

Finance Update

**For the Finance and Public Administration
Committee**

Finance Update – 11 November 2025

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A.1 Summary of the Spring Budget Revision	3
A.2 Funding Changes	5
A.2.1 Gross Funding Changes	6
A.2.2 Reductions to Portfolios	8
A.3 Whitehall Transfers	9
A.4 Technical Adjustments	9
A.5 Internal Transfers	11
B.1 Fiscal Resource	12
B.2 Capital	13
B.3 Financial Transactions	13
B.4 Scotland Reserve	14
Annex A - Fiscal Resource Funding Envelope Breakdown	15
Annex B - Capital Funding Envelope Breakdown	15
Annex C - Financial Transactions Funding Envelope Breakdown	16

Guide to the Autumn Budget Revision

1. The budget process for 2025-26 commenced with the publication of the *Scottish Budget* and annual Budget Bill which provided details of the Scottish Government's spending plans. These plans (as amended at Stages 2 and 3 of the Budget Bill) were approved by the Scottish Parliament on 25 February 2025 and received Royal Assent on 28 March 2025.
2. Once the Budget Act has been approved by the Scottish Parliament, there are usually two opportunities to amend the budget as the year progresses - the Autumn Budget Revision and a Spring Budget Revision. The Autumn Budget Revision provides the first opportunity to amend the budget figures.
3. The Autumn Budget Revision was finalised on 25th September 2025 ahead of the draft SSI being laid in Parliament on 25 October 2025. This guide was provided to the Finance and Public Administration Committee on 30 October 2025 ahead of the scheduled scrutiny session on 11 November 2025.

A.1 Summary of the Spring Budget Revision

4. The Autumn Budget Revision is routine parliamentary business that proposes amendments to better align the Government's budget with its planned spending profile.
5. The changes proposed in the Autumn Budget Revision result in an increase in the approved budget of £1,398.1 million from £63,128.7 million to £64,526.8 million.
6. The changes to the Budget are broken down in to four main areas:
 - A.2 - Funding changes to reflect deployment of available resources to portfolios (total net increase to the budget of £1,137.0 million);
 - A.4 - Technical adjustments (net increase to the budget of £246.8 million);
 - A.3 - Whitehall transfers and HM Treasury allocations to the Scottish Government (£14.4 million); and
 - A.5 - The transfer of resources between Scottish Government portfolios.
7. The main changes included under each heading are categorised in table 1.2 in the Budget Revision document and summarised below.

Table 1.2 – Summary of Changes by Type Scottish Government Portfolios	Resources other than Accruing Resources as shown in Budget Act	Funding Changes	Technical Changes	Net Whitehall transfers	Net Transfers within Scottish Block	Revised Budget
	£m	£m	£m	£m	£m	£m
Health and Social Care	21,729.5	697.1	0.0	0.0	(667.8)	21,758.8
Finance and Local Government	13,576.6	204.3	0.1	0.0	1,294.3	15,075.3
Social Justice	7,608.1	65.1	0.0	4.6	(136.3)	7,541.5
Education and Skills	4,311.9	48.5	26.9	0.2	(421.1)	3,966.4
Justice and Home Affairs	3,954.5	122.5	0.0	0.0	(26.0)	4,051.0
Transport	3,881.4	(21.7)	78.7	3.5	(11.6)	3,930.3
Rural Affairs, Land Reform and Islands	1,143.3	(3.1)	(0.1)	0.0	(8.1)	1,132.0
Climate Action and Energy	607.9	(4.3)	0.0	0.0	(34.7)	568.9
Deputy First Minister, Economy and Gaelic	1,318.3	38.0	0.0	6.0	24.8	1,387.2
Constitution, External Affairs & Culture	324.0	0.3	0.0	0.0	(0.4)	323.9
Housing	1,068.1	(17.5)	0.0	0.0	(43.0)	1,007.6
Crown Office and Procurator Fiscal Service	249.1	1.7	0.0	0.0	0.0	250.8
Scottish Government	59,772.7	1,130.8	105.7	14.4	(29.9)	60,993.7
Scottish Housing Regulator	5.8	0.0	(0.2)	0.0	0.0	5.6
National Records of Scotland	34.4	3.6	0.0	0.0	0.5	38.5
Office of the Scottish Charity Regulator	3.8	0.0	0.0	0.0	0.0	3.8
Scottish Courts and Tribunals Service	177.0	2.5	0.0	0.0	28.2	207.7
Scottish Fiscal Commission	2.8	0.0	0.0	0.0	0.0	2.8
Revenue Scotland	12.0	0.0	0.0	0.0	0.0	12.0
Registers of Scotland	5.0	0.6	0.0	0.0	0.0	5.6
Environmental Standards Scotland	3.8	0.0	(0.6)	0.0	0.0	3.2
Food Standards Scotland	23.1	0.0	0.0	0.0	0.3	23.3
Consumer Scotland	4.1	(0.6)	0.0	0.0	0.9	4.4
Scottish Teachers' and NHS Pension Schemes	2,916.3	0.0	141.9	0.0	0.0	3,058.2
Scottish Administration	62,960.6	1,137.0	246.8	14.4	0.0	64,358.7
Direct-Funded Bodies						
Scottish Parliamentary Corporate Body	153.1	0.0	0.0	0.0	0.0	153.1
Audit Scotland	15.0	0.0	0.0	0.0	0.0	15.0
Total Scottish Budget	63,128.7	1,137.0	246.8	14.4	0.0	64,526.8

A.2 Funding Changes

8. Funding changes provide additional budget spending power to portfolios and programmes, and also some reductions where funding has been returned to the centre for redeployment elsewhere. Table 1.2 provides the funding changes on a net basis by portfolio of £1,137.0 million, however the gross impact is shown below.

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	1.7
Scottish Government	1,225.6	(94.8)	1,130.8
Scottish Housing Regulator	0.0	0.0	0.0
National Records of Scotland	3.6	0.0	3.6
Office of the Scottish Charity Regulator	0.0	0.0	0.0
Scottish Courts and Tribunals Service	2.5	0.0	2.5
Scottish Fiscal Commission	0.0	0.0	0.0
Revenue Scotland	0.0	0.0	0.0
Registers of Scotland	0.6	0.0	0.6
Environmental Standards Scotland	0.0	0.0	0.0
Food Standards Scotland	0.0	0.0	0.0
Consumer Scotland	0.0	(0.6)	(0.6)
Scottish Teachers' and NHS Pension Schemes	0.0	0.0	0.0
Total Scottish Administration	1,232.3	(95.3)	1,137.0
Direct Funded Bodies			
Scottish Parliament Corporate Body	0.0	0.0	0.0
Audit Scotland	0.0	0.0	0.0
Total Scottish Budget	1,232.3	(95.3)	1,137.0

A.2.1 Gross Funding Changes

9. In October 2024, the UK Government announced changes to employer National Insurance Contributions (NICs), increasing the secondary Class 1 rate from 13.8% to 15% and reducing the threshold from £9,100 to £5,000. These changes have had a significant financial impact on Scotland's public sector employers.
10. The Scottish Government estimates the total cost to devolved public services to be approximately £535 million, rising to £750 million when indirect employers delivering contracted services, such as GPs and social care providers, are included. The Scottish Government has consistently called on the UK Government to fully reimburse these costs, highlighting the disproportionate burden placed on devolved services and the third sector. The UK Government has since confirmed that only costs for directly employed public sector employees (so not including contracted services such as GPs) would be funded and the Barnett formula would apply, ignoring any disproportionate impact in Scotland. £339 million of consequentials of additional funding was confirmed at the UK Main Estimates.
11. The Autumn Budget Revision allocates the £339 million of Barnett consequentials received in respect of the eNIC increases. However, the allocation falls short of the total estimated cost, leaving a funding gap of over £400 million. The Scottish Government has committed to centrally funding 60% of anticipated eNIC pressures for directly employed staff (in line with the allocation received from UK Government), with the remainder shortfall to be managed within existing portfolio budgets.
12. A significant portion of the additional funding allocated in the revised budget is directed toward enhancing **Health and Social Care** services. Almost £700 million in additional funding is being invested, including over £620 million to address resource pressures and £77 million in additional capital have been allocated to this portfolio. This increase underscores the Government's commitment to improving service capacity and infrastructure in response to growing demand.
13. An additional £300 million is being deployed, on top of £100 million carried forward through the Scotland Reserve, to support increased health service pressures, driven by additional demand, inflation and increased eNICs costs not funded by consequentials.
14. Support has been provided for employer pension contributions within Health and Social Care, with an allocation of £134.7 million from consequentials received. £85.4 million has also been introduced to address potential pay pressures across the Health workforce, ensuring that staffing needs are met without compromising service quality.
15. The **Finance and Local Government portfolio** has funding additions totalling £204.3 million in the budget revision. Within this, £173.7 million is being provided to Local Government, of which £144 million relates to the allocation of eNICS consequentials. The remaining £29.7 million relates to funding for 2025-26 pay deals.
16. Funding of £15 million has been provided to aid with Corporate Transformation projects and £14.1 million is being provided to help alleviate corporate running costs pressures. The balance of additional funding has been provided to support eNICS pressures across the Finance and Local Government portfolio

17. The **Justice and Home Affairs portfolio** is increasing by £122.6 million. £72.7 million has been provided to Police and Fire Pensions to reflect latest forecast costs. This is a volatile demand led scheme with costs dependant on a number of factors including the number of retireals.
18. Funding of £31.4 million has been allocated to the Scottish Police Authority, £15.2 million of which relates to eNICs funding, £10 million to support Police Scotland with its reform and modernisation programme and £6.2 million for pay awards.
19. Additional funding has been provided to Legal Aid (£10.1 million) to cover latest demand led forecast costings, Scottish Prison Service (£6.9 million) and Scottish Fire and Rescue Service (£4.8 million) including amounts for eNICs.
20. The **Social Justice portfolio** is being increased by £65.1 million. The majority of this movement relates to Social Security Assistance, with £50.4 million being provided for the enhanced Pension Age Winter Heating Payments. This is an internal projection of costs and will be revised at the Spring Budget Revision following forecasts from the Scottish Fiscal Commission.
21. Funding of £11.3 million is provided to support Two Child Limit mitigation. The remaining funding changes relates primarily to the application of eNICs consequentials.
22. £53.4 million of additional funding is provided for the **Education and Skills portfolio**. £32.6 million has been provided to the Scottish Qualifications Authority, £30.2 million of which will support ongoing activities, with the remaining £2.4 million covering additional costs of SQA Appointees in 2025-26 following a successful tribunal to determine their employment status.
23. Scottish Funding Council have received additional funding of £10.1 million, £5.7 million of which relates to eNICS consequentials. Of the remaining £4.4 million, £3.2 million has been provided to support staffing pressures, £0.7 million to support backfill for the University of Dundee recovery team and £0.6 million for the independent review of the University of Dundee.
24. £3.5 million has been provided to Student Awards Agency Scotland to support staffing pressures, whilst Education Scotland have been provided £3 million to support operational needs. The remaining funding changes within the portfolio relates primarily to the application of eNICs consequentials.
25. The **Transport portfolio** has been allocated £24 million to support the elimination of Peak Rail fares, in accordance with the Programme for Government commitment to abolish Peak Rail Fares effective from 1st September 2025. A further £7.3 million of funding for eNICs consequentials is provided to the portfolio.
26. £25 million of Financial Transactions funding is being provided to the Scottish National Investment Bank within the **Deputy First Minister, Economy and Gaelic portfolio**. This amount had been carried forward within the Scotland Reserve to support investments which conclude beyond the financial year-end.
27. Within the same portfolio, Ferguson Marine have been provided with £8.3 million of additional resource funding to cover under recoveries, post-delivery and warranty works.
28. The **Climate Action and Energy portfolio** is receiving additional funding of £4 million which relates to the application of eNICs consequentials. The remaining increases in the **Rural Affairs,**

Land Reform and Islands portfolio (£2.4 million) **Housing** (£0.5 million) and **Constitution, External Affairs and Culture** (£0.3 million) portfolios, as well as **the Crown Office and Procurator Fiscal Service** (£1.7 million) are also all for eNICs consequential allocations.

29. The **Scottish Courts and Tribunals Service** received an extra £2.5 million of resource funding to fund part-time sheriffs and increased eNICs.
30. The **National Records of Scotland** has been allocated an additional £3.6 million in funding, with the majority designated to support activities related to Census 2031.
31. **Registers of Scotland** have received £0.6 million to mitigate eNICs pressures.

A.2.2 Reductions to Portfolios

32. The **Transport portfolio** has delivered £53 million in capital savings, including £32 million from the re-profiling of the vessel procurement schedule, £12 million from a reduction in Caledonian Maritime Assets Limited's pension liability, and £9 million from the re-profiling of the ports and harbours works schedule.
33. A total of £18 million in capital savings has been identified within the **Housing portfolio**. The savings have been identified from demand-led schemes where uptake has been lower than forecast, allowing resources to be reallocated while maintaining support for core housing priorities and protecting Fuel Poverty schemes. The savings were distributed across five schemes, with reductions of £5 million from Home Energy Scotland Grants, £1 million from SME Loan and Cash Back, £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.
34. The **Climate Action and Energy portfolio** has provided £8.4 million of savings. £4.6 million of this reduction is as a result of additional loan interest received on Scottish Water loans due to sustained higher interest rates. The remaining savings relate to a reduction in staff costs budgets across Environmental Services. These savings were identified and reflect efforts to manage overall budget pressures whilst maintaining delivery of core environmental functions.
35. Forestry and Land Scotland within the **Rural Affairs, Land Reform and Islands portfolio**, delivered £5 million in capital savings by releasing Woodland Creation funding to support key priorities.
36. The Scottish Police Authority has contributed £5 million in capital savings within the **Justice and Home Affairs portfolio** to support wider government priorities. In March 2025, Ministers approved an additional £10 million in resource funding to advance Police Scotland's reform and modernisation efforts, offsetting this by reducing the capital budget by £5 million for the 2025–26 financial year.
37. The Scottish Funding Council, under the **Education and Skills portfolio**, has achieved capital savings of £4.9 million. Funding initially allocated to the Dunfermline Learning Campus is no longer required, therefore this has been returned to the centre to support other Scottish Government capital projects.
38. **Consumer Scotland** have returned £0.6 million of capital funding which is not required to meet their capital budget requirement in 2025-26.

A.3 Whitehall Transfers

39. There are a number of specific Whitehall transfers and allocations from HM Treasury recognised in the Autumn Budget Revision. The net positive impact on the Scottish Budget is £14.4 million.
40. The largest Whitehall transfer is £5.2 million in capital allocated to Enterprise, Trade and Investment under the **Deputy First Minister, Economy and Gaelic portfolio**, designated for seed capital payments related to Green Freeports for the 2025-26 financial year.
41. The portfolio has also been provided with an additional £0.8 million of funding for the Digital Innovations Fund.
42. A further £3.2 million is being provided to the **Social Justice portfolio** for the Debt Advice Levy. This will be used to fund essential debt advice services provided by a range of organisations across Scotland. £1.4 million is also provided in relation to Ukrainian Thank you payments.
43. The **Transport portfolio** is receiving a Whitehall transfer of £3.5 million in relation to A75 Union Connectivity Funding.
44. The **Education and Skills portfolio** will receive £0.2 million of National Cyber Security Funding in respect of the CyberFirst Programme.

A.4 Technical Adjustments

45. The Autumn Budget Revision records net positive technical changes of £246.8 million.
46. There is an increase to the AME provision for future NHS and Teachers pension costs of £141.9 million. This arises from the refinements of forecast based on scheme pension benefit payments and member employer and employee contributions. There is no impact on the Scottish Government's discretionary spend as a consequence of this revised forecast.
47. **Transport Scotland** have requested an additional £78.7 million of cash cover for the Scottish Rail Holdings NDPB to support leases costs for existing rolling stock assets. 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. Again, this has no impact on the Scottish Governments discretionary spending powers.
48. The **Education and Skills portfolio** also includes an adjustment that provides £2.8 million of cash cover to the Scottish Qualifications Authority. Additionally, there is a £24.1 million increase within the Student Loans budget lines, reflecting updated estimates for student loans capital and capitalised interest requirements.

Scottish Government Portfolios	Whitehall	Other Technical	Net Funding Changes
Health and Social Care	0.0	0.0	0.0
Finance and Local Government	0.0	0.1	0.1
Social Justice	4.6	0.0	4.6
Education and Skills	0.2	26.9	27.1
Justice and Home Affairs	0.0	0.0	0.0
Transport	3.5	78.7	82.2
Rural Affairs, Land Reform and Islands	0.0	(0.1)	(0.1)
Climate Action and Energy	0.0	0.0	0.0
Deputy First Minister, Economy and Gaelic	6.0	0.0	6.0
Constitution, External Affairs & Culture	0.0	0.0	0.0
Housing	0.0	0.0	0.0
Crown Office and Procurator Fiscal	0.0	0.0	0.0
Scottish Government	14.4	105.7	120.1
Scottish Housing Regulator	0.0	(0.2)	(0.2)
National Records of Scotland	0.0	0.0	0.0
Office of the Scottish Charity Regulator	0.0	0.0	0.0
Scottish Courts and Tribunals Service	0.0	0.0	0.0
Scottish Fiscal Commission	0.0	0.0	0.0
Revenue Scotland	0.0	0.0	0.0
Registers of Scotland	0.0	0.0	0.0
Environmental Standards Scotland	0.0	(0.6)	(0.6)
Food Standards Scotland	0.0	0.0	0.0
Consumer Scotland	0.0	0.0	0.0
Scottish Teachers' and NHS Pension Schemes	0.0	141.9	141.9
Total Scottish Administration	14.4	246.8	261.1
Direct Funded Bodies			
Scottish Parliament Corporate Body	0.0	0.0	0.0
Audit Scotland	0.0	0.0	0.0
Total Scottish Budget	14.4	246.8	261.1

A.5 Internal Transfers

49. There are a number of internal transfers within the Scottish Block as part of the Autumn Budget Revision process. Transfers between and within portfolios balance each other out.

50. The significant internal budget transfers between portfolios include:

- 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);
- 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 to provide the Scottish Welfare Fund (£35.5 million).

B. Scotland Reserve and Funding Position Details

51. Tables 1.7a to 1.7e of the Budget Revision document sets out the Funding position that supports the revised Scottish Budget. The table below breaks this down by the HM Treasury budget classifications of Fiscal Resource, Capital and Financial Transactions.
52. Annexes A and B detail the funding envelopes for each of the three key budget classifications at the Budget Bill along with the changes allocated within the Autumn Budget Revision.
53. The totals reconcile to the breakdown set out above, which in turn reconciles to table 1.7 in the supporting document.

B.1 Fiscal Resource

54. The Fiscal Resource funding position has increased by £1,095.9 million since the Scottish Budget was set in December 2024. The key changes are set out in detail below.
55. There have been three UK Government fiscal events since the 2025-26 Scottish Budget was set. These have resulted in £488.8 million of additional Barnett consequentials which have been allocated as part of the Autumn Budget Revision.
56. Following the UK Spring Statement 2025, £23.7 million of consequentials were generated.
57. A further £456.1 million of resource consequentials were generated following the conclusion of the UK Government's 2025-26 Main Estimates process. Of this, £339.1 million relates to consequentials as a result of the increase to employers national insurance contributions that was announced at the last UK Budget. The remaining consequentials relate to additional funding provided to the Department for Education to support core pressures.
58. £9 million of resource consequentials were confirmed in June as part of phase 2 of the 2025 UK Spending Review.
59. As was outlined in the Minister for Public Finance's statement to Parliament on the 2024-25 Provisional Outturn on 24 June 2025, there was an underspend of £500.7 million against the resource budget for 2024-25. This amount has been carried forward within the Scotland Reserve and applied in full at the Autumn Budget Revision. Any revisions to the Final Outturn for 2024-25, and the associated Reserve carry forward will be reflected in the Spring Budget Revision.
60. At the time the budget was set in December 2024 assumptions were made on the level of capital and resource borrowing that would be undertaken for 2024-25. These impacted the assumed cost of borrowing in 2025-26. Final decisions on the quantum borrowed in 2024-25 as well as the interest rates applied have resulted in a reduction of £11 million for capital borrowing costs.
61. £14.4 million of budget cover transfer have been received as part of the Main Estimates process. These amounts reconcile to the amounts outlined in the Whitehall transfers section above.
62. The Social Security Block Grant Adjustment has been amended as part of the Autumn Budget Revision. Ordinarily the BGA would only be adjusted following revised OBR projections at a UK fiscal event. However, the decision by the UK Government to increase eligibility to Winter Fuel Payments is a fundamental change of policy, rather than reflecting refinements to forecast

uptake of benefits, and will have a material impact on the funding received by the Scottish Government. The exact impact on the BGA will not be confirmed until after the UK Budget on 26 November however our internal estimates indicate this will be in the region of £120 million and we've chosen to reflect this movement in the budget revision.

63. A similar approach was undertaken as part of the 2024-25 Autumn Budget Revision following the UK Government's decision to reduce eligibility to Winter Fuel Payments.

B.2 Capital

64. Changes to the capital position since the Budget was set in December 2024 have also been reflected in the Autumn Budget Revision. These increase overall capital funding by £38.8 million.

65. The Provisional Outturn statement in June noted there were capital underspends of £30.9 million in 2024-25. These amounts are utilised in full within this budget revision. Any further changes to the 2024-25 figures will be reported as part of the Final Outturn and will be reflected in the Spring Budget Revision if the process has concluded by this point.

66. The capital block grant position declined by £1.1 million overall, primarily due to net negative consequentials. This reflects positive consequentials of £3.8 million received at the Spring Statement, which were subsequently offset by negative consequentials of £3.2 million in the Main Estimates for 2025-26 and a further £1.7 million in negative consequentials arising from the UK Spending Review.

67. £ 9 million of non-Barnett budget cover transfers are also applied at the ABR, the largest of which is the £5.2 million in respect of Green Freeports. £2.9 million of this funding is carried forward from 2024-25 or corrects for historic comparability factor errors.

B.3 Financial Transactions

68. Adjustments to the Financial Transactions position since the Budget was published in December 2024 have also been incorporated into the Autumn Budget Revision.

69. The Provisional Outturn statement in June noted there were Financial Transactions underspends of £25 million in 2024-25. These amounts are fully allocated within this budget revision, with the entire sum designated for the Scottish National Investment Bank.

70. A small negative budget cover transfer is also applied for an amount of £362k to correct for a Phase 1 Spending Review comparability factor error. As a consequence there is a small over-allocation on the FT budget which is almost entirely offset by the corresponding small under-allocation in capital.

B.4 Scotland Reserve

71. The current forecast Scotland Reserve following the provisional outturn is detailed below.

	Resource	Capital	FT	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	(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

72. In general terms 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.

73. Following the conclusion of the Fiscal Framework Review the Scotland Reserve cap will now grow in line with the inflation (as measured by the GDP deflator) from its previous £700 million threshold. The limit for 2025-26 is £734 million.

Annex A - Fiscal Resource Funding Envelope Breakdown

Fiscal Resource (£m)	Scottish Budget Bill	Confirmed changes (ABR)	Funding position at ABR
Barnett	41,132.7	488.8	41,621.5
Ringfenced Funding (HMT)	0.0	0.0	0.0
Total UK Settlement (A)	41,132.7	488.8	41,621.5
Social Security Block Grant Adjustment (B)	5,596.0	120.0	5,716.0
Block Grant Adjustment for Taxes and Non-Tax Income	(20,385.7)	0.0	(23,385.7)
Scottish Income Tax	20,477.0	0.0	20,477.0
Land and Buildings Transaction Tax	1,018.5	(39.9)	978.6
Scottish Landfill Tax	40.4	0.0	40.4
Non-Tax Income	25.0	0.0	25.0
Net Budget Adjustment for Taxes and Non-Tax Income (C)	1,175.2	0.0	1,135.3
Reconciliations	499.9	0.0	499.9
Resource Borrowing	0.0	0.0	0.0
Resource Borrowing Costs	(141.8)	0.0	(141.8)
Capital Borrowing Costs	(170.6)	11.0	(159.6)
Scotwind	23.0	0.0	23.0
Scotland Reserve	0.0	500.7	500.7
Migrant Surcharge	210.0	0.0	210.0
KLTR	5.0	0.0	5.0
Other	4.0	0.0	4.0
Budget Cover Transfers	8.3	9.5	17.8
Other Income and Funding Adjustments (D)	437.8	521.2	959.0
Total Fiscal Resource Funding (A+B+C+D)	48,341.7	1,090.2	49,431.9
Total Fiscal Resource Budget allocated	48,336.0	1,095.9	49,431.9
Unallocated/(Overallocated) Funding	5.8	(5.8)	0.0

Annex B - Capital Funding Envelope Breakdown

Capital (£m)	Scottish Budget Bill	Changes at ABR	Funding position at ABR
Barnett Funding	6,256.4	(1.1)	6,255.3
Capital Borrowing	471.7	0.0	471.7
Scotland Reserve	0.0	30.9	30.9
ScotWind	341.0	0.0	341.0
City Deals	122.0	0.0	122.0
Other	0.0	9.0	9.0
Total Capital Funding	7,191.1	38.8	7,229.9
Total Capital Budget allocated	7,199.1	30.5	7,229.6
Unallocated/(Overallocated) Funding	(8.0)	8.3	0.3

Annex C - Financial Transactions Funding Envelope Breakdown

FT (£m)	Scottish Budget Bill	Changes at ABR	Funding position at ABR
Barnett Funding	167.4	0.0	167.4
Scotland Reserve	0.0	25.0	25.0
Other	0.0	(0.4)	(0.4)
Total FT Funding	167.4	24.6	192.0
Total FT Budgeted Spend	167.4	25.0	192.4
Unallocated/(Overallocated) Funding	0.0	(0.4)	(0.4)