

Scottish Government spending plans

Briefing on ...

Draft Budget 2010-11

Introduction

The Finance Minister John Swinney has published the draft spending plans for 2010-11. The consultation and parliamentary scrutiny processes are now underway with the Budget Bill expected to be tabled in January 2010.

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Budget changes

This budget has to be seen in the context of a tightening UK public spending environment. We will get a clearer picture of UK spending in the Chancellor's autumn statement and where he makes cuts will be significant for Scotland. Reductions in devolved areas at UK level have more serious Barnett formula consequential than reserved areas like defence.

In nominal terms the Scottish budget will increase next year. However, after taking account of inflation spending will fall by 0.7% - the first cut since devolution. This trend is likely to continue with an estimated spending cut of nearly 9% by 2013/14.

Spending by Portfolio

	2009-10	2010-11	2010-11	real change	% change	
	nominal	nominal	real	09-10 to 10-11	nominal	real
Office of the FMin	290.4	294.9	290.5	0.1	1.5%	0.0%
Finance & Sustainable Growth (F&SG)	2,878.9	2,718.0	2,677.8	-201.1	-5.6%	-7.0%
Health & Wellbeing	11,821.9	11,834.3	11,659.4	-162.5	0.1%	-1.4%
Education & Lifelong Learning	2,648.8	2,716.9	2,676.7	27.9	2.6%	1.1%
Justice	1,178.6	1,215.0	1,197.0	18.4	3.1%	1.6%
Rural Affairs & the Environment	626.9	625.6	616.4	-10.5	-0.2%	-1.7%
Scottish Parliament & Audit Scotland	110.9	114.2	112.5	1.6	-2.9%	1.5%
LA Grants	9,589.9	9,809.0	9,664.0	74.1	2.3%	0.8%
Crown Office/PF	118.7	119.2	117.4	-1.3	0.4%	-1.1%
Scottish Government Administration	270.0	262.2	258.3	-11.7	-2.9%	-4.3%
TOTAL DEL	29,535.0	29,709.3	29,270.2	-264.8	0.6%	-0.9%
TOTAL AME	5,330.1	5,431.7	5,351.4	21.3	1.9%	0.4%
TOTAL MANAGED EXPENDITURE	34,865.1	35,141.0	34,621.7	-243.4	0.8%	-0.7%

Source (CPPR Budget Briefing 1)

Further
info

**Budget
papers**

<http://www.scotland.gov.uk/Publications/2009/09/17/09383170>

**CPPR
Briefing**

http://www.cpr.ac.uk/media/media_132053_en.pdf

**UNISON
Budget
submissions**

<http://www.unison-scotland.org.uk/response/index.html>

Local Government

Total local authority support is cut in real terms by 0.5%. However, revenue grants are increasing by over £400m (+5.2%) at the expense of capital expenditure that reduces by £189m (-18%).

The budget assumes that local authorities will continue their commitment to freeze council tax rates and reduced rates for small businesses, a policy that is looking increasingly difficult to justify. The accumulated cost of the Council Tax freeze will be £210m in 2010-11 and the Small Business Scheme £93m. These are resources that are urgently needed to meet the increasing demands on councils during the recession. During this period English Council Tax increases have averaged 2.8% per year.

Health

The overall Health and Wellbeing budget is cut by 1.4% in real terms. However, the specific health revenue budgets have done much better with health boards receiving a 1.2% real terms increase. Health has actually secured over 50% of the additional nominal budget this year. The losers in health include the capital budget and education and training for all staff. Despite this relative increase it is clear that a number of individual health boards face a difficult financial year. Health inflation is always higher than normal inflation and other cost pressures are growing (see UNISON submission to Health Committee for more detail).

Housing and regeneration

Housing and regeneration are big losers in this budget. There is a 30% real term cut in housing and a 72% cut in regeneration. These cuts mainly fall in capital budgets reflecting the acceleration in spending this year and last.

Education and lifelong learning

There is an overall real term increase in this budget of 1.1%. The main gainers are schools and FE capital budgets. However, education, training and lifelong learning budgets are reducing in real terms. These are services that are likely to come under pressure in a recession. As are services for children and social care that are also cut.

Transport

Rail services (-2.3%), motorways and trunk roads (-2%) are both facing real term cuts. The privatised trunk road maintenance budget is rising from £56m to £65.8m.

Justice

The Justice budget is increasing by 1.6% in real terms. The biggest gainer is the prison service with a 5.2% real term increase but the community justice budget is cut. There is more cash to fund additional police officers, funds that could have been better spent on civilianisation. Police support services budget that includes the SPSA is significantly cut.

Other Budgets

Management consultants will no doubt welcome the increase in the public service reform budget from £17m to nearly £24m. The Scottish Futures Trust gets another big increase in funding to promote PPP schemes like the hub initiative and pay some of the largest salaries in the public sector.

Action for branches

The government needs the support of other parties in order to pass this draft budget, therefore changes are likely. Branches should monitor their employers' plans closely, particularly the ongoing 2% efficiency savings and send information on the impact of cuts to the P&I Team.