

December 2021



Budget 2022-23 Media Conference



Scottish Economic and Fiscal Forecasts

Overview

- The 2022-23 Scottish Budget
- The five year outlook
 - Economy
 - Tax revenue
 - Social security
 - Fiscal overview
- Q&A

The 2022-23 Scottish Budget

2021-22 and 2022-23 Budget

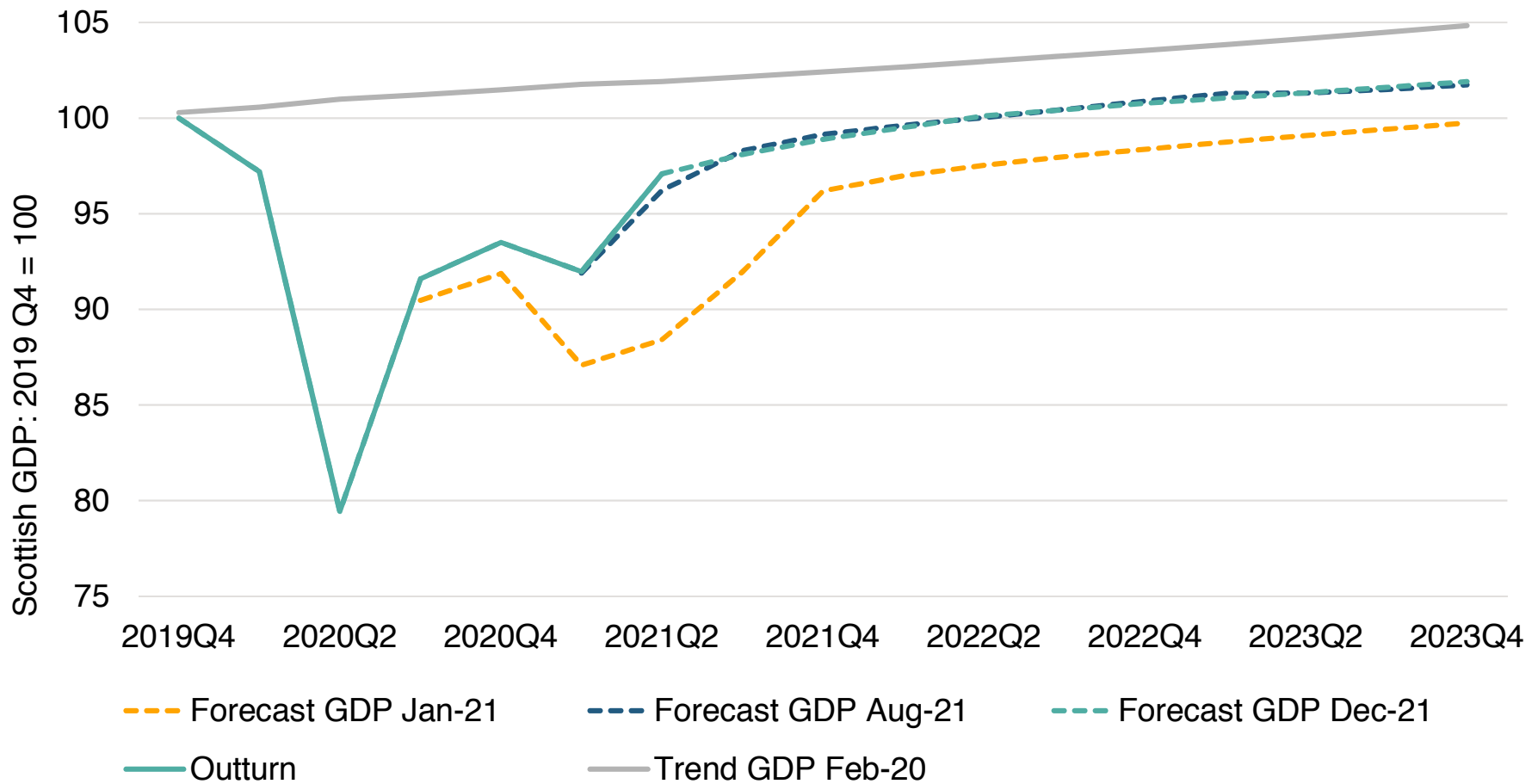
£ million		2021-22	2022-23
Resource	UK Government Block Grant Funding (Barnett and non-Barnett)	31,672	35,026
	COVID-19 funding	4,924	0
	Funding related to tax and social security	5,662	6,220
	Borrowing and Reserve drawdown	721	15
	Other funding	271	742
	Total resource funding	43,250	42,002
Capital	UK Government Block Grant Funding (Barnett and non-Barnett)	5,786	5,578
	Borrowing and Reserve drawdown	601	629
	Other funding	0	144
	Total capital funding	6,387	6,351
	Total Scottish Budget	49,637	48,353
Total	Increase in nominal terms		-2.6%
	Increase in real terms		-5.2%

Key policy announcements

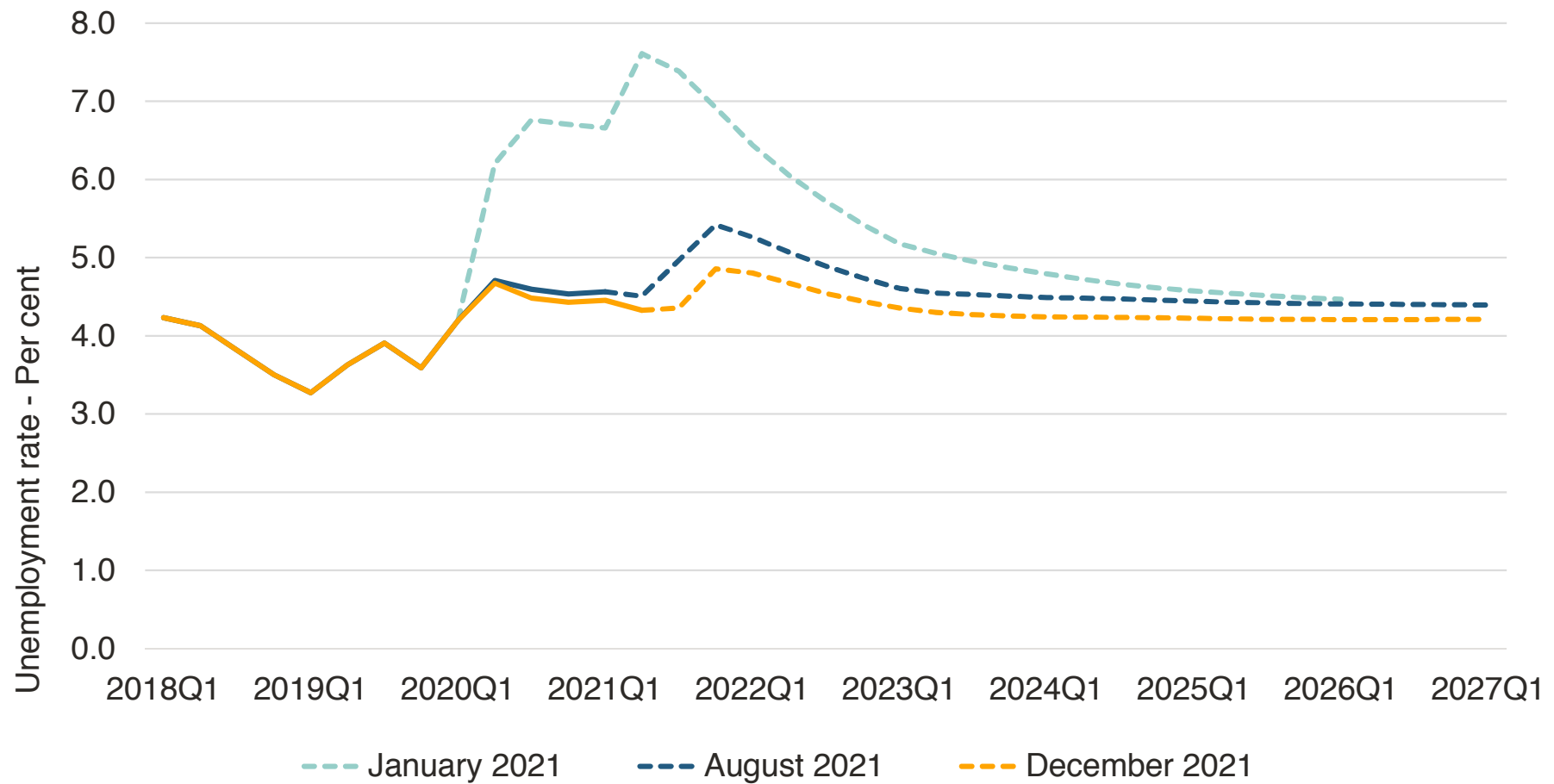
£ million	2022-23	2023-24	2024-25	2025-26	2026-27
Tax					
Income tax – higher rate threshold frozen	106	106	111	117	124
NDR – RHL relief	-56	0	0	0	0
NDR – poundage 49.8p	-40	-43	-42	-41	-44
Social Security					
Adult Disability Payment	-38	-233	-358	-458	-567
Scottish Child Payment rising to £20	-103	-184	-183	-185	-186
Other Social Security	-37	-22	-22	-22	-22

The five year outlook: economy

Faster economic recovery



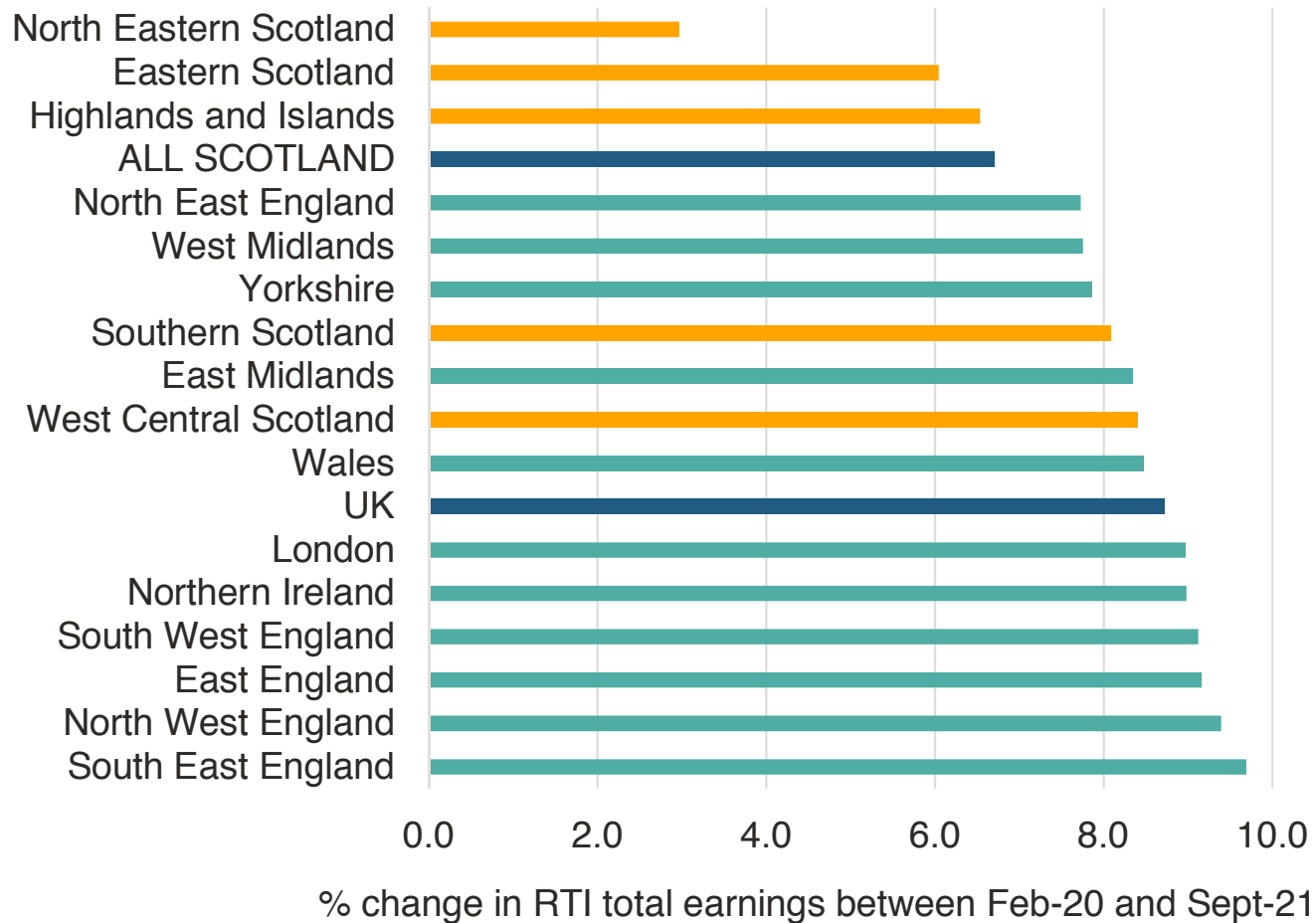
More resilient labour market: Lower unemployment peak



Higher and more sustained inflation

Per cent	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Consumer Price Index inflation							
January 2021	0.6	1.4	1.6	1.8	1.9	2.0	
December 2021	0.6	3.3	3.7	2.3	2.0	2.0	2.0

Scotland's total earnings have grown more slowly than in the UK

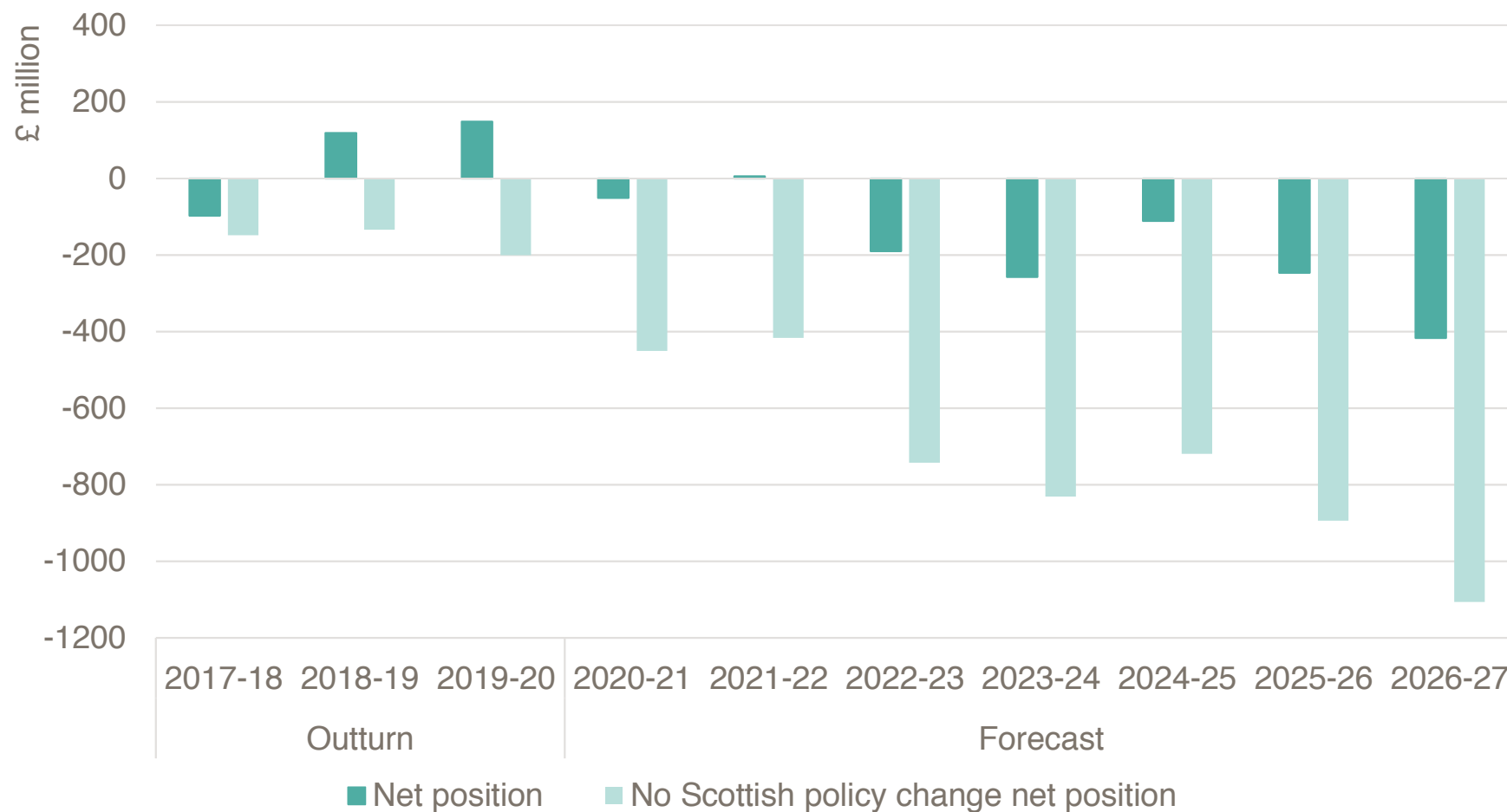


The 5-year outlook: Tax revenues

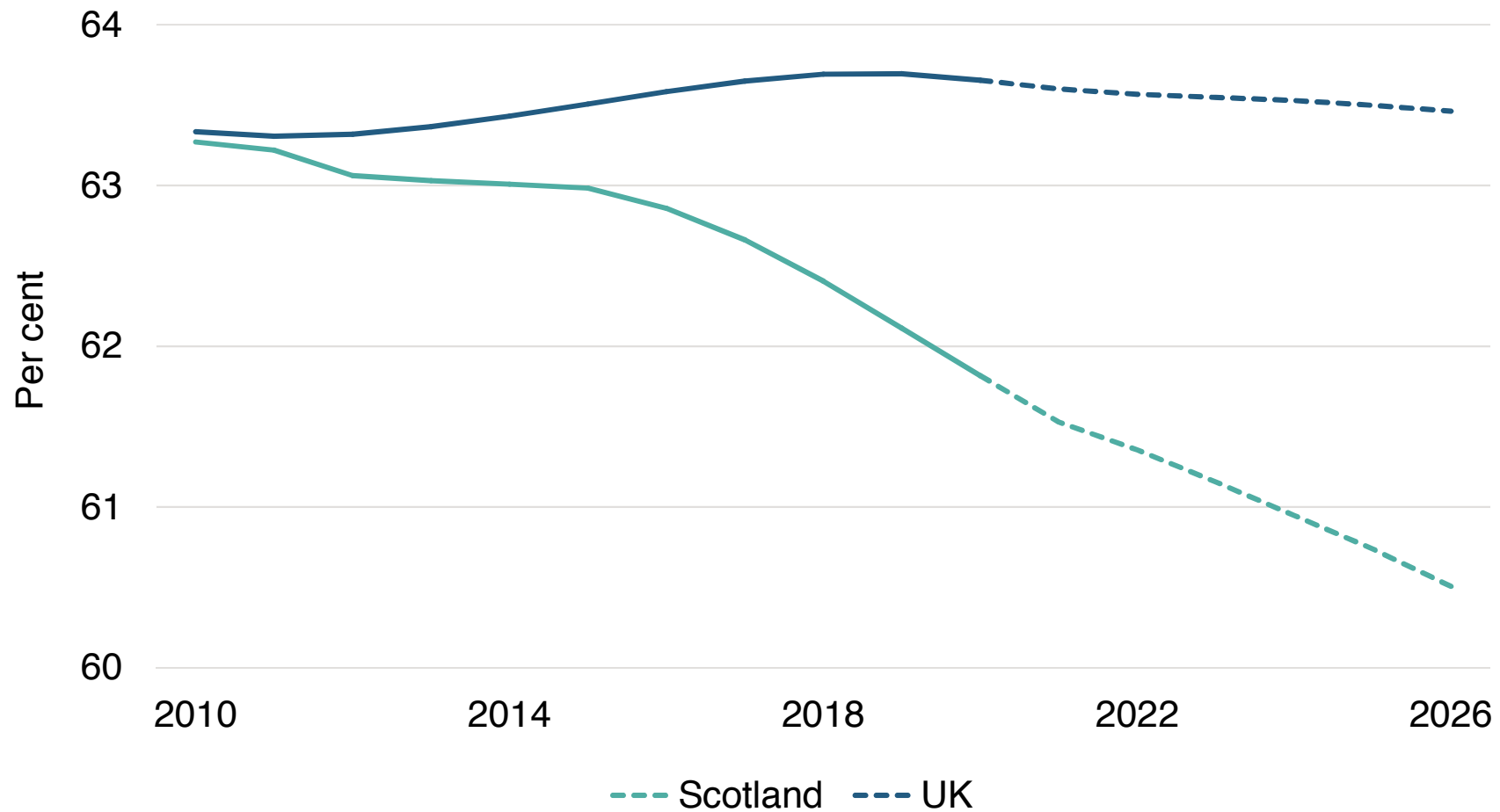
Tax net positions

£ million	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Income Tax	6	-190	-257	-111	-246	-417
LBTT	101	86	108	122	128	122
SLfT	34	18	1	9	1	-60
Total taxes	140	-86	-148	20	-117	-355

Income tax: negative net position

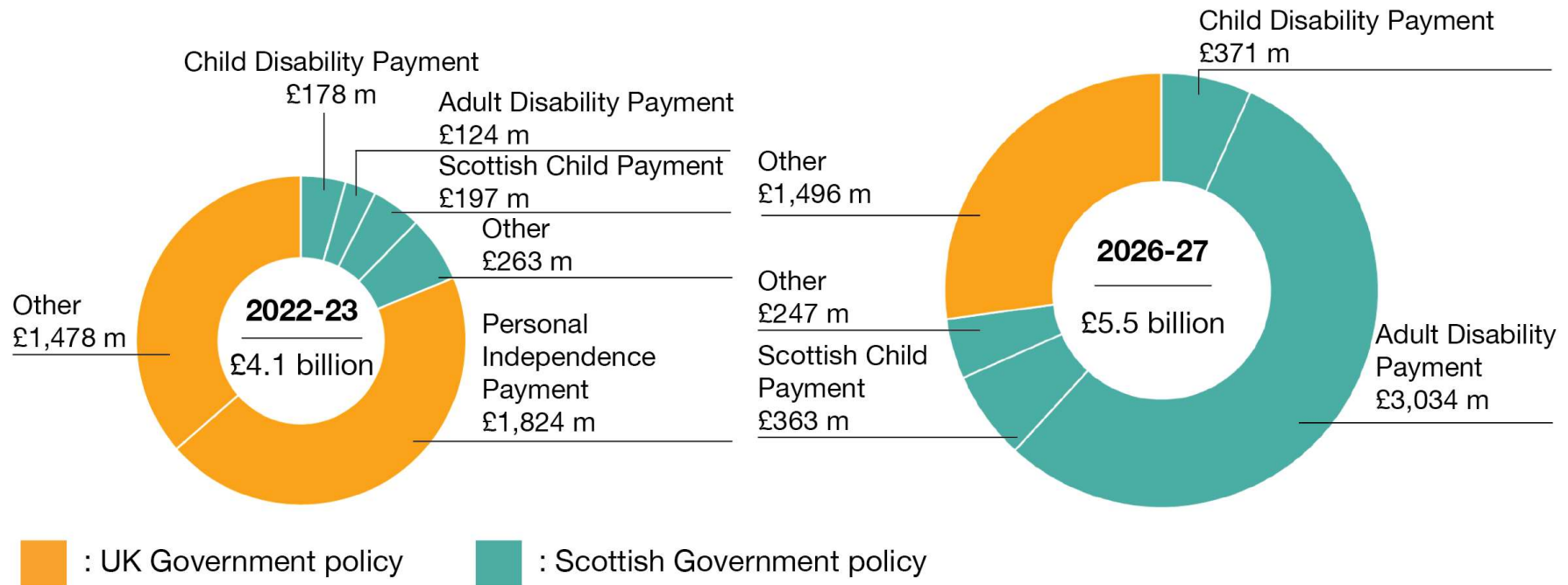


Divergence in labour market participation



The 5-year outlook: Social Security

Social security spending rising significantly



Scottish Child Payment

Number of children receiving Scottish Child Payment

2021-22: **£10 per child/per week**

107,000 children

Total cost: **£56 million**






2023-24: **£20.80 per child/per week**

333,000 children

Total cost: **£362 million**



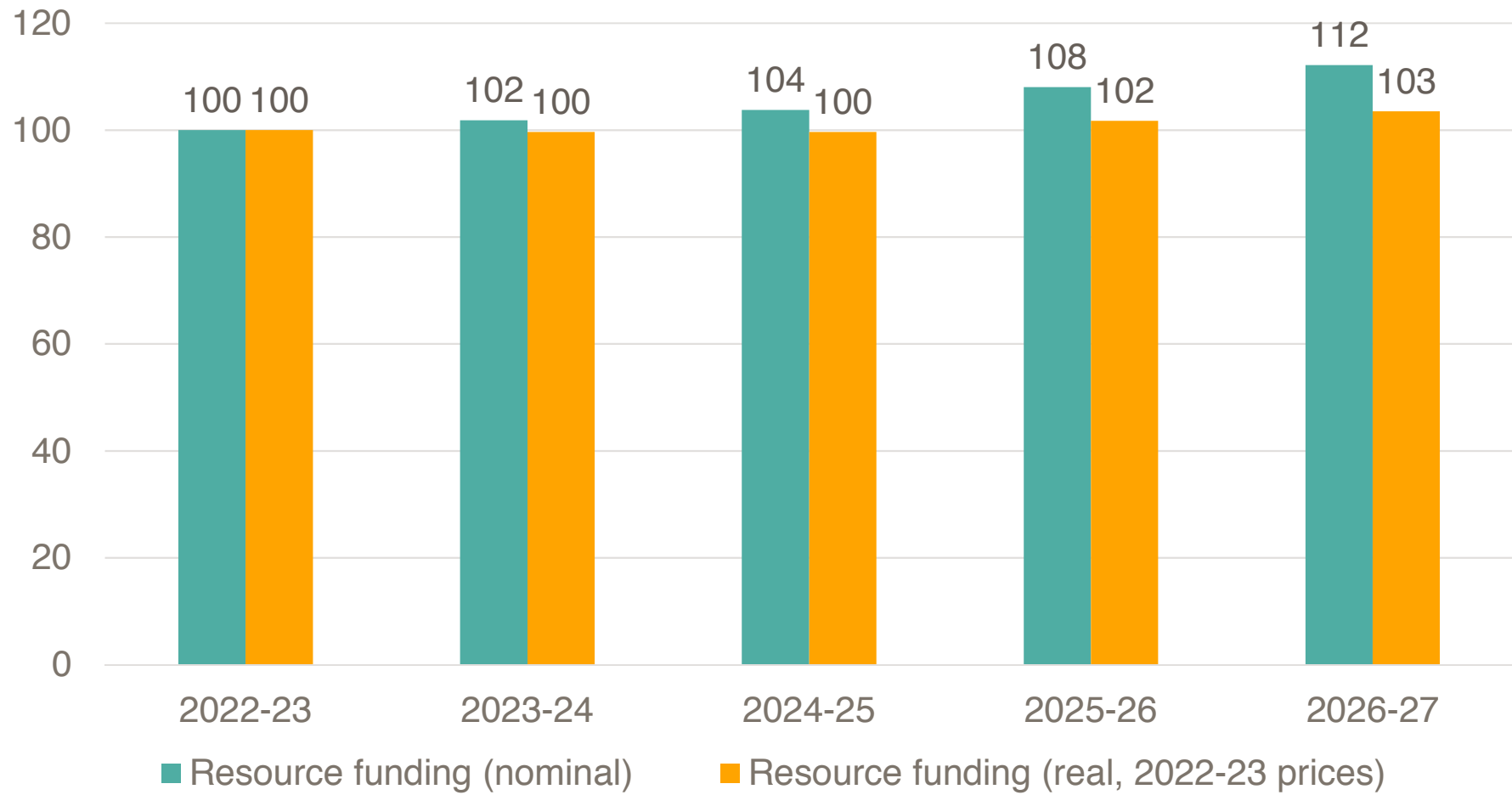
 :10,000 children  : Current policy for children under 6  : Extension to age 16
 : Changes to Universal Credit  : Higher take-up

Social security spending rising significantly, above Block Grant funding

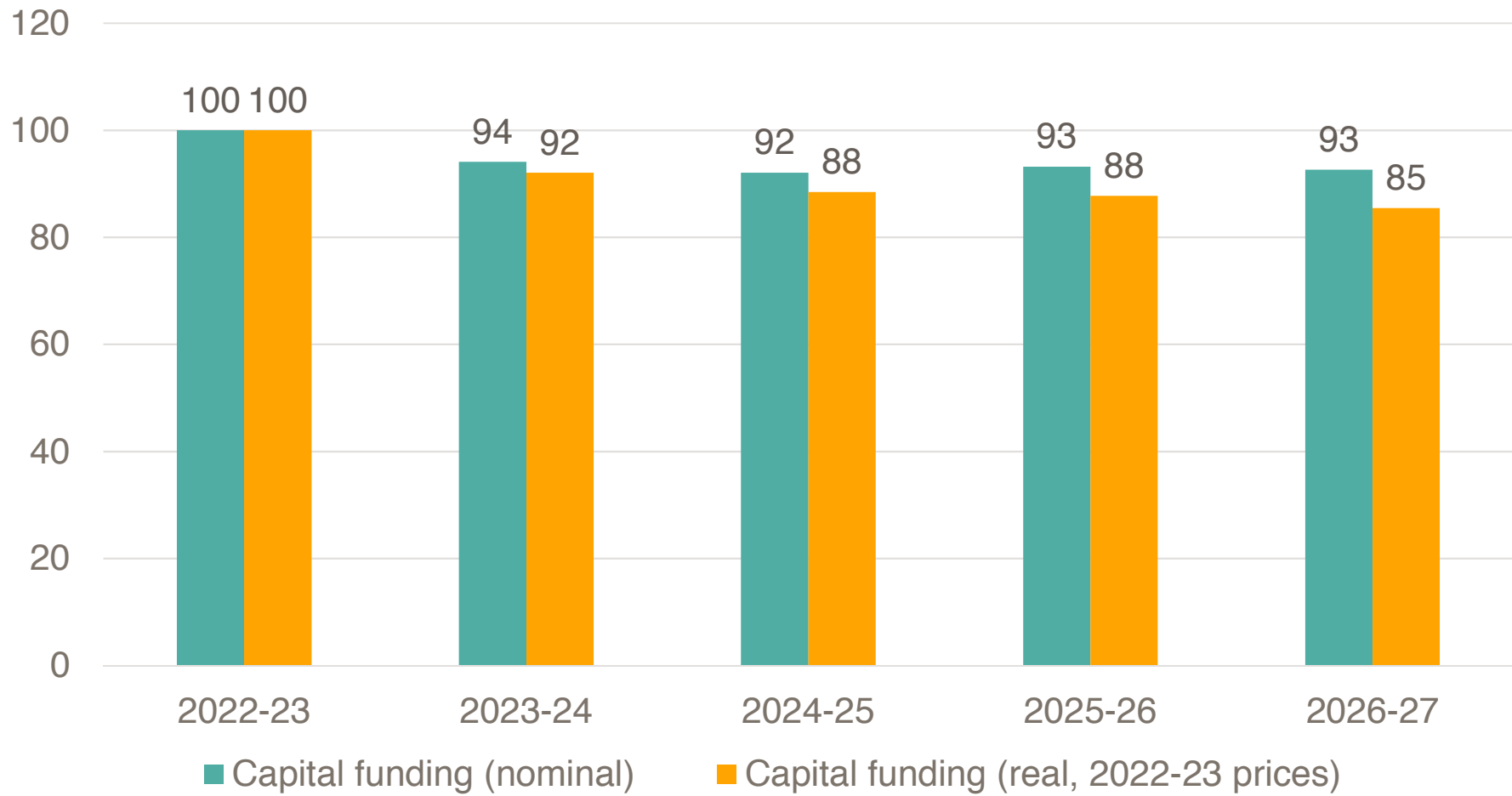
£ million	2022-23	2023-24	2024-25	2025-26	2026-27
Social security net position	-38	-176	-253	-255	-252
Social security new payments	-322	-493	-496	-503	-512
Total	-361	-669	-749	-758	-764

The 5-year outlook:
The Fiscal Overview

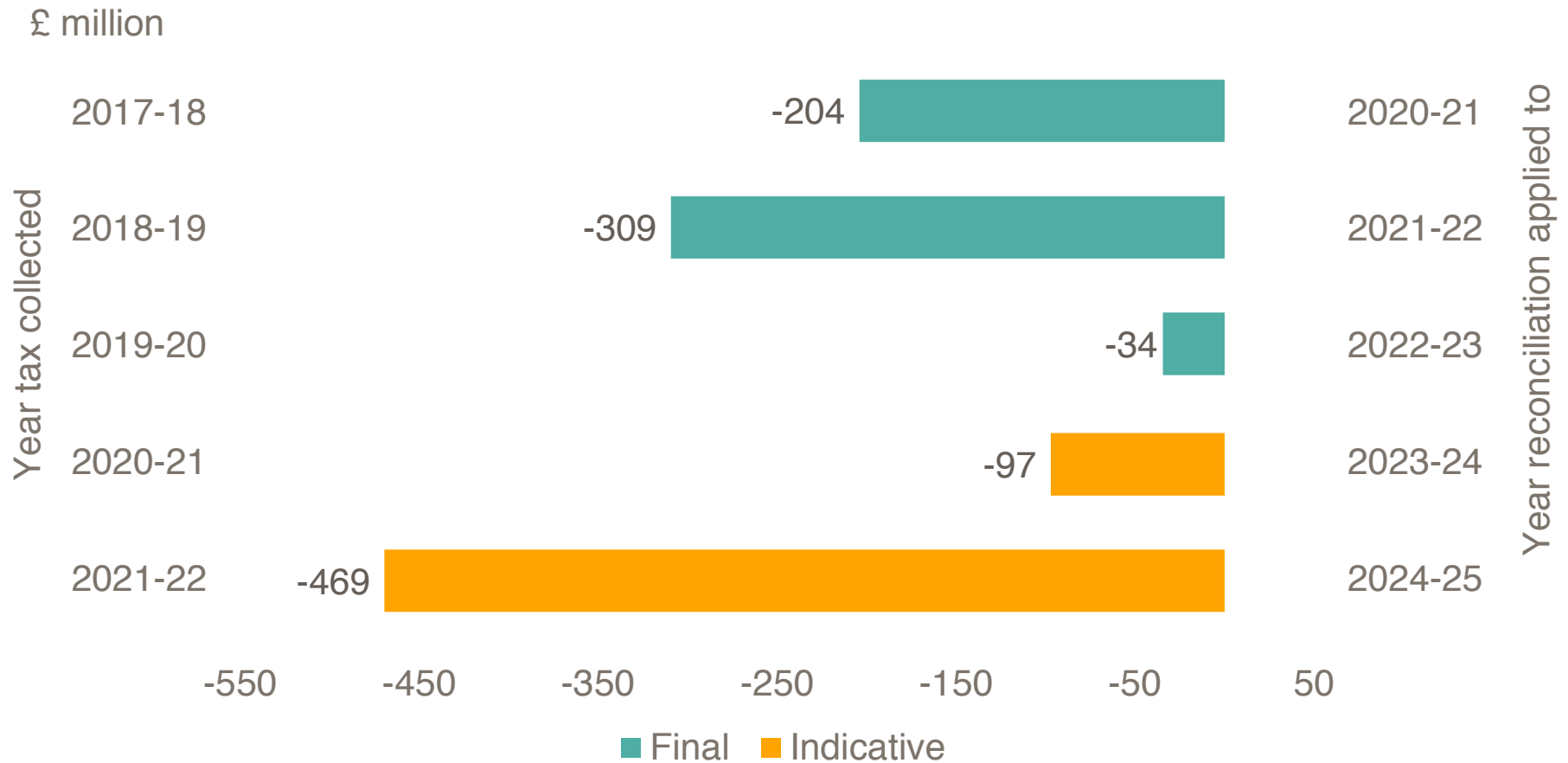
Resource funding



Capital funding



Borrowing and resource management: Reconciliations



Borrowing and resource management: limits

£ million		2021-22 to 2023-24	2024-25 onwards
Borrowing	Annual resource borrowing limit	600	300
	Overall resource borrowing limit	1,750	1,750
	Annual capital borrowing limit	450	450
	Overall capital borrowing limit	3,000	3,000
Scotland Reserve	Resource annual drawdown limit	No limit	250
	Capital annual drawdown limit	No limit	100
	Overall limit	700	700

Slide 24

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Formatting differences here.

Caroline Ellis, 09/12/2021

Time for Q&A