

Finance and Public Administration Committee
9th Meeting 2026 (Session 7)
Wednesday, 28 October 2026

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

Overview

1. This paper invites the Committee to take evidence from the Minister for Public Finance and her officials on the draft Budget (Scotland) Act 2026 Amendment Regulations 2026, before debating a motion in the name of the Minister asking the Committee to recommend approval of the instrument.
2. **Annexe A** sets out details of how the Scottish Parliament scrutinises subordinate legislation, including the main parliamentary procedures that apply to instruments.

Budget (Scotland) Act 2026 Amendment Regulations 2026 [draft]

3. This is a draft Scottish Statutory Instrument (SSI), which requires approval by resolution of the Parliament before it can become law. Details of the instrument are set out below—

Title of draft affirmative instrument: [Budget \(Scotland\) Act 2026 Amendment Regulations 2026](#)

Laid under: [Budget \(Scotland\) Act 2026](#)

Laid on: 25 September 2026

Lead committee to report by: 18 November 2026

4. The purpose of the draft Regulations is to make in-year changes to the Budget (Scotland) Act 2026, which authorises the Scottish Government's spending plans for the current financial year. This instrument is known as the 'Autumn Budget Revision' (ABR).
5. The [Autumn Budget Revision 2026-27 supporting document](#), which was laid alongside the instrument, explains the changes proposed in the instrument.
6. The Scottish Government has also provided a 'Finance Update' to accompany the ABR, which has been circulated to Committee Members as a separate document. Section B of that Finance Update sets out the Scottish Government's budget framework and explains the budget classifications and reporting arrangements used throughout the ABR. It also explains the relationship between the Scottish Government and HM Treasury reporting, and why figures may differ between publications. The section is intended as a reference guide to support Members' understanding and scrutiny of the ABR.

7. The Financial Scrutiny Unit in SPICe has also produced a briefing providing analysis of the changes in the ABR, which is included at **Annexe B**.
8. The changes proposed in the ABR will increase the Scottish Government's 2026-27 Budget by £802.4 million from £67,655.2 million to £68,457.6 million. This includes additional Barnett consequentials of £632 million.
9. The main changes to the 2026-27 Scottish Budget, as set out in the supporting document, include—
 - i) Funding changes to reflect deployment of available resources to portfolios (total net increase to the budget of £708.9 million).
 - ii) Technical adjustments (net decrease to the budget of £11.8 million).
 - iii) Whitehall Transfers and HM Treasury allocations to the Scottish Government (an increase of £105.2 million).
 - iv) The transfer of resources between Scottish Government portfolios.
10. The ABR provides additional funding across portfolios, including £566.9 million for Health and Care to address service pressures, reduce waiting times and increase capacity. Further allocations include £84.6 million for Education, Culture and Gaelic, £84.0 million for Economy, Tourism and Transport, £35 million for Justice, and £26 million for the Deputy First Minister, Finance and Local Government portfolio, supporting a range of operational pressures and policy commitments.
11. The supporting document also highlights that £85 million of capital funding has been returned by Transport Scotland due to project rephasing and alternative funding sources. Scottish Water has also returned £2.7 million as a result of additional income generated through higher interest rates. This has led to a consequential reduction to the Climate Action and Rural Affairs portfolio.
12. A [Child Rights and Wellbeing Impact Assessment](#) for the 2026-27 ABR concludes that the changes will have a neutral impact on children's rights.

Parliamentary scrutiny of the SSI

The Delegated Powers and Law Reform Committee

13. The Delegated Powers and Law Reform (DPLR) Committee considered the instrument on 7 October 2025. The [Report on Subordinate Legislation considered by the DPLR Committee on 6 October 2026](#) states it made no recommendations in relation to the instrument.

The Finance and Public Administration Committee

14. As the lead committee for consideration of this instrument, the Finance and Public Administration Committee has an opportunity to inform its consideration of the motion by taking evidence on the instrument from the Minister for Public Finance and her officials under Agenda item 2, before moving to formal consideration of the motion under Agenda item 3.
15. The Committee is then invited to consider and agree the following motion lodged in the name of the Minister for Public Finance and supported by the Cabinet Secretary for Finance and Local Government—
 - [S7M-01360](#) – that the Finance and Public Administration Committee recommends that the Budget (Scotland) Act 2026 Amendment Regulations 2026 [draft] be approved.
16. During formal consideration of the motion, Standing Orders provide that only the Minister and Members may participate in the debate.

Next steps

17. Following its decision on the instrument, the Committee will publish a report to the Parliament setting out details of its consideration.

Committee Clerking Team
October 2026

Annexe A

Scottish Parliament's scrutiny of subordinate legislation

Background

Subordinate legislation (also known as secondary or delegated legislation) is made under powers granted by an Act. It provides the detailed provisions needed to implement or give effect to the framework established in primary legislation.

Parliament's scrutiny of subordinate legislation

Subordinate legislation is normally made in the form of a Scottish Statutory Instrument (SSI). Unlike Bills, SSIs cannot be amended by the Parliament. The Parliament can only approve, annul or note an instrument, depending on the procedure that applies.

The Delegated Powers and Law Reform (DPLR) Committee considers the legal and technical aspects of an SSI. The relevant subject committee then considers its policy merits, taking account of any DPLR Committee recommendations.

Main SSI procedures

There are a number of different procedures for scrutinising SSIs which stem from the original Act. The most common types are:

- Affirmative
- Negative
- No procedure (laid only)

The choice of procedure is specified in the Act which delegates to the Scottish Ministers the power to make the subordinate legislation.

A summary of each of the procedures is set out below.

Affirmative procedure

An affirmative SSI cannot come into force unless approved by the Parliament.

The DPLR Committee and the lead committee consider the instrument. The lead committee may take evidence, including from the responsible minister, before recommending whether the Parliament should approve the SSI. The Parliament then votes on the motion to approve it.

Negative procedure

A negative SSI can be made and come into force unless the Parliament annuls it within the scrutiny period.

The DPLR Committee and the lead committee consider the instrument. If concerns are identified, the lead committee may recommend annulment, which is then decided by the Parliament.

No procedure (laid-only) procedure

A no procedure, or laid-only, SSI is laid before the Parliament but is not subject to parliamentary approval or annulment.

Annexe B

The Financial Scrutiny Unit in SPICe - Autumn Budget Revision, 2026-27

The Autumn Budget Revision (ABR) amends the Budget (Scotland) Act 2026 which authorises the Scottish Government's spending plans for financial year 2026-27. It is the first of two in-year opportunities for the Scottish Government to alter 2026-27 spending plans. The second opportunity is the Spring Budget Revision (SBR) which is normally in January or February. [Note there is also scope for a third revision, but this is rarely used.]

The Scottish Government published the [Budget \(Scotland\) Act 2026 Amendment Regulations 2026](#) on 25 September 2026. This was accompanied by a [supporting document setting out the proposed changes at level 2 and level 3](#). The Scottish Government has also provided a 'Finance Update' to accompany the ABR and provide some additional information on the latest funding position.

The proposed changes in the ABR result in an increase in the approved budget of £802.4 million from £67,655.2 million to £68,457.6 million. The changes can be summarised as follows:

- Funding changes to reflect deployment of available resources to portfolios (total net increase to the budget of £708.9 million).
- Whitehall Transfers and HM Treasury allocations to the Scottish Government (an increase of £105.2 million).
- Technical adjustments (net decrease to the budget of £11.9 million).
- The transfer of resources between Scottish Government portfolios.

The budgetary changes introduced via Autumn Budget Revision are significant as these have, in recent years, formed the baseline for the following year's budget. That is, when the budget for 2027-28 is set out, it will be compared with these ABR budget figures from 2026-27, rather than the initial 2026-27 budget. Where in-year changes are significant e.g. for the health and local government portfolios, this can have a significant impact on comparisons. This is explained further in the [SPICe 2026-27 Budget briefing](#).

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

Following the Scottish Parliament Election on 7 May 2026 changes to the portfolio structure of the Scottish Government were introduced. The ABR is presented in line with the new portfolio responsibilities. A table on p5 of the supporting document sets out the relationship between the old and new portfolios. The most significant change



is to the (previous) Housing portfolio, which is now split between Social Justice and Housing and the new First Minister portfolio, which now has responsibility for Energy Efficiency and Decarbonisation.

Funding Changes

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

- £632 million of additional Barnett consequentials, confirmed at the UK Main Estimates and Spending Review, are being applied through the Autumn Budget Revision. The largest element of this is £533 million arising from non-recurring UK Government funding provided to local authorities in England to address deficits within the Special Educational Needs and Disabilities (SEND) system.
- £211 million of underspends, as set out in the 2025-26 Provisional Outturn have been carried forward in the Scotland Reserve to be utilised in 2026-27. These amounts are in addition to the £150 million assumed carry forward that was included in the budget position and primarily relate to the year-end adjustments contingency.
- £81.3 million of Budget Cover and Machinery of Government transfers confirmed by the UK Government since the 2026-27 Scottish Budget, primarily at the UK Main Estimates exercise.

The ABR funding changes by portfolio are presented in Table 1 below.

Table 1: Funding changes by Portfolio

Scottish Government Portfolios	Funding Additions	Funding Reductions	Net Funding Changes
Health and Care	566.9	0.0	566.9
Deputy First Minister, Finance and Local Government	26.0	0.0	26.0
Social Justice and Housing	0.0	0.0	0.0
Education, Culture and Gaelic	84.6	0.0	84.6
Justice	35.0	0.0	35.0
Economy, Tourism and Transport	84.0	(85.0)	(1.0)
Climate Action and Rural Affairs	0.0	(2.7)	(2.7)
Public Service Reform	0.0	0.0	0.0
First Minister	0.0	0.0	0.0

Scottish Government Portfolios	Funding Additions	Funding Reductions	Net Funding Changes
Crown Office and Procurator Fiscal Service	0.0	0.0	0.0
Scottish Government	796.5	(87.7)	708.8
Scottish Housing Regulator	0.0	0.0	0.0
National Records of Scotland	0.1	0.0	0.1
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	0.0	0.0
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	0.0	0.0
Total Scottish Administration	796.6	(87.7)	708.9
Scottish Parliament Corporate Body	0.0	0.0	0.0
Audit Scotland	0.0	0.0	0.0
Total Scottish Budget	796.6	(87.7)	708.9

The largest element of funding deployed in the budget revision is being provided to the **Health and Care portfolio**, totalling £566.9 million, which the Scottish Government explains is to support demand and inflationary pressures alongside reducing waiting times and increasing capacity within the wider healthcare system. Note that this is partially offset by transfers to other portfolio areas, as detailed later in this paper.

£10 million has been provided to **Local Government** to support recovery efforts following the Glasgow fire. £1.5 million has been provided to the Scottish Child Abuse Inquiry to aid with ongoing pressures. Additional funding of £14.5 million has been provided to help alleviate corporate running cost pressures across the Scottish Government, but no further detail is provided on what these relate to.



£84.6 million of additional funding has been provided to the **Education, Culture and Gaelic portfolio**, and this reflects additional support for operational costs across a number of bodies, including:

- £35.2 million for Qualifications Scotland
- £9.5 million for the Scottish Children's Reporter Administration
- £5 million for Children's Hearings Scotland
- £6.6 million for Disclosure Scotland
- £3.5 million to Student Awards Agency Scotland
- £2 million to Education Scotland
- £3.2 million for the Scottish Funding Council
- £1 million each to His Majesty's Inspectorate of Education, the Scottish Social Services Council and the National Social Work Agency.

In addition, £7.5 million has been provided to the **Education, Culture and Gaelic portfolio** to support the Reducing Class Contact Time commitment, and £3.5 million has been provided to support the Learning Estate Investment Programme. £3 million has also been provided to Student Support and Tuition Fee Payments as a result of increased demand.

The **Justice portfolio** has received additional funding of £35 million. Scottish Police Authority have received £12 million to support ongoing transformation. Funding of £9.3 million has been provided to the portfolio for the Emergency Services Mobile Communications Programme. Scottish Fire and Rescue Service have received £5.3 million to support ongoing pressures, and Scottish Prison Service have received £2.6 million to help manage the prison population crisis. The portfolio has also received £3 million of funding to support the running costs of the Emma Caldwell Public Inquiry.

The **Economy, Tourism and Transport portfolio** has received £84.0 million of additional funding, £42.9 million of which has gone to Economy and Tourism. This includes £30.3 million to the Scottish National Investment Bank to cover investment losses, £6.2 million to Ferguson Marine for costs and £3 million for Cairngorms Wildfires support. Scottish Enterprise have also been provided the flexibility to drawdown £3 million of underspends from 2025-26 carried forward through the Scotland Reserve for investments which have crossed financial years.

£40 million of the funding has been provided to Transport Scotland of which Scottish Rail Holdings received £37.8 million to fund the rail fare freeze and support the ongoing provision of statutory ScotRail services. £1.1 million has been provided to Highlands and Islands Airports to restore island air services operating from Inverness while £1.1 million has also been provided to fund Lifeline Air Services from Wick to Aberdeen and Glasgow.



Transport Scotland has also returned capital funding of £85 million back to the centre. £50 million of this relates to funding for Ferries which will now be funded using CMAL's reserves. £13 million is returned from Low Carbon Vehicles reflecting a rephasing of the heavy-duty vehicles decarbonisation project while £9 million is returned from Active Travel reflecting reduced requirements for the Bus Infrastructure Fund and the Active Travel Infrastructure Fund.

Further capital reductions of £8 million for investment plans for Network Rail and £5 million for Highlands and Islands Airport's capital requirement are also reflected.

The **Climate Action and Rural Affairs portfolio** has funding reductions of £2.7 million. This reflects savings returned by Scottish Water as a result of higher interest rates than originally forecast, which have generated additional income.

Internal Transfers

Internal transfers do not affect the Scottish Government's budget as a whole and net to zero. Internal transfers move budget provision within or between portfolios, often to reflect changes in responsibility between portfolios, changes in payment mechanisms and reallocation intended to maximise the use of available resources.

The Session 6 Finance and Public Administration (FPA) Committee recommended that, where transfers were routine and could be anticipated at the time the budget was set, the relevant amounts should be included in portfolio budgets at the outset, rather than transferred in year to improve transparency. In its [Legacy Report](#), the Session 6 FPA Committee said:

"The Committee has repeatedly asked for regular transfers to be baselined in the Scottish Budget."

The Committee also noted that:

"The Scottish Government has made some progress in this area, "with £786m of baseline transfers actioned" [in the 2026-27 budget]"

However, the Committee also noted that the [Scottish Government had advised](#) that "not all the regular transfers will be baselined".

The 2026-27 ABR includes some significant transfers between portfolios, including some which are anticipated at the time the budget is set. For example, in the [2026-27 Budget](#), Table 4.15 identifies £867.7 million of funding which is expected to be transferred in-year to support Local Government. A number of these (for example, funding for the Real Living Wage, Discretionary Housing Payments and the Carer's Act) are included in the ABR.

ABR transfers between portfolios affect some portfolios more than others. Net transfers are summarised in Table 2 below (taken from Table 1.2 on p16 of the ABR Supporting Document).

Table 2: Net internal transfers by portfolio

Scottish Government Portfolios	Net internal transfers £ million
Health and Care	-318.2
Deputy First Minister, Finance and Local Government	665.8
Social Justice and Housing	-197.4
Education, Culture and Gaelic	-52.5
Justice	-4.5
Economy, Tourism and Transport	-71.0
Climate Action and Rural Affairs	-8.7
Public Service Reform	1.2
First Minister	-24.9
Crown Office and Procurator Fiscal Service	0.0
Scottish Government	-10.4

Table 2 shows significant transfers out of Health and Care (-£318.2 million) and Social Justice and Housing (-£197.4 million) and significant transfers into the Deputy First Minister, Finance and Local Government portfolio (additions of £665.8 million, primarily to Local Government).

The significant portfolio transfers are as follows:

- transfer from Health and Care to Local Government within the Deputy First Minister, Finance & Local Government portfolio to support the Real Living Wage (£160.0 million);
- transfer from Social Justice and Housing to Local Government within the Deputy First Minister, Finance & Local Government portfolio for Discretionary Housing Payments (£86.7 million);
- transfer from Health & Social Care to Local Government within the Deputy First Minister, Finance & Local Government portfolio for the Carers Act (£60.5 million);
- transfer from Health & Social Care to the Education, Culture and Gaelic portfolio for the Nursing and Midwifery Grant (£50.3 million);
- transfer from Education, Culture and Gaelic to Local Government within the Deputy First Minister portfolio for Children's Social Care Workers (£41.0 million)



- transfer from Transport Scotland to Local Government within the Deputy First Minister, Finance & Local Government portfolio to support delivery of Active Travel Infrastructure (£40.0 million);
- transfer from Education, Culture and Gaelic to Local Government within the Deputy First Minister, Finance & Local Government portfolio to provide funding for the delivery of the Whole Family Wellbeing Fund (£38.1 million).

Whitehall transfers

There are a number of specific Whitehall transfers and allocations from HM Treasury recognised at the Autumn Budget Revision. These are funding transfers that are outwith the Barnett formula and relate to specific programmes or support measures. The net positive impact on the Scottish Budget overall is £105.2 million.

The **Economy, Tourism and Transport portfolio** has received additional funding of £68.6 million. This includes:

- Resource funding of £21.5 million, and capital funding of £16.5 million for the Investment Zone programme in Scotland
- £21.4 million of capital funding in relation to Green Freeports
- £6 million for Scottish Enterprise representing the UK Government's contribution towards a £22 million grant award to Chemify
- £3.2 million from the UK Department for Transport as its contribution towards the A75 Springholm and Crocketford improvement project.

Note that while these Whitehall transfers have boosted the **Economy, Tourism and Transport portfolio** budget by £68.6 million, this is offset by transfers of £71.0 million to other portfolios.

£36.7 million is being provided to the **Health and Care portfolio**. £24.0 million relates to capital funding provided to support the Scottish Infected Blood Support Scheme and provide interim compensation payments. An additional £0.2 million of resource funding has been provided to support the Scottish Infected Blood Support Scheme transitional administration costs.

£11.1 million of capital funding has been provided to support the clinical research ambitions set out in the 2024 Voluntary scheme for Branded medicines Pricing, Access and Growth (VPAG). £1 million of resource funding has also been provided to support improvements to Health Technology Assessment (HTA) processes. The remaining £0.4 million relates to the delivery of the Cardiometabolic Obesity Prevention Study.



Technical Adjustments

For every portfolio, a technical adjustment has been made to reflect changes in the accounting treatment of ring-fenced resource budgets, including depreciation and impairments. In line with the 2026-27 Consolidated Budgeting Guidance, these budgets have been reclassified from Non-Cash to Annually Managed Expenditure (AME). This change ensures that expenditure is budgeted and reported in accordance with the latest budgeting guidance. The reclassification has no impact on the overall level of funding available to the Scottish Government and is not visible at the portfolio level of the budget as the corresponding DEL and AME adjustments net off against one another as technical changes.

The Autumn Budget Revision records net negative technical changes of £11.8 million.

Funding Position and Scotland Reserve

The ABR Supporting Document also provides an updated funding position, reflecting changes since the 2026-27 budget was set. Details are set out in Tables 1.7(c), 1.7(d) and 1.7(e) of the Supporting Document. Additional information on the Scotland Reserve position is also set out in the Finance Update provided to the Committee.

The funding position has changed primarily as a result of:

- Additional funding resulting from Barnett consequentials since the 2026-27 Budget was set (£632.3 million, with £625.1 million being resource funding and £7.2 million being capital). The Finance Update notes that:

“As part of the funding for the Defence Investment Plan (‘DIP’) announced on 30 June 2026 UK Government departments have had their capital budgets reduced by 1% from the position set out at the last UK Spending Review. The Department for Transport and the Department for Energy Security and Net Zero, which both cover devolved matters, had their budgets reduced by a greater percentage.

At this stage the exact impact on the Scottish Government’s capital funding is unknown pending confirmation at the UK Autumn Budget however we anticipate there will be a material reduction in our capital funding position. Our internal planning assumption following discussions with HM Treasury suggested negative consequentials in the region of £66 million for the first tranche of the plan.”

- Additional planned drawdown from the Scotland Reserve (an additional £210.5 million compared to the £150 million that had already been factored into the 2026-27 Budget).

The Scotland Reserve position is always moveable and uncertain and changes during the year as outturn from the previous financial year is confirmed. The Finance Update sets out the current forecast position (reproduced in Table 3 below). This is based on data up to the [2025-26 provisional outturn](#), published on 18 June 2026. 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 2026-27 is £764 million.

Table 3 below sets out the current planned movements in the Scotland reserve over the last two financial years.

Table 3: Scotland Reserve balance

	Resource	Capital	FT	Total
	£m	£m	£m	£m
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	(312.0)	(44.3)	(4.2)	(360.5)
2025-26 Closing balance	(312.0)	(44.3)	(4.2)	(360.5)
2026-27 Opening balance	(312.0)	(44.3)	(4.2)	(360.5)
2026-27 Drawdowns	312.0	44.3	4.2	360.5
2026-27 Provisional Additions	0.0	0.0	0.0	0.0
2026-27 Closing balance	0.0	0.0	0.0	0.0

Any underspends are deposited in the Scotland Reserve. In terms of their approach to managing the Scotland Reserve, the Scottish Government state in the guide to the ABR that:

“In general terms the Scottish Government will always plan to drawdown any Scotland Reserve availability in full each financial year, with up to £200 million being required to be held annually to cover year-end and audit adjustments post 31st March. 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.”



The ABR sets out the intention to draw down the full amount in the Scotland Reserve (£360.5 million) to support spending in 2026-27 and also fully allocates the Barnett consequential that have arisen since the 2026-27 Budget was set.

Looking ahead to 2027-28, it is now known that there will be a [negative reconciliation of £728 million](#) to be applied to the budget reflecting income tax outturn data.

In a [recent blog](#), the Scottish Fiscal Commission said:

“A key message from our Fiscal Update is that the improvement in funding in 2026-27 does not continue into the following year. As a result, resource funding is expected to fall by 1.2 per cent in real terms in 2027-28. In simple terms, the Scottish Government may have more room to manoeuvre this year, but it is likely to face tighter constraints next year.

The challenge is made greater by a large negative Income Tax reconciliation. Reconciliations adjust the Scottish Budget to reflect differences between what was forecast and what actually happened to tax revenues. In 2027-28, the Scottish Budget will be reduced by £720 million to reflect Income Tax revenues raised in 2024-25.”

The SFC went on to say:

“Several spending pressures remain uncertain. Inflation has increased since the start of the year, which could increase the cost of public sector pay and the cost of delivering services. There are also questions about whether planned efficiency savings across the public sector can be fully delivered. If these savings are not fully delivered, they could add further strain to future budgets.

Taken together, these factors mean the Autumn and Spring Budget Revisions are about more than changing this year’s spending plans. They are also an opportunity to understand how the Scottish Government plans to manage the fiscal challenges that lie ahead.”

The Institute for Fiscal Studies (IFS) also [recently commented](#) on the one-off nature of the Barnetts received in 2026-27 and the potential scope for the Scottish Government to use the ABR to manage future budgetary challenges:

“...using the as-yet unallocated funding in full this year is probably not the wisest choice – particularly for recurrent spending pressures, such as the core health and social care budgets (or the cost of capping bus fares or paying for more of families’ childcare costs). This is in part because the bulk of additional funding – most notably that coming Scotland’s way as a result of writing off historical special educational needs spending deficits built up by English councils – is currently set to be one-off. As [we](#) and [others](#) have highlighted



previously, using one-off funding to pay for recurrent spending pressures is risky – because in future years, funding needs to be found from recurrent sources instead, if further one-off sources do not become available. But, in addition, as we discuss below, the financial picture for next year, 2027–28, looks particularly challenging.

It may therefore make sense to carry some of the as-yet unallocated funding forward via the Scotland Reserve, to ease future financial pressures a little. Depending on how much the Scottish Government decides to carry forward and the extent of any top-ups to health and social care spending (and spending on any other priorities), it is possible that it will feel the need to make at least some in-year cuts to some services to top up budgets for others.”

Rachel Cook and Nicola Hudson, Financial Scrutiny Unit, SPICe

Date: 23/10/2026

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