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Finance and Public Administration Committee

The Budget (Scotland) Act 2025 Amendment Regulations 2026 [draft] – Spring Budget Revision



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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.



FPA.committee@parliament.scot



0131 3485978

Committee Membership



Convener
Kenneth Gibson
Scottish National Party



Deputy Convener
Michael Marra
Scottish Labour



Patrick Harvie
Scottish Green Party



Craig Hoy
Scottish Conservative
and Unionist Party



John Mason
Independent



Liz Smith
Scottish Conservative
and Unionist Party



Michelle Thomson
Scottish National Party

The Regulations

1. The Budget (Scotland) Act 2025 Amendment Regulations 2026¹ make in-year changes to the Budget (Scotland) Act 2025, which authorised the Scottish Government’s spending plans for the current financial year.
2. In total, the changes set out in the Regulations will increase the Scottish Government’s 2025-26 budget by £3,394.9 million from £64,526.8 million to £67,921.7 million. The main changes to the Scottish Government’s spending plans, as set out in the supporting document, are as follows—
 - Funding changes to reflect deployment of available resources to portfolios (total net decrease to the budget of £462.2 million).
 - Technical adjustments (net increase to the budget of £3,777.6 million).
 - Whitehall Transfers and HM Treasury allocations to the Scottish Government (an increase of £79.5 million).
 - The transfer of resources between Scottish Government portfolios.
3. The largest element of the technical adjustments relates to a £2,939 million movement “in the Student Loan carrying value”. The movement “follows the implementation of a new, more accurate, model for forecasting student loan repayments and changes to the discount factor applied for that valuation”.
4. The supporting document on the Regulations² sets out the changes to overall funding which have occurred since the Autumn Budget Revision—
 - £45 million of additional Barnett consequentials confirmed at the UK Autumn Budget.
 - £55 million of Barnett consequentials at UK Supplementary Estimates (to be confirmed), which “is offset by a £34 million reduction due to return of funding for McCloud pension remedy costs from 2024-25”.
 - A reduction of £350 million to reflect the change in classification of police and fire pension top-ups from DEL to AME.
 - Changes to the assumed levels of capital borrowing and ScotWind utilisation, as set out in the Scottish Budget on 13 January 2026.
 - An additional £14 million projected to be carried forward in the Scotland Reserve from 2024-25.
 - Revised devolved tax forecasts and block grant adjustments.

Delegated Powers and Law Reform Committee consideration

5. The Delegated Powers and Law Reform (DPLR) Committee considered the instrument on 3 February 2026³ and reported on it in its 16th Report, 2026 (Session 6)⁴. The DPLR Committee made no recommendations in relation to the instrument.

Finance and Public Administration Committee consideration

6. On 17 February 2026⁵, the Finance and Public Administration Committee took evidence from the Minister for Public Finance and Scottish Government officials on the Regulations 2026 before considering motion S6M-20541⁶ in the name of the Minister inviting the Committee to recommend approval of the instrument.
7. During evidence⁵, the following issues were raised—
 - How the £200 million being held as contingency for emerging pressures in January to March 2026 and year-end audit adjustments was arrived at. The Minister explained that “we need to make our final decisions on borrowing in the middle of March, so there is still scope for changes at that point [and] historically, there have been changes—of more than £100 million on occasion—as a consequence of year-end audit adjustments”. He went on to say that “nothing is lost there, because anything that is still there carries forward into the following financial year”.
 - The reasons why Adult Disability Payment funding is £208 million less than anticipated. The Minister responded that the Scottish Fiscal Commission produces the original forecasts and that “there are many and various factors that drive [...] demand” for the payments.
 - The extent to which the UK Government will cover the sum of £24.7 million for additional costs associated with the visits to Scotland by the US President and Vice President. The Minister explained that “we can continue to engage with the UK Government, but it has not been helpful in that regard”.
 - Why there is a funding reduction of £157.6 million in the climate action and energy portfolio, with £102.9 million coming from offshore wind spending. The Minister responded that “funding might not be deployed at the rate that we thought it would be, depending on other factors that are outside our control”, such as the timeframe to expect private sector investment.
 - A reduction in the funding for the McCloud adjustment of £34 million, which the Minister explained was due to the delay in payments, however, this funding “will eventually come back through again”.
 - The additional sum of £80 million being provided to the Scottish National Investment Bank (SNIB) “to offset changes in the value of the Bank’s existing investments”. Scottish Government officials noted that “because the budget is coming through as a technical adjustment, it will be like an annually managed expenditure budget cover to reflect accounting impairments, rather than a formal write-off, which would potentially have a resource hit, as it would cost the departmental expenditure limit budget”.
 - How progress with public service reform is affected by a funding reduction of £12.4 million from the Invest to Save Fund. The Minister explained that “we have had some uptake, which is good, and a number of very successful

projects [...] however, because it is quite a different way of budgeting and deploying resources, portfolios are working at pace to get their heads round how they engage with the process”. He went on to say that “we have learned some lessons this year as to how we can increase take-up going forward”, adding “[...] we are repeating the funding in the next financial year”.

- The reasons for significant underestimates each year regarding future NHS and teacher pensions costs and why routine in-year transfers are not baselined within the Scottish Budget, issues that have both been repeatedly raised by the Committee. Scottish Government officials told the Committee that the pensions costs are “classified as AME because it is recognised by the UK Government as being very volatile and hard to predict [, but] there is no loss in our discretionary spending as a result of that additional budget cover”. On in-year transfers, the Minister said that “baselining activity [...] happens on an ongoing basis but, [...] it comes down to where the policy decisions are made on the portfolio’s priorities and then where the delivery happens, which is where the funds are transferred too”.

8. The Minister agreed to provide additional information in writing on the following issues—

- Slippage of £38.4 million in projects within ferry services.
- The net reduction of £6 million in the housing portfolio.
- Any analysis on the extent to which advertising to publicise the availability of social security payments drives uptake.
- The increase of £10 million in funding for the concessionary fares scheme and the extent to which operators are compensated for the under-22s and over-60s schemes.
- What alternative uses of the funding not being spent on offshore wind were considered to retain the sums within the climate action and energy portfolio.

9. Following questions, the Minister moved the following motion—

S6M-20541: That the Finance and Public Administration Committee recommends that the Budget (Scotland) Act 2025 Amendment Regulations 2026 [draft] be approved.⁶

10. The motion was agreed to without division.

Conclusion

11. The Finance and Public Administration Committee therefore recommends that that the Budget (Scotland) Act 2025 Amendment Regulations 2026 [draft] be approved.

- [1] Scottish Government. (2026, January 22). Budget (Scotland) Act 2025 Amendment Regulations 2026 (SSI 2026/draft) . Retrieved from <https://www.legislation.gov.uk/sdsi/2026/9780111065150>
- [2] Scottish Government. (2026, January 22). Supporting document on the Regulations. Retrieved from <https://www.gov.scot/publications/spring-budget-revision-2025-26-supporting-document/pages/1/>
- [3] Scottish Parliament, Delegated Powers and Law Reform Committee. (2026, February 3). Official Report. Retrieved from <https://www.parliament.scot/api/sitecore/CustomMedia/OfficialReport?meetingId=20049>
- [4] Scottish Parliament, Delegated Powers and Law Reform Committee. (2026, February 4). 16th Report, 2026 (Session 6). Retrieved from <https://bprcdn.parliament.scot/published/DPLR/2026/2/4/ae1896a5-4663-4727-968f-3c3870087824/DPLRS062026R16.pdf>
- [5] Scottish Parliament, Finance and Public Administration Committee. (2026, February 17). Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/pa-17-02-2026?meeting=20083&iob=206496>
- [6] Scottish Parliament. (2026, January 22). Motion S6M-20541. Retrieved from <https://www.parliament.scot/chamber-and-committees/votes-and-motions/S6M-20541>

