

Finance and Public Administration Committee
Tuesday 11 November 2025
30th Meeting, 2025 (Session 6)

The Budget (Scotland) Act 2025 Amendment Regulations 2025 (SSI 2025/draft) – Autumn Budget Revision

Overview

1. The Committee is invited to take evidence from the Minister for Public Finance and Scottish Government officials on The Budget (Scotland) Act 2025 Amendment Regulations 2025 [draft] before debating a motion in the name of the Minister asking the Committee to recommend approval of the instrument.
2. This is a draft Scottish Statutory Instrument (SSI), which requires approval by resolution of the Parliament before it can become law. More information about the instrument is summarised below:

Title of instrument: [The Budget \(Scotland\) Act 2025 Amendment Regulations 2025](#)

Laid under: [Budget \(Scotland\) Act 2025](#)

Laid on: 25 September 2025

Procedure: Affirmative

Lead committee to report by: 19 November 2025

3. Following evidence-taking on the SSI at agenda item 1, the Committee will be invited at agenda item 2 to debate and vote on motion [S6M-19303](#) lodged in the name of the Minister for Public Finance—

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

Procedure

4. Under affirmative procedure, an instrument must be laid in draft and cannot be made (or come into force) unless it is approved by resolution of the Parliament. Further detail about the affirmative procedure is provided at Annexe A.

Delegated Powers and Law Reform Committee consideration

5. The Delegated Powers Law Reform (DPLR) Committee considered the instrument on 7 October 2025. In its [72nd Report, 2025](#) published on 8 October 2025, the DPLR Committee made no recommendations in relation to the instrument.

Purpose of the instrument

6. The purpose of the draft Regulations is to make in-year changes to The Budget (Scotland) Act 2025, which authorised the Scottish Government’s spending plans for the current financial year.
7. The [Autumn Budget Revision 2025-26 supporting document](#), which was laid alongside the instrument, explains the changes proposed in the instrument. The Scottish Government has also provided a detailed Guide to the Autumn Budget Revision. Both documents have been provided to Committee Members. The Financial Scrutiny Unit in SPICe has also produced a briefing providing analysis of the changes in the Autumn Budget Revision (ABR), which is included at Annexe B to this paper.
8. 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.
9. 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”.¹ All portfolios are receiving funding to support increased employer National Insurance Contributions. 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 attached at Annexe B sets out the portfolio allocations reflecting proposed changes in the ABR, with the percentage changed compared to the 2025-26 Budget as passed
10. A [Child Rights and Wellbeing Impact Assessment](#) (CRWIA) for the 2025-26 ABR concluded that the changes will have a neutral impact on children’s rights.

¹ [CRWIA on the Budget \(Scotland\) Act 2025 Amendment Regulations 2025](#)

Next steps

11. The Committee will report to the Parliament, setting out its recommendation on the instrument by the deadline of 19 November 2025.

Committee Clerking Team
November 2025

Procedure for Committee consideration of affirmative instrument

1. Under the affirmative procedure, an instrument must be laid in draft and cannot be made (or come into force) unless it is approved by resolution of the Parliament.
2. Once laid, the instrument is referred to:
 - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and
 - a lead committee, whose remit includes the subject-matter of the instrument, for scrutiny on policy grounds.
3. The lead committee, taking account of any recommendations made by the DPLR Committee (or any other committee), must report within 40 days of the instrument being laid.
4. The normal practice is to have two agenda items when an affirmative instrument is considered by the lead committee:
 - an evidence session with the Minister and officials, followed by
 - a formal debate on a motion, lodged by the Minister, inviting the lead committee to recommend approval of the instrument.
5. Only MSPs may participate in the debate, which may not last for more than 90 minutes. If there is a division on the motion, only committee members may vote. If the motion is agreed to, it is for the Chamber to decide, at a later date, whether to approve the instrument.

The logo for SPICe, featuring the text 'SPICe' in white on a dark blue background.The logo for The Information Centre, featuring the text 'The Information Centre' and 'An t-Ionad Fiosrachaidh' in white on a dark blue background.

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Autumn Budget Revision, 2025-26

The Autumn Budget Revision (ABR) amends the Budget (Scotland) Act 2025 which authorises the Scottish Government's spending plans for financial year 2025-26. It is the first of two in-year opportunities for the Scottish Government to alter 2025-26 spending plans.

The Scottish Government published the [Budget \(Scotland\) Act 2025 Amendment Regulations 2025](#) on 25 September 2025. This was accompanied by a [supporting document setting out the proposed changes at levels 2 and levels 3](#). The Scottish Government has also issued a Guide to the 2025-26 Autumn Budget Revision, which members have received. This contains additional and more up-to-date information than the supporting document.

The proposed changes in the ABR result in an increase in the approved budget of £1,398.1 million from £63,128.7 million to £64,526.8 million. The changes can be summarised as follows:

- Funding changes to reflect deployment of available resources to portfolios which increases the budget by £1,137.0 million;
- Whitehall transfers and HM Treasury allocations of £14.4 million;
- Technical adjustments increasing the budget by £246.8 million;
- The transfer of resources between Scottish Government portfolios and public bodies which are budget neutral in aggregate.

This paper summarises some of the key areas for discussion with the Minister.

Funding Changes

The supporting document states that the funding changes have arisen for the following reasons.

- A carry forward from the Scotland Reserve of £556 million.
- Additional Barnett consequential from the UK Government of £488 million.
- Revisions to the tax and block grant adjustments and forecasts.

The ABR funding changes by portfolio are presented in Table 1 below. The table also includes four small changes involving the National Records of Scotland, the Scottish Courts and Tribunals Service, Registers of Scotland, and Consumer Scotland. Table 1 shows the Scottish Government's choices by portfolio for increased or decreased resources in 2025-26.

Table 1: Funding changes by Portfolio

Scottish Government Portfolios	Funding Additions	Funding Reductions	Net Funding Changes
Health and Social Care	697.1	0.0	697.1
Finance and Local Government	204.3	0.0	204.3
Social Justice	65.1	0.0	65.1
Education and Skills	53.4	(4.9)	48.5
Justice and Home Affairs	127.5	(5.0)	122.5
Transport	31.3	(53.0)	(21.7)
Rural Affairs, Land Reform and Islands	2.4	(5.5)	(3.1)
Climate Action and Energy	4.0	(8.4)	(4.3)
Deputy First Minister, Economy and Gaelic	38.0	0.0	38.0
Constitution, External Affairs and Culture	0.3	0.0	0.3
Housing	0.5	(18.0)	(17.5)
Crown Office and Procurator Fiscal Service	1.7	0.0	0.0
Scottish Government	1,225.6	(94.8)	1,130.8
National Records of Scotland	3.6	0.0	3.6
Scottish Courts and Tribunals Service	2.5	0.0	2.5
Registers of Scotland	0.6	0.0	0.6
Consumer Scotland	0.0	(0.6)	(0.6)
Total Scottish Administration	1,232.3	(95.3)	1,137.0

The Guide provides some additional details of the funding changes. The largest increase goes to the **Health and Social Care portfolio**, with £620 million of additional resource funding and £77 million in additional capital funding. The Guide notes that this includes £134.7 million for employer pension contributions and £85.4 million to address pay pressures (paragraphs 12 - 14 of the guide).

The **Finance and Local Government portfolio** receives an additional £204.3 million, of which £144 million relates to local government eNICs and £29.7 million relates to funding for pay deals. £15 million has been provided for Corporate Transformation projects, and £14.1 million to support corporate running costs (paragraphs 15 and 16 of the guide).

The **Justice and Home Affairs portfolio** receives an additional £122.6 million, of which £72.7 million relates to Police and Fire pensions. Police Scotland receive £31.4 million which relates to eNICs (£15.2 million), reform and modernisation (£10 million), and pay awards (£6.2 million). The portfolio also receives £10.1 million for legal aid, £6.9 million for the Scottish Prison Service and £4.8 million for the Scottish Fire and Rescue Service (paragraphs 17 – 19 of the guide).

The **Social Justice portfolio** receives an additional £65.1 million, of which £50.4 million relates to Pension Age Winter Heating Payments. The guide notes that:

“This is an internal projection of costs and will be revised at the Spring Budget Revision following forecasts from the Scottish Fiscal Commission”

£11.3 million is provided for Two Child Limit mitigation, with the remaining funding largely in relation to eNICs (paragraphs 20 and 21 of the guide).

The **Education and Skills portfolio** receives £53.4 million in additional funding. £32.6 million is for the Scottish Qualifications Authority, the majority of which is to “support ongoing activities” (£30.2 million), with the remaining £2.4 million to cover additional costs of SQA appointees. The Scottish Funding Council receives £10.1 million, of which £5.7 million relates to eNICs, £3.2 million to support staffing pressures, £0.7 million to backfill the University of Dundee recovery team, and £0.6 million for the independent review of the University of Dundee.

£3.5 million is provided to Student Award Agency Scotland to support staffing pressures, and £3 million to education to support operational needs (paragraphs 22 – 24 of the guide).

£31.3 million is provided to the **Transport Portfolio**, of which £24 million is for the elimination of peak rail fares and £7.3 million for eNICs (paragraph 25 of the guide).

In the **Deputy First Minister, Economy and Gaelic portfolio** £25 million in additional financial transactions funding is being provided to the Scottish National Investment Bank to support investments which concluded beyond the end of the financial year, utilising the Scotland Reserve to allow new flexibility for SNIB to manage their budget over time. Ferguson Marine have been provided with £8.3 million to cover under recoveries¹, post-delivery and warranty works.

Climate Action and Energy, Rural Affairs, Land Reform and Islands, Housing, and Constitution and External Affairs allocations relate to eNICs.

Additional information is provided on the Portfolios seeing resource reductions in this Budget Revision (see paras 32 to 38 of the Guide).

The largest reduction falls on the **Transport portfolio**, which has delivered £53 million in capital savings through reprofiling the vessel procurement schedule (£32 million), reducing Caledonian Maritime Asset’s Limited pension liability (£12 million), and reprofiling the ports and harbours work schedule (£9 million).

¹ ‘Under-recoveries’ are the financial gap between the cost of importing fuel and its lower domestic retail price

The **Housing portfolio** has identified £18 million in capital savings across demand led schemes where uptake has been lower than forecast. This comprises £5 million in savings from Home Energy Scotland grants, £1 million from SME loans and cashback, £2 million from the Public Sector Decarbonisation Fund, £6 million from the Social Housing Net Zero fund, and £4 million from Scotland's heat network fund. Members may wish to explore the reasons for these demand led programmes being under-subscribed (paragraph 33).

£8.4 million in savings come from the **Climate Action and Energy portfolio**, relating to additional loan interest received on Scottish Water loans due to sustained higher interest rates (£4.6 million), with the remainder coming from reduced staff cost budgets across Environmental services.

Various smaller changes deliver savings totalling £15.5 million:

- **Rural Affairs, Land Reform and Islands portfolio** delivered £5 million in capital savings by releasing Woodland Creation funding.
- The **Justice and Home Affairs portfolio** contributed £5 million in savings through reducing Police Scotland's capital budget, which was linked to a decision in March 2025 to provide £10 million for reform and modernisation.
- The **Education and Skills** portfolio reports savings of £4.9 million which relate to funding allocated for the Dunfermline Learning Campus which is no longer required by the Scottish Funding Council.
- **Consumer Scotland** has returned £0.6 million in capital funding which was not required.

Technical Adjustments

Technical adjustments increase the net Budget by £246.8 million. There are three significant contributors to this, with the largest being an increase to the AME provision for future NHS and Teachers pension costs of £141.9 million. This is the result of updated forecasts covering payments, employer and employee contributions.

Transport Scotland receive £78.8 million in "cash cover" for the cost of support leases for existing rolling stock for Scottish Rail Holdings NDPB. The Guide to the ABR explains that:

"This relates to differences between the budgetary and cash requirements of the NDPB which are driven by IFRS16 accounting rules. Under IFRS 16 rules, only the interest and depreciation elements of the lease are recognised in the resource budget. As the lease itself was already accounted for, no additional budget cover was required. However, the cash payment still needs to be made to meet the lease obligations"

The Education and Skills portfolio includes adjustments totalling £26.9 million; £24.1 million relates to an increased budget for student loans, while £2.8 million is cash cover for the Scottish Qualifications Authority.

Whitehall transfers

There are six Whitehall transfers contained in the ABR which increase spending by £14.4 million.

- £5.2 million is added to Enterprise, Trade and Investment under the **Deputy First Minister, Economy and Gaelic** portfolio. This provides funds for seed capital payments to Green Freeports in the 2025-26 financial year. A further £0.8 million is provided to the same portfolio for the Digital Innovations Fund.
- £3.2 million is provided to the **Social Justice portfolio** for the Debt Advice Levy, and £1.4 million is provided for Ukrainian Thank you payments².
- The **Transport portfolio** receives £3.5 million in relation to A75 Union Connectivity Funding.
- The **Education and Skills portfolio** receives £0.2 million of National Cyber Security Funding for the CyberFirst Programme.

Internal transfers

There are several internal transfers between Budget lines which move budget provision within and between portfolios. These net to zero so do not affect the Scottish Government's budget but do reflect how spending priorities have shifted during the year.

Some of the transfers between portfolios are significant in aggregate. Table 1.2 on page 16 of the supporting information sets out the aggregate impact of net transfers within portfolios by portfolio. The **Finance and Local Government portfolio** receives a net increase of £1,294.3 million (+9.5%), with the largest reductions being to the Health and Social Care portfolio which transfers out a net £667.8 million (-3.1%) and Education and Skills which transfers a net £421.2 million (-9.8%)

Significant internal transfers between portfolios are presented in the supporting documentation and the Guide and reproduced below for convenience. As has been discussed by Committee previously, some of these transfers occur each year, like the transfers for nursing and midwifery student teaching grants:

- transfer from Health and Social Care to Local Government within the Finance & Local Government portfolio to support the investment in the integration of Health & Social Care (£257.2 million);
- transfer from Learning in Education and Skills to Local Government within the Finance & Local Government portfolio to support the Teachers' Pay Deal (£243.8 million);

² Thank you payments are from the UK Government to sponsors of Ukrainian refugees. These are normally paid to the relevant local authority, but [where the Scottish Government has provided hotel accommodation for at least 14 days they will receive the payment. Further information is available here.](#)

- transfer from Health & Social Care to Local Government within the Finance & Local Government portfolio for Care at Home (£124 million);
- transfer from Health & Social Care to Local Government within the Finance & Local Government portfolio for the Mental Health Transition and Recovery Plan (£120 million);
- transfer from Housing to Local Government within the Finance & Local Government portfolio for Discretionary Housing Payments (£79.2 million)
- transfer from Health & Social Care to Local Government within the Finance & Local Government portfolio for the Carers Act (£60.5 million);
- transfer from Health & Social Care to Education and Skills portfolio to pay the teaching grant for Nursery and Midwifery students (£49.3 million);
- transfer from Education & Skills to Local Government within the Finance & Local Government portfolio to provide funding for the delivery of the Whole Family Wellbeing Fund (£38.1 million);
- transfer from Education & Skills to Local Government within the Finance & Local Government portfolio to support the Free School Meals programme (£37 million); and
- transfer from Social Justice to Local Government within the Finance & Local Government portfolio to provide the Scottish Welfare Fund (£35.5 million).

At a portfolio level, Table 2 below sets out the movements due to transfers within the Scottish Block on a net basis³:

Table 2: Internal transfers between portfolios, on a net basis

Portfolio	Net Transfer in the ABR
Health and Social Care	-£667.8 million
Social Justice	-£136.3 million
Education and Skills	-£421.1 million
Justice and Home Affairs	-£26.0 million
Transport	-£11.6 million
Rural Affairs, Land Reform and Islands	-£8.1 million
Climate Action and Energy	-£34.7 million
Finance and Local Government	+£1,294.3 million
Deputy First Minister, Economy and Gaelic	+£24.8 million
Housing	-£43.0 million

Members have previously been interested in the Scottish Parliament Corporate Body budget, and any changes. The ABR proposes a small transfer of £0.03 million from the from Children's Rights Unit as contribution to Child Friendly Complaints⁴.

³ These transfers do not net to zero, as there are some smaller transfers to bodies within the Scottish Administration, including the Scottish Courts and Tribunal Service.

⁴ [Child Friendly Complaints | SPSO](#)

Funding position

Tables 1.7 A to E set out how the total funding available to the Scottish Government has changed since the Budget Bill was passed in February 2025. Table 1.7C sets out the total change in resource funding, which is an increase in £1,095.9 million. The table shows that this is driven by three significant changes; additional Barnett consequentials of £488.8 million, a drawdown of £500.7 million from the Scotland reserve, and a reduction to the social security block grant adjustment which increases funding by £120.0 million.

Other smaller changes include:

- £39.9 million lower receipts from Land and Buildings Transaction Tax;
- £11.0 million lower capital borrowing costs;
- £9.5 million budget cover transfers; and
- £5.8 million previously unallocated funding has now been allocated.

The Guide to the ABR sets out that the increase in Barnett consequentials is due to the three UK fiscal events which have occurred since the 2025-26 Budget was set (the UK Spring Statement, the 2025-26 Main Estimates, and Phase 2 of the 2025 Spending Review). The guide also states that the quantum of borrowing and the associated interest rates have changed compared to those assumed at the time of the Budget, resulting in £11 million lower spending than anticipated.

Table 1.7D sets out changes in capital funding, which in aggregate are £38.8 million higher. The largest driver of this change is the £30.9 million in underspend in 2024-25 carried forward through the Scotland reserve. The capital block grant has declined by £1.1 million due to negative consequentials. Funding is increased by £9 million due to budget cover transfers, the largest of which is the £5.2 million in seed capital for Scottish Green Freeports.

Table 1.7E sets out the change in FT funding, which has increased by £24.6 million. Like capital, this is largely driven by £25 million underspend from 2024-25 carried through the Scotland Reserve.

Aggregate impact on portfolios

Chart 1 below sets out the portfolio allocations reflecting proposed changes in the ABR, with the percentage changed compared to the 2025-26 Budget as passed. This change, reflects funding changes, technical adjustments, Whitehall transfers and transfers between portfolios. This data is taken from Schedule 2.1 for each portfolio in the supporting document, pages 25 to 123.



Scotland Reserve

As members know, the Reserve position is always moveable and uncertain. The guide sets out the current forecast position in the table below. This is based on data up to the provisional outturn, published on 25 June 2025⁵. A further update will be provided in the Spring Budget Revision in 2026.

The Scotland Reserve has a limit of £700 million and following the conclusion of the Fiscal Framework Review it was agreed that this cap would rise in line with inflation (using the GDP deflator). The limit for 2024-25 was £712 million, which rises to £734 million in 2025-26. The £566.7 carry forward represents 79.5% of the cap in 2024-25, falling to 75.8% in 2025-26.

Table 2 below sets out the current planned movements in the Scotland reserve over the last two financial years.

⁵ [Scottish Budget - provisional outturn 2024-2025: briefing note - 24 June 2025 - gov.scot](https://www.gov.scot/briefing-note/2025-06-24-scottish-budget-provisional-outturn-2024-2025)

Table 2: Scotland Reserve balance

	Resource	Capital	FTs	Total
	£m	£m	£m	£m
2024-25 Opening balance	(264.6)	(142.8)	(4.2)	(411.5)
2024-25 Drawdowns	264.6	142.8	4.2	411.5
2024-25 Provisional Additions	(500.7)	(30.9)	(25.0)	(556.7)
2024-25 Closing balance (provisional outturn)	(500.7)	(30.9)	(25.0)	(556.7)
2025-26 Opening balance	(500.7)	(30.9)	(25.0)	(556.7)
2025-26 Drawdowns	500.7	30.9	25.0	556.7
2025-26 Provisional Additions	0.0	0.0	0.0	0.0
2025-26 Closing balance	0.0	0.0	0.0	0.0

The red font is being used to show the underspends that have been deposited in the Scotland Reserve. So, in 2023-24 the underspend against HM Treasury totals was £411.5 million across the three HM Treasury categories. This was the final amount deposited in the Scotland Reserve following the Final Outturn process and is the amount carried forward to be the Opening Balance for 2025-26. The black font is being used to show when underspends have been withdrawn from the Reserve to supplement the current year funding position. So, in 2024-25, the full £411.4 million was drawn down to support the overall funding position.

The same logic is applied in-year for the 2025-26 lines in the table but it's not certain at this stage as the amounts in the Scotland Reserve are based on provisional outturn and the drawdowns are the current intention based on the existing financial position.

In terms of their approach to managing the Scotland Reserve, the Scottish Government state in the guide to the ABR that:

“the Scottish Government will always plan to drawdown any Scotland Reserve availability in full each financial year, with at least £150 million being required to be held annually to cover audit adjustments post year-end. As previous iterations of the Medium-Term Financial Strategy have set out this ensures that maximum fiscal flexibility is maintained without compromising the Scotland Reserve’s capacity to absorb any volatility in spending late in the financial year.”

**Andrew Feeney-Seale, Senior Researcher, Financial Scrutiny Unit, SPICe
6 November 2025**