**FPAC/S7/26/10/1**

**Finance and Public Administration Committee**
**Wednesday 11 November 2026**
**10th Meeting, 2026 (Session 7)**

# UK Autumn Budget 2026: implications for Scotland

## Background

1. At today's meeting, the Committee will take evidence on the UK Autumn Budget 2026: implications for Scotland from the Office for Budget Responsibility (OBR).

2. The UK Autumn Budget 2026 was published on 28 October 2026 alongside the OBR's Economic and fiscal outlook – October 2026.

3. Key announcements in the UK Autumn Budget 2026 affecting Scotland include—

    - £100 energy support payments for households in council tax bands A-D in England, triggering £208 million in Barnett consequentials for the Scottish Government, which has indicated it will mirror the scheme in Scotland[1].
    - An extension to the VAT cut on electricity bills until July 2027 and the removal of gas standing charges across the UK from next year.
    - An extension to the 5p UK-wide fuel duty cut to July 2027.
    - An extra 20% reduction in business rates for pubs, music venues and social clubs in England and a freeze in business rates for all other retail, hospitality, and leisure properties for two years. As a result, the Scottish Government will receive Barnett consequentials of £37 million in 2027-28 and £60 million in 2028-29.
    - Suspension of import tariffs on more than 100 products including some food, drink, fuel, and agricultural products.
    - Introduction of the Pension Tax Allowance from April 2027, which prevents pensioners from paying small amounts of tax where their incomes only just exceed the Personal Allowance.
    - A temporary 6% bank corporation tax surcharge.

4. The OBR's October 2026 forecasts highlight that "adverse shocks have continued to hit the UK since the 2008 global financial crisis, including rising barriers to trade after EU exit, the pandemic, and the 2022 energy price spike". It adds that "these adverse shocks and low economic growth have resulted in elevated levels of government borrowing and debt in the UK".

[1] The Cabinet Secretary for Finance and Local Government confirmed this in the Scottish Government's response to the UK Budget.

5. The OBR's forecasts state that the rise in energy prices and interest rates since its March 2026 forecasts has led to a deterioration in the near-term economic outlook. In 2027, it expects GDP[2] growth of around 1%, down from about 1½% in its March forecasts. It also anticipates CPI[3] inflation will be around 3½% rather than falling back to 2% as previously expected. By 2029-30 real disposable household income will be 1% above pre-pandemic levels, which the OBR explains is a result of a 'negative terms-of-trade shock'. In other words, the items the UK buys from other countries have become more expensive, leading to a fall in incomes.

6. It expects the slowdown in average earnings growth to continue, although the pace of this slowdown is more gradual compared to its March 2026 forecasts. This, it notes, reflects the higher inflationary environment, which is assumed to lead to higher-than-expected wage increases.

7. The OBR further notes that in the near term, the UK Government's decisions in the 2026 UK Budget increase borrowing by an average of around £5 billion a year in each of the next three years. It goes on to highlight economic risks relating to energy prices, productivity growth and labour market outlook, and fiscal risks including debt servicing costs, departmental spending and welfare spending.

8. Further information on the UK Autumn Budget 2026 and the OBR's October 2026 forecasts is included in the SPICe briefing Breathing space for households, and for Scottish public finances published on 28 October 2026.

## Next steps

9. The Committee will continue taking evidence on the UK Autumn Budget 2026: implications for Scotland from the Institute for Fiscal Studies on 25 November 2026, before scrutinising the Scottish Budget 2027-28 once published on 3 December 2026.

Committee Clerking Team
November 2026

[2] Gross Domestic Product.
[3] Consumer Price Inflation.