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## Finance and Public Administration Committee

# Report on Subordinate Legislation: The Budget (Scotland) Act 2025 Amendment Regulations 2025 [draft]



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# Finance and Public Administration Committee

To consider and report on the following (and any additional matter added under Rule 6.1.5A)—

- (a) any report or other document containing proposals for, or budgets of, public revenue or expenditure or proposals for the making of a Scottish rate resolution, taking into account any report or recommendations concerning such documents made by any other committee with power to consider such documents or any part of them;
- (b) any report made by a committee setting out proposals concerning public revenue or expenditure;
- (c) Budget Bills; and
- (d) any other matter relating to or affecting the revenue or expenditure of the Scottish Administration or other monies payable into or expenditure payable out of the Scottish Consolidated Fund.
- (e) matters relating to the National Performance Framework within the responsibilities of the Deputy First Minister, public service reform within the responsibility of the Cabinet Secretary for Finance and Local Government, and public administration.



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# Introduction

1. At its meeting on 11 November 2025, the Finance and Public Administration Committee took evidence from the Minister for Public Finance on—  
  
The Budget (Scotland) Act 2025 Amendment Regulations 2025 [draft] <sup>1</sup>
2. The instrument is subject to the affirmative procedure, which means it is for the Committee to recommend to the Scottish Parliament whether the Regulations should be approved.
3. The Autumn Budget Revision 2025-26 Supporting Document <sup>2</sup> , which was laid alongside the Regulations, explains the changes proposed in the instrument. To support the Committee’s scrutiny of the Regulations, the Scottish Government also provided a detailed Guide to the Autumn Budget Revision <sup>3</sup> , and the Scottish Parliament Information Centre’s (SPICe) Financial Scrutiny Unit produced a briefing <sup>4</sup> analysing key changes proposed.

# The Regulations

4. The instrument was laid on 25 September 2025. The purpose of the Regulations is to make in-year changes to the Budget (Scotland) Act 2025<sup>5</sup>, which authorised the Scottish Government's spending plans for the current financial year.
5. In total, the changes proposed in the Autumn Budget Revision (ABR) will increase the Scottish Government's 2025-26 Budget by £1,398.1 million (from £63,128.7 million to £64,526.8 million). The main changes as set out in the Supporting Document include—
  - funding changes to reflect deployment of available resources to portfolios (total net increase to the budget of £1,137.0 million),
  - technical adjustments (net increase to the budget of £246.8 million),
  - Whitehall Transfers and HM Treasury allocations to the Scottish Government (an increase of £14.4 million), and
  - the transfer of resources between Scottish Government portfolios.
6. The ABR will provide an additional £697.1 million for the health portfolio (£620 million to support health services and £77 million for capital) and extra funding for Local Government "to provide budget cover to support teaching and non-teaching pay deals". All portfolios are receiving funding to support increased employer National Insurance Contributions (eNICs). Through the social justice budget, an additional £50.4 million is being provided for enhanced Pension Age Winter Heating Payments, along with £11.3 million to fund the Two Child Limit Mitigation. Chart 1 in the SPICe briefing sets out the portfolio allocations reflecting proposed changes in the ABR compared to the 2025-26 Budget as passed.
7. A Child Rights and Wellbeing Impact Assessment (CRWIA)<sup>6</sup> for the 2025-26 ABR concluded that the changes will have a neutral impact on children's rights.

# **Delegated Powers and Law Reform Committee consideration**

8. The Delegated Powers Law Reform (DPLR) Committee considered the instrument on 7 October 2025. In its 72nd Report, 2025<sup>7</sup> published on 8 October 2025, the DPLR Committee made no recommendations in relation to the instrument.

# Finance and Public Administration Committee consideration

9. On 11 November 2025, the Committee took evidence on the Regulations from the Minister for Public Finance.
10. In his opening statement to the Committee, the Minister stated that “the Scottish Government is once again on track to balance its budget despite continuing to face a challenging financial situation”. He added that “our prudent management of the 2024-25 financial year has allowed us to carry forward £557 million through the Scotland reserve, which is being used in full to support the 2025-26 position”. The Revision, the Minister noted, “deploys almost £1.2 billion of additional funding to support our public services” and “all the consequential funding that has been received from the UK Government in respect of eNICs is allocated out as part of the budget revision”.
11. During evidence, the Committee asked a number of questions of the Minister, the responses to which can be found in the Official Report <sup>8</sup>. Issues raised include—
  - The need to baseline in the Scottish Budget routine in-year transfers.
  - The management of future NHS and teacher pension costs through Annual Managed Expenditure, and justice pensions through Departmental Expenditure Limits.
  - The impact on the Scottish Budget of funding a proportion of eNICs. The total cost for the public sector in Scotland is estimated to be £700 million, with the UK Government providing “roughly half of that”, and “as for the rest of it, I think that we paid 60% in many cases”.
  - An underspend of £556.7 million which “will allow us to support spending in this financial year”.
  - Delivery against the Scottish Government’s three-year public sector pay policy.
  - Following reductions to the Scottish Government workforce over the past two years, it is “on target to deliver another significant reduction”. Recruitment has been “significantly focused on ensuring that we are only bringing in absolutely essential staff, or staff for which there is a cost-saving by bringing them in”.
  - The civil service “is now operating on a total operating cost that is to target”, rather than it being allocated by portfolio as was previously the case. This means that “the Scottish Government core civil service has not only workforce targets but financial targets that have been laid out”.
  - Lower revenues in relation to Land and Buildings Transaction Tax than forecast (expected to be around £40 million lower).
  - How the Scottish Budget 2026-27 will support skills development and economic growth.

12. The Minister also committed to providing the Committee with follow-up information on the issues below—
- The management of public sector pensions in the budget process.
  - The proportion of funding provided by the UK Government and Scottish Government in relation to eNICs.
  - Up-to-date figures on the size of the civil service and on the cost of the pay bill as compared to previous years.

## Conclusion

13. Following evidence-taking, the Minister for Public Finance moved motion S6M-19303<sup>9</sup> —

That the Finance and Public Administration Committee recommends that the Budget (Scotland) Act 2025 Amendment Regulations 2025 [draft] be approved.

14. **Motion S6M-19303 was agreed to without division. The Finance and Public Administration Committee therefore recommends that the Budget (Scotland) Act 2025 Amendment Regulations 2025 [draft] be approved.**

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