

# Scottish Government draft budget 2024/25

## Introduction

This years Scottish Budget is bigger than last years by £1.3 billion from the latest position for 2023-24. This is a rise in cash terms but after taking inflation into account (so called real terms) it amounts to only 0.9% increase. Around two thirds of this increase goes on social security. Many areas face either budget cuts or standstill cash funding (ie real terms cuts). In a break with previous practice no pay policy was announced – this will come after the UK budget.

## Income Tax

The vast majority of taxpayers will see no noticeable change in their income tax (ie around £10 per year reduction.). New tax bands will see the top 5% of earners (£75k+) paying an extra £740-£2k in a year. (nb those earning £29k in Scotland already pay a small amount more than rest of UK – with that gap increasing once earnings go above £50k). In budget terms these are fairly modest: the 45% Advanced band raises £74m, and the extra penny on the top rate raises £8m.

	2023-24		2024-25	
	Band	Rate	Band	Rate
<b>Starter</b>	£12,571* - £14,732	19%	£12,571* - £14,876	19%
<b>Basic</b>	£14,733 - £25,688	20%	£14,877 - £26,561	20%
<b>Intermediate</b>	£25,689 - £43,662	21%	£26,562 - £43,662	21%
<b>Higher</b>	£43,663 - £125,140**	42%	£43,663 - £75,000	42%
<b>Advanced</b>	N/A	N/A	£75,001 - £125,140**	45%
<b>Top</b>	Above £125,140	47%	Above £125,140	48%

\*Assumes individuals are in receipt of the standard Personal Allowance.

\*\*Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000.

## Other devolved Taxes

Land and Buildings Transaction Tax is being kept the same. Scottish Landfill tax rates will rise in line with planned UK Landfill tax increases. The tax subsidy that is the small business bonus scheme is kept and for all but the largest properties Scotland retains the lowest tax business rates in the UK.

## Social Security

Social security spending in Scotland includes spending on benefits that have been devolved to Scotland (mainly disability and carer benefits) and spending on new or top-up benefits, such as the Scottish Child Payment. These benefits are uprated by 6.7%.

The funding for these that needs to be met from within the Scottish Budget will reach £1,092 million in 2024-25.

## KEY POINTS:

- Despite a small increase in the Scottish Government budget many services face cuts.
- The Scottish Government are insisting local authorities freeze council tax – claims they are fully funding this are inaccurate.
- There are small but welcome increases on income tax for higher earners.



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## Local Government

Total revenue funding (ie funding for day to day spending) rises by 5% but the capital budget takes a brutal 21% cut.

The Council Tax Freeze announced without consultation with *anyone* is, as Lillian Macer put it “fully funded in much the same way that the Titanic was unsinkable”. The Scottish Government is giving Councils £144m to freeze council tax ( and penalising them if they won't). Estimates by the Fraser of Allander Institute of the actual cost of this measure started at £320m.

## Health

Health Boards receive increases of 4.3% (Territorial) and 3.8% (National) – these are averages though, not every board receives that level of increase, and some do better. There is only standstill funding to deliver on mental health workforce plans. The bursary budget for nursing & midwifery is cut to reflect expected intake.

## Education

Support for early learning and Childcare goes up by 42% - the bulk of this is to ensure £12ph is paid by private and third sector childcare providers to deliver the Scottish Government pledge of 1140 hrs free childcare per year.

The planned overall resource expenditure for both higher education and the college sector is to be reduced by 6.0%.

## Police and Fire

Police revenue budget increases by 6.1%. Following a variety of scandals the capital budget increases by 12.4%. SFRS sees a revenue increase of 5.7% and a 31.6% capital increase.

## Pay Policy

Scottish government pay policy applies directly to UNISON members in Non Departmental Public Bodies and will influence other pay negotiations. In a break with previous practice no pay policy was announced – this will come after the UK budget in March.

## Conclusion

While it is welcome that the Scottish Government are deciding to do something with their tax raising powers, the measures taken are inadequate, falling far short of both what is possible, what is necessary and what has been recommended by UNISON & the STUC.

A small but real increase in resources is not spread across services but concentrated in Scottish Government priorities. The cut of £200m in the affordable housing budget to (inadequately) pay for a Council tax freeze exemplifies this. Other areas will struggle with standstill budgets (ie real terms cuts) or actual cuts.

## Additional reading

- [Scottish Governemnt Budget docs](#)
- [Fraser of Allander Institue assessments](#)
- [STUC - Raising tax to deliver for Scotland](#)



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