draft Determination from the Office of Rail Regulation (ORR).

Funding for Welfare Reform Mitigation now includes, and baselines, the budgets for the Scottish Welfare Fund, as well as maintaining a number of new funding streams, such as advice services, announced in the course of 2013-14.

**OUR PRIORITIES**

In 2014-15, the Scottish Government will continue to focus expenditure on activity that will stimulate economic growth. We will continue to drive out efficiencies from existing activity and look for innovative ways to deliver as much as possible for the public pound. We will continue our significant investment in the road network, spending £638 million on motorways and trunk roads in 2014-15, including £241 million on the

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1. [http://www.scotland.gov.uk/Topics/People/welfarereform/annualreport](http://www.scotland.gov.uk/Topics/People/welfarereform/annualreport)
construction of the Queensferry Crossing, whilst increasing our expenditure on support for sustainable and active travel by £10 million.

We will also contribute funding for Glasgow’s SPT Fastlink, in support of the Commonwealth Games. We have pledged to support improvements to the Caledonian Sleeper services and will continue with our ambitious investment in the rail network through the start of the new regulatory control period for Network Rail, including the construction of the Borders railway and the development of the route between Edinburgh Waverley and Glasgow Queen Street. In total we will spend £843 million on the development of rail services in 2014-15.

In recognising the importance of having a cohesive economy and good transport links to the whole of Scotland, the Scottish Government has increased its plans for expenditure on air and has increased its investment in ferry services in line with the Ferries Plan published in December 2012. It has also increased expenditure on concessionary fares and bus services, recognising the importance of these services to particular groups in our society.

In 2014-15, we will spend over £350 million on housing supply through both grant and financial transaction funding, which will contribute to the delivery of 6,000 more affordable homes and support recovery in the private sector. This will include funding for the successful applicants to the Greener Homes Innovation Scheme, aimed at encouraging the provision of sustainable, greener homes. In addition, there is further funding for affordable housing supply within the local government capital settlement. We will also use the £25 million Regeneration Capital Grant Fund, in partnership with COSLA, and continue to use the £50 million Scottish (JESSICA) Spruce Fund to target sustainable investment in disadvantaged areas. We will provide funding of £79 million for HEEPS, which, together with ECO, is expected to deliver a combined funding package of around £200 million for energy efficiency measures.

We will provide £10 million in 2014-15 for Registered Social Landlords (RSLs) to continue adapting their properties to help meet the needs of older people and disabled people. The investment will reduce pressure on health and social care services by enabling people to live independently, safely and comfortably at home; reducing accidents requiring hospital admission; and enabling people to return to home sooner after hospital treatment. Through this preventative approach, average expenditure on each adaptation of £1,800 can save health and social care systems over £10,000.

We are committed to doing all we can within our existing powers and resources to mitigate the impacts of welfare reform on people in Scotland. During 2013-14, we increased total funding for Welfare Reform Mitigation to £45.2 million and in 2014-15 we are maintaining spend at this level. This includes maintaining our funding for the Scottish Welfare Fund at £33 million and for advice and support services. In addition, we are funding a range of pilots and transitional support to help people make the move to the new benefits system. We also continue to invest in a range of third sector initiatives for income maximisation and to tackle poverty, particularly in support of the Child Poverty Strategy for Scotland.
We will continue to develop our investment plans for Scotland’s water and sewerage infrastructure for 2015-21. This will reflect our agreement to invest £250 million over the next five years to upgrade Glasgow’s waste water infrastructure to improve the environment of the River Clyde and to tackle flooding.

We will also continue to develop digital infrastructure in accordance with our investment plans and strategies and use European Structural Funds to support projects that will improve Scotland’s competitiveness. £1 million has also been provided to maximise the value of asset disposals and property rationalisation across the public sector. Savings released from these actions by 2014-15 will be used to support the Government’s investment programme.

Finally, we will continue to prepare for a referendum on 18 September 2014 to give the people of Scotland the opportunity to vote on whether Scotland should be an independent country. The Scottish Independence Referendum Bill is designed to deliver a fair, open and democratic process which is conducted and regulated to the highest international standards and which commands the confidence of the public and of both sides of the debate. As identified in the Scottish Independence Referendum Bill Financial Memorandum, the referendum is estimated to cost around £13.7 million in total. We will also publish a White Paper in Autumn 2013 setting out the Scottish Government’s vision for an independent Scotland, to inform the choice people will be making in the referendum.
### Table 9.01: Spending Plans (Level 2)

<table>
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<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<td>Air Services</td>
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<td>49.4</td>
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<td>Concessionary Fares and Bus Services</td>
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### Table 9.02: Detailed Spending Plans (Level 2 real terms at 2013-14 prices)

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### Air Services

**Table 9.03: More Detailed Spending Plans (Level 3)**

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What the budget does

The budget supports Highlands and Islands Airports Limited (HIAL), which operates 11 airports at Barra, Benbecula, Campbeltown, Dundee, Inverness, Islay, Kirkwall, Stornoway, Sumburgh, Tiree and Wick. The budget includes resources for capital investment required by the regulatory authorities. It sustains the operation and development of airport services throughout the Highlands and Islands, supporting the economic and social development of remote and island communities. The budget also supports the Air Discount Scheme (ADS) which provides discounted fares on eligible routes to people whose main residence is in Orkney, Shetland, the Western Isles, Islay, Colonsay and Jura, Caithness and north-west Sutherland. In addition, the budget supports lifeline Public Service Obligation (PSO) air services between Glasgow and Barra, Campbeltown and Tiree, which cannot be provided commercially.

Budget changes

Since the publication of the Spending Review, additional funding following reclassification of HIAL to an NDPB has resulted in budget cover required for depreciation costs for the period 2013-14 to 2015-16. Additional funding has also been provided to cover the cost of new aircraft and increased operational costs.

In 2014-15 we will:

- ensure that HIAL has the necessary resources to maintain its 11 airports at current levels of operational ability;
- continue to fund the lifeline PSO air services to Barra, Campbeltown and Tiree; and
- continue to fund the Air Discount Scheme.

Through continuing to invest in these air services we will help to ensure that Scotland is a cohesive nation where all its people are able to access the services and amenities that they need and are connected to the opportunities provided by the global economy.

Concessionary Fares and Bus Services

Table 9.04: More Detailed Spending Plans (Level 3)

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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
What the budget does

The budget provides support for the development and delivery of concessionary travel schemes for older, disabled and young people. The funding provides for bus infrastructure systems to recognise Smartcards, which is essential to effective implementation of our fraud strategy. Access to national concessionary travel is through Smartcards issued as part of the Scottish Citizens’ National Entitlement Card project.

Bus Service Operators’ Grant (BSOG) provides support to the bus industry across Scotland. Its aim is principally to benefit passengers by helping operators to keep their fares down and enabling operators to run services that might not otherwise be commercially viable, thus contributing to the maintenance of the overall bus network. It helps sustain the economy and reduce the cost to local authorities of supporting non-commercial, socially necessary services.

The Bus Investment Fund supports partnership working to improve bus services, standards and infrastructure across Scotland.

Budget changes

Since the publication of the Spending Review there has been an increase of £5 million to the budget for concessionary fares in 2014-15 to bring it in line with the Statutory Instrument laid in February 2013.

In 2014-15 we will:

- continue to deliver the concessionary travel schemes to provide free or discounted trips on public transport to the people that need it most, connecting Scotland’s people and communities;
- continue to make efficiency savings in the operation of the schemes and the validation of bus operator claims; and
- continue to support partnership working to improve bus services, standards and infrastructure through the bus investment fund.

Ferry Services

Table 9.05: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for Ferry Services</td>
<td>97.5</td>
<td>113.9</td>
<td>118.2</td>
</tr>
<tr>
<td>Vessels and Piers</td>
<td>7.6</td>
<td>26.9</td>
<td>41.0</td>
</tr>
<tr>
<td>Road Equivalent Tariff</td>
<td>6.0</td>
<td>6.0</td>
<td>6.8</td>
</tr>
<tr>
<td>Total</td>
<td>111.1</td>
<td>146.8</td>
<td>166.0</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>103.5</td>
<td>119.9</td>
<td>125.0</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>7.6</td>
<td>26.9</td>
<td>41.0</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
What the budget does

The Support for Ferry Services budget line covers the subsidy paid for the:

- Clyde and Hebrides Ferry Services (CHFS) contract;
- Northern Isles Ferry Services contract;
- Northern Isles Lift-On Lift-Off Freight Services contract; and
- Gourock-Dunoon Ferry Service contract.

The Vessels and Piers budget line provides for loans to Caledonian Maritime Assets Ltd (CMAL) for the procurement of vessels used on the CHFS network and grants to ports (other than those owned by local authorities) for improvement works to piers and harbours that support lifeline ferry services.

The budget line for Road Equivalent Tariff (RET) funds this approach to ferry fare setting on the services to the Western Isles, Coll and Tiree.

All spending on ferry services is guided by the Scottish Government’s Ferries Plan, published in December 2012.

Budget changes

Since the publication of the Spending Review, £10 million of additional funding has been allocated in 2014-15 to support the ferry services and an additional £21.1 million has been allocated to invest in replacement vessels and port infrastructure.

In 2014-15 we will:

- maintain ferry services on the Clyde and Hebrides, Gourock-Dunoon and Northern Isles routes;
- begin preparations to re-tender for the Clyde and Hebrides Ferry Services contract to replace the current contract which expires in October 2016;
- introduce into service a major new vessel, the MV Loch Seaforth, to the Stornoway-Ullapool route and complete accompanying harbour works;
- maintain the RET fares for the routes to the Western Isles, Coll, Tiree, Islay, Gigha and Colonsay and undertake the roll out to Arran; and
- continue implementation of the Ferries Plan.
Motorways and Trunk Roads

Table 9.06: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Repairs</td>
<td>35.0</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Network Strengthening</td>
<td>30.0</td>
<td>38.8</td>
<td>36.0</td>
</tr>
<tr>
<td>Private Finance Initiative (PFI) Payments</td>
<td>76.8</td>
<td>84.7</td>
<td>84.7</td>
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<tr>
<td>Routine and Winter Maintenance</td>
<td>70.5</td>
<td>74.0</td>
<td>77.1</td>
</tr>
<tr>
<td>Other Current Expenditure</td>
<td>4.8</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Roads Improvement</td>
<td>14.2</td>
<td>14.2</td>
<td>14.2</td>
</tr>
<tr>
<td>Capital Land and Works</td>
<td>107.6</td>
<td>51.0</td>
<td>81.0</td>
</tr>
<tr>
<td>Queensferry Crossing</td>
<td>259.0</td>
<td>241.0</td>
<td>245.0</td>
</tr>
<tr>
<td>Roads Depreciation</td>
<td>89.0</td>
<td>89.0</td>
<td>110.9</td>
</tr>
<tr>
<td>Forth and Tay Road Bridge Authorities</td>
<td>11.2</td>
<td>12.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Total</td>
<td>698.1</td>
<td>639.0</td>
<td>695.2</td>
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<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>247.9</td>
<td>263.8</td>
<td>288.5</td>
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<tr>
<td>DEL Capital</td>
<td>450.2</td>
<td>375.2</td>
<td>406.7</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

In addition to major roads construction projects and other road improvements, the budget delivers routine, cyclical and winter maintenance to maintain the safety, environment and amenity of the trunk road network. It includes road safety improvement programmes, information for road travellers and an emergency response facility to deal with emergencies and incidents on the network.

The budget also covers the construction of the Queensferry Crossing.

Budget changes

Since the publication of the Spending Review, funding for the Road Safety Camera Partnerships of £4.2 million per annum has transferred from the Justice portfolio and this is included in Other Current Expenditure. Other budget changes relate to the phasing of construction works in Capital Land and Works and the Queensferry Crossing.

In 2014-15 we will:

- continue construction of the Queensferry Crossing as programmed;
- progress construction of the M8 Baillieston to Newhouse motorway upgrade, together with improvements to the M74 Raith Interchange and the M8 associated improvements;
● complete the procurement of the Aberdeen Western Peripheral Route (AWPR) and Balmedie projects;

● complete construction on the A75 Dunragit Bypass and A82 Crianlarich Bypass trunk road improvements;

● progress construction on the A96 Inveramsay Bridge and A737 Dalry Bypass;

● progress development work on the A77 Maybole Bypass, A82 Loch Lomond and A90 Haudagain Roundabout;

● progress design and development work on dualling the A9 and A96;

● focus on essential improvements and on safety and congestion relief improvements that offer value for money;

● use lower cost repairs alongside safety critical work until funding allows renewal of life expired roads and strengthening of bridges to take place;

● maximise value in the routine and winter maintenance budgets by identifying savings in the work delivered by the Trunk Road Operating Companies; and

● continue to maintain the safe operation of the Forth and Tay Road Bridges.

Investment in road infrastructure is vital to ensuring that Scotland is an attractive place for doing business in Europe.
Other Transport Policy, Projects and Agency Administration

Table 9.07: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport Information</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Agency Administration Costs</td>
<td>17.3</td>
<td>16.9</td>
<td>16.9</td>
</tr>
<tr>
<td>Strategic Transport Projects Review</td>
<td>3.6</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Support for Freight Industry</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Scottish Canals</td>
<td>13.3</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Support for Sustainable and Active Travel</td>
<td>35.0</td>
<td>29.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Travel Strategy and Innovation</td>
<td>5.1</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Road Safety</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79.6</strong></td>
<td><strong>69.9</strong></td>
<td><strong>55.9</strong></td>
</tr>
</tbody>
</table>

of which:

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEL Resource</td>
<td>44.0</td>
<td>39.2</td>
<td>38.9</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>35.6</td>
<td>30.7</td>
<td>17.0</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Transport Information budget funds the provision of impartial travel information services such as Traveline and Transport Direct.

The Agency Administration budget funds the running costs of Transport Scotland.

The Strategic Transport Projects Review (STPR) budget is designed to ensure the robustness of the appraisal and analysis tools that enable decisions to be made on individual projects, as well as supporting the wider business case development and appraisal.

The Support for the Freight Industry budget focuses on measures which encourage the freight industry to reduce emissions, including by transferring freight from road to rail and water, where practicable.

The grant to Scottish Canals supports the maintenance of Scotland’s canals and their contribution to economic regeneration.

The budget for Sustainable and Active Travel delivers support for the promotion of more sustainable travel choices, including support for the actions in the Cycling Action Plan for Scotland as well as work to promote sustainable transport to organisations and in communities, e.g. the development of a network of car clubs across Scotland. It includes funding for the core Fastlink scheme in Glasgow (£20 million in 2013-14 and £10 million in 2014-15).
The budget for Transport Strategy and Innovation provides running cost support for groups including Regional Transport Partnerships and the Mobility and Access Committee for Scotland (MACS).

The Road Safety budget covers Road Safety Scotland’s delivery of road safety research, education and publicity and support for partnership working under the Road Safety Framework to 2020. Scotland currently has some of the safest roads in Europe and we will continue to strive to make road travel safer.

**Budget changes**

Since the publication of the Spending Review, additional funding of £14 million in 2014-15 has been allocated for Support for Sustainable and Active Travel, aimed at cycling and walking infrastructure.

In 2014-15 we will:

- continue development of a route strategy for the dualling of the A96;
- operate the Mode Shift Revenue Support and Waterborne Freight Grant schemes and promote best practice in the freight industry;
- continue to contribute to economic regeneration through Scottish Canals involvement in the Helix project;
- continue to support the operation of Regional Transport Partnerships and mobility/accessibility interest groups such as MACS;
- contribute funding for Glasgow’s SPT Fastlink, in support of the Commonwealth Games;
- continue to support road safety initiatives to deliver the Road Safety Framework; and
- continue to invest in infrastructure to encourage cycling and walking, working in partnership with local authorities across the country.

This investment will help to reduce the local and global environmental impact of our consumption and production and will also help us to live longer and healthier lives.
Rail Services

Table 9.08: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Franchise</td>
<td>502.3</td>
<td>380.7</td>
<td>380.8</td>
</tr>
<tr>
<td>Rail Infrastructure</td>
<td>278.0</td>
<td>427.6</td>
<td>452.4</td>
</tr>
<tr>
<td>Rail Development</td>
<td>3.5</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Major Public Transport Projects</td>
<td>44.4</td>
<td>27.5</td>
<td>28.5</td>
</tr>
<tr>
<td>Total</td>
<td>828.2</td>
<td>842.8</td>
<td>868.7</td>
</tr>
<tr>
<td></td>
<td><strong>of which:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>505.8</td>
<td>387.7</td>
<td>382.8</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>322.4</td>
<td>455.1</td>
<td>485.9</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does
The budget supports the delivery of ScotRail passenger rail services in Scotland and the Caledonian Sleeper services, the maintenance and safe operation of the Scottish rail infrastructure and investment in network enhancements. The rail infrastructure and track access charge elements of rail services costs paid to Network Rail are determined by the Office of Rail Regulation (ORR).

Funding is provided under Major Public Transport Projects for the delivery of major elements of rail public transport projects such as the Edinburgh to Glasgow Improvements Programme, the Borders Railway and the City of Edinburgh tram project and improvements to the Caledonian Sleeper services.

Budget changes
The UK Government’s Autumn Budget Statement in November 2011 made £50 million available in 2011-12 to improve the Caledonian Sleeper service, subject to match funding from the Scottish Government. As it was not possible to procure or refurbish rolling stock in the short period of time that remained in 2011-12, with the agreement of HM Treasury these funds have been allocated in a phased way in the following profile: £5 million, £10 million, £25 million and £10 million in the years 2013-14 to 2016-17.

Since the publication of the Spending Review, the budgets for rail franchise and rail infrastructure have been updated to reflect the latest position on the ORR’s Draft Determination for Control Period 5 (2014-19), including the split between resource and capital. This has resulted in a switch of £149 million from resource (rail franchise) to capital (rail infrastructure).

In 2014-15 we will:
- increase expenditure to improve rail passenger services and operate, maintain and enhance the rail network;
- continue construction of the Borders Railway to open in 2015;
- continue design, development and delivery of the Edinburgh to Glasgow Improvement Programme;
- continue delivery of the wider programme of network electrification, including the Rutherglen and Coatbridge (Whifflet) route;
- let the next contracts for the provision of ScotRail passenger and Caledonian Sleeper services; and
- complete the Scottish Government’s funding obligation to make a £500 million contribution to the City of Edinburgh Council’s tram project.

**Scottish Futures Fund**

**Table 9.09: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warm Homes Fund</td>
<td>7.8</td>
<td>31.3</td>
<td>-</td>
</tr>
<tr>
<td>Future Transport Fund</td>
<td>7.7</td>
<td>18.7</td>
<td>20.2</td>
</tr>
<tr>
<td><strong>Total Level 2</strong></td>
<td><strong>15.5</strong></td>
<td><strong>50.0</strong></td>
<td><strong>20.2</strong></td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>15.5</td>
<td>24.0</td>
<td>-</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>-</td>
<td>-</td>
<td>20.2</td>
</tr>
<tr>
<td>Financial Transactions</td>
<td>-</td>
<td>26.0</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**What the budget does**

The Future Transport Fund will reduce the impact of transport on our environment, reducing congestion and supporting better public transport, active travel and low carbon vehicles. This investment provides a platform for increasing support thereafter for a range of sustainable transport initiatives, including cycling infrastructure and freight modal shift.

The Warm Homes Fund supports the development of renewable energy projects designed to generate energy and/or income for local communities with high levels of fuel poverty. Organisations eligible to apply are Registered Social Landlords (RSL), local authorities, and partnerships led by them. Support takes the form of grants for feasibility studies and options appraisals, and loans at competitive rates of interest to support project development.
Budget changes
Since the Spending Review, an additional £12.5 million capital has been added in 2014-15 to the Warm Homes Fund to increase the provision to £31.3 million in 2014-15.

In 2014-15 we will:

- continue to progress initiatives to advance adoption of electric and other low carbon vehicles, including buses;
- continue to promote active travel choices, through support for cycling and walking initiatives;
- continue to support freight modal shift; and
- invest a further £31.3 million in the Warm Homes Fund.

Housing and Regeneration

Table 9.10: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Economic Growth/Housing Supply</td>
<td>233.5</td>
<td>402.1</td>
<td>503.6</td>
</tr>
<tr>
<td>Supporting Sustainability</td>
<td>114.0</td>
<td>108.9</td>
<td>90.6</td>
</tr>
<tr>
<td>Supporting Transitions</td>
<td>22.1</td>
<td>26.9</td>
<td>29.4</td>
</tr>
<tr>
<td>Less Income</td>
<td>(5.0)</td>
<td>(5.0)</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Total</td>
<td>364.6</td>
<td>532.9</td>
<td>618.6</td>
</tr>
</tbody>
</table>
    of which:                          |                   |                         |                  |
| DEL Resource                         | 97.8              | 43.2                    | 44.1             |
| DEL Capital                          | 235.9             | 320.4                   | 363.5            |
| Financial Transactions               | 30.9              | 169.3                   | 211.0            |
| AME                                  | -                 | -                       | -                |

Note: Additional resources added to the 2013-14 level 3s after ‘Budget Bill 2013-14’ are not shown in the figures above. The formal approval of the additional deployment will be at the Autumn Budget Revision 2013-14.

What the budget does
The budget enables us to deliver on our commitment to provide 30,000 new affordable homes over the life of this Parliament, boosting the house building industry through this and other measures. It also helps to fund a range of other housing and regeneration activities: large and small scale regeneration initiatives, energy efficiency upgrades and renewables to tackle fuel poverty and climate change, adaptations to allow older and disabled RSL tenants to remain in their homes, and projects which promote best practice in dealing with homelessness and other housing issues.
In addition there is further funding for housing supply within the local government capital settlement.

**Budget changes**

Since the publication of Draft Budget 2013-14, the budget for Housing and Regeneration has been augmented to reflect the deployment of additional funding (£60.8 million) at Budget Bill 2013. This includes additional loans and equity funding of £9.2 million to support the housing sector, and additional resources for regeneration and affordable housing supply.

In 2014-15 we will:

- work in partnership with COSLA to use the £25 million Regeneration Capital Grant Fund to assist regeneration projects across the country, including continued support to urban regeneration companies;

- help community anchor organisations to grow and respond to the aspirations of their communities through our People and Communities Fund;

- continue to use the £50 million Scottish (JESSICA) Spruce Fund to target sustainable investment within the 13 eligible local authority areas (and the fund will be recycled into new projects in the future);

- use our funding to make Scotland the most attractive place for energy companies to meet their obligations and support energy efficiency and carbon reduction measures in existing housing to contribute to the Scottish Government target to eradicate fuel poverty by 2016, as far as is reasonably practicable, and the targets within the Climate Change Act 2009;

- complete the approvals of the social and affordable housing projects for 30 local authorities from their three year resource planning assumptions. Glasgow and Edinburgh City Councils are also approving three year affordable housing programmes from the resources within the local government Transfer of Management of Development Funding (TMDF) budget;

- deliver 6,000 affordable homes, of which 4,000 will be social homes;

- continue to support first time buyers through our existing shared equity programmes and current home owners through the mortgage rescue schemes;

- continue to support the construction industry and private house building through funding of the House Building Infrastructure Loan Fund and our work with Homes for Scotland and the Council for Mortgage Lenders on MI New Home, the mortgage indemnity scheme for new build housing in Scotland;

- improve access to affordable mortgages for people buying a new build home through our new Help to Buy (Scotland) shared equity scheme; and

- provide funding for the successful applicants to the Greener Homes Innovation Scheme aimed at encouraging the provision of sustainable, greener homes.
Welfare Reform Mitigation

Table 9.11: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Welfare Fund</td>
<td>9.2</td>
<td>37.6</td>
<td>37.6</td>
</tr>
<tr>
<td>Other Welfare Reform Mitigation</td>
<td>3.0</td>
<td>7.6</td>
<td>7.6</td>
</tr>
<tr>
<td>Total</td>
<td>12.2</td>
<td>45.2</td>
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</tr>
<tr>
<td>of which:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>12.2</td>
<td>45.2</td>
<td>45.2</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AME</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

What the budget does

The Scottish Government has worked in partnership with COSLA, local authorities and others to deliver the new Scottish Welfare Fund (SWF). The scheme, launched on 1 April 2013, is operated by local authorities based on national guidance, and offers Community Care Grants and Crisis Grants. We are maintaining our funding for the new SWF at £33 million, some £9.2 million above the funding transferred from the Department for Work and Pensions. In addition, the Scottish Government is providing funding for organisations in Scotland who provide advice and support services to help people cope with the transition to the new system. This includes £2.5 million across 2013-14 and 2014-15 for Citizens Advice Scotland, and £5.1 million towards the new Making Advice Work grant funding programme, which focuses on improving access to advice for people in Scotland affected by welfare reforms, and which has a total funding of £7.45 million from the Scottish Government and the Money Advice Service.

The budget also supports initiatives with the third sector, Scottish local authorities and others, designed to maximise household incomes for vulnerable groups, and funds work which helps the Scottish Government assess the longer-term and cumulative impact of those reforms on our people and communities.

In 2014-15, we will:

- provide £33 million for the SWF and introduce a Scottish Welfare Fund Bill to provide a statutory basis for the current SWF. The Bill will establish the fund as a means of providing a safety net in an emergency or a disaster when there is an immediate threat to health and safety, and as a source of help for people on qualifying benefits to access household goods to set up home or remain in their community;

- monitor the impact of new criteria that we have put in place to maintain access to Scottish Government funded passported benefits, as Universal Credit and Personal Independence Payments are rolled out across Scotland by the UK Government;

- work with COSLA and the Scottish local authorities to improve our understanding of the impact of the UK Government’s welfare reforms;
continue our programme of activity in response to the UK Government's welfare reforms, including funding for advice services;

prepare a second report on the impact that the UK Welfare Reform Act 2012 is likely to have on the people of Scotland, as we are required by the Welfare Reform (Further Provision) (Scotland) Act 2012; and

continue to tackle poverty, particularly child poverty, within the limits of the powers we have.

Digital Economy and Infrastructure

Table 9.12: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Economy and Infrastructure</td>
<td>4.0</td>
<td>13.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Total</td>
<td>4.0</td>
<td>13.8</td>
<td>1.0</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>3.0</td>
<td>12.8</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Digital Economy and Infrastructure budget funds the programme that will deliver Scotland’s digital future. The capital budget for the Digital Economy and Infrastructure funded Pathfinder, a public sector procurement project for broadband services for the public sector (excluding health) in the Highlands and Islands and South of Scotland. Local authority partners manage the delivery of the project on our behalf.

The resource budget supports innovation and growth in the digital economy by funding business support programmes to ensure Scotland’s business base remains competitive in the global marketplace. This budget currently funds programmes through our enterprise agencies and Business Gateway to support businesses to up-skill and encourage better use of digital technology.

Budget changes

Increased funding is available to support Scotland’s transition to a world leading digital nation by 2020. Across portfolios this includes funds to support the continued growth and development of our digital economy; increase the digital skills of our population and our business base; transform our public services and to deliver the digital infrastructure that is necessary to ensure that everyone in Scotland is able to take full advantage of the digital opportunity.

The budget for digital infrastructure has increased due to the allocation of Barnett consequentials. This is reflected in the increase in the Next Generation Digital Fund.
Responsibility for the fund rests with the Infrastructure, Investment and Cities portfolio, but the fund itself is shown in the Rural Affairs and Environment portfolio as much of this investment will be targeted in rural areas. Further details are available in that chapter.

**European Regional Development Fund — 2007-13 Programmes**

**Table 9.13: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to Local Authorities</td>
<td>14.9</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Central Government Spend</td>
<td>44.0</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Grants to Local Authorities – EC Income</td>
<td>(14.9)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Central Government Spend – EC Income</td>
<td>(44.0)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

These figures net to zero because of matching receipts from the European Union

**European Social Fund — 2007-13 Programmes**

**Table 9.14: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to Local Authorities</td>
<td>16.6</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Central Government Spend</td>
<td>28.2</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Grants to Local Authorities – EC Income</td>
<td>(16.6)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Central Government Spend – EC Income</td>
<td>(28.2)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

These figures net to zero because of matching receipts from the European Union
What the budget does

We have responsibility for implementing the 2007-13 European Structural Funds programmes in Scotland, principally through the European Regional Development Fund and the European Social Fund, as well as other cross border and transitional programmes.

European Structural Funds contribute to the improvement in Scotland’s economic competitiveness through support for business research and innovation, infrastructure, skills improvement and the promotion of lifelong learning across a wide range of sectors, underpinning a number of our Strategic Priorities in delivery of the Scottish Government’s Purpose.

European Structural Fund budgets are projections, and may change for example because of Euro exchange rates or financial corrections to the Programmes. Financial corrections are imposed when the European Commission determines that our control and delivery arrangements are insufficient. It is not possible to budget for such financial corrections as they are unquantifiable and dependent on the reviews of the European Commission which are out of the Scottish Government’s direct control.

Budget changes

The revised figures reflect changing profiles of expenditure in approved projects.

2014 - 2020 Programmes

The current European Structural Funds programmes are coming to an end and the new programmes will run from 2014 to 2020. The European Commission has announced a number of proposals for the future programmes which will ensure that activity will deliver the Europe 2020 aims of smart, sustainable and inclusive growth.

At present it is not possible to budget for the new programmes while negotiations on the Multi Annual Financial Framework are ongoing in the EU.

Scottish Water

Table 9.15: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Interest on Voted Loans</td>
<td>(90.3)</td>
<td>(94.5)</td>
<td>(94.5)</td>
</tr>
<tr>
<td>Voted Loans</td>
<td>66.0</td>
<td>115.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Total Level 2</td>
<td>(24.3)</td>
<td>20.5</td>
<td>25.5</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>(90.3)</td>
<td>(94.5)</td>
<td>(94.5)</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>66.0</td>
<td>115.0</td>
<td>120.0</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
What the budget does

In 2014-15 and 2015-16 Scottish Water will continue to deliver the improvements required by Ministers. These will be financed through customer charges and new loans from the Scottish Government as set out above. The budget also recognises the receipt of interest to the resource budget from the loans issued to Scottish Water.

In 2014-15 Scottish Water plans to deliver the improvements to our vital water and sewerage services as set out in its Delivery Plan and as agreed with Ministers. The improvements for 2015-16 will be agreed in 2014 as part of the process to determine customer charges for the period 2015-21.

We have set up a specific group, the Output Monitoring Group (OMG), to ensure that the improvements that we require are delivered. The OMG brings together all major stakeholders in the Scottish water industry, including the Scottish Government, Scottish Water, Water Industry Commission for Scotland, Drinking Water Quality Regulator, Scottish Environment Protection Agency and Consumer Futures, and is chaired by the Scottish Government. It produces quarterly reports, summarising progress in delivering Ministers’ objectives by reference to the targets and milestones shown in Scottish Water’s Delivery Plan.

Budget changes

Owing to Scottish Water’s strong performance in recent years together with favourable movements relative to the assumptions made in 2009 when the financial settlement for 2010-15 was agreed, Scottish Water has been able to reduce its requirement for loans by a further £80 million in 2014-15. The loans required for the next regulatory period 2015-21 will be confirmed in 2014. However, we are assuming that £120 million will be required each year to 2021.

The figures above do not reflect the agreement made in February 2013 during the debate on the 2013-14 Budget Bill to reduce Scottish Water’s 2013-14 Capital DEL by £35.5 million to £30.5 million. This change will be presented to the Scottish Parliament as part of the Autumn Budget Revision.

As a ‘Hydro Nation’ we can capitalise on global economic opportunities and support the good stewardship of water resources in an increasingly water-stressed world. We have made resources available from within the Scottish Water budget to promote this agenda, which includes the climate justice fund, and will continue to do so as more detailed plans emerge. The current estimated profile of expenditure is £4 million and £5 million in 2013-14 and 2014-15 respectively.
Other Expenditure

Table 9.16: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESF Programme Operation</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Scottish Futures Trust</td>
<td>4.7</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Asset Management</td>
<td>1.0</td>
<td>(24.0)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7.2</strong></td>
<td><strong>(17.8)</strong></td>
<td><strong>6.2</strong></td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>6.2</td>
<td>5.9</td>
<td>6.2</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>1.0</td>
<td>(23.7)</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

European funds are used to support economic recovery and future growth. The ESF Programme Operation budget provides the resources necessary to run these programmes of support.

In 2014-15, the Scottish Futures Trust (SFT) will continue to work to enhance value for money for infrastructure investment across the public sector in Scotland. It will, in particular, progress delivery of the pipeline of investment through the Non-Profit Distributing model, working in partnership with others in transport, education and health; support innovative new ways of working, including collaborative procurement through the hub initiative; support the National Housing Trust to create affordable housing; and use Tax Incremental Financing pilots to lever in additional investment for regeneration.

In addition, we have asked SFT to work with public sector bodies across both the local and central estates to deliver a step change in improved property asset management. SFT is administering an Asset Management Fund of £1 million in each of the spending review years, aimed at maximising the value of asset disposals and property rationalisation across the public sector. Savings released from these actions by 2014-15 will be used to support the Government’s investment programme.

Audit Scotland estimated that, by the end of 2007-08, the Public Procurement Reform Programme had directly delivered £327 million worth of savings and benefits. That figure has risen to almost £1.2 billion over the last five years.
Budget changes
There have been no further budget changes.

Parliamentary Business and Government Strategy

Table 9.17: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Communications</td>
<td>2.9</td>
<td>3.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Crown Office and Procurator Fiscal Service Inspectorate</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Royal and Ceremonial</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Office of the Chief Statistician</td>
<td>1.5</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Strategic Research and Analysis Fund</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Scotland Act Implementation</td>
<td>3.5</td>
<td>10.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Office of the Chief Economic Adviser</td>
<td>0.4</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Referendum on Scottish independence</td>
<td>–</td>
<td>12.9</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9.8</strong></td>
<td><strong>29.4</strong></td>
<td><strong>46.2</strong></td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>9.8</td>
<td>29.4</td>
<td>46.2</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Parliamentary Business and Government Strategy Budget:

- enables Scottish Ministers to communicate with various audiences and to improve their lives through public information and behaviour change campaigns;
- supports procurement of data and specific technical assistance to strengthen understanding of key developments in the economy and public finances;
- supports the independent inspection of the Crown Office and Procurator Fiscal Service (COPFS), through the support of the office and production of thematic reports;
- funds implementation of the financial provisions in the Scotland Act 2012;
- covers Royal and Ceremonial events and tasks within Scotland; and
- funds the September 2014 referendum on Scottish independence.
In 2014-15, we will:

- support public engagement activities to encourage the public to make changes to help create a greener (e.g. home energy and active travel), safer (e.g. road safety) and healthier (e.g. early detection of cancer and advice on smoking, drinking and diet) Scotland;

- continue to work in partnership with commercial organisations to add value and direct impact to communication campaigns;

- support Commonwealth Games Legacy and Delivery activity;

- procure data and technical expertise to help inform and advise on developments in the Scottish economy, including new powers from the Scotland Bill;

- develop the data the Scottish Government needs to make robust evidence based decisions, to explore and deliver efficiencies in collecting this data;

- support development work to do more with the data the Scottish Government collects, and improve the accessibility and communication of statistics, particularly the Scottish Neighbourhood Statistics website;

- deliver thematic reports to the Lord Advocate on risk based topics in the Criminal Justice System with a view to making recommendations leading to improvement;

- provide additional funding to bodies responsible for implementing new responsibilities, particularly relating to taxation, as set out in the Scotland Act 2012. This includes payments to HMRC for costs incurred by them in planning and implementing the Scottish rate of income tax;

- continue to cover relevant Royal and Ceremonial expenditure such as Lord Lieutenant expenses, expenses incurred by the Pursebearer to the Lord High Commissioner of the General Assembly of the Church of Scotland and ad-hoc Royal and Ceremonial projects; and

- continue to prepare the legislative framework for the 2014 referendum on Scottish independence and work with stakeholders to ensure arrangements are in place for the delivery of the referendum, and prepare and distribute a white paper on the Scottish Government’s vision of an independent Scotland.
Scottish Housing Regulator

Table 9.18: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Housing Regulator</td>
<td>3.8</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.8</strong></td>
<td><strong>4.0</strong></td>
<td><strong>3.7</strong></td>
</tr>
<tr>
<td><em>of which:</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>3.8</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>–</td>
<td>0.3</td>
<td>–</td>
</tr>
<tr>
<td>AME</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

What the budget does

The Scottish Housing Regulator, the independent body established by the Housing (Scotland) Act 2010, has the statutory objective of safeguarding and promoting the interests of the 600,000 households in social rented housing. The budget will allow the Regulator to continue to drive up the quality of services delivered to tenants, homeless people and other service users.

Budget changes

The additional capital budget will allow the Scottish Housing Regulator to complete its investment in a new IT system for collecting, analysing and publishing information on the performance of social landlords.

Central Government Grants to Local Authorities

Table 9.19: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Transport Partnership</td>
<td>15.3</td>
<td>22.5</td>
<td>21.9</td>
</tr>
<tr>
<td>Cycling, Walking and Safer Routes</td>
<td>5.6</td>
<td>8.2</td>
<td>8.0</td>
</tr>
<tr>
<td>Housing Support Grant &amp; Hostels Grant</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>National Housing Trust Provision (AME)</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Vacant Derelict Land grant</td>
<td>7.5</td>
<td>11.0</td>
<td>10.7</td>
</tr>
<tr>
<td>Transfer of Management of Dev Funding</td>
<td>73.0</td>
<td>107.3</td>
<td>104.5</td>
</tr>
<tr>
<td>Assistance to owners – Glasgow Stock Transfer</td>
<td>0.9</td>
<td>1.2</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114.3</strong></td>
<td><strong>162.2</strong></td>
<td><strong>157.1</strong></td>
</tr>
<tr>
<td><em>of which:</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>102.3</td>
<td>150.2</td>
<td>145.1</td>
</tr>
<tr>
<td>AME</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>
PORTFOLIO RESPONSIBILITIES

The Administration budget covers the costs of running the core administration required to support the Scottish Government’s Purpose and Strategic Objectives. These costs comprise primarily staffing, but also accommodation, information technology, travel and training. The budget contributes to the achievement of all the Strategic Objectives across each of the Ministerial portfolios and to the delivery of our 16 National Outcomes.

SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH

The framework for delivering the Purpose, and our priorities for accelerating recovery, driving sustainable growth, tackling inequality and boosting employment, were set out in our Government Economic Strategy published in September 2011. We are developing and implementing a range of policies across government portfolios to deliver these priorities. More directly, our commitment to the Modern Apprenticeship Programme is a key part of our economic strategy and we have taken action to ensure that we contribute fully as an employer in our own right.

NATIONAL OUTCOMES

The Scottish Government’s Business Strategy sets out our development priorities as the civil service organisation supporting the Scottish Government. Our vision is to deliver with greater flexibility and higher impact for Ministers and for Scotland, to have reduced our administration costs by 20 per cent by 2015 and to be recognised as an outstanding employer. In doing so, we will apply a strong outcomes focus across our policies, programmes and the allocation of resources, and we will provide leadership in the delivery of an ambitious programme of public service reform, based around the recommendations set out by the Christie Commission on the future delivery of public services.

BUDGET CHANGES

Our spending plans include the following changes made since the publication of Draft Budget 2013-14 which showed total budget plans of £197.8 million for 2014-15. These changes result in a net increase of £0.2 million, giving the revised budget totals of £198 million and £201.6 million for 2015-16 in Table 10.01 below.
Transfers from/to Portfolio programme budgets
The net increase of £0.2 million/£0.2 million is due to the transfer of resources from the Rural Affairs and Environment portfolio for the provision of IT services (£0.5 million/£0.5 million) to Marine Scotland; and a transfer to the Culture and External Affairs portfolio – Historic Scotland (£0.3 million/£0.3 million) for maintenance costs.

These are annual transfers previously given effect through an in-year budget revision and do not reflect an increase in total expenditure.

Depreciation
Additional non-cash provision of £3.6 million for 2015-16 to cover depreciation in respect of assets on the Scottish Government estate.

OUR PRIORITIES
In 2014-15 and 2015-16 we will continue to make progress in reducing the administration costs of the Scottish Government while maintaining a high quality service to Scottish Ministers and the people of Scotland. Over that period and working with partners, we will support the delivery of the government’s programme, including significant commitments in 2014 and 2015 to deliver a successful Commonwealth Games, respond effectively to the implications of the UK Government’s programme of welfare reform, implement the new financial powers included in the Scotland Act and support the delivery of the Referendum on Scotland’s future.

From 2010-11 to 2014-15 we will reduce the Scottish Government’s Administration budget by £69 million or around 25 per cent in cash terms. The reductions we have made to fiscal resource and capital budgets will be maintained in 2015-16. This will help mitigate the impact of the challenging financial climate on frontline public services. Achieving this will continue to require us to work with staff and in partnership with trade unions to manage the business of the organisation at a time when we have reduced the number of staff working for the government by more than 1,000 since 2010-11.

In 2014-15 and 2015-16 we will:

● ensure that the organisation is equipped to deliver the outcomes and objectives set for it by Ministers and the people of Scotland, as set out in the Programme for Government, the Government Economic Strategy and the National Performance Framework;

● ensure that the civil service in Scotland continues to support open, transparent government, working effectively with delivery partners;

● provide leadership in the delivery of an ambitious programme of public service reform including effective preventative interventions, collaboration between public service partners and the further development of shared services;
● as an employer, ensure that we meet annual targets for Modern Apprenticeships. Since the Scottish Government launched the direct entrant Modern Apprenticeship Programme in April 2011 we have recruited 108 Modern Apprentices;

● continue to pursue a Business Strategy which includes a commitment to investing in our people and building capability, an improvement programme and a programme of organisational development that will deliver a transformation of our processes and systems toward greater productivity and flexibility;

● maintain high performance standards across the government’s corporate functions;

● continue to demonstrate that we are an exemplar in diversity, equality and wellbeing through the implementation of our public sector equality duties and the delivery of the civil service diversity agenda;

● ensure that the percentage of total expenditure devoted to administration costs remains at least 25 per cent below the comparable percentage for the UK Government;

● continue to ensure that the organisation offers maximum value for public money by releasing resources through efficiency savings, building on significant efficiencies already achieved in procurement, facilities, and other operations costs, and adhering to the Scottish Government’s public sector pay policy;

● demonstrate our commitment to public sector staff by maintaining a policy of no compulsory redundancies, in line with public sector pay policy;

● continue our progress in making the most effective use of the Scottish Government estate, in partnership with other public bodies; and

● implement a range of measures to reduce emissions across the Scottish Government.

Table 10.01: Spending Plans (Level 2)

<table>
<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Government Administration</td>
<td>206.9</td>
<td>198.0</td>
<td>201.6</td>
</tr>
<tr>
<td>Total Level 2</td>
<td>206.9</td>
<td>198.0</td>
<td>201.6</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<tr>
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</table>
### Table 10.02: Spending Plans (Level 2 real terms) at 2013-14 prices

<table>
<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<tr>
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### Table 10.03: More Detailed Spending Plans (Level 3)

<table>
<thead>
<tr>
<th>Level 3</th>
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<th>2015-16 Plans £m</th>
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</thead>
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<td>(16.5)</td>
<td>(16.5)</td>
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<tr>
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<td>201.8</td>
<td>192.9</td>
<td>196.5</td>
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<tr>
<td>DEL Capital</td>
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<td>5.1</td>
<td>5.1</td>
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<tr>
<td>AME</td>
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</tr>
</tbody>
</table>

**Note 1:** Includes ICT projects and minor non-pay items e.g. travel, transport, stationery, hospitality, etc.

**Note 2:** The breakdown of spending plans is subject to change as we seek to reduce overhead costs in favour of minimising the reduction necessary in the number of people to support existing and new priority activities.
PORTFOLIO RESPONSIBILITIES

The Crown Office and Procurator Fiscal Service (COPFS) is the sole public prosecution authority in Scotland prosecuting cases independently, fairly and effectively in the public interest.

The Lord Advocate’s position, as head of the systems of criminal prosecution and investigation of deaths, is enshrined in the Scotland Act.

COPFS main objectives are:

- to investigate, prosecute and disrupt crime, prioritising the most serious and corrosive crimes (including allegations of criminal conduct by police officers);
- to seize the proceeds of crime; and
- to investigate deaths that require explanation.

We support the *Strategy for Justice in Scotland*, particularly its priorities of:

- reducing crime, particularly violent and serious organised crime;
- tackling hate crime and sectarianism;
- supporting victims and witnesses; and
- increasing public confidence and reducing fear of crime.

COPFS investigates all allegations of criminal conduct reported by the Police Service of Scotland and other specialist reporting agencies, and decides on what action, including criminal court proceedings, it is appropriate to take in the public interest.

It also decides whether a Fatal Accident Inquiry (FAI) should be held in relation to deaths which require explanation.

COPFS’ Proceeds of Crime Unit and Civil Recovery Unit both take action to attempt to recover proceeds of crime for the people of Scotland. During the 10 years that the Proceeds of Crime Act has been in force (to the end of the financial year 2012-13), criminal confiscation orders totalling £50,947,283 and civil recovery orders totalling £30,524,964 have been made.
SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH


An effective, independent prosecution service is essential to the achievement of sustainable economic growth. Our targeting and disruption of serious and organised crime is fundamental to Scotland being seen as an attractive place to live, work and visit and assists towards Scotland becoming the most attractive place for doing legitimate business in Europe.

COPFS is a large employer with over 1,500 staff in locations across Scotland, offering significant career opportunities to the benefit of staff, local communities, the justice system and Scotland as a whole.

NATIONAL OUTCOMES

The criminal justice system maintains the security and confidence of the people of Scotland by providing just and effective means to investigate crimes and bring offenders to justice.

Our work contributes to the Scottish Government’s manifesto commitments, the achievement of the government’s Purpose and nearly all of the National Outcomes – most particularly to Scotland’s people living ‘lives safe from crime, disorder and danger’, the building of ‘strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others’ and being a public service which is ‘high quality, continually improving, efficient and responsive to local people’s needs’.

COPFS has contributed to the significant falls in recorded crime seen in Scotland over recent years by our ongoing responses to deep seated problems such as those associated with knife crime, sexual crime, domestic violence, hate crime, drug misuse and youth crime. For example between 2006 and June 2013, knife crime has been reduced by 60 per cent. All of our work is designed to prevent adverse economic and social impacts.

Nevertheless, we appreciate that we need to continue to strive for even greater efficiency and effectiveness. Our processes include a robust and challenging approach to continuous self assessment and improvement which is designed to unlock the full creativity and potential of our staff at all levels, so that they work together in innovative ways to ensure that we deliver the right services at the right time for the people of Scotland.

BUDGET CHANGES

The 2014-15 Budget is in line with the Spending Review 2011 allocation. The 2015-16 Budget includes a £0.7 million increase in non cash funding to cover the depreciation resulting from capital investments.
OUR PRIORITIES

Our main spending priorities over the following year will continue to be bringing criminals to justice, protecting the people of Scotland from further harm from perpetrators of crime while ensuring justice is obtained, leading to safer, healthier and flourishing economic environments for individuals and communities.

In 2014-15 and 2015-16 we will continue to:

- prosecute complex, serious and organised crime including terrorism, murder, serious assaults, sexual offences, serious domestic violence, hate crime, drug and people trafficking and significant financial crime before the High Court and Sheriff and Jury courts;
- take action to recover associated proceeds of crime;
- conduct prosecutions before Justice of the Peace and Sheriff courts in respect of anti-social behaviour, domestic abuse and hate crime; and
- prepare to meet the challenges caused by additional work arising from ongoing changes around new categories of crime, appeal case decisions and planned legislation.

Table 11.01: Spending Plans (Level 2)

<table>
<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
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<tr>
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[NB: Capital includes direct and Indirect Capital]

Table 11.02: Spending Plans (Level 2 real terms) at 2013-14 prices

<table>
<thead>
<tr>
<th>Level 2</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
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## Level 2 Crown Office and Procurator Fiscal Service

### Table 11.03: More Detailed Spending Plans (Level 3)

<table>
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<th>Level 3</th>
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<td><strong>108.7</strong></td>
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<td>of which:</td>
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<tr>
<td>AME</td>
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</tr>
</tbody>
</table>

**What the budget does**

The COPFS portfolio contributes to a safer and stronger Scotland. COPFS is proactive in prosecuting crime which is committed but our work is also preventative as it helps reduce crime and fear of crime, improve conditions which support economic development and social capital in communities and enhances quality of life for Scotland’s people.

In addition to the key spending priorities outlined above, in 2014-15 and 2015-16 we will continue to:

- support victims of crime, vulnerable witnesses and bereaved relatives;
- work with Police Service of Scotland and the Scottish Court Service to respond to emerging changes in their structures and capabilities; and
- use infrastructure expenditure to maintain and improve our Information Technology systems to increase case-processing efficiency, improve communications with victims and witnesses and to ensure compliance with employer and public authority legislative requirements.
PORTFOLIO RESPONSIBILITIES

Local government is a critical partner in leading the transformation of public services and enabling the innovation, co-production and partnership-working that is needed to radically improve wellbeing and outcomes for people and communities across Scotland. The partnership between the Scottish Government and local government established in 2007 remains a cornerstone of our approach to government in Scotland and is a hallmark of our approach to public service reform, building on the findings of the Commission on the Future Delivery of Public Services. A strong direction was set out in the outcome of Spending Review 2011 to drive forward that agenda to improve outcomes, tackle inequality and create public services shaped around the needs of local people and places. We are fully committed to the continuation of that approach, which focuses public service attention on prevention rather than cure, stronger use of evidence to prioritise and deliver performance improvements, and empowering and developing people across public services to make full use of the assets, skills and knowledge they have to achieve outcomes.

This commitment is demonstrated by the actions we have taken with COSLA and other partners to strengthen arrangements for community planning and will continue with the full integration of adult health and social care provision, continued investment in prevention and wider improvement actions. We are also encouraging and contributing to work being led by local government and scrutiny bodies to improve how performance information, audits and inspections can help local government to perform better.


SUPPORTING RECOVERY AND INCREASING SUSTAINABLE ECONOMIC GROWTH

In 2014-15, the Scottish Government will provide a total baseline package of resource and capital funding of £10,531.4 million in support of local authorities’ services. This figure includes income from business rates. However, it does not include the council tax, income from fees and charges which local authorities collect themselves, funding provided directly from the UK Government or funding from the European Union. The package will be focused on delivery of our joint priorities of growing the Scottish economy and protecting front-line services and the most vulnerable in our society.
including through a greater focus on prevention measures and reform of public services. The partnership between local and central government has achieved a great deal to help support recovery and increase sustainable economic growth.

This total funding package for 2014-15 consists of:

- a general revenue grant, which supports all services;
- non-domestic rate income (NDRI), collected by local authorities, paid into a central pool. This is then redistributed, along with the general revenue grant, to each local authority, using a formula that takes account of relative need;
- a general capital grant to support local authorities’ spending on infrastructure and other projects; and
- a small number of specific revenue and capital grants.

The Scottish Government guarantees the combined general revenue grant and distributable non-domestic rate income figure, approved by Parliament, to each local authority. A drop in non-domestic rate income is compensated for by an increase in general revenue grant and vice versa.

Actions that local authorities take also continue to help grow the economy. These activities include their planning function; economic strategy and policy; support for business start-up and growth; export support programmes; economic, physical and social regeneration and skills and training related to employment or employability. Some of these actions are provided through the Business Gateway, complementing local authorities’ wider economic development activities, and through councils’ support to existing and new Business Improvement Districts within their areas. Local authorities themselves provide a major contribution directly to local economies through their purchases of goods and services.

NATIONAL OUTCOMES

Local government remains committed to and contributes directly to the delivery of all 16 National Outcomes which embody our close partnership working arrangement. They are embedded in and implemented through each CPP’s new Single Outcome Agreement (SOAs) so that all the national objectives are met in a way that takes account of distinctive local circumstances and priorities.

The delivery of services is the responsibility of individual local authorities who will do all they can to protect frontline services and as a result provide protection to the most vulnerable in our society.

As part of the outcome of Spending Review 2011 the Scottish Government has, by working with its local government partners, achieved the following:

- Frozen the council tax for six years in a row, providing some much needed financial respite to council tax payers across Scotland.
- Maintained teacher numbers in line with pupil numbers and secured places for all probationers, who require one, under the teacher induction scheme.
• For 2012-13 prior to the transfer of responsibility for the policing to the Scottish Police Authority, maintained police officer numbers at least at 17,234.

• Further reduced the value of ring-fenced grants from £2.7 billion in 2007-08 to less than £1.1 billion in 2011-12 and around £0.2 billion in 2013-14.

• Increased the uptake of business properties benefitting from the Small Business Bonus Scheme to over 89,000.

A thorough and comprehensive review of the business rates system is underway, initiated through the publication of the consultation paper ‘Supporting Business – Promoting Growth’. This consultation has now reported with actions identified to improve transparency and streamline the business rates system; including more opportunities to further support Scottish businesses, create more local flexibility and promote sustainable growth.

In delivering local services, local authorities must have regard to the requirements of the Climate Change (Scotland) Act 2009 and the provisions of the Equality Act 2010.

Local government continues to be active in supporting the transition to a low carbon economy and in combating climate change. Local government is aware of the economic opportunities that will arise from this transition. Scottish councils have demonstrated consistent commitment and political leadership on climate change following the signing of Scotland’s Climate Change Declaration in 2007-08. Local authorities will continue to work towards the delivery of the new statutory obligations of the Climate Change (Scotland) Act 2009 and to provide leadership to wider civic society as Scotland moves to a low carbon economy.

Carbon reduction programmes and activities often require upfront expenditure. However, they should generally result in savings for local government, for example through reduced energy bills, some with relatively short pay back periods. Reducing energy expenditure not only supports the climate change agenda, but can help local government during a period of significantly constrained public spending.

Local government has a range of competing spending priorities to consider but local and national government are committed to working together to reduce emissions as far as possible through our overall spending, and to build upon the strong foundations already established at national and local level to respond to the challenges and opportunities of climate change.

**BUDGET CHANGES**

The changes to our spending plans for 2014-15 since publication of the Draft Budget 2013-14 in respect of local government revenue funding are as follows: increases of £320 million from the Department of Work and Pensions (DWP) and £23 million top up from the Scottish Government following the transfer of responsibility in respect of the Council Tax Reduction Scheme; an additional £50.7 million to expand pre-school provision resulting from the Children and Young People Bill; £4.5 million for Free Personal and Nursing Care; £0.4 million transferred back to local government to cover residual national police costs borne by local authorities; an increase of £0.8 million for the Oban Airport transfer and an increase of £2.5 million for the National Care Home contract.
The changes to the 2014-15 capital funding are as follows: an increase of £30 million to facilitate capital work resulting from the Children and Young People Bill; and a transfer of £20.2 million to Rural Affairs and the Environment as part of the local government contribution to delivering next generation broadband across Scotland.

OUR PRIORITIES

In 2014-15 and 2015-16 we will make available to local government a total funding package amounting to £10,531.4 million and £10,608.2 million respectively. These total figures include the Scottish Government’s best estimate of non domestic rate income to be collected during both 2014-15 and 2015-16. The final non domestic rates figure for each year cannot be confirmed until the relevant September Retail Price Index (RPI) figure has been announced as the RPI figure is used in the calculation of the total NDRI income figures.

For 2014-15, to access the full amount of this package, each local authority will require to agree formally to work with the Scottish Government to deliver a council tax freeze for the seventh consecutive year and, maintain teacher numbers in line with pupil numbers and secure places for all probationers, who require one, under the teacher induction scheme. How the financial support is to be distributed to authorities will be the subject of consultation with COSLA and set out in a Scottish Local Government Finance Circular early in December.

For 2015-16, each local authority will once again be expected to freeze their council tax levels for an eighth consecutive year, maintain teacher numbers in line with pupil numbers and secure places for all probationers, who require one, under the teacher induction scheme and, work with their NHS partners towards full integration of Health and Social Care.

Given the continuing significant financial constraints on the Scottish Budget, these represent challenging but fair settlements for local government which build upon the financial commitment demonstrated in settlements over the previous six years.

Within the Local Government portfolio, the 2011 spending review maintained the 2011-12 cash settlement for RDEL/NDRI. The capital settlement was re-profiled with reductions in 2012-13 and 2013-14 of £120 million and £100 million respectively offset by a corresponding increase in 2014-15 of £120 million with £100 million added in 2015-16. By the end of the Spending Review period, the outcome was local government’s share of RDEL/NDRI being maintained above the level inherited in 2007.

As part of the wider partnership based approach to deliver joint priorities, the Scottish Government and local government will each continue to do what is required to ensure delivery of the specific commitments agreed as part of the Spending Review, as described below. In addition, the Scottish Government and local government are committed to working together to ensure that our collective capital resources are used to best effect to support economic growth. The Scottish Government and local government will also ensure that a preventative approach to key strategic outcomes is embedded in the new SOAs. As a result, we expect the CPPs to work together to fully implement the plans, provide the resources required and oversee the arrangements for the delivery of this approach and ensure these arrangements are fully built into their own budget decision-making processes.
Local government has a key role to play in the transformation of public services, including the drive to create more person-centred, preventative approaches to better achieve outcomes, tackle inequality and reduce demand. This role is reflected in the funding settlements for 2012-16. Together national and local government along with their local NHS partners and their CPPs will continue to invest up to £198 million in 2014-15 through the Early Years and Reshaping Care for Older People Change Funds to support the greater alignment of resources across public services on partnership-based prevention priorities. From 2015-16, both funds will evolve to further strengthen our approach to mainstreaming prevention and tackling inequality across public services. In Early Years, prevention and improvement is being embedded in planning and budgeting at the local level through the development of the Early Years Collaborative with £8.5 million of Scottish Government funding to support national programmes.

To support the integrated funding arrangements for health and social care additional resource of £100 million will be available to be allocated via NHS Boards in 2015-16 to help drive the shift towards prevention, together with a further £20 million which will be deployed centrally within Health to support national initiatives. This additional resource will be accessible to local authorities, working in partnership with NHS Boards and the third and independent sectors and will focus, in particular, on tackling multiple co-morbidity problems earlier in the 55-65 age group.

Building on these developments, CPPs will continue to play a leading role in driving the approach forward at a local level, including through the new recently agreed SOAs which describe how the CPPs will plan and provide resources for and oversee delivery of a preventative approach in key strategic areas. To enable more effective and integrated local planning, CPPs, including local government, will be expected to show a demonstrable commitment to the Agreement on Joint Working published alongside the Budget.

Local government also makes a vital contribution to a more equal Scotland, including working with wider public and private and third sector partners and communities themselves in CPPs. Protecting the most vulnerable in our society continues to be difficult because of the financial constraints, but local and national government agree that decisions needed to balance the budget must take full account of their needs. The Scottish Government’s commitment to a more equal Scotland includes the preventative approach which is at the heart of the new SOAs, the council tax freeze and the commitment to the extension of exemption from the council tax to articulating students. The council tax freeze continues to provide the greatest benefit, as a proportion of net household income, to households in the lower deciles. The Change Funds have also brought about positive impacts on vulnerable groups and support the greater alignment of budgets more generally. The Scottish Government will continue to work collaboratively with local government towards outcome-focused public services, using the framework provided by the Equality Act 2010. This helps public bodies to recognise and reduce negative impacts on vulnerable groups and also helps to promote equality by ensuring that services are responsive to local people’s needs.

The health and social problems associated with alcohol and tobacco use are well documented and we remain firmly committed to addressing them. These not only
affect the health of the population, but create additional burdens on policing, business, local authorities and the NHS. In order to address these, the business rates paid by large retailers who sell tobacco and alcohol products were increased by a supplement from 1 April 2012 and this will continue until 2015. The estimated income raised from this supplement has and will continue to support prevention, helping the Scottish Government sustain expenditure on direct business support and the preventative measures being taken forward by local authorities and their partners in NHS and Scottish Government.

Council Tax
As part of the overall funding package, the Scottish Government will provide a further £70 million in both 2014-15 and 2015-16 to those councils which freeze their council tax rates at 2007-08 levels for a seventh and eighth consecutive year. In light of the current continuing tough economic circumstances, extending the council tax freeze for two more years will provide further protection to hard pressed households across Scotland, many of whom have been affected by the economic downturn and UK welfare reform.

In addition, as part of our efforts to mitigate the impacts of UK welfare reform, the Scottish Government will allocate £23 million to fill the cut in funding from the UK Government for Council Tax Benefit successor arrangements, with an expectation that local government will contribute a further £17 million. This will ensure that we are able to maintain support for vulnerable groups in meeting their council tax liabilities through the Scottish Council Tax Reduction Scheme.

Education
The Scottish Government’s priority is that teacher numbers will be maintained in line with pupil numbers and places secured for all probationers, who require one, under the teacher induction scheme in both 2014-15 and 2015-16.
Draft Budget for 2014-15 and Spending Plans for 2015-16 are set out below:

**Table 12.01: More Detailed Spending Plans (Level 3)**

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<tbody>
<tr>
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Notes:

1. The Scottish Government guarantees the combined General Resource Grant plus the distributable Non-Domestic Rates Income (NDRI) figures. The figures above are provisional as the NDRI figure cannot be finalised until the September RPI figure is known and a decision taken on whether to increase the non-domestic rates poundage by the full increase in RPI. Any increase in NDRI will be matched by the same reduction in General Resource Grant and vice versa.

2. The 2012-15 capital allocations were reprioritised (-£120m/-£100m/+£120m with the remaining £100m now added in 2015-16).

3. Held within other portfolio chapters, includes both resource and capital specific grants.

4. A further £12 million will be added in-year to these sums for both 2014-15 and 2015-16 following a transfer from the Enterprise budget to meet the anticipated costs of the Enterprise Areas business rates relief scheme.
### Table 12.02: More Detailed Spending Plans (Level 3 real terms) at 2013-14 prices

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Resource Grant(^1)</td>
<td>7,188.7</td>
<td>6,841.3</td>
<td>6,564.0</td>
</tr>
<tr>
<td>Non-Domestic Rates (NDRI)(^1)</td>
<td>2,435.0</td>
<td>2,637.9</td>
<td>2,779.2</td>
</tr>
<tr>
<td>Support for Capital(^2)</td>
<td>449.9</td>
<td>611.4</td>
<td>648.0</td>
</tr>
<tr>
<td>Specific Resource Grants(^3)</td>
<td>98.9</td>
<td>97.1</td>
<td>95.3</td>
</tr>
<tr>
<td>Specific Capital Grants(^3)</td>
<td>102.3</td>
<td>147.4</td>
<td>139.8</td>
</tr>
<tr>
<td><strong>Total Level 3(^4)</strong></td>
<td><strong>10,274.8</strong></td>
<td><strong>10,335.1</strong></td>
<td><strong>10,226.3</strong></td>
</tr>
<tr>
<td><em>of which:</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL Resource</td>
<td>7,287.6</td>
<td>6,938.4</td>
<td>6,659.2</td>
</tr>
<tr>
<td>DEL Capital</td>
<td>552.2</td>
<td>758.8</td>
<td>787.9</td>
</tr>
<tr>
<td>AME</td>
<td>2,435.0</td>
<td>2,637.9</td>
<td>2,779.2</td>
</tr>
</tbody>
</table>

**Notes:**

1. The Scottish Government guarantees the combined General Resource Grant plus the distributable Non-Domestic Rates Income (NDRI) figures. The figures above are provisional as the NDR figure cannot be finalised until the September RPI figure is known and a decision taken on whether to increase the non-domestic rates poundage by the full increase in RPI. Any increase in NDRI will be matched by the same reduction in General Resource Grant and vice versa.

2. The 2012-15 capital allocations were reprofiled (-£120m/-£100m/+£120m with the remaining £100m now added in 2015-16).

3. Held within other portfolio chapters includes both resource and capital specific grants.

4. A further £12 million will be added in-year to these sums for both 2014-15 and 2015-16 following a transfer from the Enterprise budget to meet the anticipated costs of the Enterprise Areas business rates relief scheme.
Table 12.03: Specific Grant Funding and Other Local Government Funding 2013-2016

<table>
<thead>
<tr>
<th></th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Justice</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Resource Specific</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criminal Justice Social Work</td>
<td>86.5</td>
<td>86.5</td>
<td>86.5</td>
</tr>
<tr>
<td><strong>Infrastructure, Investment and Cities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Resource Specific</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Support Grant*</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Hostels Grant*</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td><em>Capital Specific</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacant and Derelict Land</td>
<td>7.5</td>
<td>11.0</td>
<td>10.7</td>
</tr>
<tr>
<td>Transfer of Management of Development Funding (TMDF)</td>
<td>73.1</td>
<td>107.3</td>
<td>104.5</td>
</tr>
<tr>
<td>Assistance to Owners affected by Glasgow Stock Transfer</td>
<td>0.9</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>Regional Transport Partnership</td>
<td>15.3</td>
<td>22.5</td>
<td>21.9</td>
</tr>
<tr>
<td>Cycling, Walking and Safer Routes</td>
<td>5.6</td>
<td>8.2</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Education and Lifelong Learning</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Resource Specific</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gaelic</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Total Specific Revenue Grants (DEL)</strong></td>
<td>98.9</td>
<td>98.9</td>
<td>98.9</td>
</tr>
<tr>
<td><strong>Total Specific Capital Grants</strong></td>
<td>102.4</td>
<td>150.2</td>
<td>145.1</td>
</tr>
</tbody>
</table>

* A decision on whether to subsume the grants within the General Revenue Grant is still the subject of discussion with COSLA.
Local Government’s Spending Plans 2013-14

For information purposes only, Scotland’s local authorities have budgeted to spend the total resources available to them from the Scottish Government’s funding and income raised locally through the council tax on services as set out in Table 12.04

Table 12.04: Local Government Revenue Expenditure Plans 2013-14

<table>
<thead>
<tr>
<th>2013-14 Budget Estimate - Net Revenue Expenditure</th>
<th>2013-14 Budget Estimate £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>4,565.5</td>
</tr>
<tr>
<td>Social Work</td>
<td>2,960.4</td>
</tr>
<tr>
<td>Roads and Transport</td>
<td>457.9</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>672.0</td>
</tr>
<tr>
<td>Planning and Development Services</td>
<td>276.5</td>
</tr>
<tr>
<td>Culture and Related Services</td>
<td>590.2</td>
</tr>
<tr>
<td>Emergency Planning</td>
<td>3.8</td>
</tr>
<tr>
<td>Administration of Housing and Council Tax Benefits</td>
<td>35.2</td>
</tr>
<tr>
<td>Private Sector Housing Renewal</td>
<td>25.0</td>
</tr>
<tr>
<td>Administration of Housing Benefit and the Council Tax Reduction Scheme</td>
<td>11.8</td>
</tr>
<tr>
<td>Non Housing Revenue Account Housing</td>
<td>40.0</td>
</tr>
<tr>
<td>Homelessness</td>
<td>81.4</td>
</tr>
<tr>
<td>Housing Support Services</td>
<td>169.7</td>
</tr>
<tr>
<td>Welfare Services</td>
<td>8.5</td>
</tr>
<tr>
<td>Licensing</td>
<td>-0.3</td>
</tr>
<tr>
<td>Elections</td>
<td>11.4</td>
</tr>
<tr>
<td>General Grants, Bequests and Donations</td>
<td>8.9</td>
</tr>
<tr>
<td>Registration of Births Marriages and Deaths</td>
<td>4.8</td>
</tr>
<tr>
<td>Local Tax Collection (including Non Domestic Rates)</td>
<td>36.1</td>
</tr>
<tr>
<td>Council Tax and Non Domestic Lands Valuation</td>
<td>28.3</td>
</tr>
<tr>
<td>Non-Road Lighting</td>
<td>10.7</td>
</tr>
<tr>
<td>Corporate and Democratic Core</td>
<td>168.4</td>
</tr>
<tr>
<td>Statutory Repayment of Debt</td>
<td>1,301.7</td>
</tr>
<tr>
<td>Equal Pay/Single Status (prior year cost provision only)</td>
<td>1.7</td>
</tr>
<tr>
<td>Other Miscellaneous Services</td>
<td>44.5</td>
</tr>
<tr>
<td>Non Distributed Costs</td>
<td>95.8</td>
</tr>
<tr>
<td><strong>Total Budgeted 2013-14 Net Revenue Expenditure</strong></td>
<td><strong>11,609.7</strong></td>
</tr>
</tbody>
</table>

Note: The difference between the individual figures and the total figure of £11,609.7 million is due to roundings.

In addition, Scotland’s local authorities are planning a capital expenditure programme for 2013-14 as set out in table 12.05. The capital resources available to them to fund this programme come from grants from the Scottish Government and its agencies, self financed borrowing, capital receipts from the sale of assets and other sources.
Table 12.05: Local Government Capital Expenditure Plans 2013-14

<table>
<thead>
<tr>
<th>2013-14 Budget Estimate – Gross Capital Expenditure (Figures taken from 2013-14 Quarter 1 forecasts)*</th>
<th>2013-14 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Housing Revenue Account Housing</td>
<td>127.8</td>
</tr>
<tr>
<td>Roads and Transport</td>
<td>520.4</td>
</tr>
<tr>
<td>Education</td>
<td>525.3</td>
</tr>
<tr>
<td>Social Work</td>
<td>135.2</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>176.5</td>
</tr>
<tr>
<td>Culture and Related Services</td>
<td>136.7</td>
</tr>
<tr>
<td>Planning and Economic Development</td>
<td>140.5</td>
</tr>
<tr>
<td>Trading Services</td>
<td>11.9</td>
</tr>
<tr>
<td>Central Services</td>
<td>158.7</td>
</tr>
<tr>
<td>Other Services</td>
<td>56.1</td>
</tr>
<tr>
<td>Capitalisation of Other Revenue Expenditure</td>
<td>50.2</td>
</tr>
<tr>
<td>Capital Grants to Community Groups</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total Estimated 2013-14 Capital Expenditure</strong></td>
<td><strong>2,039.4</strong></td>
</tr>
</tbody>
</table>

* Data for councils are taken from 2013-14 CRQ1 Return and shows capital expenditure forecast at 30 June 2013 for 2013-14.

* Data for Valuation Joint Boards, Regional Transport Partnerships and Bridge Authorities is taken from 2012-13 CRQ4 Return and shows capital expenditure forecast at 31 March 2013 for 2013-14.
ANNEX A

MONITORING OF LONG-TERM INVESTMENT COMMITMENTS

In the Infrastructure Investment Plan 2011, we set out our commitment to ensure that we use revenue funded methods of investment at a sustainable level, and do not overly constrain our choices in future years. We would expect to manage our future revenue commitments to a maximum of 5 per cent of our expected future annual total DEL budget. The commitments included in the calculation are the Scottish Government’s share of the costs of: previous PPP contracts that are now operational, the current NPD programme, rail (RAB) investment and the projected costs of Scottish Government borrowing.

The following shows our current assessment of the costs associated with our committed projects (where projects have been signed) and estimates for our planned projects and borrowing. Liabilities for committed projects are estimated to peak in 2016-17 at nearly 3.9 per cent of annual total DEL. Estimates for committed projects plus planned projects, together with repayment of 2015-16 borrowing, peak at just over 4.5 per cent in 2017-18.

Figure 1: Long-Term Investment Commitments – Scottish Government’s Share of Costs as a Proportion of the Total Projected DEL Budget
Committed projects are those where the contract has been signed and either the assets are under construction or the project is operational.

- Within the NPD and hub pipeline, Inverness and Glasgow Colleges, Aberdeen Health Village and Forres, Tain and Woodside Health centres are all now in construction.

- RAB payments for the existing rail network, plus EGIP, Borders, Aberdeen Inverness enhancements, Highland Mainline and other enhancement projects as set out in the June 2012 Scottish Ministers’ *High Level Output Specification* for 2014-19. The Scottish Government’s servicing of the RAB is reflected by the annual network grant payment to Network Rail as determined by the Office of Rail Regulation.

- The Scottish Government’s share of ongoing PFI projects.

- The Scottish Government’s share of the five NPD pre-pipeline projects.

- Annex H sets out the total unitary charges for all Scottish PPP projects including those elements met from other public bodies’ own resources. The monitoring of long-term investment commitments is based on those elements that impact on Scottish Government budgets only.

- Many of the unitary charges will cover ongoing maintenance commitments as well as the costs associated with the initial construction and financing of the project.

Planned projects and investments supported by borrowing are those where the contract is not yet signed, and include:

- RAB payments for further rail enhancements, including Aberdeen to Central Belt and further phases of Aberdeen to Inverness, Highland Mainline and network electrification.

- NPD and hub pipeline – Kilmarnock College, M8 M73 M74, AWPR, Royal Hospital for Sick Children, Scottish National Blood Transfusion Service, Dumfries and Galloway Hospital, Ayrshire and Arran Hospital, Balfour Hospital, community health projects and revenue financed schools.

- Scottish Government borrowing of £296 million from the National Loans Fund in 2015-16. It is assumed that repayment will be over 25 years, an interest rate of 5 per cent is charged, and the repayments cover both principal and interest from 2016-17 onwards.
We do not have allocations from HM Treasury for Scottish Government DEL beyond 2015-16, and total UK Government DEL is not available beyond 2017-18. For the purposes of this estimate, for the years between 2015-16 and 2017-18, Scottish total DEL estimates have been produced on the assumption that the UK Government continues to protect health, education, and international development spending in real terms, and that this delivers partial protection to Scottish Government DEL in line with the operation of the Barnett Formula. Beyond 2017-18, we have assumed that UK public spending will grow in line with projections for UK long-term nominal GDP growth in the Office of Budget Responsibility’s fiscal sustainability report 2012, and that Scottish public spending grows marginally slower as a result of the Barnett squeeze. Financial transactions are excluded from these figures. The years without firm DEL allocations are shown with the hatched pattern in Figure 1.
ANNEX B

UPDATE ON PROGRESS WITH INNOVATIVE FINANCING INVESTMENTS

Innovation in housing investment

Innovation is at the heart of the Scottish Government’s approach to delivering affordable homes. Action is being taken to attract private sector investment by using a modest level of public sector funding as leverage. This includes the pioneering use of government guarantees to support housing investment through the National Housing Trust initiative and other innovative financing approaches, which have so far secured approval for around 1,900 new affordable homes across Scotland. Scottish Ministers are also exploring options to attract large scale investment from financial institutions to support new affordable housing. A Scottish Government guarantee is also facilitating Homes for Scotland’s ‘MI New Home’ mortgage indemnity scheme, which is supported by 27 housebuilders and three of our biggest lenders. A new £120 million two year new build shared equity scheme is being developed to help anyone looking to purchase a new build property.

JESSICA fund

The £50 million JESSICA fund (Joint European Support for Sustainable Investment in City Areas) – is an innovative way of using money from Scottish Government and European Structural Funds to lever in significant co-investment from the public and private sectors; providing loans or equity investment to revenue generating projects.

The fund has already invested £11.4 million in two projects:

- the Queen Street (Glasgow) project will help to support 250 jobs in the construction sector and 30 apprenticeships. Once completed the building will accommodate up to 1,500 workers; and

- the investment at Dundyvan (North Lanarkshire) should support up to 100 jobs and provide new commercial space for up to 16 SMEs while generating 12 new jobs during the construction phase.

We anticipate significant further investments by the end of the year.

Tax Incremental Financing

Tax Incremental Financing (TIF) is an innovative way of unlocking private investment in the major regeneration of local areas. There are six pilot projects to test the applicability of TIF to the breadth of Scottish circumstances. Scottish Ministers decide which projects can progress to pilot status once business cases have been assessed to ensure that these deliver value for money.

Ministers gave final approval for Glasgow City Council’s Buchanan Quarter scheme (£80 million) in October 2012, and construction work on the Concert Hall and Cathedral Street Bridge has now started. Final approval for Falkirk Council’s project focusing on strategic road improvements and flood defences (£67 million) was given in August 2013. It is expected that Falkirk’s project will start construction in October 2013.
Business cases for pilot projects in Argyll and Bute and Fife are in the process of being prepared in collaboration with the Scottish Futures Trust and will be submitted shortly. Work is continuing on approved pilot schemes in Edinburgh and Ravenscraig.

Through the business cases approved and wider work to date on the remaining pilots, it is forecast that public sector investment of around £300 million in the six TIF pilot projects has the capability to generate an additional £1.5 billion of long-term private sector investment in Scotland.

**Non-Profit Distributing Programme**

Progress continues to be made on delivering the full Non-Profit Distributing (NPD) pipeline of investments. The first projects are now in construction, and we expect projects with a combined value of over £800 million to start construction this financial year. The first project facility will be open in early 2014.

The NPD programme was announced in November 2010, as part of the Draft Budget 2011-12. It was a response to the reduction in traditional capital DEL in the UK Spending Review, initially a cut of 36 per cent over four years in real terms. NPD provides an alternative way of financing projects through future revenue rather than capital now, and means that projects can continue to be developed, rather than be delayed until future capital DEL becomes available.

The NPD programme includes around 50 large, complex projects which are being procured by more than 30 different procuring authorities. An initial high level estimate of the capital investment profile through the NPD programme was provided to the Finance Committee of the Scottish Parliament in January 2011, noting that individual procuring authorities would control actual project timescales and profiles. Since then, significant work has been undertaken with the various procuring authorities involved in developing each project. The following table provides the updated profile of capital investment, which reflects this more detailed level of scrutiny and planning. These figures are included within the estimated total capital investment graph shown in Chapter 1. For comparison, the investment profile estimates at the time of the Draft Budget 2013-14 is also provided.
## Non-Profit Distributing Pipeline – Estimated Capital Investment Profile (£m cash terms)

<table>
<thead>
<tr>
<th>Year</th>
<th>Project</th>
<th>Draft Budget 2013-14 estimates</th>
<th>Draft Budget 2014-15 estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>Borders Rail</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>M8 M73 M74 Motorway Improvements</td>
<td>53</td>
<td>81</td>
</tr>
<tr>
<td></td>
<td>Schools</td>
<td>62</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Colleges</td>
<td>78</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>Community Health</td>
<td>145</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td><strong>2013-14 TOTAL</strong></td>
<td><strong>338</strong></td>
<td><strong>185</strong></td>
</tr>
<tr>
<td>2014-15</td>
<td>Borders Rail</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>M8 M73 M74 Motorway Improvements</td>
<td>183</td>
<td>148</td>
</tr>
<tr>
<td></td>
<td>Aberdeen Western Peripheral Route</td>
<td>207</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>Schools</td>
<td>225</td>
<td>226</td>
</tr>
<tr>
<td></td>
<td>Colleges</td>
<td>131</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>NHS Lothian Royal Hospital for Sick Children/Department of Clinical Neurosciences</td>
<td>74</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>NHS Ayrshire &amp; Arran Acute Mental Health and North Ayrshire Community Hospital</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>NHS NSS Scottish National Blood Transfusion Service National Centre</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>NHS Dumfries &amp; Galloway Acute Services Redevelopment Project</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Community Health</td>
<td>62</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td><strong>2014-15 TOTAL</strong></td>
<td><strong>973</strong></td>
<td><strong>809</strong></td>
</tr>
<tr>
<td>2015-16</td>
<td>M8 M73 M74 Motorway Improvements</td>
<td>-</td>
<td>168</td>
</tr>
<tr>
<td></td>
<td>Aberdeen Western Peripheral Route</td>
<td>-</td>
<td>147</td>
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<tr>
<td></td>
<td>Schools</td>
<td>-</td>
<td>220</td>
</tr>
<tr>
<td></td>
<td>Colleges</td>
<td>-</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>NHS Lothian Royal Hospital for Sick Children/Department of Clinical Neurosciences</td>
<td>-</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>NHS Ayrshire &amp; Arran Acute Mental Health and North Ayrshire Community Hospital</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>NHS NSS Scottish National Blood Transfusion Service National Centre</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>NHS Dumfries &amp; Galloway Acute Services Redevelopment Project</td>
<td>-</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>Community Health</td>
<td>-</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td><strong>2015-16 TOTAL</strong></td>
<td>-</td>
<td><strong>932</strong></td>
</tr>
</tbody>
</table>

**Note**
1. Totals may not sum due to rounding.
2. Estimated profile of construction activity associated with Scottish Government revenue funded projects.
Notes to table:

**Borders Rail:** Change of funding route from NPD to RAB. Project removed from NPD pipeline estimates.

**M8 M73 M74 Motorway Improvements:** Project is expected to close in late December 2013 with construction commencing during the 2013-14 year.

**Aberdeen Western Peripheral Route (AWPR):** Legal dispute resulted in a delay to original timeframes. Overall capital value estimate has reduced resulting in reduced capital spend estimates. Construction spend was previously estimated to occur over 36 months. A 42-month construction period is now anticipated. This has led to reduced spend in any one year.

**Schools:** Initial project development work undertaken by local authorities prior to entering the hub development process (equivalent to an initial agreement) has taken longer than had originally been anticipated. Project development work has included project scoping, design work and extended consultations.

**Colleges:** Reduction since 2013-14 Draft Budget estimate due to impact of construction cost savings driven out of procurement process and extended procurement of City of Glasgow College and Ayrshire College – not expected to change opening dates.

**NHS Lothian Royal Hospital for Sick Children/Department of Clinical Neurosciences:** Decision to extend project development phase to progress site negotiations on the ERI site. Additional development time invested to minimise future disputes with funders and contractors thereby de-risking the procurement period. Project subsequently launched procurement in December 2012 and expected construction start is 2014-15. Current budget for 2014-15 reflects part-year budget spend.

**NHS Ayrshire & Arran Acute Mental Health and North Ayrshire Community Hospital:** Project development phase extended to prepare for efficient procurement period. Procurement launched in January 2013 and construction expected to start in 2014-15.

**Community Health:** Over the past year many of these projects have taken longer than previously envisaged in early pre-Outline Business Case development to get to a position where they are ready to commence the hub development process. This has largely been due to the time needed to develop the scope of the requirements and to resolve a variety of land related issues. Given the relatively small scale of many projects of circa £5-10 million it has been necessary to bundle projects together in order to deliver value for money. In order to speed up delivery of projects we have converted two projects, Glenwood Health Centre and Children and Adolescent Mental Health with a combined value of £10 million to public capital projects.

**NHS NSS Scottish National Blood Transfusion Service National Centre:** Project development phase extended to prepare for efficient procurement period. Procurement launched in January 2013 and construction expected to start in 2014-15.

**NHS Dumfries & Galloway Acute Services Redevelopment Project:** Project development phase extended to ensure robust preparation for this large acute facility. Outline business case approved May and procurement launched in June 2013.
ANNEX C

PUBLIC SERVICE REFORM: DELIVERY UPDATE

Since the last Draft Budget, we have continued to drive forward our ambitious programmes of reform across public services in line with the approach set out in Renewing Scotland’s Public Services\(^1\). In 2012-13 we have:

### Prevention

- Continued to catalyse a decisive shift towards prevention through investment of over £500 million in three Change Funds over the Spending Review period reducing demand on services and improving outcomes over time. Further detail on each Change Fund is set out below.

- Finalised new generation of Single Outcome Agreements which include a focus by Community Planning Partnerships (CPPs) on prevention in all aspects of their work, built on a clear and shared understanding of local needs and priorities.

- Launched the Early Years Collaborative in October 2012 – the world’s first multi-agency, local, quality improvement programme delivered at a national scale to give children the best start in life. This approach is ensuring CPPs can easily learn from each other and from recognised experts, leading to service improvement and supporting the shift to prevention and early intervention.

- Completed a major consultation on the redesign of community justice services to build on the foundations for a more effective system that reduces re-offending, bringing with it the potential to deliver significant cost savings and limit the associated social costs of crime.

- Received Royal Assent for the Social Care (Self-Directed Support) Act 2013 providing greater choice and control to people who require support. The Act, once it is implemented in full, will help to embed choice and control at every stage of a person’s pathway through support, ensuring effective, preventative support.

- Launched a pilot study, led by NHS Health Scotland, to assess the feasibility of implementing a Physical Activity Pathway to deliver advice and interventions to patients accessing primary care in Scotland, with a focus on a healthy and active lifestyle.

\(^1\) [http://www.scotland.gov.uk/Publications/2011/09/21104740/0](http://www.scotland.gov.uk/Publications/2011/09/21104740/0)
Partnership and Integrated Local Services

- Introduced new legislation in May 2013 to drive the integration of health and social care provision to improve care for adults, particularly older people, and provide a more joined up service between health and social care and a more effective use of resources across the system. There are examples of local partnerships starting to make arrangements, with Transitional Leadership Groups established in Aberdeenshire and Moray.

- Embarked on a major restructuring of further education resulting in a smaller number of larger regional colleges, with four merged colleges vesting in August 2013 and a further four college mergers planned for November 2013. This is improving the sector’s ability to work with partners and plan and deliver more efficient services, saving around £50 million per year from 2014-15 and offers efficient, flexible and sustainable further education provision that is better aligned to the needs of learners and employers.

- Continued driving reform through the Making Justice Work programme to ensure the justice system is fair and accessible, cost effective and efficient and deliver savings of over £10 million per year. Changes include the introduction of a national text reminder service for witnesses, development of video links throughout the justice system and the introduction of police witness standby arrangements meaning police no longer need to wait to give evidence at court.

- Continued investment in the development and growth of the third sector, providing advice and business support through the Just Enterprise programme to some 213 organisations, 98 per cent of which were still trading after 12 months.

- Promoted partnership and a needs-based approach through the Affordable Housing Supply Programme to support the delivery of over 6,000 new affordable homes every year and help address social inequalities. This includes the promotion of housing options hubs which support good practice and joint working between councils to prevent homelessness wherever possible and providing housing options for homeless people and others in housing need.

- Introduced the Children and Young People (Scotland) Bill. This is central to our aim to make Scotland the best place in the world to grow up as it puts children and young people at the heart of planning and delivery of services and ensuring their rights are respected across public services.
People, Workforce and Leadership

- **Implemented the living wage** guaranteeing all public sector workers at least £7.45 per hour through Scottish Public Sector Pay policy 2013-14 and committed to supporting the Scottish Living Wage for the lifetime of this Parliament.

- Formed **Public Service Collaborative Learning** to build leadership capacity across public service partners through Action Learning Facilitation Resilience, and Coaching and Leadership Exchanges.

- Launched the development of **Skilled Workers, Skilled Citizens**, a new approach which builds on community assets by involving the people who use services in training the workforce that provides those services.

- Developed a national model for **Employee Engagement** to support organisational culture change in line with our reform ambitions.

- Launched a 2020 workforce vision, **Everyone Matters**, informed by the views of around 10,000 people working in healthcare. The vision sets out how the health and care workforce will realise our overall 2020 vision that everyone is able to live longer, healthier lives at home or in a homely setting.

- Run a series of briefings on key areas of policy and practice for practitioners as part of the ongoing implementation of the **Curriculum for Excellence**.

- Working with Community Planning Partnerships (CPPs), developed a **self-assessment tool** which identifies how well Getting it Right for Every Child (GIRFEC) has been implemented to date, including key challenges and areas of good practice. A report of this exercise is informing the way forward for GIRFEC implementation in CPPs.
Improving Performance

- Established a single Police Service of Scotland and a Scottish Fire and Rescue Service to protect and improve local services despite financial cuts, create more equal access to specialist support and national capacity and strengthen the connection between services and communities. Efficiency savings of £1.7 billion are expected by 2028.

- Worked with the Accounts Commission and other scrutiny bodies to undertake further audit and inspections of Community Planning Partnerships to help them deliver better outcomes, following three pathfinder audits undertaken in 2012-13.

- Published Scotland’s Digital Future: Delivery of Public Services in September 2012 and will award the contract to the preferred supplier for the Scottish Wide Area Network Programme in the coming months, going live in April/May 2014. We also published in June 2013 our High Level Operating Framework setting out the principles and standards for the public sector. Both of these key developments lay the foundations for our digital public services ambitions which will be progressed in the coming year.

- Introduced the Regulatory Reform (Scotland) Bill to further improve the way regulations are applied in practice across Scotland. The Bill will streamline and make regulation more effective, bringing greater efficiency and consistency to public services and help improve the environment. It includes powers to encourage consistency through national standards and systems, a duty on regulators to contribute to sustainable economic growth and a new integrated framework on environmental regulation.

- Increased the use of tools such as Public Social Partnerships and Community Benefit clauses through the Ready for Business contract to strengthen partnership between Scotland’s procurement community and the third sector.

Change Funds

A decisive shift towards prevention is one of the four pillars of public service reform and is fundamental to ensuring long-term fiscal sustainability of public services and helping to improve outcomes for people and communities. Analysis and feedback from the three Change Fund programmes demonstrates the real progress that is being made at the local level to drive a change in mainstream delivery in relation to early years, reducing reoffending and health and social care provision.
Early Years Change Fund

The Early Years Change Fund has proved a significant catalyst in the drive for effective, early intervention in the early years by bringing together financial commitments from across Health, Local Government and the Scottish Government. Recent analysis indicates the fund has helped support a shift to a more strategic and structured approach to the early years, and successfully levered in additional resources to drive the move to prevention. For example, Community Planning Partnerships report that the Early Years Change Fund has played a key role in the delivery of a wide range of important services for children and families including: support for looked after 2 year olds; preventative programmes such as child healthy weight interventions and maternal and infant nutrition; and a range of support programmes for families and children experiencing difficulties, including early intervention projects for families in crisis.

The cross sector and cross party Early Years Taskforce will be seeking to review regularly the operation and the impact of the Early Years Change Fund. In line with the commitment in the Spending Review 2011, we will provide funding of £8.5 million in 2015-16 to support improvement to outcomes in the early years, including embedding improvement at a local level.

Reducing Reoffending Change Fund

The Reducing Reoffending Change Fund has helped to develop two national offender mentoring services and four local, specialised mentoring projects providing guidance and assistance to prolific young male offenders and women offenders. It has also supported the development of new Public Social Partnerships (PSPs) between third sector and public sector organisations to co-design and deliver effective mentoring services. The PSP model includes planning for successful services to be sustained following the completion of the change fund’s three year span, through commitments on future funding made by the public sector members of each PSP.

Substantial, independent evaluation has been commissioned of the effectiveness of mentoring services, and the success of the PSP model itself, during the 2013-15 delivery period. Given the difficulty of effectively analysing the impact of a single intervention on an individual’s future behaviour and motivations, the evaluation will closely examine the effectiveness of these services in addressing the criminogenic needs that can drive future offending behaviour.

Over the delivery period 2013-15, £7.7 million will be allocated to help services support service users’ interaction with criminal justice processes and other public services, help build individuals’ personal resilience and assist them to take control of their lives and desist from crime. Improvements in offenders’ future behaviour will remove a significant burden from criminal justice processes, and the practical assistance of a mentor will encourage effective and efficient engagement with mainstream public services.

The Reducing Reoffending Change Fund will continue in 2015-16, with existing funding maintained in full to deliver new projects in partnership with the third sector and others, that contribute to reducing reoffending.
Reshaping Care Change Fund

Within the current Spending Review period, the Reshaping Care Change Fund is a key element in the Scottish Government’s overall approach to prevention and its use is subject to regular review. We are working closely with Audit Scotland and other stakeholders to determine where the Fund has made most impact and will use the findings to inform future investment decisions.

To date, the Change Fund approach has worked on a number of levels: as an enabler for the strategic vision on Reshaping Care; as a lever for closer joint working; as an accelerant in changing attitudes, cultures and behaviours; as a means of jointly testing and spreading innovative approaches to inform partnerships’ longer term investment and disinvestment decisions; as an important element in helping partnerships develop and implement Strategic Joint Commissioning – with the expectation being, post 2014-15, that this will supplant the Change Fund as a permanent way of planning and providing services locally; and as a key catalyst for the changes envisaged in the legislation to integrate health and social care provision currently before Parliament, particularly in relation to integrated budgets and the requirement to share partnership resources.

The Change Fund will continue as planned until 2015. To support the integrated funding arrangements for health and social care additional resource of £100 million will be available to be allocated via Health Boards in 2015-16 to help drive the shift towards prevention, and a further £20 million which will be deployed centrally within Health to support national initiatives. This additional resource replaces the Change Fund and will be accessible to local authorities, working in partnership with Health Boards and the third and independent sectors, in 2015-16 to support investment in health and social care services as arrangements for integration are implemented under the Public Bodies (Joint Working) Bill. Funding will focus, in particular, on tackling multiple co-morbidity problems earlier in the 55-65 age group.
## ANNEX D

### Table 1: Departmental Expenditure Limits by Portfolio

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>2013-14 Budget £m</th>
<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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## ANNEX E

### Table 2: Annually Managed Expenditure by Portfolio

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<th>2014-15 Draft Budget £m</th>
<th>2015-16 Plans £m</th>
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<td>Culture and External Affairs</td>
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<td>Infrastructure, Investment and Cities</td>
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<tr>
<td>Administration</td>
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<tr>
<td>Crown Office and Procurator Fiscal</td>
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<td>Local Government</td>
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<td>Scottish Parliament and Audit Scotland</td>
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<td>European Structural Funds – central government 2007-2013</td>
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## Annexes

### Level 2

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**Note**

1. DEL Capital includes Financial Transactions, details of which will appear in relevant portfolio chapters.
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<td>4.0</td>
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<td>2,800.7</td>
<td>2,378.1</td>
<td>2,177.4</td>
<td>2,473.8</td>
<td>2,398.3</td>
<td>2,680.5</td>
<td>2,858.4</td>
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<tr>
<td>Administration</td>
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<td>278.5</td>
<td>275.7</td>
<td>238.9</td>
<td>224.8</td>
<td>206.9</td>
<td>198.0</td>
<td>201.6</td>
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<tr>
<td>Total Administration</td>
<td>249.4</td>
<td>278.5</td>
<td>275.7</td>
<td>238.9</td>
<td>224.8</td>
<td>206.9</td>
<td>198.0</td>
<td>201.6</td>
</tr>
<tr>
<td>Total Crown Office &amp; Procurator Fiscal</td>
<td>107.4</td>
<td>118.3</td>
<td>117.5</td>
<td>108.3</td>
<td>109.1</td>
<td>108.1</td>
<td>108.7</td>
<td>109.4</td>
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<tr>
<td>Total Crown Office &amp; Procurator Fiscal</td>
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<td>118.3</td>
<td>117.5</td>
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<td>109.1</td>
<td>108.1</td>
<td>108.7</td>
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<td>Local Government</td>
<td>11,168.3</td>
<td>11,804.3</td>
<td>11,696.4</td>
<td>11,327.6</td>
<td>11,226.1</td>
<td>10,274.8</td>
<td>10,531.4</td>
<td>10,608.2</td>
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<tr>
<td>Total Local Government</td>
<td>11,168.3</td>
<td>11,804.3</td>
<td>11,696.4</td>
<td>11,327.6</td>
<td>11,226.1</td>
<td>10,274.8</td>
<td>10,531.4</td>
<td>10,608.2</td>
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<td>Police Loan Charges</td>
<td>9.2</td>
<td>8.6</td>
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<td>-</td>
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<td>Total Scottish Government Budget</td>
<td>31,934.5</td>
<td>33,650.6</td>
<td>34,272.8</td>
<td>33,488.3</td>
<td>33,794.3</td>
<td>34,588.5</td>
<td>35,311.9</td>
<td>35,902.5</td>
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1. For comparison purposes, in line with 2010-11, cost of capital has been removed from earlier years' outturn.
ANNEX H

Table 5: Estimated Payments Under PPP Contracts

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<tr>
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<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
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<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Health and Wellbeing</td>
<td>234.0</td>
<td>240.0</td>
<td>245.2</td>
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<td>Finance, Employment and Sustainable Growth</td>
<td>142.1</td>
<td>144.1</td>
<td>147.1</td>
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<tr>
<td>Education and Lifelong Learning</td>
<td>334.0</td>
<td>340.6</td>
<td>347.6</td>
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<td>Justice</td>
<td>50.5</td>
<td>52.5</td>
<td>53.6</td>
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<td>Rural Affairs and the Environment</td>
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<td>–</td>
<td>–</td>
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<tr>
<td>Culture and External Affairs</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Infrastructure, Investment and Cities</td>
<td>221.4</td>
<td>234.6</td>
<td>254.0</td>
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<tr>
<td>Administration</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Total</strong></td>
<td>982.0</td>
<td>1,011.8</td>
<td>1,047.5</td>
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</tbody>
</table>

Note
1. The table shows the total unitary charge payments relating to all PPP projects (pre those projects announced as part of the £2.5 billion NPD pipeline) that are operational. The figures represent the total amount that public sector bodies estimate they will pay or will expect to pay, in each of the years for the associated PPP contracts.

The unitary charge payments cover all the integrated services that the private sector consortium will provide for the length of the PPP contract and include the upfront construction costs, lifecycle maintenance and, facilities management where appropriate.

The unitary charge payment figures comprise both what public sector procuring authorities are paying and Scottish Government funding/part funding in support of the projects.

2. The FE&SG figures comprise PPP projects undertaken by local authorities in the ‘Level Playing Field Support’ funding round and include, for example, waste management and schools projects. Figures for the majority of school projects, however, are included under Education and Lifelong Learning.
ANNEX I

GLOSSARY

**Annually Managed Expenditure (AME)**
Annually Managed Expenditure is spending that does not fall within Departmental Expenditure Limits (DEL). AME is generally less predictable than expenditure in DEL and is not subject to multi-year limits. It is set each year and contains those elements of expenditure that are not readily predictable. For example, NHS and Teachers’ pensions.

**Audit Scotland**
Audit Scotland was set up in April 2000 to audit the accounts of the Scottish Government and other public sector bodies in Scotland, and to ensure that public funds are used properly, efficiently and effectively.

**Barnett Formula**
The Barnett Formula allocates to Scotland a population share of changes in comparable spending programmes in England. For comparable expenditure, Scotland gets exactly the same pounds per head increase as in England. Comparability is the extent to which services delivered by Whitehall departments correspond to services delivered by the devolved administrations. Barnett only applies to expenditure classified within Departmental Expenditure Limits – about 85 per cent of Scotland’s total budget.

**Best Value**
Best Value is about continuous improvement, seeking to change what we do in a way that transforms and sustains the delivery of quality public services in Scotland.

**Budget Exchange (BX)**
HM Treasury allow the Scottish Government to carry forward DEL under spends and draw down these under spends up to a maximum of 0.6 per cent on the Resource budget and 1.5 per cent on the Capital budget.

**Cash Terms**
Figures expressed in cash, or nominal, terms are not adjusted for the effect of inflation (see Real Terms).

**Common Agricultural Policy (CAP)**
The CAP was set up under the European Union Treaties to increase agricultural production, provide a fair standard of living for farmers and make sure that food is available at reasonable prices.
Community Planning Partnerships
Community Planning, as set out in the Local Government in Scotland Act 2003, is delivered by local Community Planning Partnerships (CPPs). There are 32 CPPs in Scotland, one for each local authority area. As well as the statutory partners a wide range of other organisations such as Jobcentre Plus, Further and Higher Education institutions and Scottish Natural Heritage are involved in CPPs, as are the third and private sectors. Third sector participation in CPPs is delivered through the third sector interfaces that have been established in each local authority area.

Cross-border public authorities
The Scotland Act 1998 allows for cross-border public authorities to be specified by Order in Council. They are public bodies and agencies, government departments, offices or office-holders which have functions exercisable in or as regards Scotland that do not relate to reserved matters. (GB/UK bodies which deal only with reserved matters in Scotland cannot be cross-border public authorities.) Examples include the Forestry Commission, the National Criminal Intelligence Service, British Waterways Board.

Consumer Prices Index (CPI)
The Consumer Prices Index is an internationally comparable measure of inflation used by the UK Government that measures the change in the general level of prices charged for a defined ‘shopping basket’ of goods and services bought for household consumption. The CPI forms the basis of the UK Government’s inflation target that the Bank of England’s Monetary Policy Committee is required to achieve.

Departmental Expenditure Limits (DEL)
Departmental Expenditure Limits (DEL) form the majority of the Scottish Government’s budget. This is the budget provision that the Scottish Government can plan and control over the Spending Review period. The DEL budget is presented for both resource DEL and capital DEL. Resource DEL consists of fiscal DEL and non cash ring fenced DEL. Non cash ring fenced DEL covers depreciation and impairments and does not represent spending power for the Scottish Government.

Depreciation
A depreciation charge is a non-cash item which measures the wearing out, consumption or other reduction in useful life of a fixed asset.

European Structural Funds
European Structural Funds include the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF). They are used to tackle regional disparities and support regional development through actions including developing infrastructure and telecommunications, developing human resources and supporting research and development. The Scottish Government is the ‘managing authority’ for the Funds in Scotland.
Executive Agency
Semi-autonomous executive agencies operate within a framework set by the responsible Cabinet Secretary or Minister, which specifies policies, objectives, and available resources. All agencies are set annual performance targets by their Minister, who in turn is accountable to Parliament for the work of the agency.

Financial Transactions
‘Financial Transactions’, are allocated by HM Treasury to the Scottish Government and can only be used for the provision of loans or equity investment beyond the public sector. Financial Transactions facilities have to be repaid to HMT in future years.

Gross Domestic Product (GDP)
The Gross Domestic Product is a measure of the total economic activity in a region. References to growth in the economy refer to growth in GDP. It is a measure of the total amount of goods and services produced within a year in a country. In the UK, three different approaches (measuring production, income or expenditure) are used in the generation of one single GDP estimate.

Local Government
All 32 local authorities in Scotland.

Non-Departmental Public Body (NDPB)
A body that operates independently of Ministers, although Ministers have ultimate responsibility. There are two main types of NDPB: executive NDPBs, which carry out administrative, regulatory, executive or commercial functions; and advisory NDPBs, which provide independent, expert advice to Ministers.

Non-Profit Distributing (NPD)
The Non-Profit Distributing model is a system for funding capital infrastructure projects. It is 100 per cent debt-financed and maximises value for money and allows shareholder transparency.

Office for Budget Responsibility (OBR)
The Office for Budget Responsibility (OBR) was formed in May 2010 to make an independent assessment of the public finances and the economy for each UK Budget and Pre-Budget Report.

Prudential Regime
The prudential regime for local authority capital expenditure took full effect on 1 April 2004. It allows local authorities to make their own decisions about how much to borrow or spend, but they are under a duty to determine how much they can afford and to keep that under review.
Real Terms
Any price or value adjusted for the effect of inflation.

Regulatory Asset Base (RAB)
The value of a regulated industry’s assets. For the rail industry, this is the Office of Rail Regulation’s (ORR) calculation of the value of Network Rail’s assets. The regulator agrees investment plans for five year periods, including adding new investments to the Regulated Asset Base.

Scottish Futures Trust (SFT)
The Scottish Futures Trust is the independent company established by the Scottish Government to deliver value for money across public infrastructure development.

Single Outcome Agreement (SOA)
The Concordat between the Scottish Government and COSLA in November 2007 required each local authority and its Community Planning Partners to develop a Single Outcome Agreement. They are intended to set out outcomes at a local level which local public bodies will work towards in order to contribute to the National Outcomes set by government. They are characterised by streamlined external scrutiny, effective performance management and an outcomes focus.

STPR
The Strategic Transport Projects Review (STPR) supports the process of prioritisation applied by Scottish Ministers when allocating the capital budget across all sectors and when determining the level of infrastructure investment that can be supported from revenue finance (e.g. public private partnerships (PPP/PFI), non-profit distributing, and borrowing against regulated asset base (RAB) for investment in rail infrastructure.

Total Managed Expenditure (TME)
Total Managed Expenditure comprises the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

Tax Incremental Financing (TIF)
Tax Incremental Financing is a way of unlocking private investment in the regeneration of local areas. Initial borrowing by local authorities to fund the infrastructure is repaid through future increases in non-domestic rate revenues due to increased business creation resulting from the local authority’s investment.