

Scotland's Economic and Fiscal Forecasts

January 2026

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Chair

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Commissioner



The Scottish Budget in context – day-to-day funding

£ million (nominal terms)	2025-26	2026-27	2027-28	2028-29
Total funding	59,536	61,677	62,968	64,583
Nominal terms growth rate (per cent)		3.6	2.1	2.6
Real terms growth rate (per cent)		1.3	0.1	0.7
Day-to-day funding	52,340	54,109	55,420	57,018
Nominal terms growth rate (per cent)		3.4	2.4	2.9
Real terms growth rate (per cent)		1.1	0.4	1.0
Day-to-day funding for public services [1]	45,582	46,704	47,532	48,718
Nominal terms growth rate (per cent)		2.5	1.8	2.5
Real terms growth rate (per cent)		0.2	-0.2	0.6

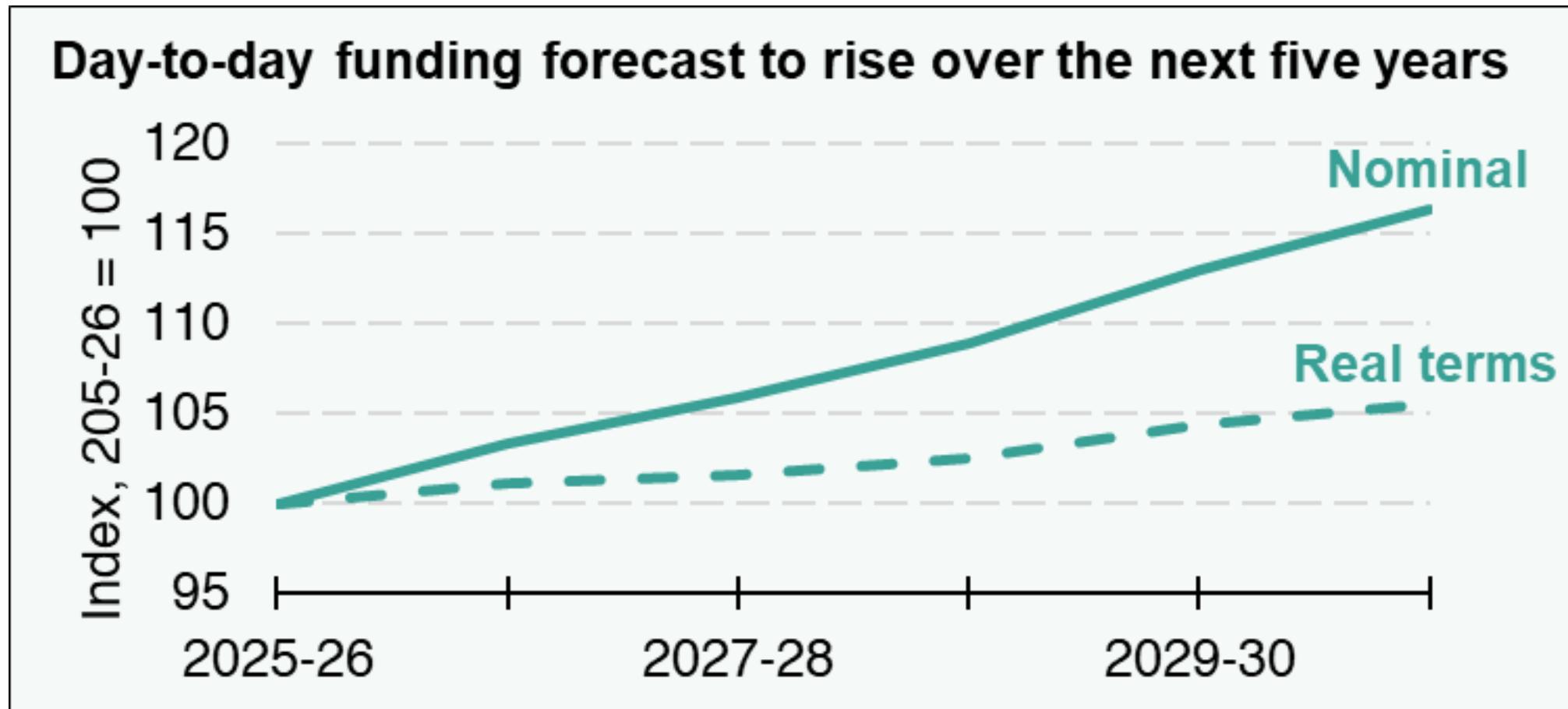
[1] Day-to-day funding less our current forecast for devolved social security spending.

Day-to-day funding is presented as resource funding in our report and the Scottish Budget documents.

The Scottish Budget in context – capital funding

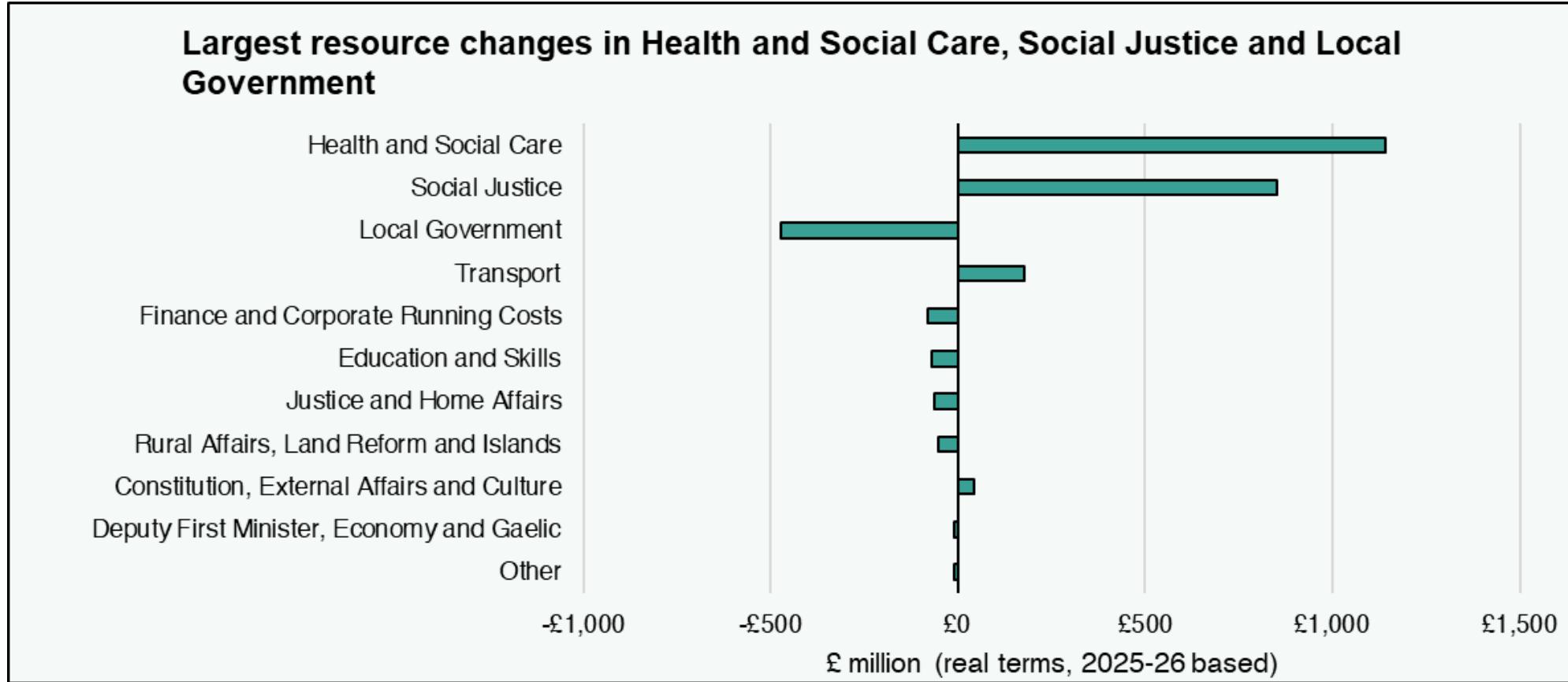
£ million (nominal terms), unless specified	2025-26	2026-27	2027-28	2028-29	2029-30
Total funding	59,536	61,677	62,968	64,583	66,731
Nominal terms growth rate (per cent)		3.6	2.1	2.6	3.3
Real terms growth rate (per cent)		1.3	0.1	0.7	1.5
Capital funding	7,196	7,568	7,548	7,565	7,611
Nominal terms growth rate (per cent)		5.2	-0.3	0.2	0.6
Real terms growth rate (per cent)		2.9	-2.2	-1.6	-1.2

Scottish Government funding



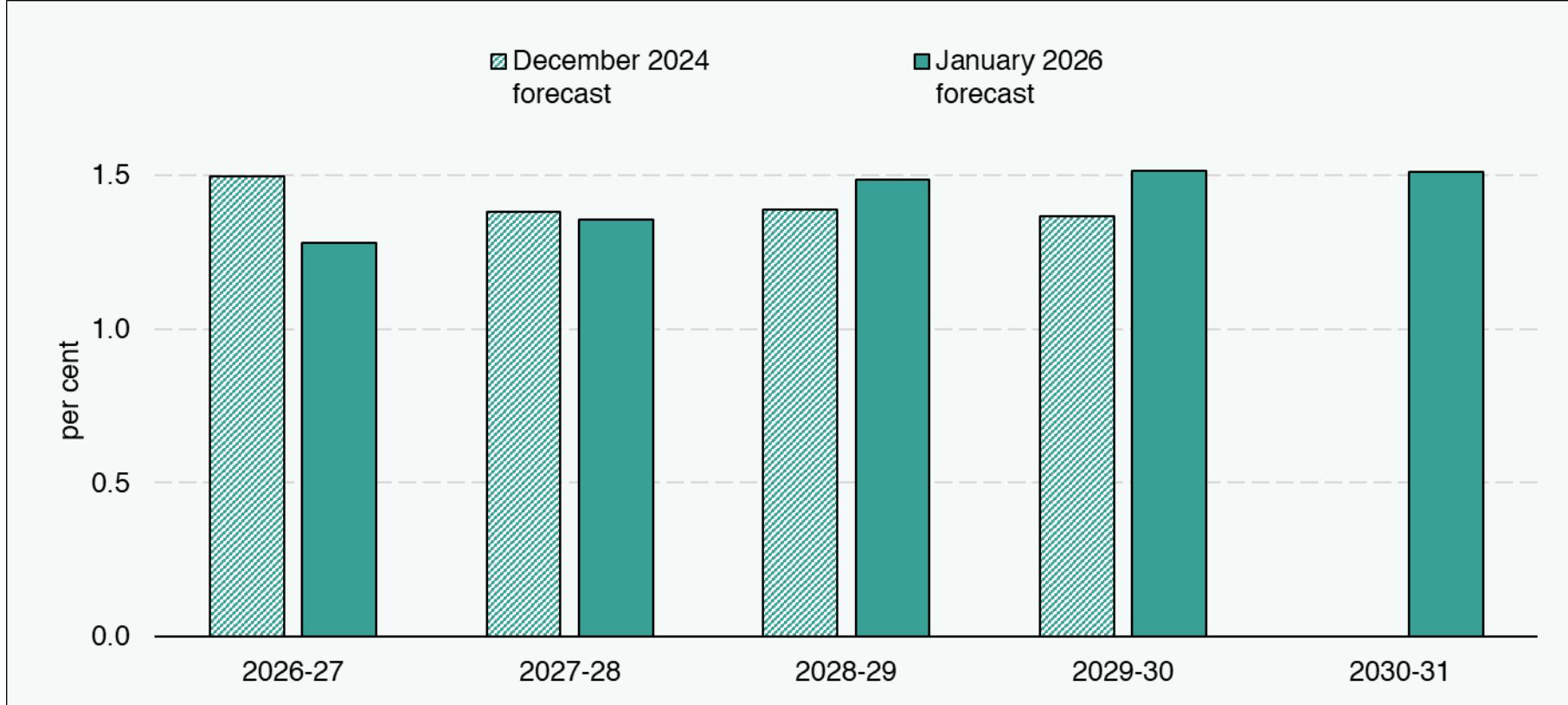
Resource spending review

Changes in day-to-day spending between 2025-26 and 2028-29 by portfolio



Economy – GDP growth

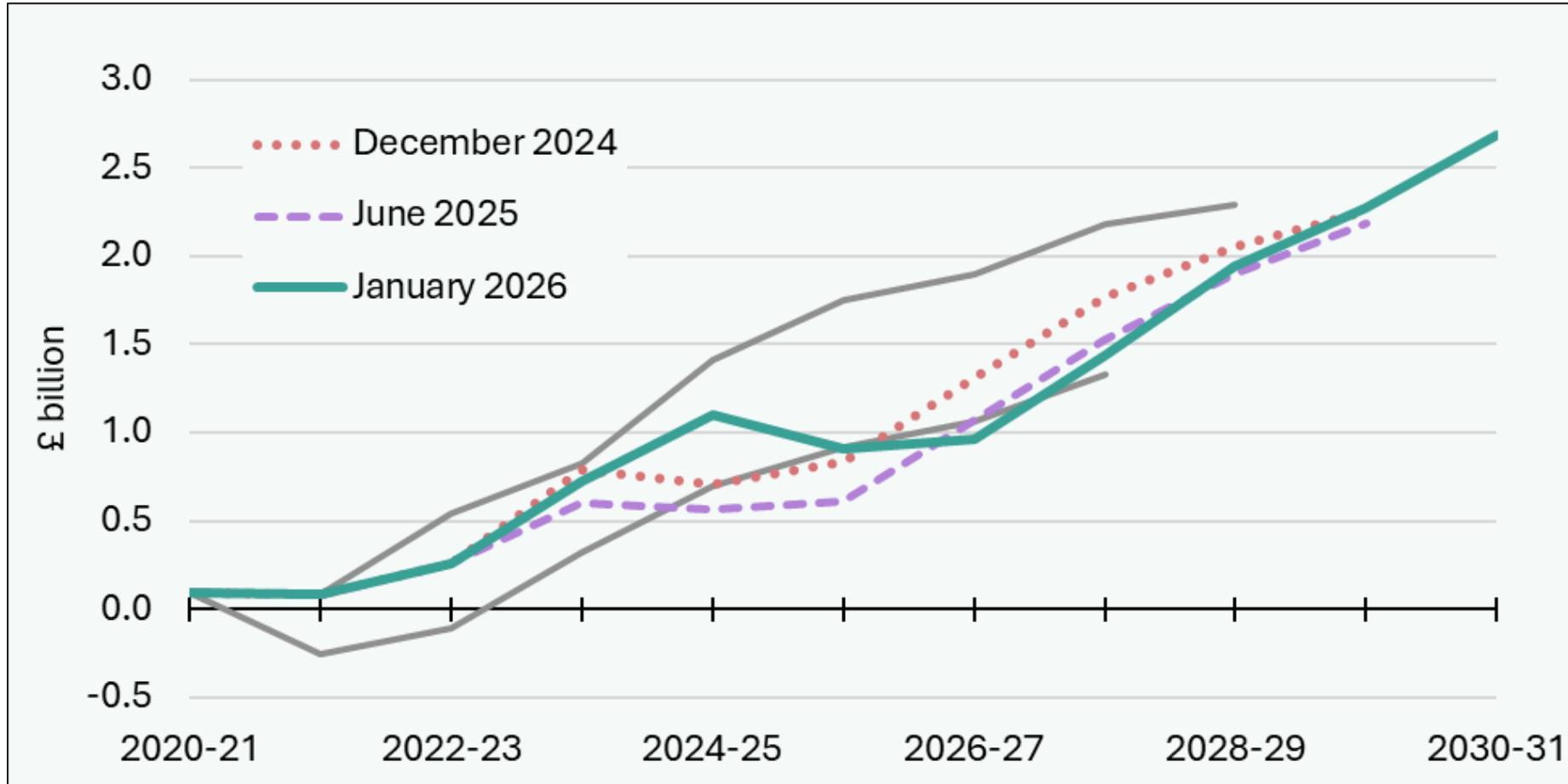
GDP growth forecast remains stable



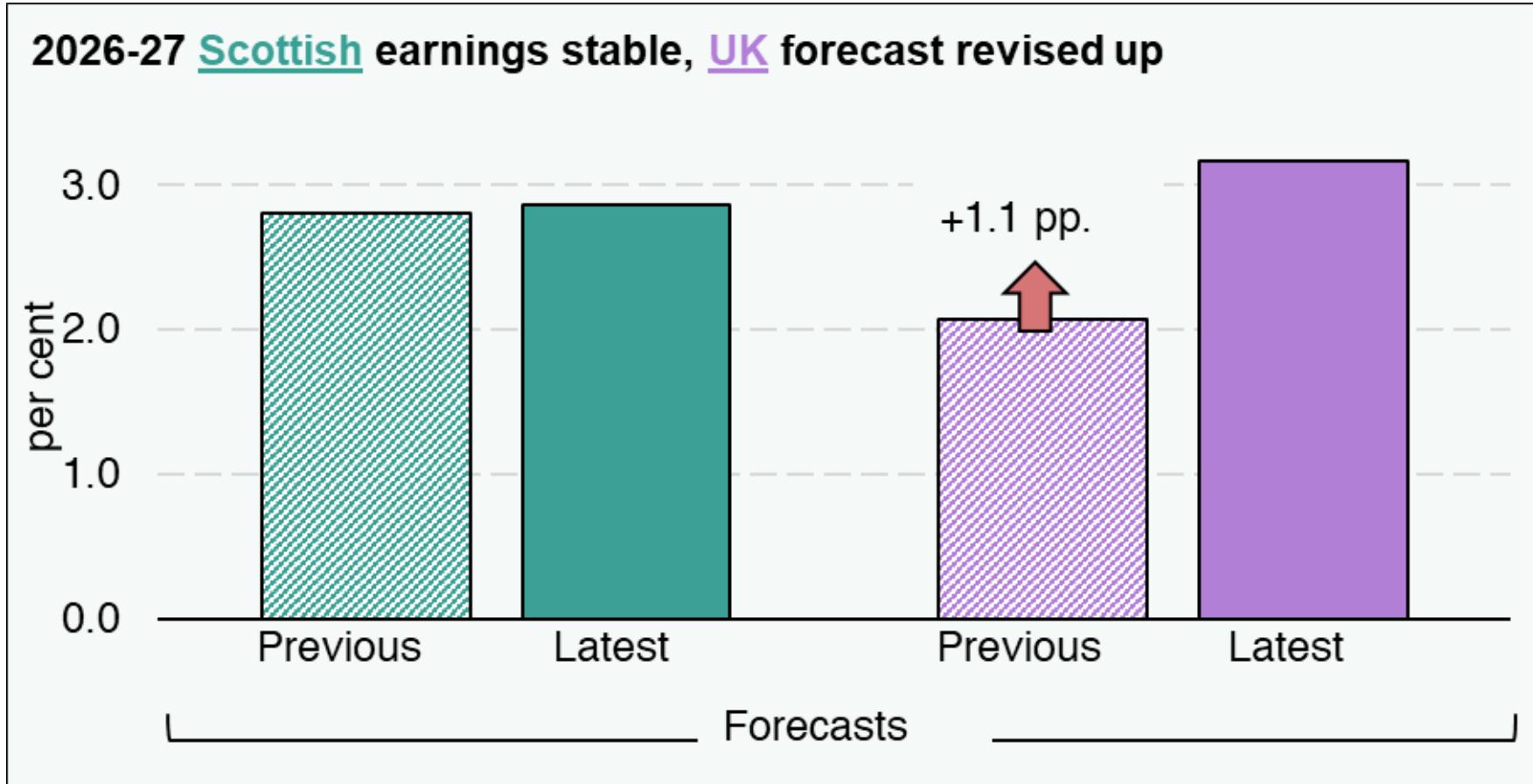
Source: Economy section of the visual summary, page 3: [Scotland's Economic and Fiscal Forecasts January 2026](#)

Income Tax Net Position

All recent projections show the Scottish Income Tax net position is expected to rise over time



Economy – Earnings



Source: Economy section of the visual summary, page 3: [Scotland's Economic and Fiscal Forecasts January 2026](#)

Higher rate threshold freeze

Number and proportion of all taxpayers paying at least higher rate tax

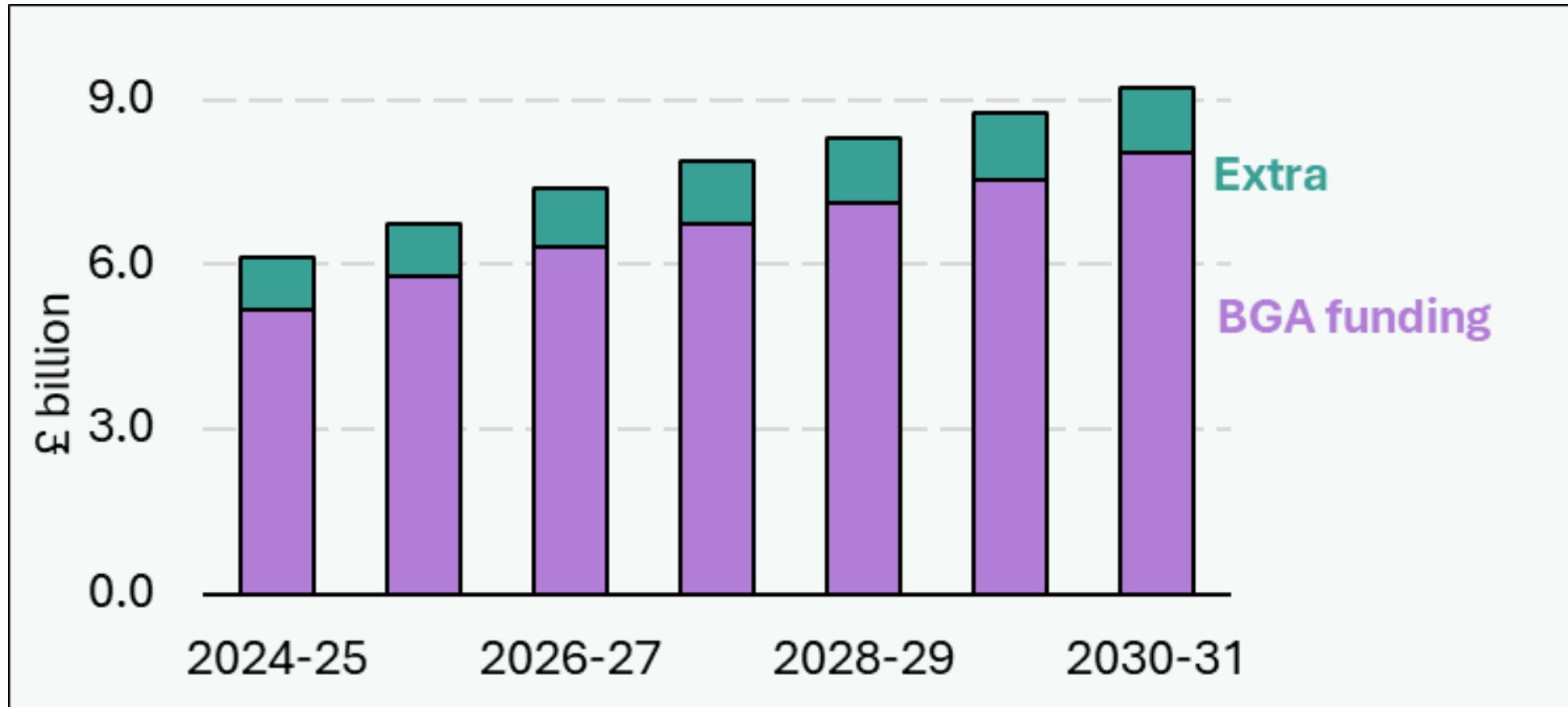
	2016-17	...	2026-27	2027-28	2028-29
Scotland – number ('000)	304		835	890	948
Scotland - % of total	12.1		26.3	27.5	28.7
UK – number ('000)	4,766		8,910	9,280	9,660
UK - % of total	15.3		21.9	22.4	22.9

Source: Scotland numbers – SFC Supplementary figure S4.4 [Chapter 4 - Tax - Supplementary Figures](#),

UK numbers - OBR November 2025 [Detailed forecast tables: receipts 3.19](#) & HMRC [Income Tax liabilities of starting, 'savers', basic and higher rate taxpayers, by largest source of income](#)

Social security spending

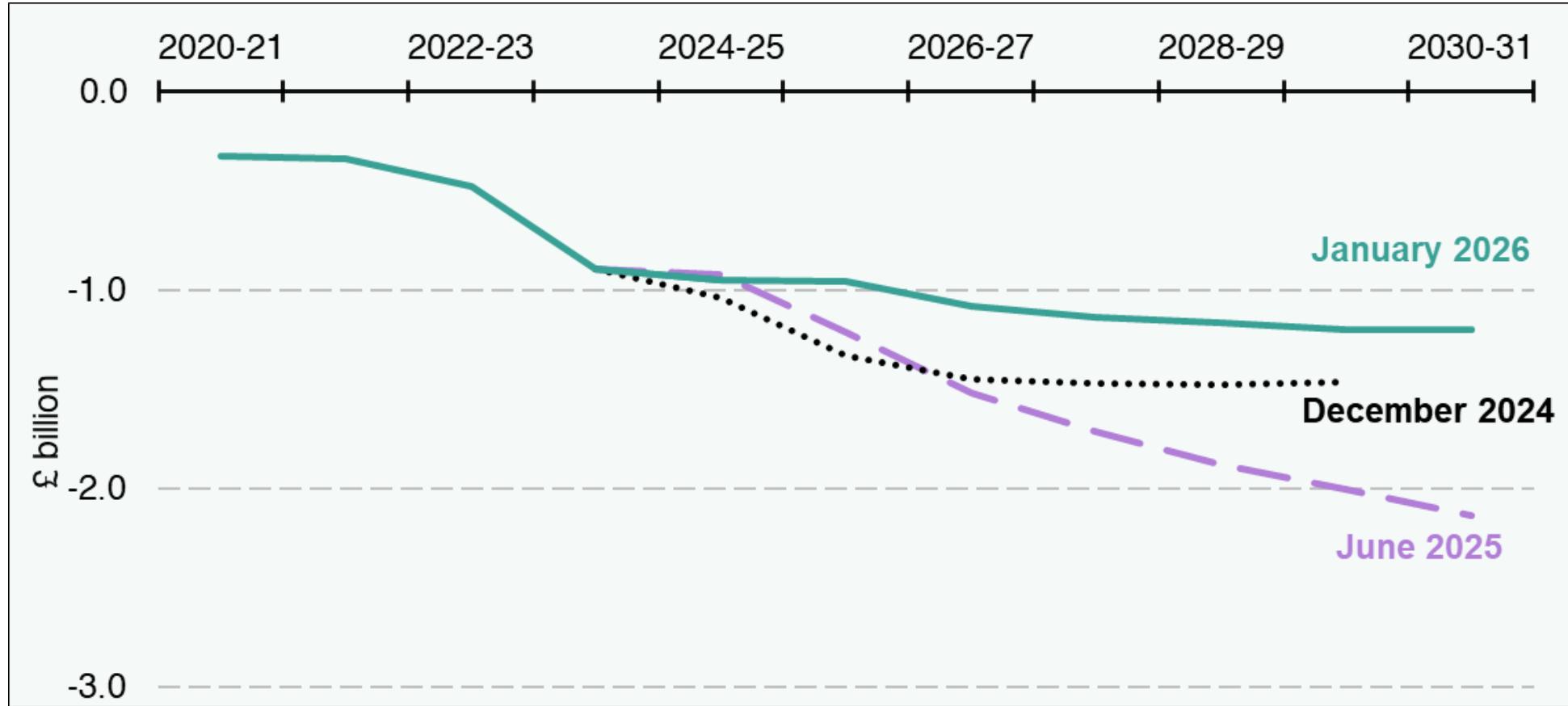
Social security spending exceeds BGA funding in all years



Source: Social security section of the visual summary, page 4: [Scotland's Economic and Fiscal Forecasts January 2026](#)

Social security effect on the Budget

Higher funding and a lower spending forecast narrow the effect of social security on the Budget



Thank you for listening

Slides available on our website

www.FiscalCommission.scot

Please email us with any further questions

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