

Deputy First Minister and Cabinet Secretary for Finance
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airson Ionmhas
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Kenneth Gibson MSP
Convenor
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
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By email: fpa.committee@parliament.scot

14 March 2024

Dear Kenneth,

The Office for Budget Responsibility (OBR) published updated UK Government tax revenue and social security benefits expenditure forecasts on 6 March 2024. HMT have used these forecasts to calculate updated Block Grant Adjustment (BGA) estimates for the Scottish Budget 2024-25 and later years. Table A in the annex to this letter outlines the BGAs for Income Tax, Land and Buildings Transaction Tax (LBTT), Scottish Landfill Tax (SLfT), and the devolved Social Security benefits.

These BGAs show the direction of travel since the last OBR forecast at the Autumn Statement, but the true impact on Scotland's finances will not be clear until the Scottish Fiscal Commission (SFC) next publish their forecasts for tax revenue and social security benefits expenditure in Scotland, which will be outlined in the Scottish Government's Medium-Term Financial Strategy 2024.

Please note that for all fiscal events since the Scottish Budget 2023-24, HMT have used the ONS' mid-2020 population estimates rather than the more recent mid-2021 population ones. This is because mid-2021 estimates apply an inconsistent census methodology between Scotland and the rest of the UK on account of the delayed Scottish census data. When mid-2021 estimates are revised to include Scottish census data for Scotland, a reconciliation will take place for population outturn.

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My officials will be happy to answer any further questions you have.

Yours sincerely,

SHONA ROBISON

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ANNEX A

Table A: Block Grant Adjustments - OBR forecasts March 2024 (£m)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Income Tax	-14,948	-16,851	-17,791	-18,548	-19,368	-20,181	-20,904
LBTT	-697	-520	-575	-620	-706	-805	-905
SLfT	-95	-78	-81	-80	-77	-81	-81
Total Tax	-15,741	-17,449	-18,447	-19,247	-20,151	-21,067	-21,890

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
AA	548	647	737	768	781	797	827
PIP	2,024	2,478	2,894	3,159	3,424	3,704	3,971
DLA	735	830	893	918	945	974	981
CA	308	354	393	416	439	461	471
IIDS	78	84	86	83	80	78	76
SDA	6	6	5	5	4	3	3
CWP	22	6	6	6	6	6	5
WFP	N/A	N/A	179	182	183	182	182
TOTAL SS	3,721	4,405	5,192	5,536	5,862	6,205	6,517

indicates outturn data

All BGAs are calculated using the IPC method

Figures may not sum due to rounding

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