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Professor Graeme Roy
Chair
Scottish Fiscal Commission

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28 January 2025

Dear Professor Roy,

Scottish Budget 2025/26 – Budget Amendments

I have today written to the Finance and Public Administration Committee (FPAC) to advise them that this Government has reached agreements with the Scottish Liberal Democrats and Scottish Greens to support the Budget through its Parliamentary passage. This will deliver on areas of shared priority and ensuring stability for Scotland's public services.

For your awareness, I will take forward arrangements to formally table amendments at Stage 2, which will give effect to additional spend during financial year 2025/26 in the following ways:

- **Establishing a £2 bus fare cap pilot in a regional transport partnership area.** We will establish a 12-month pilot from 1 January 2026. £10 million to operate for the one year term of the pilot, with a cost of £3 million in the coming budget for the establishment and operation of the scheme.
- **Increasing Nature Restoration funding.** We will increase this from £23 million to its highest ever level of £26 million, increasing this by £3 million capital in 2025/26. It is our intention to at least maintain that level of investment in the following financial year.
- **Extending free school meal eligibility in S1-S3 in 8 local authority areas** – covering pupils in an urban, rural, semi-urban and island authorities in receipt of Scottish Child Payment. Our aim would be to extend this test of change phase for the next school year, starting in August 2025, followed by an evaluation. Initial estimates are that this would cost around £3 million, with the majority of the costs falling in the 2026/27 financial year.
- **Increasing Drugs and Neonatal Service Investment.** We will invest an additional £100,000 in this financial year, and an additional £1 million resource in the 2025/26 budget for Aberlour to develop these services. We will also invest a further £1.5 million in broader drugs and alcohol services to ensure that our total investment in this area has increased in real terms.
- **Strengthening support for Hospices.** We will increase the funding to Hospices from £4 million to £5 million.

- **Investing in targeted support for the College sector.** We will invest £3.5 million in creating an Offshore Wind Skills Programme and College Care Skill Programme, supporting a pipeline of skilled workers.
- **Supporting continuation of Corseford College.** We will provide £700k in 2025/26 to leave open the option of funding Capability Scotland to support the continuation of bespoke services or suitable alternatives for young people with complex and additional needs. This is subject to the review already underway. We also intend to at least maintain this level of funding in 2026/27.
- **Offering flexibility to Orkney Island Council in terms of capital and resource funding.** In the draft Budget we set out £20.8 million for resource and £10 million for capital for inter-island connectivity in 2025/26. Following the publication of the budget we have engaged further with the council and have agreed to switch £8 million of the capital outline to resource as the council believe this split will better enable them to take forward their priorities in this area.

The proposed package amounts to approximately £16.7 million in 2025/26. This will be funded by a draw down from Scotwind of £3 million to support nature restoration, and the remaining amendments being funded through reduced debt servicing costs in 2025/26.

I trust that this is helpful to the Scottish Fiscal Commission in undertaking its ongoing scrutiny activities.

Yours sincerely

A handwritten signature in black ink that reads "Shona Robison". The signature is written in a cursive, flowing style.

SHONA ROBISON