

SCOTLAND'S SPENDING PLANS AND DRAFT BUDGET 2016-17



The Scottish
Government
Riaghaltas na h-Alba

SCOTLAND'S SPENDING PLANS AND DRAFT BUDGET 2016-17

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FOREWORD

**by the Deputy First Minister and
Cabinet Secretary for Finance,
Constitution and Economy**



The Scottish Government believes that with a relentless focus on tackling inequality and boosting productivity, we can create the foundations for a stronger and more inclusive economy. A fairer and more prosperous nation, where everyone is able to contribute their talent, skill and commitment is also key to delivering better public services.

We will achieve these aims by ensuring Scotland is the best place in the UK to do business by focusing on innovation, skills and investment. We will also seek to mitigate the worst effects of the UK Government's austerity cuts and protect the key public services that benefit everyone.

To do so we will continue to deliver ambitious reforms as guided by the Christie Commission principles to ensure that public services remain sustainable and deliver improved outcomes for those that use them.

These aims lie at the heart of our Programme for Government, Scotland's Economic Strategy and this Draft Budget.

The setting of this budget has, however, taken place against the backdrop of the toughest public expenditure conditions we have yet faced. Conditions imposed by the UK Government out of choice, not necessity.

The UK Spending Review published last month made clear that public expenditure in Scotland will face year-on-year real term reductions until the end of this decade. This means Scotland's budget will continue to fall and by 2020 it will be 12.5 per cent lower in real terms than when the Conservatives came to power in 2010. This is the equivalent of one pound in every eight we spend being cut by Westminster by 2020.

This imposes acute challenges on day-to-day spending.

This Draft Budget sets out how we will take on this financial challenge while continuing to deliver on Scotland's priorities.

We remain constrained in the powers we have available to directly offset the Chancellor's continued austerity. New economic, tax and welfare powers – albeit extremely limited – will not be delivered until later in this Spending Review period.

But it is still possible to take an alternative approach and reject UK Government austerity.

By targeting public sector investment in the economy, by reforming public services, and through the commitment of public servants across Scotland to deliver for our citizens, we can achieve better outcomes.

As in previous years, we will pursue this ambition in partnership with local government, by working collaboratively with the private sector and the third sector and by aligning the approach of public sector organisations throughout Scotland.

This Draft Budget accelerates this approach.

It supports the most significant reform to the Health Service and Social Care since its creation in 1948 and provides for major investment in the public services that we value the most.

It supports ambitious programmes to tackle inequalities and to ensure that everyone in society has the opportunity to fulfil their potential.

And it supports the delivery of a strong and inclusive economy as set out in our economic strategy by investing in skills, Scotland's digital future and infrastructure.

Scotland's Economic Strategy is built around improving productivity through innovation. This budget continues to support this through our Enterprise Agencies, the Scottish Funding Council and Scotland's Universities. But it goes further. We believe that our approach to innovation support needs greater focus to maximise economic impact. This will be the next major reform the Scottish Government embarks upon.

What we will not do is follow in the UK Government's footsteps and place an even greater burden on the lowest-paid taxpayers. We reject such regressive approaches to the public finances.

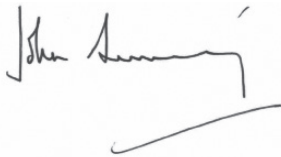
This budget marks the first occasion in which a Minister of the Scottish Government will set an Income Tax rate for Scotland, but we recognise the limitations of this power as currently devolved.

The Income Tax power for next year only allows us to raise or lower all tax bands by the same amount in lock-step. We do not have the power to only raise the upper band or reduce just the lower bands. Nor do we have the power to introduce new bands.

The tax decisions which I took in the 2015-16 budget reflected our principles-based Scottish approach to taxation, particularly that taxes should be proportionate to the ability to pay. We have held to that principle and concluded that the Income Tax power we have right now cannot deliver it.

In this Draft Budget the Scottish Government is acting to promote our economy, deliver opportunities for all and protect and reform our public services to meet the challenges of the future.

In challenging times, it is a budget for growth and reform. It is a budget for Scotland.

A handwritten signature in black ink, appearing to read 'John Swinney', with a long horizontal flourish underneath.

John Swinney MSP
Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy

CHAPTER 1

Strategic Context for Draft Budget 2016-17

INTRODUCTION

This Draft Budget sets out the Scottish Government's spending plans for 2016-17 and a strategic vision for Scotland's public finances over the Spending Review period to 2019-20.

The continuation of the UK Government's austerity agenda has provided a challenging context for our spending plans. We are determined however to build on the consistent approach adopted by this Government since 2007 to create opportunities for all of our citizens to flourish through increasing sustainable economic growth.

Our focus on growing Scotland's economy in an inclusive and sustainable way, and enhancing our public services, has delivered benefits and improved outcomes for the people of Scotland.

- Our economy has now grown in each and every quarter of the last three years – the longest period of uninterrupted growth since 2001 – with strong export growth and excellent performance in securing international investment.
- We have invested heavily in infrastructure – the new Queensferry Crossing, hospitals, schools, railways, broadband connectivity, housing and roads – modernising services and boosting economic growth.
- Employment in Scotland is above pre-recession levels and Scotland's economic activity, youth employment and female employment rates are all higher than in the UK as a whole.
- Staff numbers are at record levels in the National Health Service, up 8.4 per cent under this Government.
- We have worked to mitigate the most damaging effects of the UK Government's welfare cuts, including through the £38 million Welfare Fund, and are committed to using our new powers over social security to tackle the deep inequalities currently present in Scotland.
- We have delivered Curriculum for Excellence in our schools, reforming learning and teaching in the classroom and a record number of Higher and Advanced Higher passes were achieved in 2015.

- We have delivered 600 hours of free high-quality early learning and childcare for all 3 and 4 year olds and extended the offer to over a quarter of 2 year olds to help ensure Scotland is among the best places in the world in which to grow up.
- Our country is a safer place, with crime at a 41-year low, violent crime down by over half since 2006-07 and homicides at their lowest levels since records began.
- Carbon emissions have fallen by 38 per cent since 1990 ensuring we are in line to reach our 2020 interim targets.
- We have reformed key public services including police, fire and rescue services and further education.

The Programme for Government, published in September, reaffirmed our commitment to build on these strong foundations to create a Scotland that is fairer and more prosperous and in which local communities are empowered to influence the decisions that affect their lives.

The Draft Budget makes financial provision to support that vision by:

- protecting and reforming public services including the most significant reform in health and care since the creation of the NHS in Scotland in 1948;
- supporting innovation-led economic growth;
- improving infrastructure and increasing house building;
- increasing the focus on educational attainment; and
- mitigating UK Government cuts and protecting family budgets.

FINANCIAL CONTEXT

The Chancellor of the Exchequer's announcement of his spending plans for the period 2016-17 to 2019-20 continued the austerity agenda that the UK Government has pursued since 2010.

It is the Scottish Government's position that this agenda has been adopted by the UK Government out of choice rather than necessity. Whilst we recognise the need to ensure the public finances are on a sustainable footing, the scale of the cuts is unnecessary. The Scottish Government has consistently advocated and evidenced an alternative approach by the UK Government that would ensure the deficit is reduced whilst allowing significant additional investment in public spending, particularly on capital projects. Our suggested approach would allow an additional £150 billion across the UK in cumulative investment in public services compared to the Chancellor's current plans.

In contrast, the Chancellor's announcement confirmed that the funding Scotland will receive from the UK Government will have fallen by 12.5 per cent in real terms by 2019-20. This represents a real terms reduction in the Scottish Government's discretionary spending power of £3.9 billion.

The financial challenge faced by Scottish public bodies as employers is exacerbated by UK Government changes to employers' National Insurance and public sector pension contributions. Increases in rates set by the Chancellor will result in estimated additional paybill costs of around a quarter-of-a-billion pounds in 2016-17.

Other challenges arise from a slowing in the rate of receipts from non-domestic rates, with lower than forecast growth in the tax base and low inflation resulting in low growth in poundage. This budget also addresses the budgeting implications of recent changes to EU statistical classification of private and public boundaries for the Government's programme of revenue-financed infrastructure investment.

We welcome the increase to Scotland's capital budget over the period to 2020-21. However, because of the cuts the UK Government has already made to Scotland's capital budget, capital funding will still be over half-a-billion pounds a year lower in real terms in 2020-21 than it was in 2010-11.

The Spending limits for the Scottish budget are set out in Table 1.01 below.

Table 1.01: Scottish Government Departmental Expenditure Limits 2015-16 to 2019-20

SG Spending Limits – Cash Terms	2010-11 £m<	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
UK Government SR settlement – June 2013		29,649				
Subsequent UK Budget consequentials and transfers		492				
UK Government SR settlement – November 2015**			30,286	30,520	30,620	30,870
Total DEL	29,600	30,141*	30,286*	30,520*	30,620*	30,870*
Fiscal Revenue DEL	25,665	26,033	26,098	26,299	26,348	26,468
Non-cash DEL***	642	1,030	1,030	1,030	1,030	1,030
Capital DEL	3,293	2,692	2,832	2,904	3,027	3,187
Financial Transactions	-	386	326	287	215	185
Capital Borrowing Limits	-	306	316	319	324	337
SG Spending Limits – Real Terms (2015-16 prices)						
Fiscal Revenue DEL	27,884	26,033	25,662	25,402	24,975	24,573
Capital DEL	3,576	2,692	2,785	2,805	2,869	2,959
Total	31,460	28,725	28,446	28,207	27,844	27,531
Real-Terms Change – cumulative			-1.0%	-1.8%	-3.1%	-4.2%
Real-Terms Change on 2010-11 – cumulative		-8.7%	-9.6%	-10.3%	-11.5%	-12.5%

< Adjusted to include council tax benefit for comparison purposes.

* Excludes capital borrowing limits.

** 2016-17 includes the deferral of budget savings from June 2015 as agreed with HM Treasury.

***Actual allocations of ringfenced DEL (non-cash) have yet to be confirmed by HM Treasury.

The financial context provides a challenging settlement for our spending plans. However, the decisions we have taken to protect key services and to continue with our ambitious reform plans mean that we will still be able to deliver improved outcomes for the people of Scotland.

PROTECTING AND REFORMING PUBLIC SERVICES

Public services play a vital role in shaping both our economy and our society, making a major contribution to the wellbeing of our communities, promoting economic development and enabling people to participate more fully in society.

The Government has worked to protect public services and to pursue ambitious reform. Having removed the ringfencing of local authority budgets in our first term of office, we have encouraged a greater degree of joint working at local level between public bodies, with a strong focus on meeting the needs of individual citizens. The Christie Commission in 2011 reinforced this approach with its emphasis on integration of public services and a decisive shift towards preventative spending.

Since then, we have reformed the delivery of college education and the police and fire services with greater efficiency as a result.

This Draft Budget delivers an additional half-a-billion pounds for the NHS. That will enable investment of an additional £250 million to support the integration of health and social care and build the capacity of community-based services – this is the most significant reform in health and care since the creation of the NHS in Scotland in 1948. These transformational reforms, built on the principles of the Christie Commission, will mean fewer people need to go to hospital to receive care, but they will also ensure that where hospital care is necessary and appropriate, people will spend less time in hospital and return home more quickly.

This budget will also invest £45 million in improvements to primary and community care. Our investment will support the development of new models of care – where multidisciplinary teams of nurses, doctors, pharmacists, Allied Health Professionals and other clinicians, as well as social care specialists, work together to meet the needs of their communities.

We will also invest £200 million over the next five years in building six new elective treatment centres to equip the NHS to carry out the increased numbers of hip and knee replacements and cataract operations that our growing older population will require.

The budget requires a focused commitment to further efficiency across the public sector. The Government will take steps to extend digital applications in public services, increase the use of shared services, secure further value from procurement developments, ensure effective use of assets and reduce overlap between public services. The digital agenda will both produce savings and improve the quality of our services.

The people of Scotland value the benefits provided by our public services and the Scottish Government is determined to protect and reform those services. The budget delivers this objective by:

- increasing investment in Health in Scotland, by over £500 million, to deliver total planned spending of nearly £13 billion next year, up 6.5 per cent on comparable figures for 2015-16, and providing for a £250 million transformative new investment in the integration of health and social care services;

- providing for an increase of £17.6 million in the budget for the Scottish Police Authority, the first instalment in providing protection in real terms to the frontline policing resource budget in every year of the next Parliament – a boost of £100 million over the period. This Draft Budget goes further by delivering an additional £55 million to support a new phase of change and transformation funding for the police now that the initial consolidation phase of reform is largely complete;
- delivering a strong but challenging financial settlement for local government which will be strengthened by our joint working on health and social care integration and on improving educational attainment. The Government continues to place considerable importance on our partnership with local government and we will discuss with local government the approach to implementing this budget in advance of Stage 3 considerations; and
- ensuring the third sector continues to play a key role in the support provided to communities and in the delivery of public services by protecting the core budget of the third sector within government. We value the work of the sector in all its diversity and this budget will enable investment in third-sector activity and infrastructure.

SUPPORTING INNOVATION-LED ECONOMIC GROWTH

Innovation is a key driver of growth, competitiveness and productivity and the Government is determined to support this area of activity as it sits at the heart of Scotland's economic policy.

Scotland's universities are key to innovation and to higher value added in our economy. We have invested over four billion pounds in the higher education sector over the last four years, and continue to recognise its contribution by providing a further one billion pounds of funding in 2016-17. This substantial investment, within a tight financial settlement, protects the research process which is a fundamental strength of Scotland's universities.

We are committing funding in excess of £345 million to support research and innovation from our Enterprise Agencies and the Scottish Funding Council. But we believe that our approach to innovation support needs greater focus to achieve more significant economic impact. As our next major reform, the Scottish Government will work with all our partners – including the Enterprise Agencies, the Scottish Funding Council and the Universities – and with other stakeholders to further align our approach to innovation, to pool funding and to simplify the innovation landscape and access to support.

This will help us to create an innovation environment which drives the development of new products, processes and services through improved collaboration between industry and academia.

The budget will support our aims by:

- continuing to support commercialisation of world-class research in Scotland through our innovation centres. The Scottish Funding Council will provide £120 million of funding over six years (2013-19) to eight Innovation Centres. This will bring together university staff, research institutes, businesses and others to enhance innovation and entrepreneurship across Scotland's key sectors, harnessing big data, sensor technology and other major digital developments;
- maintaining provision of the Small Business Bonus Scheme that is delivering rates reductions for nearly 100,000 firms across Scotland but recognising that, in the face of a declining rate of receipts from Non-Domestic Rates, it is reasonable to make a modest increase to the Large Business Supplement and make changes to some other reliefs;
- promoting the Scottish Business Pledge for companies that show public leadership and commitment to these values. More than 150 companies in Scotland have signed up. We are also championing the adoption of the real Living Wage and there are now 400 Living Wage accredited employers in Scotland, up from just 34 last year; and
- ensuring Scotland continues as a world leader in support of social enterprise, to invest in, and develop, the sector.

IMPROVING INFRASTRUCTURE AND INCREASING HOUSE BUILDING

The Scottish Government has placed considerable emphasis on public sector investment in infrastructure to stimulate economic recovery. Much of the post-recession growth in the construction sector has been delivered by investment in public sector infrastructure including the successful delivery of the commitment to deliver 30,000 affordable homes over the course of this Parliament. This sustained and consistent investment programme has helped to boost the economy and will be taken forward by:

- total investment in housing supply of around £690 million, with an increase of around £90 million in affordable housing supply compared with 2015-16 – the first step in our commitment to provide 50,000 new affordable homes by 2020-21;
- further investment of £115 million in Scotland's digital infrastructure to help towards our 2017 target to ensure 95 per cent of premises in Scotland have access to next generation broadband, alongside our investment through the Emergency Services project which will enhance mobile coverage;
- completion of the Queensferry Crossing, rendered even more necessary by the temporary closure of the Forth Road Bridge for essential repairs;
- almost £1 billion investment in other roads and transport projects, including completion of the electrification of the Edinburgh-Glasgow rail line and of the Aberdeen Western Peripheral Route; and

- ensuring that our investment in digital connectivity underpins our overall strategy to harness the opportunities of digital across all aspects of Scottish life. This supports growth through investment in skills and innovation, improving our public services by developing more, well-designed online services and making growth more inclusive by increasing digital participation.

INCREASING THE FOCUS ON EDUCATIONAL ATTAINMENT

To build a stronger, more sustainable economy and a more equal society, we must utilise the talents of everyone in Scotland and ensure that they have the opportunity to fulfil their potential. Our focus on inclusive growth means we are committed to tackling inequality of opportunity which can start at a young age. At the heart of our approach are our actions to improve educational attainment.

The budget provides for this aim by:

- investing in our schools to ensure that every child in Scotland has the opportunity to fulfil their potential. The £33 million investment in attainment, which will support the four-year £100 million Scottish Attainment Challenge, will help close the attainment gap between children in our most and least deprived areas;
- delivering high-quality schools and community health facilities through our new Hub programme of revenue-funded infrastructure investment;
- delivering 600 hours of free high-quality early learning and childcare for all 3 and 4 year olds and vulnerable 2 year olds, and working towards 1140 hours by the end of the next Parliament;
- expanding the Education Maintenance Allowance and Modern Apprenticeship programmes to help more young people fulfil their potential; and
- protecting investment in our further education system while ensuring investment in higher education is above £1 billion; to widen access to students from disadvantaged backgrounds; to create a wide range of learning options starting in the senior phase of Curriculum for Excellence; and to streamline the learner journey to maximise the positive impact of post-school education and training on all learners.

MITIGATING UK GOVERNMENT CUTS AND PROTECTING FAMILY BUDGETS

The welfare reform agenda of the UK Government is presenting real difficulties for many hard-pressed families in Scotland and impacting on some of the most vulnerable in our communities. In contrast, the Scottish Government will continue to do whatever it can to protect family incomes.

The budget will support this by:

- maintaining our commitment to support people in Scotland affected by the UK Government's welfare cuts through measures including the allocation of £38 million to the Scottish Welfare Fund, up to £343 million for the Council Tax Reduction Scheme and £35 million to ensure nobody pays the 'bedroom tax';
- continuing to ensure that higher education is based on the ability to learn and not the ability to pay;
- ensuring that prescriptions and regular eye checks remain free;
- providing free concessionary travel to our older, disabled and young people;
- ensuring free school meals continue for children in early learning and childcare and P1-P3;
- ensuring free personal and nursing care, one of the key achievements of the Scottish Parliament, is maintained as a vital part of the reformed community based health and social care service;
- fulfilling our Manifesto commitment to freeze the Council Tax in every budget for the duration of this Parliament in advance of responding to the conclusions of the Commission on Local Tax Reform; and
- setting a public sector pay policy for 2016-17 that, unlike the UK Government, targets support for those on low incomes, including through a requirement on employers to pay the Scottish Living Wage, raising to £22,000 the low pay threshold beneath which employees receive a minimum pay increase of more than 1 per cent and maintaining the No Compulsory Redundancy policy.

TAXATION

The 2016-17 Draft Budget marks the first time that the Scottish Government will propose a Scottish Rate of Income Tax (SRIT). This is the third and final tax power being devolved under the Scotland Act 2012. The principles underpinning our approach to taxation were clearly established in the design of the Land and Buildings Transaction Tax (LBTT). However, the Scottish Rate is only a partially devolved power, and its design limits flexibility for the Scottish Government to build on the progressive steps delivered with LBTT. Our proposals in relation to all taxation matters are set out in Chapter 2.

The successful operation of the fully devolved taxes by Revenue Scotland has seen over £250 million of taxes generated in the first half of 2015-16.

The Scotland Bill currently being considered promises more tax powers with greater flexibility to design tax policy to serve the people of Scotland and its economy. A fiscal framework which is fair and delivers on the principles of the Smith Commission is a pre-requisite before the Scotland Bill can be recommended to the Scottish Parliament.

FUTURE PLANS

The UK Government published a Comprehensive Spending Review in November for 2016-17 to 2019-20. While this provided an illustrative profile for future Scottish Block Grants from the UK Government, two factors prevented a full Scottish Spending Review being conducted at this time.

First, the UK Spending Review was delivered much later than normal. This has already forced the Scottish Parliament to implement a truncated process for review and scrutiny, therefore, it would not be practical to undertake a full Spending Review in the time available.

Second, Scottish Ministers continue to discuss the fiscal framework that will underpin future Scottish Block Grants from the UK as part of the Scotland Bill. Any agreement will have a material impact on the powers and resources available to Scotland.

It is, however, possible to set out key themes and priorities which will drive the future Scottish Spending Review.

Progressive Taxation

The Scottish Government is committed to a progressive taxation system and has applied this to decisions on existing tax powers. We will apply this to future decisions across our expanded range of tax levers and will set out our intentions on Income Tax for the remainder of this Spending Review period before the end of this Parliament.

Protection and Reform of Public Services

We will prioritise investment in vital public services such as in health and education, supported by ambitious reforms to ensure that these services remain sustainable and deliver improved outcomes. Our priorities will include:

- increasing the NHS frontline budget in real terms and delivering the most significant reform of the Health Service since its foundation through the integration of health and social care;
- protecting the police resource budget in real terms, securing the benefits of the reforms undertaken in this Parliament; and
- supporting the digital transformation of public services.

Coherence of Public Spending and Investment

The partnership approach the Scottish Government has taken has delivered significant benefits to date. It has delivered, for example, better and more stable industrial relations across the public sector and, through the removal of ringfencing, it has increased Local Government's flexibility.

This approach will continue and be extended to drive greater coherence and efficiency in public spending. Our priorities will include:

- working with the higher education sector to set out a long-term partnership, underpinned by ongoing significant investment to support the delivery of key priorities including our economic strategy and our widening access ambitions;
- reforming the way that innovation is supported to ensure greater focus and maximum economic impact; and
- reforming the local taxation system in light of the publication of the report of the Commission on Local Tax Reform.

Delivering Sustainable Economic Growth

Our central aim is to create the foundations for a stronger, more inclusive economy and a fairer, more prosperous nation, through sustainable economic growth.

Our priorities include:

- delivering 50,000 new affordable homes by 2020-21;
- continuing to invest in our economic and social infrastructure, supporting jobs, enhancing our asset base and improving connectivity;
- reviewing the system of Non-Domestic Rates to ensure Scotland's system of business rates minimises the barrier to investment, is responsive to economic conditions and supports long-term economic growth and investment;
- increasing free childcare provision is an important step to enabling parents to pursue their careers, and to allowing businesses to retain skilled and talented employees. We will significantly expand the provision of childcare – almost doubling free nursery hours – increasing capital and revenue investment and making it easier for parents to enter the labour market; and
- continuing to invest in steps to meet our climate change and climate justice obligations, including significant investment in domestic energy efficiency.

Tackling Inequalities

We are committed to tackling inequalities and making Scotland a fairer, more equal country.

We expect that new welfare powers will come to Scotland over the life of the next Parliament. These will give us responsibility for a range of benefits that will allow us to create a more coherent and responsive package of intervention and support for some of the most vulnerable people in Scotland. We will use these powers to support people with disabilities in a fair social security system.

Our priorities include:

- investing in our schools to ensure that every child in Scotland has the opportunity to fulfil their potential through the four-year £100 million Scottish Attainment Challenge and by continuing to implement the recommendations of the Commission for Developing Scotland's Young Workforce;
- using our new powers to reform the way in which we provide support to help unemployed Scots to find and stay in work rather than replicate the broken system of support deployed by the UK Government;
- taking forward the recommendations of the Poverty Commission and the Fair Work Convention to help tackle inequality and mitigate poverty; and
- supporting employers in moving to the Living Wage and improving the productivity of Scotland's workforce.

CHAPTER 2

Scotland Act Tax Provisions

INTRODUCTION

This is the second Draft Budget in which our spending plans are partly underpinned by the revenue-raising powers devolved by the Scotland Act 2012.

Since 2015-16 a modest proportion of Scottish spending has been funded by revenues from Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT), two taxes established by the Scottish Parliament to replace existing UK taxes.

For the first time in 2016-17 the Scottish Parliament will be able to set the Scottish rate of income tax (SRIT).

This chapter provides further information on the proposed Scottish rate of income tax and the rates and thresholds proposed by the Scottish Government for the devolved taxes (including a new LBTT measure), the sums we forecast will flow in tax receipts in 2016-17, and the adjustment to our block grant to reflect the new tax powers.

THE SCOTTISH RATE OF INCOME TAX

The Scottish Parliament will have the power to set the Scottish rate of income tax for the first time for the tax year 2016-17. Unlike the devolved taxes, the Scotland Act 2012 provides that income tax will be a shared tax¹. The Scottish Parliament has the power to set the rate, while all other aspects of the collection, management and enforcement of income tax remain a matter for the UK Government and HMRC.

The Scotland Act 2012 provides that the UK income tax rates will be reduced by 10 percentage points (i.e. 10p in the pound). It is then up to the Scottish Parliament to set one rate (the Scottish rate) that will be applied to the UK income tax rates minus 10 percentage points. The rate set can be any whole number or half a whole number.

Setting a rate greater than 10 per cent would have the effect of increasing income tax rates in Scotland when compared with the rest of the UK. If the rate was set lower than 10 per cent, Scottish income taxpayers would pay less income tax than people in the rest of the UK. Setting a rate of 10 per cent would mean that the overall income tax rates would remain the same in Scotland as in the rest of the UK. The Scottish Budget will bear the financial consequences of these decisions.

¹ The power to set the rate only applies to non-savings, non-dividend income.

The Scottish Government, therefore, will now need to propose a Scottish rate before every tax year for the Scottish Parliament to vote on. Failure to set a rate would have the same effect as setting the Scottish rate at zero. This would result in the income tax rates that apply in Scotland being reduced by 10 percentage points with an equivalent reduction to the Scottish budget.

The introduction of the Scottish rate means that the 2016-17 tax year is the first year in which Scottish taxpayers require to be separately identified from taxpayers in the rest of the UK, as the Scottish rate is only payable by Scottish taxpayers. It is HMRC's responsibility to decide who is and is not a Scottish taxpayer. A Scottish taxpayer is defined in the Scotland Act 2012 as someone who is a UK taxpayer and has their main place of residence in Scotland. HMRC are currently writing to those people whose HMRC records indicate that they are a UK taxpayer with their main place of residence in Scotland.

HMRC have made the required changes to their systems to allow them to differentiate between Scottish taxpayers and taxpayers in the rest of the UK. There are advantages to allowing this work to bed in against a background of no change to the income tax rates that apply to Scottish taxpayers and taxpayers in the rest of the UK. Through such a period HMRC can ensure that all systems are functioning correctly and establish a Scottish income tax revenue baseline free of any potential behavioural impacts. This is a particularly important consideration given that the Scotland Bill that is currently being considered by the UK Parliament proposes enhanced powers for the Scottish Parliament over income tax rates and bands and would apply to all Scottish non-savings, non-dividend income tax. This new power could be implemented for tax year 2017-18.

Proposed Scottish Rate of Income Tax

The Scottish Government remains committed to the principle that taxes should be proportionate to the ability to pay. However, the powers in the Scotland Act 2012 require the Scottish Parliament to set one rate that is applied equally to all of the existing UK income tax rates. They do not allow the rate to be altered independently by hand nor do they allow any changes to be made to the bands that the rates apply to.

As such any rate set above 10 per cent would be levelled equally on all Scottish taxpayers. An income tax policy choice which saw an increase in the tax paid by basic rate taxpayers would not be consistent with either the Scottish Government's principles-based approach to taxation or the wider aims of *Scotland's Economic Strategy* which includes tackling inequality.

For 2016-17 we propose a Scottish Rate of 10 per cent that will apply from 6 April 2016.

This means that the total income tax rates that apply to Scottish income taxpayers will remain the same as those that apply to income taxpayers in the rest of the UK.

The inflexible nature of the current Scottish rate-setting power, in that it must apply equally to all tax bands, makes it impossible for the Scottish Government to act to make income tax better reflect the taxpayer's ability to pay. As the same rate is added to the existing UK rates *minus* 10 percentage points, any increase above a 10 per cent rate would have a disproportionate effect on the amount of tax paid by people on very low taxable incomes against their current tax bill, and any decrease would disproportionately benefit those people with high incomes.

Table 2.01: showing the impact of the proposed Scottish rate of 10% for tax year 2016-17.

Current UK Income tax rates	UK tax rates reduced by 10 percentage points	Scottish rate set by Scottish Parliament for tax year 2016-17	The income tax rates that would apply in Scotland in 2016-17
Basic rate 20%	Reduced Basic rate 10%	10%	Reduced UK rate 10% plus Scottish rate 10% = Basic rate of 20%
Higher rate 40%	Reduced Higher rate 30%		Reduced UK rate 30% plus Scottish rate 10% = Higher rate of 40%
Additional rate 45%	Reduced Additional rate 35%		Reduced UK rate 35% plus Scottish rate 10% = Additional rate of 45%

Forecast tax revenues and block grant adjustment for SRIT

The Office for Budget Responsibility (OBR) produces an estimate of what setting the Scottish rate at 10p would raise in its *Economic and Fiscal Outlook – Devolved Taxes Forecast* publication. This figure is updated with each fiscal event, and is supported by a published methodology note². The methodology employed has been discussed with the Scottish Government, and Scottish Government officials participate in challenge meetings convened by the OBR before every new forecast is published.

The latest *Devolved Taxes Forecast*³, published alongside the UK Government's Autumn Statement in November this year, forecast that a Scottish rate set at 10p would raise £4,900 million in Scotland. This is, therefore, the figure that the Scottish Government's budget will be reduced by to account for the Scottish rate powers. This figure also forms the basis of calculating what the Scottish Government will receive from setting the Scottish rate.

The Command Paper, *Strengthening Scotland's Future*⁴, set out a transitional period for the Scottish rate during which the amount the Scottish Government receives will not be adjusted against the outturn amount of income tax collected by HMRC. Therefore the amount set out in Table 2.02 is the amount of revenue the Scottish Government will be able to draw down in 2016-17.

² <http://budgetresponsibility.org.uk/wordpress/docs/Forecasting-Scottish-taxes.pdf>

³ <http://budgetresponsibility.org.uk/pubs/Devolved-taxes-forecast.pdf>

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69803/Scotland_Bill_Command_Paper.pdf

Table 2.02: OBR forecast Scottish rate of income tax revenues and block grant adjustment in relation to the Scottish rate for 2016-17

	Forecast revenue £m
Scottish rate of income tax revenue. Rate set at 10%	4,900
Scottish rate of income tax. Block grant adjustment	(4,900)
Net effect on the Scottish budget	0

Scrutiny

As set out above, forecasts of receipts arising from the Scottish rate are made by the OBR, an independent forecasting body. As part of the scrutiny process, challenge meetings are held before every update to the forecasts. Both Scottish Government officials and members of the Scottish Fiscal Commission participate in these challenge meetings to ensure the robustness of any updates to the forecasts.

The forecasts are produced by the OBR and are subject to their own scrutiny process. The Joint Exchequer Committee gave a commitment to explore data sharing options between the Scottish and UK Governments such that responsibility for providing forecasts of the Scottish rate may be able to be transferred to the Scottish Government from the OBR. Once this responsibility has been transferred to the Scottish Government then the Scottish Fiscal Commission will provide the same scrutiny and comment on the Scottish rate forecasts as is currently undertaken for the fully devolved taxes.

LAND AND BUILDINGS TRANSACTION TAX

Rates and bands

We propose to maintain rates and bands of LBTT at their current levels, as summarised in the table below.

Table 2.03: Land and Buildings Transaction Tax rates

Residential transactions		Non-residential transactions		Non-residential leases	
	Rate		Rate		Rate
Up to £145,000	nil	Up to £150,000	nil	Up to £150,000	nil
£145,001 to £250,000	2.0%	£150,001 to £350,000	3.0%	Over £150,000	1.0%
£250,001 to £325,000	5.0%	Over £350,000	4.5%		
£325,001 to £750,000	10.0%				
Over £750,000	12.0%				

Existing tax rates and bands for **residential transactions** redistribute the tax burden from lower to higher value transactions in accordance with the principle that Scottish taxes should be proportionate to the taxpayer's ability to pay. These rates support the majority of first-time buyers, improving the affordability of new starter homes.

They also complement our commitment to support home ownership in a balanced and sustainable way by helping people on low to moderate incomes to become home owners, where that is affordable for them.

In the first six months of LBTT, our tax rates and bands for residential transactions have:

- taken over 5,700 additional house purchases out of tax compared to SDLT by setting a nil rate threshold of £145,000 (the SDLT nil rate threshold is £125,000);
- reduced the tax charge relative to SDLT for over 21,800 house purchases at or below £330,000; and
- ensured that over 93 per cent of taxpayers were no worse off than under SDLT, either paying less tax or paying no tax at all.

By maintaining these tax rates and bands for residential transactions in 2016-17 we will:

- take over 10,000 additional house purchases out of tax compared to SDLT;
- reduce the tax charge relative to SDLT for over 36,000 house purchases at or below £330,000; and
- ensure that over 93 per cent of house buyers are no worse off than under SDLT.

Maintaining these rates and bands for **non-residential transactions** will ensure that Scotland remains a competitive and attractive location for business.

LBTT supplement on additional homes

We propose to levy an LBTT supplement on purchases of additional residential properties, such as buy-to-let properties and second homes. This supplement will be 3 percentage points of the total price of the property for all relevant transactions above £40,000 and will be levied in addition to the current LBTT rates.

Table 2.04: LBTT additional homes supplement

Band	Existing LBTT rates	Additional homes supplement
Up to £40,000*	0%	3%
£40,000 up to £145,000	0%	3%
£145,001 to £250,000	2%	3%
£250,001 to £325,000	5%	3%
£325,001 to £750,000	10%	3%
£750,001 and above	12%	3%

* Supplement only payable on transactions above £40,000.

The 3 per cent supplement would be applied to the whole purchase price, and not just the proportion of the price above £40,000.

This measure is expected to come into effect from 1 April 2016 and we estimate that it will raise between £17 million and £29 million in 2016-17.

The proposed LBTT supplement imposes a greater tax burden on those purchasing residential property as an additional purchase, for investment or recreational purposes, compared to those seeking to purchase the property as a main residence. Our proposal complements our commitment to supporting home ownership in a balanced and sustainable way. It also helps to ensure that the tax charge is proportionate to the taxpayer's ability to pay, one of the principles underpinning the Scottish approach to tax.

The LBTT supplement on additional homes will apply to all properties purchased for over £40,000, introducing a tax charge for additional properties previously below the tax threshold. This targets the lower end of the market, where demand for properties for investment purposes or second homes could make it difficult for new entrants to the market to purchase a main residence.

We will shortly bring forward legislation to introduce this surcharge, which will be informed by close working and engagement with stakeholder groups.

SCOTTISH LANDFILL TAX

We propose that the following rates of Scottish Landfill Tax will apply from 1 April 2016:

Table 2.05: Proposed rates of Scottish Landfill Tax from 1 April 2016

Standard rate	£84.40
Lower rate	£2.65

These proposed rates ensure that the tax burden increases in line with inflation and match the planned UK Landfill Tax rates for 2016-17, as provided in the Finance Act 2015. This addresses concerns over potential 'waste tourism' were there to be a material differential between the rates of tax charged in Scotland and the rest of the United Kingdom. We consider that these rates continue to provide appropriate financial incentives to support delivery of our ambitious waste targets, including our Zero Waste goal that no more than 5 per cent of total waste should go to landfill by 2025.

The credit rate for the Scottish Landfill Communities Fund (SLCF) will be maintained at 5.6 per cent, which exceeds the planned UK credit rate of 4.2 per cent. This will ensure that landfill site operators in Scotland can contribute relatively more money to community and environmental projects than UK counterparts, without any increase in the overall tax burden.

Our SLfT rate proposals will be subject to parliamentary scrutiny, along with all other elements of this Draft Budget, before we formally introduce an Order seeking Parliament's approval of these revised rates.

We look forward to hearing the views of taxpayers, professional bodies and others on all of our tax proposals over the coming months.

FORECAST TAX REVENUES FOR THE DEVOLVED TAXES

We have prepared forecasts of the tax revenues which we expect to generate from LBTT and SLfT in 2016-17, as summarised below.

Table 2.06: Forecast tax revenues 2016-17

	Forecast revenue £m	Forecast revenue £m
Land and Buildings Transaction Tax		538
<i>of which:</i>		
Residential transactions – pre-measures	295	
Residential transactions supplement	23	
Non-residential transactions	220	
Scottish Landfill Tax		133
Total		671

These full-year forecasts are based on the tax rate proposals set out earlier in this Chapter and are the product of forecasting models developed by the Scottish Government.

These forecasts have been independently assessed by the Scottish Fiscal Commission. The Commission has today published its own report in which it assesses our forecasts as reasonable. A copy of that report is available from the Commission's website⁵.

For the first time this year, we have produced five-year forecasts for the devolved taxes. These forecasts have been produced to provide transparency around the medium-term assessment of Scotland's devolved public finances. They can be found in our devolved taxes forecasting methodology paper, which provides details on how we arrived at these forecasts.

These tax revenues will support a portion of planned Scottish spending in 2016-17.

Actual tax revenues will depend on performance of the residential and non-residential property markets, trends in landfill, and other factors. In future years' Draft Budget documents, we will report on outturn including any variances between forecast and outturn receipts. This information will be available in respect of 2015-16 in time for the preparation of the Draft Budget for 2017-18 in autumn 2016.

BLOCK GRANT ADJUSTMENT FOR THE DEVOLVED TAXES

The UK Government's Command Paper 'Strengthening Scotland's Future' set out arrangements for reducing Scotland's block grant. This was in recognition of the fact that, under the Scotland Act 2012, receipts from the fully devolved taxes (with effect from April 2015) will be added to the Scottish budget and will no longer be available to HM Treasury for funding general public expenditure.

Discussions have been taking place between the Scottish and UK Governments as part of the fiscal framework negotiations to agree a permanent block grant adjustment mechanism for the fully devolved taxes. Such a mechanism should be true to the agreed principles of Smith and deliver a fair outcome for Scotland.

Until a permanent agreement is reached on the adjustment mechanism, the Scottish and UK Governments have agreed a provisional one-year block grant adjustment for the fully devolved taxes in 2016-17 of £600 million. This agreement is without prejudice or precedent for the permanent block grant adjustment mechanism to be agreed as part of the fiscal framework.

We will also continue to report on the block grant adjustment applicable in respect of the devolved taxes, and will include a commentary on the adjustment.

SCOTLAND BILL 2015

The Scotland Bill 2015 proposes the further devolution of additional tax and spending powers to the Scottish Parliament. This follows the recommendations made by the Smith Commission report published in November 2014⁶. The Smith Commission also recommended that the devolution of these further powers should be accompanied by an updated fiscal framework for Scotland.

The Scotland Bill 2015, at the time of publishing the Draft Budget, is still subject to consideration and amendment by the UK Parliament. It is therefore not possible to give full clarity on the powers and functions being transferred and the costs associated with the delivery of these until the Bill is passed.

The Scottish and UK Governments have been discussing the detail of the fiscal framework, through the Joint Exchequer Committee, since June 2015. This is focused on securing a fair and workable outcome which delivers the recommendations made by the Smith Commission.

The fiscal framework should ensure the Scottish budget is no larger or smaller simply as a result of the devolution of further powers and give the Scottish Government the flexibility it needs to create a fair and prosperous Scotland. It should ensure that further devolution provides the right incentives and increases accountability – linking the Scottish Government's budget to Scottish economic performance. Scotland should retain the rewards of her success in the same way that we must bear the risks. It is also essential that the fiscal framework allows the Scottish Government to pursue distinct policies that meet the needs and wishes of the people of Scotland.

6 <https://www.smith-commission.scot/>

Alongside agreement on the block grant adjustment any agreement should provide the Scottish Parliament with additional revenue and capital borrowing and the full cost of administering and delivering the new powers.

Negotiations are continuing and both Governments aim to complete these as soon as possible in order to give respective Parliaments time for due consideration of both the fiscal framework and the Scotland Bill.

Income tax powers

The Scotland Bill proposes that the Scottish Government will have the power to set all rates and thresholds of bands, with the exception of the personal allowance. The Bill also proposes that the Scottish Government will receive all revenue from income tax on non-dividend and non-savings income arising in Scotland rather than the proportion currently allowed for under the Scotland Act 2012. Income tax will however remain a shared tax. HMRC will still be responsible for the collection and management of income tax in Scotland and the responsibility for defining the income tax base will continue to rest with the UK Government.

These additional powers would give the Scottish Government greater flexibility over options to pursue an income tax policy which could be better aligned with its principles-based approach to taxation. This greater flexibility would allow the Scottish Government to pursue a more progressive approach to tax policy better serving the people of Scotland and supporting economic growth, as it has done when setting tax policy for the devolved taxes.

Air passenger duty and aggregates levy

The Scotland Bill also provides for devolution of powers over air passenger duty (APD) and aggregates levy to the Scottish Parliament. As with LBTT and SLfT, the Scottish Government will use these new powers to put in place new arrangements which are consistent with the Scottish approach to taxation and which better meet the needs of the Scottish economy.

On APD, the Scottish Government has long held the view that the UK tax is an increasing burden on airports, airlines and passengers and holds back air route development and economic growth in Scotland. That is why the Scottish Government will use the devolution of powers over the tax to put in place new arrangements which will help boost Scotland's international connectivity and economic competitiveness. Internationalisation is one of the four priorities for sustainable economic growth which underpins *Scotland's Economic Strategy*. As set out in the 2015-16 Programme for Government, the Scottish Government will reduce the burden of APD in Scotland by 50 per cent. The reduction will begin when a Scottish replacement tax is introduced in April 2018 and will be delivered in full by the end of the next Scottish Parliament, expected to be in 2021. We will abolish the tax entirely when resources allow. We will publish a policy consultation paper on a Scottish replacement for APD in early 2016, building on the work of the stakeholder forum which we convened in August 2015.

Aggregates levy, a tax on the commercial exploitation of aggregate, will be devolved to the Scottish Parliament once ongoing legal issues in relation to the UK tax have been resolved. This will provide opportunities for the integration of waste and other environmental policies within Scotland. The Scottish Government will work with the UK Government and other stakeholders to address key issues such as double taxation.

CHAPTER 3

Portfolio Plans

This section of the document provides greater detail on the Draft Budget for 2016-17, for all portfolios. The Draft Budget for 2016-17 will, subject to Parliamentary consideration, form the basis of the Budget Bill 2016-17 which will be laid before the Scottish Parliament in January 2016.

2016-17 PROPOSED BUDGET

The Scottish Government's Total Managed Expenditure (TME) amounts to £37,133.5 million in 2016-17, including the Departmental Expenditure Limit (DEL) of £30,444.1 million.

Table 3.01 Total Proposed Budget for 2016-17

	DEL Resource £m	DEL Capital ¹ £m	DEL Total £m	AME & Other £m	Total £m
2016-17 Draft Budget					
Health, Wellbeing and Sport	12,443.8	494.5	12,938.3	100.0	13,038.3
Finance, Constitution and Economy	378.9	256.3	635.2	3,441.6	4,076.8
Education and Lifelong Learning	2,375.0	99.5	2,474.5	379.3	2,853.8
Fair Work, Skills and Training	252.5	-	252.5	-	252.5
Justice	2,437.5	74.8	2,512.3	-	2,512.3
Social Justice, Communities and Pensioners' Rights	6,960.0	1,319.5	8,279.5	2,768.5	11,048.0
Rural Affairs, Food and the Environment	498.0	62.4	560.4	-	560.4
Culture, Europe and External Affairs	212.0	31.7	243.7	-	243.7
Infrastructure, Investment and Cities	1,012.7	1,127.2	2,139.9	-	2,139.9
Administration	179.9	13.1	193.0	-	193.0
Crown Office and Procurator Fiscal Service	108.9	3.6	112.5	-	112.5
Scottish Government	26,859.2	3,482.6	30,341.8	6,689.4	37,031.2
Scottish Parliament and Audit Scotland	100.6	1.7	102.3	-	102.3
Total Scotland	26,959.8	3,484.3	30,444.1	6,689.4	37,133.5

1. DEL Capital includes Financial Transactions, details of which appear in relevant portfolio chapters.

All figures are in cash terms and are presented on a full resource basis, and include depreciation and impairment charges where appropriate.

In order to manage our budgets over the Spending Review period the Scottish Government will make use of the Budget Exchange Mechanism agreed with HM Treasury, whereby there is flexibility to carry forward underspends, within agreed limits, and draw them down the following year.

The proposed DEL capital budget reflects the Scottish Government's intention to utilise the borrowing powers available through the Scotland Act 2012. Given the variety of factors that impact on major projects, the capital programme will be proactively managed through the financial year.

EFFICIENCY SAVINGS

The Scottish Government expects every public body to deliver efficiency savings of at least 3 per cent per annum during the course of the current spending review and to report publicly on the action undertaken and the results achieved.

COMPARATIVE SPENDING

In order to ensure a transparent like-for-like comparison with previous years, the Level 3 tables throughout this document show the figures that were included in Draft Budget 2015-16, as updated for Budget Act 2015 alongside the Draft Budget 2015-16 proposals.

The Level 2 tables within the Portfolio chapters provide, for 2015-16, both the numbers detailed in last year's Draft Budget publication and the budgets as updated by the Budget Act 2015 as previously mentioned.

In order to aid comparison with previously published spending plans, Annex G 'Comparison 2008-09 to 2016-17' provides a presentation based on the current Cabinet Secretary portfolio structure.

REAL-TERMS FIGURES

Real-terms figures have been calculated using the latest estimated GDP deflators published by HM Treasury of 1.7 per cent for 2016-17.

CHAPTER 4

Health, Wellbeing and Sport

PORTFOLIO RESPONSIBILITIES

The Health, Wellbeing and Sport portfolio is responsible for helping the people of Scotland maintain and improve their health and wellbeing.

The Scottish Government is committed to high-quality services for the people of Scotland, as set out in our 2020 Vision for Health and Social Care. These services contribute directly to growth in the Scottish economy by ensuring that the people of Scotland can live longer, healthier lives in the community. That is why we are holding a national conversation on what a healthier Scotland should look like in the next 10-15 years and how people in Scotland can be supported to be as healthy as they can be, increasing the number of people who receive all of their care at home and never require a hospital admission. Where people need acute care in hospital, we aim for day surgery to be the norm whenever possible. When hospital stays must be longer we aim for people to be discharged as swiftly as it is safe for them to do so. Our services focus on prevention and early intervention, with significant investment in world-class research and development in medical/life sciences technology and innovation.

Quality is ensured by a relentless focus on improvement.

OUR PRIORITIES

Our health and social care systems must continue to evolve to meet the changing needs of the people of Scotland. The formal integration of health and social care in 2016 is one of the key pillars of our action to improve Scotland's public health record. Our investment in health and social care supports actions to help address health inequalities, support our ageing population, in the context of more people living with multiple conditions, and the availability of new drugs, treatments and technologies.

These priorities are being delivered against the backdrop of the UK Government cutting the Scottish Government's fiscal DEL budget in real terms by 12.5 per cent between 2010-11 and 2019-20.

This level of cut being imposed on the Scottish Government means that with increasing demand for services, our first priority is to invest in frontline services across health and social care. Our commitment to protect and enhance the frontline NHS resource budget in 2016-17 remains firmly in place. By contrast with the UK Government we see health and social care as parts of the same interdependent system, and so, through this budget, we will protect both NHS and social care spending. This approach ensures we can tackle Scotland's entrenched health inequalities.

Health Wellbeing and Sport investment is at record levels, exceeding £13 billion for the first time.

NHS Territorial Boards will receive a 5.5% uplift. This will include a £250 million investment to be directed to Health and Social Care partnerships, to ensure improved outcomes in social care.

We will also prioritise investment in transforming healthcare services to meet the needs of the future and to ensure delivery of our 2020 Vision. We will protect resource to support creativity and transformation and will invest £30 million specifically to support the transformational change agenda.

This year we will also invest £45 million in improvements to primary and community care. Our investment will support the development of new models of care – where multidisciplinary teams of nurses, doctors, pharmacists, Allied Health Professionals and other clinicians, as well as social care specialists, work together to meet the needs of their communities.

We will develop plans to establish six diagnostic and treatment centres across Scotland. These centres – based on the successful Golden Jubilee model – will allow us to meet the increasing demand for hip and knee replacements and cataract operations, to pick some of the most common procedures. Dedicated elective capacity will help tackle the knock-on effect that peaks in demand from unscheduled, emergency patients can have on planned, elective care.

Cancer remains an important priority and we will invest in improving diagnosis and treatment within the framework of our new cancer plan for Scotland that we will publish in 2016.

To confirm our commitment to prevention, and knowing that prevention must begin in the earliest years, the Scottish Government is investing record levels of funding over the four years to 2018, to increase the health visitor workforce by 500. This will ensure NHSScotland has the right levels of staff to provide universal visits and developmental reviews for children.

In funding NHS Boards, we will focus on delivering strategic priorities such as reducing health inequalities, by creating a new Outcomes Framework of over £200 million for in-year funding. This will empower Boards by giving greater local flexibility on decisions on how to maximise the value from this resource against clearly defined outcomes.

Further improvement on the quality of the care

- Integrate Health and Social Care – this will transform the planning and delivery of health and care services, improving quality and consistency, in order to improve outcomes. We will go further than the current annual investment of £130 million in the Integrated Care and Delayed Discharge Funds – by investing an additional £250 million per year through Health and Social Care partnerships to support the delivery of improved outcomes in social care. Integration will mean fewer people need to go to hospital to receive care, but where that is necessary and appropriate that they spend less time in hospital and are more likely to return home quickly,

improving their outcomes, their experience of care and the sustainability of the system. We will work with Health and Social Care Partnerships to reduce the number of people delayed in hospital, when clinically ready to be discharged, developing innovative ways of providing care, including housing-based solutions and increased use of intermediate care, such as step-down beds. We will also better utilise data and commissioning to deliver services that meet the needs of the growing population of people with longer-term and often complex needs, many of whom are older.

- Develop the role of Primary and Community Care – Primary and Community Care is where most healthcare interactions begin and end and we aim to have as many people as possible receiving care at home or in a homely-setting. To that end, we are working with GPs and other health practitioners to transform primary and community care through testing new models of general practice care such as practice ‘clusters’, as well as testing new models of out-of-hours urgent care, reflecting the findings of Sir Lewis Ritchie’s 2015 Review. This will inform the development of the new Scottish GP contract due to be in place by April 2017, with a sharper focus on tackling inequalities. We are also working with the BMA’s Scottish General Practitioners Committee (SGPC) to dismantle the Quality and Outcomes Framework (QOF) in preparation for the new contract in 2017, with transitional arrangements being developed for 2016-17. This will reduce bureaucracy further for GPs, freeing up more GP time to focus on patient care.
- Improve services for people with mental health conditions – by investing an additional £50 million over five years to take funding for mental health services innovation and development to £150 million over that period. The enhanced £150 million of investment will help develop new models of managing mental health problems in Primary Care, improve child and adolescent mental health (CAMHS) services, and bring down waiting times. There will be increased access to specialist services, and developments in person-centred care and treatment that do not treat mental and physical health in isolation of each other.
- Continue the drive to improve elective care performance to deliver sustainable waiting times standards – we will develop plans to establish six Diagnostic and Treatment Centres across Scotland to address the changing demographics of the nation over the next 25 years, particularly the growing number of people living into old age and very old age.
- Publish a palliative and end of life care strategic framework – this will set out actions to deliver palliative and end of life care that improves the quality of life of those for all who are facing problems associated with life-shortening illness.
- Publish a new cancer plan – focusing on all aspects of cancer care and treatment, from prevention through earlier diagnosis and treatment, care after treatment, research and intelligence to underpin and drive improved outcomes for patients.

- Continue to improve safety in all healthcare environments – building on the world-leading success of the Scottish Patient Safety Programme. We will continue the extension of this approach in Primary Care, maternity services, paediatrics, mental health, dentistry and medicines.
- Reduce healthcare associated infection (HAI) and antimicrobial prescribing and progress implementation of the National Falls Programme – we will protect the public and raise standards by strengthening professional regulation including supporting and implementing the Nursing and Midwifery Council’s revalidation process for nurses and midwives.
- Work with NHS Boards to roll out a national approach to supporting and assuring excellence in nursing and midwifery care – building on existing good practice, we will develop clear standards and support strong clinical leadership, to get staffing right through our workload and workforce planning tools and to ensure every nurse and midwife gets the support and training they need.
- Continue to prioritise person-centred care – learn from feedback to drive improvement, ensuring the voice of lived experience informs everything we do through our work on ‘Our Voice’ and the NHS feedback and complaints procedure. Supported self-management and self-directed support will be promoted, ensuring that people have the skills, knowledge, confidence and understanding to be the lead partners in their health and wellbeing.
- Improve our approach to supporting and improving outcomes for people with multiple conditions, including mental health conditions – through more productive interactions and effective collaborative care and support planning conversations, supported by enabling technology.
- Enhance support for improvement across health and care through the creation of a new Integration Improvement Resource – we will bring together a range of currently disparate improvement expertise within Healthcare Improvement Scotland. This Integration resource will provide responsive support to NHS Boards and local partnerships to improve health and social care outcomes for people across Scotland.
- Implement our five-year strategy to improve outcomes from Out of Hospital Cardiac Arrest (OHCA) so that Scotland becomes a world leader in the management of OHCA – so that by 2020 we will equip an additional 500,000 people with CPR skills and save 1,000 additional lives.
- Establish and develop the role of an Independent National Whistleblowing Officer (INO) – to provide an independent and external level of review on the handling of whistleblowing cases.

Improving the health of the population

- We know that ill-health can be founded in the earliest years, and we must tackle it there, at source. We will reinforce the Early Years Collaborative model, continuing to drive improvement across all public partners involved in a child's early years. We will align these efforts with the Maternity and Children Quality Improvement and Raising Attainment for All Collaboratives, to boost impact and efficiency. We will continue to develop the Family Nurse Partnership programme. We will also increase our investment in Health Visiting to ensure we retain our focus on the ambition to make Scotland the best place for children to grow up.
- We will refocus our efforts on health inequalities particularly in the context of benefits cuts from the UK Government which will directly impact those most at risk of ill-health. We will target improvement resources into Primary and Community Care in the most deprived areas of Scotland.
- Despite significant improvement in recent years, Scotland continues to have a poor record of healthy life expectancy and bear the costs associated with the resulting disease burden. We will continue to pursue a preventative agenda in partnership across the public sector, concentrating on tackling Scotland's relationship with alcohol, reducing tobacco-related harm by significantly reducing smoking rates, and in increasing levels of physical activity, including through sport, and improving oral health.

Securing the value and financial sustainability of the health and social care services

- We will establish a vision for the health and social care workforce for 2020, setting out a clear plan of actions which have immediate effect. We will continue to support the development and application of our ground-breaking Nursing and Midwifery Workload and Workforce planning tools.
- NHSScotland will work more efficiently whilst continuing to deliver improved quality. Our 'Framework for Quality, Efficiency and Value' sets out a range of approaches that Boards can utilise to realise this aspiration. We will continue to provide support to boards and will, additionally, facilitate the further spread of good practice through a 'Once for Scotland' programme of work.
- The Scottish Government is fully committed to continued investment in NHS Scotland infrastructure, which support high-quality health and social care services as well as contributing to the growth in the Scottish economy. Investment in Capital and Infrastructure will enable the following during 2016-17:
 - Continuing focus on the maintenance of our NHS estate and equipment replacement, providing £155 million of investment in these areas.
 - NPD programme (£215 million) – will progress four strategic new facilities: the Royal Hospital for Sick Children in Edinburgh; the Dumfries and Galloway Royal Infirmary; the new Scottish National Blood Transfusion Service Centre; and the replacement Balfour Hospital in Orkney.
 - Monklands Hospital Theatres and Critical Care (£6 million) – will continue the refurbishment and upgrade of the theatres and intensive care unit at Monklands District General Hospital.

- University Hospitals Ayr and Crosshouse (£9 million) – will provide safe, effective and person-centred urgent and emergency care in NHS Ayrshire and Arran.
- Radiotherapy Equipment Replacement (£8 million) – will provide funding to ensure timely upgrades and replacements of radiotherapy equipment.

Table 4.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Health	12,161.1	12,288.5	12,977.2
<i>of which:</i>			
NHS Territorial Boards	8,561.6	8,626.6	9,102.3
NHS Special Boards	1,064.0	1,064.1	1,099.7
Community Health Services	1,369.6	1,372.7	1,463.3
Departmental Allocations	1,165.9	1,225.1	1,311.9
Sport	71.8	71.8	45.8
Food Standards Scotland	15.7	15.7	15.3
Total Level 2	12,248.6	12,376.0	13,038.3
<i>of which:</i>			
DEL Resource	11,927.5	12,047.5	12,443.8
DEL Capital	219.1	226.5	489.5
Financial Transactions	2.0	2.0	5.0
AME	100.0	100.0	100.0

Table 4.02: Spending Plans (Level 2 Real Terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Health	12,161.1	12,288.5	12,760.3
<i>of which:</i>			
NHS Territorial Boards	8,561.6	8,626.6	8,950.1
NHS Special Boards	1,064.0	1,064.1	1,081.3
Community Health Services	1,369.6	1,372.7	1,438.9
Departmental Allocations	1,165.9	1,225.1	1,290.1
Sport	71.8	71.8	45.0
Food Standards Scotland	15.7	15.7	15.0
Total Level 2	12,248.6	12,376.0	12,820.4
<i>of which:</i>			
DEL Resource	11,927.5	12,047.5	12,235.9
DEL Capital	219.1	226.5	481.3
Financial Transactions	2.0	2.0	4.9
AME	100.0	100.0	98.3

Health

Table 4.03: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Resource		
NHS Territorial Boards	8,626.6	9,102.3
NHS Special Boards	1,064.1	1,099.7
Community Health Services¹		
General Medical Services	709.6	735.1
Pharmaceutical Services Contractors' Remuneration	177.7	180.9
General Dental Services	392.4	401.3
General Ophthalmic Services	93.0	101.0
Primary Care Fund	-	45.0
Departmental Allocations		
Outcomes Framework	230.4	216.5
Transformational Change Fund	0.0	30.0
Workforce and Nursing	154.0	153.6
Health Improvement and Health Inequalities	83.3	89.9
Care and Caring	17.4	72.7
Immunisations	28.9	31.0
Mental Health Improvement and Service Delivery	22.5	38.2
Integration Fund ²	113.5	-
Research	28.5	30.0
Distinction Awards	19.4	14.4
Access, Quality and Improvement	59.3	58.7
eHealth	9.9	13.7
New Medicines Fund	40.0	90.0
PPRS Rebate Income	(40.0)	(90.0)
Miscellaneous Other Services ³	160.4	68.1
Care Inspectorate	21.7	21.7
Resource Income	(126.5)	(139.1)
Funding transferred to Boards ⁴	38.4	-
Provision for Transfer to Health Capital	47.5	-
Revenue Consequences of NPD Schemes	14.0	18.0
Total Resource⁵	11,986.0	12,382.7

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Capital		
Investment	221.4	510.4
Financial Transactions	2.0	5.0
Income	(20.9)	(20.9)
Total Capital	202.5	494.5
Annually Managed Expenditure		
NHS Impairments	100.0	100.0
Total Health	12,288.5	12,977.2
<i>of which:</i>		
DEL Resource	11,986.0	12,382.7
DEL Capital	200.5	489.5
Financial Transactions	2.0	5.0
AME	100.0	100.0

Notes:

1. Allocations for 2016-17 for Primary and Community Care Services are still to be decided and are subject to UK pay negotiations with the professional groups concerned.
2. In 2016/17 all funding for Integration is now transferred to Board baselines on a recurring basis.
3. This includes an efficiency savings target in 2016/17.
4. Funding for projects which are now fully operational and therefore the funding has been transferred to Boards.
5. To assist with comparisons, the 2015/16 figures have been restated for a number of departmental allocations to reflect the new Outcomes Framework approach in 2016/17.

Sport

Table 4.04: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Sport and Legacy	68.5	42.5
Physical Activity	3.3	3.3
Total	71.8	45.8
DEL Resource	45.8	45.8
DEL Capital	26.0	-

Table 4.05: Territorial and Special Health Boards Spending Plans (Level 4)

Level 4	2015-16 Budget £m	2016-17 Draft Budget £m
Territorial Boards		
NHS Ayrshire and Arran	635.5	669.0
NHS Borders	184.1	194.0
NHS Dumfries and Galloway	265.8	279.4
NHS Fife	574.8	604.3
NHS Forth Valley	461.5	485.3
NHS Grampian	827.4	867.2
NHS Greater Glasgow and Clyde	1,975.4	2,078.9
NHS Highland	550.0	576.5
NHS Lanarkshire	1,051.7	1,106.8
NHS Lothian	1,225.7	1,289.7
NHS Orkney	41.3	43.1
NHS Shetland	40.7	42.6
NHS Tayside	660.9	699.2
NHS Western Isles	63.7	66.6
NRAC Parity Funding	-	30.0
Total	8,558.5	9,032.6
Special Boards		
NHS Waiting Times Centre	46.0	46.5
NHS Scottish Ambulance Service	212.1	218.5
NHS National Services Scotland	283.3	293.4
Healthcare Improvement Scotland	15.2	15.5
NHS State Hospital	34.2	34.3
NHS 24	62.7	64.6
NHS Education for Scotland	392.6	408.7
NHS Health Scotland	18.0	18.2
Total	1,064.1	1,099.7
Other Income	68.1	69.7
Total Territorial and Special Boards	9,690.7	10,202.1

What the budget does

The budget provides services to help people in Scotland to live longer and healthier lives, with reduced health inequalities and to provide more sustainable, high-quality and continually improving health and care services close to home.

NHS Boards provide free and universal frontline healthcare services for patients and their families. They work alongside Health and Social Care Partnerships to deliver seamless health and care services. NHS Boards will continue to build on their recent achievements in order to deliver quality healthcare services. Through their Local Delivery Plans and as part of the strategic commissioning plans within the integration arrangements, NHS Boards will demonstrate how they will work in partnership to deliver accelerated improvements for key priorities, such as tackling health inequalities and improving outcomes for patients and service users.

In 2016-17 we will:

- invest £250 million in Health and Social Care partnerships, to ensure improved outcomes in social care. This is in addition to the £130 million Integrated Care and Delayed Discharge Funds;
- develop new models of Primary and Community Care in general practice and in out-of-hours and develop a new Scottish GP contract, begin to dismantle the Quality and Outcomes Framework (QOF) and transfer its funding for GPs into the Global Sum. Support will also be provided for dental and optometrist teams in their vital work on oral and eye health, and work with pharmacists to deliver Prescription for Excellence;
- support NHS Boards to deliver elective and unscheduled waiting times targets and guarantees to ensure patients are able to access NHS services;
- continue the Detect Cancer Early programme focusing on breast, bowel and lung cancer to contribute to improvement in survival outcomes;
- continue to support enhanced access to specialist nursing and care, including specialist support for individuals with Motor Neurone Disease;
- improve services and outcomes for people with heart disease, stroke, cancer, diabetes, rare diseases and other long-term conditions through our focus on the whole patient pathway, earlier referral, speedier diagnosis and clinically effective treatments and follow up;
- through Independent Living Fund Scotland (ILF Scotland), continue to deliver payments of ILF support to severely disabled people, to enable them to live independently in the community;
- develop a more person-centred complaints process for NHSScotland, focused on improvement as a result of learning from feedback;
- support people to be able to manage their own mental health and continue to focus on prevention and anticipation through attention to early years, parenting and child and adolescent mental health;
- improve the quality of life for those with dementia and their carers and families, with a continuing focus on diagnosis and post-diagnostic support and care in all settings, including general hospitals;
- take forward the measures set out in our Strategy for a Tobacco-Free Generation, to reduce smoking rates to less than 5 per cent by 2034. We will do this by supporting young people to choose not to smoke, protecting people from second-hand smoke and supporting those who do plan to quit smoking;

- refresh the package of measures, including minimum unit pricing, which make up 'Changing Scotland's Relationship with Alcohol: a Framework for Action', and which tackle the harms associated with alcohol; and
- continue to develop Scotland's world-class system for sport, focused on increased participation and improved performance; investing in world-class facilities including a National Performance Centre for Sport and a National Para-sport Centre, which will both be completed in 2016; reduce inequalities and encourage greater equality of opportunity in relation to participation in sport and physical activity; and enhance the role of community sport.

Food Standards Scotland

Table 4.06: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Food Safety	10.7	10.3
Eating for Health	3.0	3.0
Choice (making it easier for consumers to make informed choices)	2.0	2.0
Total	15.7	15.3
<i>of which:</i>		
DEL Resource	15.7	15.3
DEL Capital	-	-
AME	-	-

What the budget does

Food Standards Scotland's (FSS) primary concern is consumer protection – making sure that food is safe to eat, ensuring consumers know what they are eating and improving nutrition. With that in mind, its vision is to deliver a food and drink environment in Scotland that benefits, protects and is trusted by consumers.

The objectives of FSS as set out in the Food (Scotland) Act 2015 are to:

- protect the public from risks which may arise in connection with the consumption of food;
- improve the extent to which members of the public have diets which are conducive to good health; and
- protect the other interests of consumers in relation to food.

In 2016-17 FSS will launch its first strategy to 2021 which will set out its vision and outline the key activities that it will undertake to move towards this vision, by using an outcomes based approach. Those outcomes will ensure:

- food is safe and authentic;
- consumers choose healthier diets;
- responsible food business flourish; and
- FSS is recognised as a trusted organisation.

CHAPTER 5

Finance, Constitution and Economy

PORTFOLIO RESPONSIBILITIES

Finance, Constitution and Economy is a wide-ranging portfolio and has a crucial part to play in promoting sustainable economic growth making Scotland the best place in the UK to do business and supporting strong, empowered communities.

This portfolio works with key delivery partners and has responsibility for growing the economy through its support of businesses, entrepreneurship, and innovation. It supports the tourism and energy sectors – including hydro carbon and renewable energy, heat and non-domestic energy efficiency. It funds the delivery of our digital strategy, a core part of our continuing approach on public service reform. The portfolio also has responsibility for administering pensions and personal insolvency in Scotland and parliamentary business, including the Scottish Parliamentary elections and the Scotland Act Implementation.

In March we updated our Scottish Economic Strategy building on the approach we set out in 2007 ‘to create a more successful country, with opportunities for all of Scotland to flourish through increasing sustainable economic growth’. The strategy aims to deliver this ambition by focusing on the two mutually supportive pillars of boosting competitiveness and tackling inequality. Our Programme for Government sets out the policies, actions and legislation that are needed to deliver this approach.

This approach is underpinned by four priorities:

- Investing in our people and our infrastructure in a sustainable way.
- Fostering a culture of innovation and research and development.
- Promoting Scotland on the international stage and to boost our trade and investment, influence and networks.
- Promoting inclusive growth and creating opportunity through a fair and inclusive jobs market and regional cohesion.

OUR PRIORITIES

Investing

In 2016-17 we will:

- make a transformational investment in our digital infrastructure, including the roll out of our next generation broadband programme beyond the target of providing 95 per cent coverage by end 2017. We will also work with partners to improve mobile coverage and test new models of operation to achieve our ambitions for world-class connectivity by 2020;
- support the development of the high-quality digital skills that Scotland needs and provide Scottish public services with access to the digital talent needed to meet the needs of people and businesses across Scotland;
- develop a national digital ecosystem in which digital services capabilities are shared efficiently across public sector services and ensure that we take full advantage of the opportunities offered by the effective management of data to improve outcomes and services;
- almost 100,000 business premises in Scotland – or over two in every five – now pay zero or reduced rates under the Small Business Bonus Scheme;
- extend the city deal approach to cities across Scotland and encourage regions facing economic challenge to work collaboratively on Regional Partnership Plans that identify how best to deliver a vision for inclusive growth;
- ensure Small and Medium Enterprises (SMEs) have access to finance through the introduction of the SME Holding Fund, utilising European Funding, to provide microcredit finance up to £25,000, loans up to £100,000 and equity investment up to £2 million through delivery partners in the public and private sector; and
- complement our efforts on energy efficiency with the development of Scotland's Energy Efficiency Programme (SEEP) and by further investment in Scotland's low carbon infrastructure through the low carbon Infrastructure Transition Programme and the Renewable Energy Investment Fund.

Innovation

We will:

- support innovation as a fundamental driver of long-term competitiveness. The Scotland CAN DO Innovation Forum will drive priorities to achieve greater innovation and entrepreneurship across the whole economy, underpinned by effective use of rapidly evolving digital opportunities;
- inject further pace into the delivery of digital public services and ensure that we take advantage of technology to transform the way in which we work in government and across public services;
- support stronger collaboration between business and academic experts through our new network of Innovation Centres, helping to raise their profile with businesses in Scotland and beyond;
- increase our investment in Interface, Scotland's central hub for connecting business here and internationally to our higher education and research institutes, raising Scotland's innovation profile at home and abroad;
- support Scottish Enterprise and Highlands and Islands Enterprise to assist more businesses to become innovation active. This will include promoting supply chain and customer-led innovation to encourage greater collaboration between large and small firms;
- encourage public sector and large and small firms to collaborate on projects through Scottish Enterprise's Scottish Open Innovation Programme;
- support Scottish Enterprise to develop a new Workplace Innovation Service by spring 2016;
- support the work of our Enterprise agencies and the Scottish Funding Council to implement Scotland CAN DO SCALE and support the delivery of the 'Scotland's Enterprising Schools' project;
- support continued technological development in the energy sector including continuation of extensive support to Wave Energy Scotland as it works towards putting wave energy technology on the path towards becoming a reliable, commercial product; and
- through our enterprise agencies, we will ensure that our key sectors seize the opportunities for innovation that digital technology presents. We will also continue to support businesses more generally in improving their digital maturity. To support this increasingly digital economy we will drive and support collaboration between industry and public bodies to produce the necessary pipeline of digital skills.

International

We will:

- establish new Innovation and Investment Hubs in London, Brussels and Dublin. They will provide places for government, agencies, public partners and the private sector to make international connections that will boost exports and inward investment, promote the research and innovation excellence of our businesses and universities and enhance international collaboration;
- support Scottish Development International to help companies expand internationally and to promote Scotland as an international destination for inward investment;
- support a greater proportion of Scottish firms to export through our upcoming Trade and Investment Strategy and our action on Growth Sectors whilst continuing to target areas where we have a clear advantage, such as food and drink and tourism; and
- further enhance our international profile as a world-class events destination. We have already successfully secured the European Sports Championships for 2018, the Solheim Cup for 2019 and the European Football Championships, UEFA Euro 2020.

Inclusive Economic Growth

We will:

- address regional disparities in economic performance recognising that all parts of Scotland face challenges while encouraging regions to work collaboratively to identify how best to deliver a collective vision for inclusive growth;
- work with employers, employees and trade unions, through the Scottish Business Pledge and the Fair Work Convention, to deliver fair work and inclusive growth;
- ensure a strategic approach to consumer and competition policy in Scotland in the light of further powers in the Scotland Bill;
- provide comprehensive support to help local communities take control of their own energy through the Community and Renewable Energy Scheme and the associated Local Energy Challenge Fund. This will include support for community investment in commercial schemes and negotiation of community benefits, as well as for directly-owned community projects;
- work with the third sector and business community to promote digital participation to provide the skills and confidence that people need to use and gain the benefits of digital technology; and
- provide Scottish businesses with easy access to the information and support they require through the continuing development of mygov.scot.

Table 5.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Public Pensions Agency	3,905.4	3,560.1	3,461.9
Revenue Scotland	4.3	4.3	5.2
Digital Strategy	50.9	50.9	116.0
Enterprise, Energy and Tourism	469.0	469.0	428.7
Accountant in Bankruptcy	1.8	1.8	1.2
Parliamentary Business & Government Strategy	75.9	75.9	63.8
Total Level 2	4,507.3	4,162.0	4,076.8
<i>of which:</i>			
DEL Resource	389.9	389.9	378.9
DEL Capital	226.6	226.6	220.8
AME	3,882.3	3,537.0	3,441.6
Financial Transactions	8.5	8.5	35.5

Table 5.02: Spending Plans (Level 2 Real Terms) at 2015-16 Prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Public Pensions Agency	3,905.4	3,560.1	3,404.1
Revenue Scotland	4.3	4.3	5.1
Digital Strategy	50.9	50.9	114.1
Enterprise, Energy and Tourism	469.0	469.0	421.5
Accountant in Bankruptcy	1.8	1.8	1.2
Parliamentary Business & Government Strategy	75.9	75.9	62.7
Total Level 2	4,507.3	4,162.0	4,008.7
<i>of which:</i>			
DEL Resource	389.9	389.9	372.6
DEL Capital	226.6	226.6	217.1
AME	3,882.3	3,537.0	3,384.1
Financial Transactions	8.5	8.5	34.9

Scottish Public Pensions Agency

Table 5.03: More Detailed Spending Plans (Level 3)

Level 2	2015-16 Budget £m	2016-17 Draft Budget £m
Agency Administration	13.7	16.8
IT Provision	9.4	3.5
Scottish Teachers' Superannuation Scheme	1,326.3	1,259.1
NHS Superannuation Scheme (Scotland)	2,210.7	2,182.5
Total	3,560.1	3,461.9
<i>of which:</i>		
DEL Resource	13.7	16.8
DEL Capital	9.4	3.5
AME	3,537.0	3,441.6

What the budget does

The Scottish Public Pension Agency's principal role has been to administer the pensions, premature retirement and injury benefits schemes for members of the NHS Superannuation Scheme (Scotland) and the Scottish Teachers' Superannuation Scheme. Since 1 April 2015, the Agency has also taken responsibility for administering the Scottish Firefighters' and Police pension schemes. In total, the Agency provides core pension services to over half a million members and pensioners within all of the schemes, with over £2 billion pension disbursements.

The Agency also develops the regulations covering the NHS Superannuation Scheme (Scotland), the Scottish Teachers' Superannuation Scheme, and the Local Government, Police and Firefighters' Pensions Schemes in Scotland. It determines appeals made by members of these schemes and provides a pensions calculation service for some small public pension schemes operating in Scotland and elsewhere. It provides policy advice to senior Scottish Ministers across the five schemes for which it has responsibility and more widely on other public pension matters.

In 2016-17 we will:

- move ahead with implementing a new IT system by March 2017 in which the pension administration and payroll system will be integrated onto one platform and aligned with employer and member web services;
- build on user research and stakeholder engagement to improve our customer outputs, whilst implementing the initial phases of our new Digital Strategy; and
- begin quadrennial actuarial valuations of the Scottish NHS, Teachers', Police and Firefighters' pension schemes. Due to conclude in late 2017-18, those valuations will set employer contribution rates for those schemes from April 2019 and monitor the movement in scheme costs over time.

Revenue Scotland

Table 5.04: More Detailed Spending Plans (Level 3)

Level 2	2015-16 Budget £m	2016-17 Draft Budget £m
Revenue Scotland	4.3	5.2
Total	4.3	5.2
<i>of which:</i>		
DEL Resource	4.3	5.2
DEL Capital	0.0	0.0
AME	0.0	0.0

What the budget does

Revenue Scotland is the Scottish tax authority and its primary function is to collect and manage the devolved taxes – currently Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT) to fund public services for Scotland's citizens.

In 2016-17, Revenue Scotland will:

- implement robust compliance approaches to ensure that taxpayers pay tax due; and
- prepare to implement expected further devolved taxes.

Digital Strategy

Table 5.05: More Detailed Spending Plans (Level 3)

Level 2	2015-16 Budget £m	2016-17 Draft Budget £m
Digital Strategy Resource	23.9	23.8
Digital Strategy Capital	27.0	92.2
Total	50.9	116.0
<i>of which:</i>		
DEL Resource	23.9	23.8
DEL Capital	27.0	92.2
AME	0.0	0.0

What the budget does

The budget supports the delivery of Scotland's integrated digital strategy which covers digital infrastructure, digital participation, digital public services and the digital economy. In 2016-17, the budget has been consolidated from a number of previously distinct budget lines to reflect this integrated strategy.

The capital budget supports the continuing roll out of Scotland's superfast fibre broadband programme that has already achieved the target of access to a next generation network for 85 per cent of premises ahead of the end 2015-16 target, and now aims for 95 per cent of premises by end 2017. This programme also receives significant contributions from local and UK government and offers an important step along the road to achieving a world-class digital infrastructure. In addition, Community Broadband Scotland will continue to deliver innovative connectivity solutions for areas that lie beyond the anticipated footprint of the fibre network, whilst work with Scottish Futures Trust (SFT) will set out new approaches to deliver our vision of providing connectivity anytime, anywhere and for any device.

The resource budget ensures that Scotland is in a position to take advantage of comprehensive, high quality digital infrastructure. In particular, it supports implementation of 'Scotland's Digital Future: Delivery of Public Services' and 'Digital Participation: A National Framework for Local Action' and increasing the supply of digital skills in our economy. This integrated and inclusive approach to digital is a key aspect of our ambitions for public service reform and empowerment. It will enable the development and delivery of services that better meet the needs of people and businesses across the country and support organisations in all sectors of our economy, including the Scottish Government itself, to take advantage of the benefits that digital can offer.

In 2016-17 we will:

- spend over £100 million to deliver a step change in broadband for 95% of Scottish premises by the end of 2017 as part of the £400 million Digital Scotland Superfast Broadband (DSSB) programme;
- work alongside this investment to promote uptake and set out plans for further extending high-quality connectivity across Scotland, both fixed and mobile;
- promote digital participation amongst currently excluded groups such as the elderly and those in social housing, through partnership working with businesses and the third sector;
- establish an Alpha Fund to help achieve the service improvement and efficiency benefits of digital public services by developing a national digital ecosystem of common service capabilities as building blocks for specific services;
- promote the development of high quality digital skills within all sectors of the Scottish economy;

- continue the roll out of mygov.scot as the single point of access to public sector information and services for people and businesses in Scotland; and
- support the Digital Transformation Service to support the central government sector to formulate and deliver programmes of work to transform public services from a user perspective and realise the benefits of the application of digital technology;

Enterprise, Energy and Tourism

Table 5.06: More Detailed Spending Plans (Level 3)

Level 2	2015-16 Budget £m	2016-17 Draft Budget £m
Enterprise Bodies	341.3	339.6
Energy	108.4	71.3
Tourism	50.6	49.1
Innovation and Industries	8.7	8.7
Strategic Forum	(40.0)	(40.0)
Total	469.0	428.7
<i>of which:</i>		
DEL Resource	300.8	298.8
DEL Capital	159.7	94.4
AME	0.0	0.0
Financial Transactions	8.5	35.5

What the budget does

The Enterprise Bodies budget funds Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE), including Scottish Development International (SDI) to provide practical support and opportunities for businesses to grow and invest in Scotland, develop our economy in partnership with businesses and communities, increase participation in the labour market and move people out of poverty through work which is fairly paid.

The Energy Budget continues to support development of low carbon, non-domestic energy efficiency, heat and renewable energy projects and technology in a period of investment uncertainty following changes to the UK subsidy regime. It also continues our support for increased community engagement and ownership of local energy assets, non-domestic energy efficiency development and the oil and gas upstream and midstream sectors.

The Tourism budget supports VisitScotland to promote Scotland as a tourism destination, both within the UK and in key overseas markets. Building on the economic benefits that tourism brings and the successful legacy of the Commonwealth Games and the Ryder Cup we continue to invest in VisitScotland. Our levels of support to VisitScotland reflect the unique potential of Scotland's portfolio of events and our themed years to contribute to tourism growth.

The Innovation and Industries budget will continue to support enhanced collaboration between business and research in order to improve business innovation and investment in research and development, which is a key determinant in increasing sustainable economic growth. The budget will support the continuing implementation of Scotland CAN DO; our collective impact approach with public, private and third sector partners towards realising our shared ambition of ensuring Scotland becomes a world-leading entrepreneurial and innovative nation.

Initiatives include support for Scottish EDGE, the competition for Scotland's most talented and ambitious early-stage entrepreneurs. The funding will also support a major programme supporting the development of an entrepreneurial culture across Scotland, including in our schools, colleges and universities.

The Strategic Forum partners will continue to work collaboratively to develop and deliver efficiencies.

In 2016-17 we will:

- continue to support growth sectors, growth companies and growth markets through our Enterprise Bodies and economic development networks;
- continue to build on Scotland's position as a leading centre for renewable energy. Through the Renewable Energy Investment Fund (REIF) we will continue to provide financial assistance for projects of benefit to Scotland. Our support for the Offshore Wind Accelerator is helping to reduce the cost of offshore wind throughout innovation research and development; and Wave Energy Scotland continues to be the biggest technology development programme the wave sector has ever seen with a focus on collaborative research and development;
- support low carbon demonstrator projects and activity designed to bring an increased number of projects to investor readiness stage through our CARES Local Energy Challenge Fund and the Low Carbon Infrastructure Transition Programme;
- remain committed to the development of tourism as one of our key growth sectors (worth almost £10 billion in visitor expenditure in 2014). VisitScotland will continue to invest in its principal role of marketing Scotland to the world by maximising its international activity, promoting inclusive growth and pursuing innovative approaches to the development of Scotland's visitor economy;
- continue operation of our four enterprise areas, which operate across 15 sites, and now extended for three years until 2020. We will also establish a fifth enterprise area at BioCity in North Lanarkshire;
- support Scotland's manufacturing base through the Manufacturing Action Plan;
- commit £3.5 million to the establishment of Innovation and Investment Hubs in London, Brussels and Dublin. The Hubs will bring together the Scottish Government and its agencies, with public and private partners, to support trade, investment and innovation and strengthen relations with governmental and institutional stakeholders; and

- support stronger collaboration between business and our world-class universities. For example, we have established eight Innovation Centres to enhance business to academia engagement, with the potential to boost our economy over the long term by over £1 billion.

Parliamentary Business and Government Strategy

Table 5.07: More Detailed Spending Plans (Level 3)

Level 2	2015-16 Budget £m	2016-17 Draft Budget £m
Public Information and engagement (previously Strategic Communications)	4.9	2.8
Royal and Ceremonial	0.3	0.3
Office of the Chief Statistician	1.4	1.6
Strategic Research and Analysis Fund	0.9	0.8
Scotland Act - Tax Provision, Implementation and Management	25.7	16.2
Office of the Chief Economic Adviser	0.5	0.5
Cities Investment and Strategy	30.1	30.3
Scottish Parliamentary Elections	12.0	9.6
Citizens Advice Direct	-	0.6
Fiscal Commission	-	1.0
Council of Economic Advisers	0.1	0.1
Total	75.9	63.8
<i>of which:</i>		
DEL Resource	45.9	33.8
DEL Capital	30.0	30.0
AME	-	

What the budget does

The Parliamentary Business and Government Strategy Budget captures a broad range of important functions. It will continue to deliver public information and marketing that promotes Scotland around the world as a modern, creative and dynamic nation; and helps people in Scotland make informed choices, improve their opportunities and understand the positive role of public services in their lives.

It enables Scottish Ministers to engage with audiences in Scotland and across the world to support the delivery of the Scottish Government's purpose and outcomes. It covers the costs of running the 2016 Parliamentary elections and supports economic development in cities and city regions. It also supports procurement of data and specific technical assistance to strengthen understanding of key developments in the economy and public finances.

The Scottish Fiscal Commission Bill was introduced to the Scottish Parliament on 28 September 2015 and will establish the Commission on a statutory basis and ensure it is directly accountable to the Scottish Parliament.

Citizens Advice Direct is a Scotland-wide telephone service providing free, independent advice.

In 2016-17, we will:

- fund implementation and operation of the financial provisions in the Scotland Act 2012 and develop policy and implementation processes for proposed powers to be devolved under the Scotland Bill 2015;
- support economic development in cities and city regions through the Scottish Cities Alliance, city region deals and other appropriate mechanisms; also support the new Programme for Government commitment to Regional Partnership Plans;
- cover Royal and Ceremonial events and tasks within Scotland;
- cover returning officers' costs of running the Scottish Parliament election and the cost of reimbursing the universal postal service provider for providing the free postal service for candidates and parties election addresses;
- engage with our partners to drive excellence and best value across public sector communications, maximising digital communications opportunities;
- support social research and analysis to improve policymaking at local and central government in Scotland, such as through the What Works Scotland Centre;
- continue to support the effort to improve capacity at a community level and support the work of the Council of Economic Advisers; and
- continue to support the operational costs of the current non-statutory Scottish Fiscal Commission and its transition to non-ministerial department following the passage of the Scottish Fiscal Commission Bill currently before the Scottish Parliament.

Accountant in Bankruptcy

Table 5.08: More Detailed Spending Plans (Level 3)

Level 2	2015-16 Budget £m	2016-17 Draft Budget £m
Operational Costs	13.5	13.3
Capital Expenditure	0.5	0.7
Less Retained Income	(12.2)	(12.8)
Total	1.8	1.2
<i>of which:</i>		
DEL Resource	1.3	0.5
DEL Capital	0.5	0.7
AME	-	

What the budget does

Accountant in Bankruptcy (AiB) is responsible for supervising the Scottish personal insolvency process, administering the Debt Arrangement Scheme (DAS) and developing policy on personal insolvency and DAS. The budget enables the Accountant in Bankruptcy (AiB) to perform its statutory functions in relation to insolvency and debt management in Scotland. By discharging these duties effectively, AiB is able to deliver solutions that are fair both to those dealing with financial difficulties and to the creditors involved.

In 2016-17 we will:

- improve functionality across the IT systems which support core AiB products, delivering additional enhancements where these provide measurable benefits;
- undertake a policy review of recent legislative changes to the Debt Arrangement Scheme followed by a review of the broader changes introduced through the Bankruptcy and Debt Advice (Scotland) Act 2014; and
- take forward the modernisation of Scottish corporate insolvency law.

CHAPTER 6

Education and Lifelong Learning

PORTFOLIO RESPONSIBILITIES

The Education and Lifelong Learning portfolio is responsible for government policy related to improving outcomes for children and young people as well as developing and championing the social care workforce. This includes all aspects of early years provision; support for children and families; school education; further and higher education; university research, innovation and knowledge exchange; science; and community and adult learning and development.

The work of the portfolio makes a significant contribution to tackling inequality and towards more fiscally sustainable public services. It links closely to that of the Fair Work, Skills and Training portfolio by ensuring effective alignment of school and college education to industry needs and helps to better prepare individuals for work. It aligns to the Finance, Constitution and Economy portfolio in supporting the translation of our world-class university research into economic growth. It also aligns to the Health, Wellbeing and Sport, and Justice portfolios by supporting early intervention to increase positive outcomes.

Funding within the local government settlement provides for local authority delivery of early learning and childcare, school education and social work.

OUR PRIORITIES

We will continue to invest in early learning and childcare as we work towards delivering the increased entitlement of 1,140 hours a year by the end of the next Parliament. This will include additional investment in a graduate-led workforce to ensure the best level of care, support and educational development in the early phase of the learner journey, with an initial focus on our most disadvantaged communities. Alongside this, we will continue to tackle inequalities and improve outcomes for our youngest and most disadvantaged children with a programme of work to strengthen child protection and by supporting the use of improvement methodology through the combined efforts of our childhood collaborative programmes.

We will continue the development and implementation of a National Improvement Framework for Scottish Education which sets out our clear priorities for delivering excellence and equity in Scottish education. The development of the Framework represents a new phase in the ongoing implementation of Curriculum for Excellence, as we work towards improving literacy and numeracy via programmes such as Read, Write,

Count, throughout schools in Scotland. The Framework and the Scottish Attainment Challenge, as part of the Attainment Scotland Fund, will underpin the work to close the attainment gap between the most and least disadvantaged children. We will continue to invest in the quality of our teaching profession and school estate through the implementation of Teaching Scotland's Future and the Schools for the Future programme.

The government looks to the higher education sector to maintain its focus on benefits for learners through a high quality and streamlined learner journey; to enhance its contribution to innovation; and to further increase efficiency and value for money in its operations. Our aim is to ensure that economic and social outcomes from the sector are maintained and enhanced. In terms of future funding levels, we will seek to ensure that over the period of the spending review to 2019-20, the allocation for higher education from the Scottish Government's budget will support the continued success of our world-class, research-excellent and internationally competitive universities. We will also work with the sector to develop a Compact that will provide a longer-term framework for a productive partnership focused on working together to maximise the benefits of higher education for Scotland's success.

We will continue to invest substantially in the college and university sectors with a particular focus on tackling inequality by working to widen access to university and ensuring we address underrepresentation of women and other groups, on courses and in academia. We maintain our commitment to create a world-class vocational education system. To that end, we have maintained current levels of funding for the college sector to deliver courses that support young people into employment.

In support of our youth employment strategy, 'Developing the Young Workforce', we will complement the work being undertaken within the Fair Work, Skills and Training portfolio to strengthen links between our schools, colleges, universities, employers, local authorities and Skills Development Scotland, ensuring a seamless transition for young people from education and training to work.

We will continue to support high-quality learning in our higher education institutions that equips graduates for employment. We will support accelerated translation of world-class research into economic growth through the work of the Innovation Scotland Forum to increase collaboration and knowledge exchange between universities and businesses, and continue to invest in Scotland's network of innovation centres.

Table 6.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Learning	191.3	191.3	201.5
Children and Families	120.4	120.4	117.2
Advanced Learning and Science*	7.7	7.7	6.7
SFHEFC	1,647.2	1,647.2	1,652.1
HESS**	970.3	970.3	876.3
Total Level 2	2,936.9	2,936.9	2,853.8
<i>of which:</i>			
DEL Resource	2,478.9	2,478.9	2,375.0
DEL Capital	103.0	103.0	85.5
Financial Transactions	7.2	7.2	14.0
AME	347.8	347.8	379.3
Central Government Grants to Local Authorities	4.5	4.5	4.5

*Previously Lifelong Learning and Science

** Note – the fall in HESS is largely due to a decrease in ringfenced non-cash budget relating to the student loans RAB charge. This does not represent a real spending cut as budget cannot be redeployed.

Table 6.02: Spending Plans (Level 2 real terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Learning	191.3	191.3	198.1
Children and Families	120.4	120.4	115.2
Advanced Learning and Science*	7.7	7.7	6.6
SFHEFC	1,647.2	1,647.2	1,624.5
HESS	970.3	970.3	861.7
Total Level 2	2,936.9	2,936.9	2,806.1
<i>of which:</i>			
DEL Resource	2,478.9	2,478.9	2,335.2
DEL Capital	103.0	103.0	84.1
Financial Transactions	7.2	7.2	13.8
AME	347.8	347.8	373.0
Central Government Grants to Local Authorities	4.5	4.5	4.4

*Previously Lifelong Learning and Science

Learning

Table 6.03: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
People and Infrastructure	82.0	60.6
Strategy and Performance	24.7	55.0
Learning and Support	33.7	36.7
Gaelic	23.2	23.2
Education Scotland	24.8	23.3
Education Analytical Services	2.9	2.7
Total	191.3	201.5
<i>of which:</i>		
DEL Resource	128.6	170.8
DEL Capital	55.5	26.7
Financial Transactions	7.2	4.0
AME	-	-

What the budget does

The majority of expenditure on school education in Scotland is funded by local authorities from budgets outlined in the local government chapter. The Learning budget delivers improved outcomes for learners through targeted national programmes for education and related support. This budget includes the Attainment Scotland Fund which supports the Scottish Attainment Challenge programme. Launched in February 2015, this four-year fund provides targeted funding in local authorities and schools with the highest concentrations of deprivation, and is focused on closing the attainment gap. The budget also contributes to the delivery of Gaelic education at all stages of education, including support to key bodies such as Bòrd na Gàidhlig, Storlann, Sabhal Mòr Ostaig and MG ALBA's contribution to BBC ALBA. Education Scotland provides frontline support for the implementation of learning and teaching in Scotland.

In 2016-17 we will:

- continue to support the delivery of the Scottish Attainment Challenge through the Attainment Scotland Fund which will focus on targeted improvements in literacy, numeracy, and health and wellbeing;
- fund the development and implementation of a National Improvement Framework for Scottish Education which will support the Scottish Attainment Challenge by providing the data and evidence needed to ensure that every child can achieve the high standards set out within Curriculum for Excellence;

- provide £24.3 million capital funding to invest in the Schools for the Future programme to contribute to the delivery of new or improved schools across Scotland;
- ensure that we develop the right number of new teachers whilst maintaining teacher numbers and investing to strengthen the skills of the existing workforce;
- provide funding for bodies and projects which maintain momentum in the use of Gaelic, increase the numbers speaking, learning and using Gaelic and issue Guidance on Gaelic education as required by the Gaelic provisions of the Education (Scotland) Bill; and
- act on the findings of the OECD review of Curriculum for Excellence by continuing to support the delivery of Scotland's approach to learning and teaching, including through the work of Education Scotland and the Scottish Qualifications Authority.

Children and Families

Table 6.04: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Care and Justice	52.6	54.7
Children's Rights and Wellbeing	5.5	6.0
Disclosure Scotland	6.8	0.8
Early Years	38.8	38.9
Office of the Chief Social Work Adviser	16.7	16.8
Total	120.4	117.2
<i>of which:</i>		
DEL Resource	120.4	113.1
DEL Capital	-	4.1
AME	-	-

What the budget does

The Children and Families budget supports a broad range of activity to improve outcomes for children, young people and families. We continue to provide support in the early years of life, and at the earliest point where problems emerge.

This includes investing in support and services that give parents and carers, who have such an essential role, the support, advice and guidance that will help them give the children and young people in their care the best start in life, particularly the most disadvantaged in society.

In 2016-17 we will:

- continue investment in the Third Sector to support the delivery of vital services to those children and families who need them most;
- support delivery of the children's hearings system via Children's Hearings Scotland and Scottish Children's Reporter Administration;
- continue to support the functions of the children's services workforce regulator – the Scottish Social Services Council – and drive delivery of the Social Services Shared Vision and Strategy;
- support the implementation of key provisions in the Children and Young People (Scotland) Act 2014;
- provide strengthened protection and care for children at risk through more effective evidence-based interventions, earlier permanence, better support for carers and embedding our collective approach to corporate parenting; and
- resource the independent inquiry into Historic Child Abuse to continue its vital work.

Advanced Learning and Science¹

Table 6.05: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Qualifications and Accreditation	2.3	2.2
Higher Education	2.0	1.5
Office of the Chief Scientific Adviser	3.4	3.0
Total	7.7	6.7
<i>of which:</i>		
DEL Resource	7.7	6.7
DEL Capital	-	-
AME	-	-

What the budget does

This budget principally supports policy and development relating to qualification accreditation and international mobility opportunities to enhance employability for students.

This budget also includes the work of what was previously the Office of the Chief Scientific Adviser – now mainstreamed into Advanced Learning and Science Directorate. It promotes Scotland as a science and innovation nation and enables the Scottish

¹ This budget was previously called Lifelong Learning and Science.

Government to make best use of science advice and knowledge. This includes support for science engagement and promotion across Scotland, including our science centres and science festivals.

In 2016-17 we will:

- continue to support qualification accreditation; and
- embed the work of a new Chief Scientific Adviser and a refreshed Scottish Science Advisory Council to promote Scotland's science and to ensure we make best use of science advice, knowledge and techniques.

Scottish Funding Council

Table 6.06: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
College Operational Expenditure	695.7	715.1
College Operational Income	(165.4)	(184.8)
Net College Resource	530.3	530.3
College NPD expenditure	-	24.4
HE Resource	1,062.5	1,027.2
College Capital Expenditure	45.0	50.0
College Capital Receipts	(19.5)	(23.0)
Net College Capital	25.5	27.0
HE Capital	21.0	35.7
SFHEFC Admin	7.9	7.5
Total	1,647.2	1,652.1
<i>of which:</i>		
DEL Resource	1,600.7	1,589.4
DEL Capital	46.5	52.7
Financial Transactions	-	10.0
AME	-	-

What the budget does

The Scottish Funding Council (SFC) budget funds our investment in Scotland's colleges and higher education institutions, including the Open University in Scotland. This funding will support the development and delivery of study programmes that offer coherent high-quality provision for learners across Scotland. It will also enable universities to undertake world-class research to maintain Scotland's international competitiveness.

In 2016-17 we will:

- maintain college funding at current levels. This will allow the reformed college sector to build on its strengths in delivery of relevant, high-quality learning connected to the needs of their regions;
- continue to support free tuition ensuring that access to education is based on the ability to learn, not the ability to pay, and supporting a strong and productive labour force, with the skills to maximise our country's economic potential;
- continue to ensure best value from public investment in our universities by encouraging ambitious outcome agreements with them and by considering any recommendations emerging from Audit Scotland's Audit of Higher Education in Scotland;
- support access to higher education for students from more disadvantaged areas and consider how best to respond to the findings of the Commission on Widening Access;
- continue to support initiatives which develop and enhance knowledge exchange including the programme of Innovation Centres;
- work in partnership with the Scottish Funding Council, university sector and others to address the underrepresentation of women in STEM subject courses and in academia;
- continue to work with the college and university sectors, with students and trade unions to ensure our colleges and universities reflect the highest possible principles of good governance; and
- provide £10 million of financial transactions to support capital investment in the HE sector.

Higher Education Student Support

Table 6.07: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Student Support and Tuition Fee Payments	301.6	301.6
Student Loan Company Administration Costs	4.5	4.5
Student Loan Interest Subsidy to Bank	3.0	3.0
Cost of Providing Student Loans (RAB charge)*	302.1	175.6
SAAS Operating Costs Resource	10.3	10.3
SAAS Operating Costs Capital	1.0	2.0
SAAS DEL Total	622.5	497.0
AME		
Net Student Loans Advanced	468.3	491.3
Capitalised Interest	(52.0)	(55.0)
Student Loans Fair Value Adjustment	(72.0)	(60.5)
Student Loan Sale Subsidy Impairment Adjustments	3.5	3.5
HESS AME Total	347.8	379.3
Total	970.3	876.3
<i>of which:</i>		
DEL Resource	621.5	495.0
DEL Capital	1.0	2.0
AME	347.8	379.3

* Note: The fall in this budget line is due to a decrease in ringfenced non-cash budget relating to the student loans RAB charge. This does not represent a real spending cut as the budget cannot be redeployed.

What the budget does

The Higher Education Student Support (HESS) budget provides financial support to Scottish domiciled and EU students undertaking Higher Education courses in Scotland, and Scottish domiciled students studying in the rest of the UK. This includes the provision of free tuition in Higher Education. The HESS budget is administered by the Student Awards Agency for Scotland (SAAS).

The Annually Managed Expenditure (AME) figures are forecasts and relate to the amount of AME funding for student loans.

Student loans are provided at a cost to the Scottish Government which is calculated using the gross value of loans advanced in the year. The Student Loans Company administers the borrower's loan accounts on behalf of the Scottish Government.

SAAS administers bursary schemes covering support for higher education students (at college and university).

The student loans Resource Accounting and Budgeting (RAB) charge is non-cash ringfenced resource to cover the cost of providing student loans and cannot be used for any other purpose. This budget has reduced significantly in 2016-17 to better reflect actual RAB charge requirements due to 2015-16 being artificially high as a result of budget consequential arisings from technical HM Treasury adjustments.

In 2016-17 we will:

- continue to drive forward progress on priorities such as widening access, delivering on our commitment to ensure that education is based on the ability to learn and not the ability to pay;
- continue to deliver on our commitment to support the poorest students with a minimum income guarantee, currently £7,625 per year in maintenance support and to keeping higher education free for Scottish domiciled students;
- expand access for more students to the maximum student support package by raising the household income threshold from £17,000 to £19,000; and
- continue to provide fee and maintenance loan support for postgraduate students on eligible taught courses.

Local Government Gaelic

Table 6.08: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Local Government Gaelic Grant	4.5	4.5
Total	4.5	4.5
<i>of which:</i>		
DEL Resource	4.5	4.5
DEL Capital	-	-
AME	-	-

What the budget does

This budget supports local authorities with any additional costs associated with the delivery of Gaelic education and Gaelic-medium education in Scotland. Twenty-two authorities receive grants from this fund for a wide range of Gaelic education programme and projects.

In 2016-17 we will continue to use this fund to support the delivery of Gaelic education in schools at all levels.

CHAPTER 7

Fair Work, Skills and Training

PORTFOLIO RESPONSIBILITIES

The Fair Work, Skills and Training portfolio was created in November 2014, in recognition of fair work as a central element of the Scottish Government's inclusive economic growth agenda, as well as the continuing importance of employability, skills and other forms of work-related training to Scotland's economic ambitions.

Our policies aim to improve productivity and reduce inequality such that, in Scotland, work improves people's lives. As well as articulating what we mean by 'fair work', we are supporting the Fair Work Convention in preparing a fair work framework for Scotland, central to which is the promotion of, and support for, good industrial relations.

The majority of the portfolio budget is allocated to support Skills Development Scotland (SDS) to deliver interventions including Modern Apprenticeships (MAs), pre-employment training, careers services, and play a central role in the implementation of 'Developing the Young Workforce - Scotland's Youth Employment Strategy'.

The remaining resources are used to fund specific programmes aimed at contributing to reducing youth unemployment by 40 per cent by 2021, including through delivering 30,000 MAs annually by 2020; support employers' contribution to the Youth Employment Strategy; offer support to those furthest from the labour market; challenge inequalities and under-representation in the labour market; and support the Poverty Alliance to increase the adoption of the Living Wage.

Our aim is to support more people into sustainable and rewarding employment with their contribution in the workplace being fully valued. We want to achieve significantly lower levels of youth and adult unemployment, a more diverse and skilled workforce, and better alignment of vocational education and training with the needs of the labour market, as well as focusing finite resources on helping the most vulnerable.

The portfolio's work contributes strongly to our preventative reform approach and other portfolios, notably Education and Lifelong Learning; Health, Wellbeing and Sport; Justice; and Social Justice, Communities and Pensioners' Rights.

OUR PRIORITIES

Our purpose is to ensure work improves people's lives, an ambition that supports delivery of Scotland's Economic Strategy and the Programme for Government, with particular reference to inclusive growth and boosting productivity. In delivering that, we have three priorities:

- We will develop policy and plan to implement future employability services from 1 April 2017, when responsibility for employment support services for the long-term unemployed and those with disabilities and long-term health conditions is due to be devolved. However, the UK Spending Review has placed further constraints on the budget to support delivery of those devolved powers.
- We will continue to promote fair work and will support implementation of any recommendations of the Fair Work Convention, which is due to publish its blueprint for fair work in Spring 2016.
- We will continue to implement the seven-year 'Developing the Young Workforce' programme, providing work-relevant learning opportunities for young people through mainstream provision to reduce the flows into youth unemployment and reduce structural youth unemployment.

Table 7.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Fair Work, Skills and Training*	261.6	261.6	252.5
Total Level 2	261.6	261.6	252.5
<i>of which:</i>			
DEL Resource	261.6	261.6	252.5
DEL Capital	-	-	-
Financial Transactions	-	-	-
AME	-	-	-

*Previously Training, Youth and Women's Employment

Table 7.02: Spending Plans (Level 2 Real Terms) at 2015-16 Prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Fair Work, Skills and Training*	261.6	261.6	248.3
Total Level 2	261.6	261.6	248.3
<i>of which:</i>			
DEL Resource	261.6	261.6	248.3
DEL Capital	-	-	-
Financial Transactions	-	-	-
AME	-	-	-

*Previously Training, Youth and Women's Employment

Table 7.03: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Developing the Young Workforce	16.6	-
Employability and Skills	48.8	63.6
Youth Employment Support Initiatives	12.7	12.8
Skills Development Scotland	183.5	176.1
Total	261.6	252.5
<i>of which:</i>		
DEL Resource	261.6	252.5
DEL Capital	-	-
AME	-	-

What the budget does

The majority of this portfolio's budget is allocated to Skills Development Scotland, to deliver national training programmes, including Modern Apprenticeships, and careers information, advice and guidance. The budget supports programmes aimed at contributing to reducing youth unemployment by 40 per cent by 2021; funds Education Maintenance Allowances, designed to support young people to remain in education; supports other activity aimed at helping people of all ages to overcome the disadvantages they face in accessing the labour market; and promotes the Fair Work agenda, including through support for the Poverty Alliance to promote the Living Wage across Scotland.

In 2016-17 we will aim to develop and implement a strategic approach to the labour market. In particular we will:

- support the continued expansion of Modern Apprenticeships;
- fund a wider cohort of young people to stay in education, through the expansion of the Education Maintenance Allowance (EMA) scheme;
- continue the implementation of key 'Developing the Young Workforce' recommendations, including on careers advice and employer engagement in education;
- support the implementation of any recommendations of the Fair Work Convention;
- continue to support young people and adults facing barriers to employment, in partnership with the third sector and local authorities;
- develop Scotland's new employability services, for implementation in April 2017;
- prepare for the introduction of the new Apprenticeship Levy in April 2017, ensuring that we protect our ambitions to develop the MA programme;
- continue the support for effective Government-Union relations, through ongoing support for Union learning; and
- build on the success of Living Wage Accreditation, to develop a strategy to ensure fair pay across Scotland as part of the Fair Work agenda.

In all our work we will focus finite resources on helping those furthest from the labour market.

CHAPTER 8

Justice

PORTFOLIO RESPONSIBILITIES

The Justice portfolio has responsibility for the civil, criminal and administrative justice systems which include Scotland's prisons, courts, tribunals, police, fire and rescue services, the legal aid system and criminal justice social work services. The portfolio also supports safer communities and works to build Scotland's resilience by improving Scotland's preparedness through multi-agency planning, strengthening national work on risk and prevention and working with partners to build capacity.

The purpose of the justice portfolio is to keep our communities safe, and to administer justice in its various forms.

The justice system is a vital public service and one in which powers are largely devolved to the Scottish Parliament. It helps to create an inclusive and respectful society in which all people and communities live in safety and security, where individual and collective rights are supported and where disputes are resolved fairly and swiftly. It contributes towards tackling inequalities by helping to build safer communities, by reducing re-offending, supporting victims and preventing unintentional harm.

The Justice portfolio continues to deliver radical reforms to Scotland's justice services, to improve access to justice and efficiency and to safeguard public safety. This includes major reforms implemented to Scotland's courts; the merger of courts and tribunals administration; securing the benefits of reform to police and fire services; and transforming the governance and delivery of community justice services. This radical reform of public services has focused attention on preventative approaches and community-based solutions to tackle the root causes of crime and help communities and individuals to achieve their potential. Scottish Ministers have strengthened the justice system's response to tackling violence against women and girls and all forms of hate crime. We have maintained access to justice for individuals and businesses through the Legal Aid system and are also investing in advice services to help people deal with issues that give rise to civil justice problems.

OUR PRIORITIES

Our priorities for 2016-17 are to:

- support a modern and effective police service to ensure the safety and security of Scotland's people and communities;
- work with the Scottish Police Authority (SPA), Police Scotland and the Scottish Fire and Rescue Service (SFRS) to ensure the consolidation of the benefits of police and fire service reform;
- reduce the harm from fires and other emergencies through a focus on prevention and continue to invest in local and national multi agency shared service initiatives to ensure appropriate responses to emergencies;
- ensure that Scotland is appropriately and proportionately ready and able to address a sustained high level of terrorist threat and deal with violent extremism; and
- work with national and local partners through our Building Safer Communities programme to reduce the number of victims of crime and unintentional injury. Our focus on prevention and early intervention will be targeted at addressing the underlying causes of crime and changing offending behaviour.

We will also:

- continue to strengthen the justice system response to tackle and prevent the unacceptable levels of violence against women and girls in Scottish society.
- support work which protects society from sex offenders, take action to tackle domestic abuse and reduce violence, hate crime and sectarianism wherever it occurs;
- continue to transform civil and administrative justice by securing the benefits of reform to the courts and tribunal systems and improving processes to make them more cost effective, efficient and accessible. As part of that approach we will also increase the use of digital technology to transform the services we provide for all users of the justice system;
- continue to improve the criminal justice system, supporting the efficient investigation of crimes and ensuring support for victims and witnesses and modernising legislation and procedures to meet changing circumstances.
- work to ensure that victims and witnesses have positive experiences of, and confidence in, the justice system;
- continue the process of penal policy reform through: increasing use of community sentences; reducing use of short term custodial sentences and remand; and improving the reintegration of individuals from custody to community;

- focus on early and targeted intervention to prevent offending by young people and to reduce reoffending by improving links between employment, housing, education and health services;
- enable young people to take part in sporting, cultural, educational and mentoring activities through our 'CashBack for Communities' programme¹. Since 2008, we have committed £75 million across Scotland and funded 1.5 million activities and opportunities for young people;
- support the Reducing Reoffending Change Fund to deliver services to provide offenders with substantial one-to-one support through evidence-based mentoring schemes which will be delivered by Public Social Partnerships (PSPs). Reducing reconviction rates and frequencies to a level that maintains or lowers the prison population will ensure we avoid the significant costs of expanding the prison estate in the future;
- contribute to the Fairer Scotland work on tackling inequalities by developing an action plan for the Justice Portfolio, working closely with the Justice Board and Justice Leaders Network; and
- continue to develop community resilience, building on themes of empowerment and preparedness to ensure that the people of Scotland are able to cope both with potential disasters such as fire, flood or climate change, and with the everyday challenges and risks faced by families in need.

¹ During the course of the year the budget will be revised to include a proportion of funds recovered from the Proceeds of Crime Act to deliver the 'Cashback for Communities' programme.

Table 8.01: Spending Plans (Level 2)

	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Community Justice Services	26.7	26.7	30.7
Judiciary	40.5	40.5	40.5
Criminal Injuries Compensation	17.5	17.5	17.5
Legal Aid	146.8	146.8	136.9
Scottish Police Authority (SPA)	1,063.9	1,063.9	1,069.6
Scottish Fire and Rescue Service	309.2	309.2	294.7
Police Central Government	98.1	98.1	80.4
Safer and Stronger Communities	40.3	40.3	7.1
Police and Fire Pensions	350.6	350.6	350.6
Scottish Prison Service	396.2	396.2	357.2
Miscellaneous	31.2	31.2	38.2
Scottish Courts and Tribunals Service	87.4	87.4	88.9
Total Level 2	2,608.4	2,608.4	2,512.3
<i>of which:</i>			
DEL Resource	2,497.4	2,497.4	2,437.5
DEL Capital	111.0	111.0	74.8
AME	-	-	-
Central Government Grants to Local Authorities	86.5	86.5	86.5

Table 8.02: Spending Plans (Level 2 Real Terms) at 2015-16 Prices

	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Community Justice Services	26.7	26.7	30.2
Judiciary	40.5	40.5	39.8
Criminal Injuries Compensation	17.5	17.5	17.2
Legal Aid	146.8	146.8	134.6
Scottish Police Authority (SPA)	1,063.9	1,063.9	1,051.7
Scottish Fire and Rescue Service	309.2	309.2	289.8
Police Central Government	98.1	98.1	79.1
Safer and Stronger Communities	40.3	40.3	7.0
Police and Fire Pensions	350.6	350.6	344.7
Scottish Prison Service	396.2	396.2	351.2
Miscellaneous	31.2	31.2	37.6
Scottish Courts and Tribunals Service	87.4	87.4	87.4
Total Level 2	2,608.4	2,608.4	2,470.3
<i>of which:</i>			
DEL Resource	2,497.4	2,497.4	2,396.8
DEL Capital	111.0	111.0	73.5
AME	-	-	-
Central Government Grants to Local Authorities	86.5	86.5	85.1

Community Justice Services**Table 8.03: More Detailed Spending Plans (Level 3)***

	2015-16 Budget £m	2016-17 Draft Budget £m
Offender Services	25.8	29.8
Miscellaneous	0.9	0.9
Total	26.7	30.7
<i>of which:</i>		
DEL Resource	26.7	30.7
DEL Capital	-	-
AME	-	-

*Victim/witness support now sits under Miscellaneous (Level 2)

What the budget does

This budget provides funding for Community Justice Authorities/Local Authorities by supporting their expenditure in the delivery of criminal justice social work services. This includes funding to support offenders who are serving community-based sentences, electronic monitoring of offenders (e.g. through Restriction of Liberty Orders) and offender mentoring services.

In 2016-17 we will continue to:

- support robust community disposals, such as community payback orders;
- implement the recommendations of the Commission on Women Offenders and take further action to meet the needs of women offenders; and
- support projects aimed at reducing the cycle of repeat offending.

Judiciary

Table 8.04: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Judicial Salaries*	30.1	30.6
Judiciary	10.4	9.9
Total	40.5	40.5
<i>of which:</i>		
DEL Resource	40.5	40.5
DEL Capital	-	-
AME	-	-

*This is non-voted spend which is met from the Scottish Consolidated Fund but is also part of the Departmental spending limit

What the budget does

The Judiciary budget mainly provides for the Scottish Government contribution to the superannuation costs of judicial office holders in Scotland. It also provides for the running costs of the Judicial Appointments Board for Scotland and the Court of the Lord Lyon, as well as salary costs for the Lord Lyon, the Lyon Clerk and the Auditor of the Court of Session. As noted above, the Judicial Salaries budget is allocated from the Scottish Consolidated Fund to meet the salary costs of judicial office holders in Scotland.

Criminal Injuries Compensation

Table 8.05: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Administration Costs	2.7	2.7
CIC Scheme	14.8	14.8
Total	17.5	17.5
<i>of which:</i>		
DEL Resource	17.5	17.5
DEL Capital	-	-
AME	-	-

What the budget does

The GB-wide Criminal Injuries Compensation Scheme provides compensation to the blameless victims of crime and is administered by the Criminal Injuries Compensation Authority (an Executive Agency of the Ministry of Justice).

In 2016-17 we will:

- continue to meet the cost of compensation payments to victims of crime in Scotland; and
- fund a share of the running costs of the Criminal Injuries Compensation Authority in line with the Memorandum of Understanding.

Legal Aid

Table 8.06: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Administration	10.7	10.8
Fund	136.1	126.1
Total	146.8	136.9
<i>of which:</i>		
DEL Resource	146.7	136.8
DEL Capital	0.1	0.1
AME	-	-

What the budget does

The Fund element of this budget pays for demand-led legal aid provision in Scotland, which is administered by the Scottish Legal Aid Board ('the Board'), an Executive Non-Departmental Public Body. It enables the Board to:

- develop a network of Board-employed solicitors who provide criminal legal advice and representation (Public Defence Solicitors Office) and develop advice services on civil matters using Board-employed solicitors (Civil Legal Assistance Offices); and
- administer grant-funded advice services, including the In Court Advice projects.

The Administration element enables the Board to meet its staffing and accommodation costs, as well as cover costs relating to various matters including researching and analysing the operation of legal aid, the trends and the impact on the wider justice system. It also includes a budget allocation to meet the Board's capital expenditure.

In 2016-17 we will:

- direct resources to maintain access to justice, ensuring that legal aid expenditure supports the efficient operation of the wider justice system;
- ensure that those most in need are able to access publicly-funded legal assistance and also progress a range of projects to enable access to justice; and
- work to ensure that disputes are resolved at the most appropriate level in the justice system and progress work to reform criminal and civil procedure to keep pace with changes in society and international standards.

Scottish Police Authority

Table 8.07: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Police Authority	1,063.9	1,069.6
<i>of which:</i>		
DEL Resource	1,035.8	1,053.4
DEL Capital	28.1	16.2
AME	-	-

What the budget does

This budget is provided to the Scottish Police Authority (SPA) to enable the delivery of an effective and efficient policing service to the people of Scotland that reflects the needs of local communities.

In 2016-17 we will:

- protect the revenue budget of the SPA in real terms;
- strengthen the accountability of policing by taking forward the conclusions of the governance review being led by the Chair of the SPA;
- work with the SPA and Police Scotland to strengthen the community focus of policing and refresh the Strategic Policing Priorities;
- retain police officer numbers at 1,000 higher than in 2007 while at the same time working with the SPA to consider the implications of changing demands on Scottish policing; and
- continue to support police services, including community policing, specialist support, training, forensics services, ICT and criminal records, tackling serious and organised crime, drug enforcement and counter terrorism.

The capital budget for 2016-17 will support the police in delivering key components of their capital plan, including investment in ICT infrastructure.

Scottish Fire and Rescue Service

Table 8.08: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Fire and Rescue Service	309.2	294.7
<i>of which:</i>		
DEL Resource	283.9	283.9
DEL Capital	25.3	10.8
AME	-	-

What the budget does

This budget funds the Scottish Fire and Rescue Service (SFRS) to work in partnership with other agencies, the public and private sector and communities on fire safety, prevention, protection and emergency response to improve the safety and wellbeing of the people of Scotland. Details of the Scottish Fire and Rescue Service priorities are contained within the SFRS's Strategic and Annual Plans, which align with the Fire and Rescue Framework for Scotland 2013.

In 2016-17 we will:

- ensure that the full benefits of fire reform continue to be delivered across the communities of Scotland;
- explore opportunities for SFRS to make a wider contribution to public sector outcomes and working more closely with other emergency services; and
- deliver the 'Fire and Rescue Framework' for Scotland 2016.

Police Central Government

Table 8.09: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Police Support Services	2.8	0.1
National Police Funding and Police Change	95.3	80.3
Total	98.1	80.4
<i>of which:</i>		
DEL Resource	88.1	62.6
DEL Capital	10.0	17.8
AME	-	-

What the budget does

The Police Central Government budget for 2016-17 includes funding for the Police Investigations and Review Commissioner (PIRC) and Airwave. It also supports the police change and reform programmes.

In 2016-17 we will:

- continue to support the work of the Police Investigation and Review Commissioner (PIRC);
- provide funding for the next phase of change and transformation for policing, now that the initial consolidation phase of reform is largely complete; and
- fund the core Airwave communications system for police in Scotland.

Safer and Stronger Communities

Table 8.10: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Safer Communities	7.6	5.1
Drug Misuse*	32.7	2.0
Total	40.3	7.1
<i>of which:</i>		
DEL Resource	40.3	7.1
DEL Capital	-	-
AME	-	-

*From 2016-17, funding for Drug treatment services that support recovery of individuals will be part of the Health and Wellbeing Portfolio

What the budget does

This budget supports a range of initiatives to build safer communities, reduce violence, tackle sectarianism and prevent misuse of guns and other crime.

In 2016-17 we will:

- through our Building Safer Communities programme, work to reduce the number of victims of crime and unintentional injury, and reduce fear of crime, violence and anti-social behaviour by tackling its root causes;
- fund violence reduction educational programmes, anti-violence initiatives, and work to reduce the risk of unintentional injury and build strong and resilient communities;
- continue to develop our understanding of what works to combat sectarianism, hate crime and behaviours that lead to these;
- take forward implementation of the new air weapons licensing regime in Scotland; and
- support third sector organisations and initiatives relating to drugs misuse in order to support safer communities.

Police and Fire Pensions

Table 8.11: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Police Pensions	278.4	278.4
Fire Pensions	72.2	72.2
Total	350.6	350.6
<i>of which:</i>		
DEL Resource	350.6	350.6
DEL Capital	-	-
AME	-	-

What the budget does

This budget provides funding to the Scottish Police Authority and the Scottish Fire and Rescue Service to contribute towards the pension costs of retired police and fire officers.

In 2016-17 we will meet our obligations to provide for these pensions in full. The numbers published above are based on historic trends and will be monitored biannually as in previous years to ensure as accurate reporting as possible.

Scottish Prison Service

Table 8.12: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Operating Expenditure	356.2	347.2
Capital Spending	40.0	10.0
Total	396.2	357.2
<i>of which:</i>		
DEL Resource	356.2	347.2
DEL Capital	40.0	10.0
AME	-	-

What the budget does

The Scottish Prison Service (SPS) budget covers expenditure associated with operating the prison system (both publicly and privately-managed prisons) and the provision of a Court Custody and Prisoner Escorting Service (CCPES) on behalf of Scottish Courts, Police Scotland and the wider justice system. The SPS provides a wide range of services to care for and support those who are in custody and their families, as well as operating a Victim Notification Scheme for registered victims of crime.

In 2016-17 we will:

- take forward the Strategy for the Management of Women in Custody;
- work with partner organisations to reduce the risk of prisoners reoffending on release from custody;
- continue to implement the programme of change resulting from the SPS Organisational Review; and
- take forward work on the future of Scotland's prison estate.

Miscellaneous

Table 8.13: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Residential Accommodation for Children	5.0	4.0
Scottish Resilience	8.4	16.2
Victim/Witness Support*	5.6	5.4
Other Miscellaneous	12.2	12.6
Total	31.2	38.2
<i>of which:</i>		
DEL Resource	31.2	30.7
DEL Capital	-	7.5
AME	-	-

*Victim/Witness support previously sat within Community Justice Services (Level 2)

What the budget does

This budget covers a wide range of smaller justice-related spending areas such as residential accommodation for children, the Scottish Law Commission, the Parole Board for Scotland, the Risk Management Authority and the Scottish Criminal Cases Review Commission. It also includes provision for Her Majesty's Inspectorate of Prisons in Scotland, Her Majesty's Chief Inspector of Fire and Rescue in Scotland, Her Majesty's Inspectorate of Constabulary in Scotland, Her Majesty's Chief Inspector of Prosecutions in Scotland and core funding for third sector organisations whose work supports the victims of crime.

In addition, the budget supports work to build Scotland's resilience through improved multi-agency planning and response to emergencies. It also provides investment into the Emergency Services Mobile Communications Programme which will ultimately replace the current Airwave radio system. This budget also provides funding to support the delivery of the Scottish Government's commitment to the armed forces and veterans community in Scotland while policy responsibility for this area lies within the Infrastructure, Investment and Cities portfolio.

In 2016-17 we will:

- support effective government and multi-agency response to emergencies through the operation of SGoRR (the Scottish Government Resilience Room);
- support the delivery of the Scottish Government's commitment to the armed forces and veterans community in Scotland;
- fund voluntary organisations working in the Criminal Justice Social Work sector and meeting the needs of victims of crime; and
- participate in the GB-wide Emergency Services Mobile Communication Programme to deliver next-generation telecommunications capability for the Emergency Services in Scotland.

Scottish Courts and Tribunals Service

Table 8.14: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Operating Expenditure	79.9	76.5
Capital	7.5	12.4
Total	87.4	88.9
<i>of which:</i>		
DEL Resource	79.9	76.5
DEL Capital	7.5	12.4
AME	-	-

What the budget does

The Scottish Courts and Tribunals Service (SCTS) provide the people, buildings and technology to support the judiciary, the courts, the tribunals and the Office of the Public Guardian. The SCTS is a Non-Ministerial Department, chaired by the Lord President.

In 2016-17, we will work with the judicially-led SCTS on:

- transforming civil justice by ensuring cases and appeals are heard by the right court and implementing simplified court rules and technology-driven case management;
- delivering criminal justice reforms to improve the support and services to vulnerable victims and driving improvements to sheriff and jury procedures; and
- placing digital innovation at the centre of service delivery to improve access to justice, support quicker outcomes and minimise physical appearance in courts.

Central Government Grants to Local Authorities

Table 8.15: More Detailed Spending Plans (Level 3)

	2015-16 Budget £m	2016-17 Draft Budget £m
Criminal Justice Social Work	86.5	86.5
Total	86.5	86.5
<i>of which:</i>		
DEL Resource	86.5	86.5
DEL Capital	-	-
AME	-	-

What the budget does

Following the Concordat agreement between the Scottish Government and local authorities, most of the previous budget for ringfenced grant was added to the budget for general support to local authorities. This table shows the remaining area, Criminal Justice Social Work (CJSW), that is provided as a ringfenced grant to local authorities (or similar bodies) for justice purposes.

This funding supports local authorities in providing CJSW services across Scotland. These services include supervising those offenders aged 16 and over who have been subject to a community disposal from the courts; providing reports to courts to assist with sentencing decisions; and providing statutory supervision (throughcare) for certain offenders on release from prison. There are also special services for certain key groups of offenders.

CHAPTER 9

Social Justice, Communities and Pensioners' Rights

PORTFOLIO RESPONSIBILITIES

This portfolio incorporates the Scottish Government's funding for local authorities in Scotland, allowing them to deliver the full range of services, from education and social care to transport and planning, that people the length and breadth of Scotland require and rely on.

The remaining spend under the portfolio is focused on our overarching aims to create a fairer Scotland, support inclusive economic growth, and promote community empowerment and the participation of people in all aspects of Scottish life. Within this, we have prioritised funding: to support a major expansion of affordable housing supply as the first step to delivering 50,000 affordable homes in five years; to tackle fuel poverty and support our targets on climate change; to support the planning system; to regenerate and strengthen our communities; to support the third sector and develop social enterprises; to promote equality; to tackle poverty and develop our plans for a fairer Scotland; to mitigate the worst impacts of the UK Government's welfare changes; and, to develop plans for our new social security powers.

OUR PRIORITIES

Creating a Fairer Scotland

Achieving a fairer and more equal Scotland is at the heart of this Government's ambitions, and listening to the views of people across Scotland is key to achieving this. In June 2015 we launched our Fairer Scotland discussion to ask people across Scotland how we can work together to do this by 2030.

Particularly important issues raised so far include housing, the negative impacts of the UK Government's welfare changes, childcare and transport. Our continued investments in housing, in regeneration, in tackling poverty, in the emerging Scottish social security system, and in mitigating welfare reform are a direct response to the issues raised in the Fairer Scotland discussion.

On housing, evidence suggests that accessible, affordable, energy-efficient housing can contribute significantly to our wider aims to tackle poverty and health inequalities and to build confidence and capacity in communities. We will therefore focus our investment both on significantly increasing the supply of good quality, affordable housing to meet Scotland's needs and on enhancing the energy efficiency and quality of existing homes – supporting and creating jobs in the construction sector and the broader economy.

Affordable housing will improve outcomes and opportunities for all ages, whether these are in health and wellbeing, education and employment, or feelings of safety and security. High quality housing and its surrounding environment also helps to give our children the best start in life – for example through play areas where they can develop social skills and improve physical health. The provision of good-quality housing also matters in terms of people's disposable income, reducing household costs, including through lower fuel bills.

We recognise housing's central role in the social and economic infrastructure of a Fairer Scotland in our Infrastructure Investment Plan. Not only will we directly invest to deliver affordable homes; we will also take forward further plans with our partners to help address the development, financing, infrastructure and collaboration issues constraining increased housing supply across all tenures, and we will continue market support through shared equity approaches.

On fuel poverty, we will continue to invest funding in helping people to have warm, affordable homes, building on our achievements to date through our Home Energy Efficiency Programme for Scotland (HEEPS). In total, we will be making available over £100 million to tackle fuel poverty and climate change and help improve the condition of Scotland's homes.

In the longer term, the development of energy efficiency as a national infrastructure priority will create transformational change in improving the energy efficiency and heating of homes, businesses and public buildings in Scotland, reducing fuel bills and greenhouse gas emissions. Scotland's Energy Efficiency Programme (SEEP) is now in its first phase and will be developed with stakeholders across Scotland to deliver more impact from our available resources and to be ready for the devolution of new powers over energy efficiency and fuel poverty obligations (such as the Energy Company Obligation). Working with our partners, funding from HEEPS and the Low Carbon Infrastructure Transition Programme will be made available to develop pilot projects that demonstrate an integrated approach to the delivery of area-based district heating, non-domestic and domestic energy efficiency programmes. These pilots will help us to identify economies of scale and locally driven models that will help even more households, public sector organisations and businesses to reduce their energy bills. We will issue a call for initial pilots early in 2016.

Alongside housing and energy efficiency, we will continue to invest significant funding to ensure that we protect the poorest members of our society from the damaging effects of the UK Government's welfare cuts. This includes a commitment to provide £35 million for Discretionary Housing Payments to continue to fully mitigate the 'bedroom tax', and sustained support for the Scottish Welfare Fund so that we help as many people as possible affected by emergencies, financial crises and the effects of the UK Government's welfare reforms. So far, the Fund has helped more than 164,000 households in Scotland.

We will also continue to tackle food poverty, which has been increasing as a result of the UK Government's welfare changes and cuts. We will consider the recommendations of the Independent Group on Food Poverty that will report in the New Year and will align our funding to those recommendations that we believe will have the biggest impact and promote food security. We will also continue to support advice and advocacy services.

We want to go further than mitigation. We are committed to using our new powers over social security to tackle some of the deep inequalities currently present in Scotland, ensuring our investment in social security leads to better outcomes for individuals. In 2016-17, our spend will focus on the development of the foundations of our system.

We are clear that inequality in our society also results from discrimination and prejudice. Some of those inequalities, for example unequal pay, violence against women or underrepresentation in decision-making, are structural and persistent. So we will continue to give priority to tackling inequality and to promoting equality.

In 2016-17 we will again be investing over £20 million to continue to tackle violence against women and hate crime, to reinforce the commitment to equality and human rights, to assist in strengthening community cohesion, to promote equality across all the protected characteristics defined in equality legislation, to continue work on the integration and support for asylum seekers and refugees, to support the implementation of the British Sign Language (Scotland) Act and to help take forward the commitments on equality in the Scotland Bill. We will continue the focus on gender equality and strengthen the drive for race and disability equality. We will want to ensure that Scotland continues to take pride in its commitment to LGBTI equality.

In addition to the range of direct investments we are making in housing, in energy efficiency, in social security, and in tackling inequalities, we will also ensure we create the right environment and conditions for a fairer Scotland and ensure our own policies and programmes address the underlying causes of inequality and poverty. The social justice action plan, which will be launched in early 2016, will set out how the Scottish Government will continue to play its part in creating a fairer and more prosperous society.

Supporting Inclusive Economic Growth

Our significant investments in housing, regeneration, and social enterprises will continue to support our ambitions to grow an inclusive and strong economy, complementing our ambitions for a fairer Scotland, with opportunities for all to flourish.

In 2016-17, we will increase our direct capital investment on housing supply with our delivery partners to deliver between 8,000 and 9,000 homes, a substantial increase in the Affordable Housing Supply Programme which will set the foundation for delivering 50,000 affordable homes over the next five years - a 67 per cent increase on the current target. This programme will support a significant provision of social housing, with 70 per cent of the increased target being for social rent, including council house building. This is one part of the broader system-wide response needed to deliver the housing infrastructure Scotland requires. The system must cater for the variety of needs and demands, offering different tenures and flexible transitions between tenures, helping to enhance the economy and to realise our ambitions on inclusive growth as

well as strengthening our communities. We will work with our partners to achieve the necessary system-wide changes.

This level of investment is expected to support approximately 13,000 to 15,000 construction and related jobs and generate in the region of £1.7 billion to £1.9 billion of economic activity in 2016-17.

Although the outlook for the private new housing market has changed for the better since we introduced Help to Buy (Scotland), it's clear there remains a continuing need for some support to encourage and enable people to access affordable home ownership. We have now announced £195 million of successor support for 2016-19, bringing our total support for home ownership schemes to over £500 million, supporting a total of 14,000 purchases over six years.

While Help to Buy addresses a particular market failure, the industry faces a broader set of challenges around de-risking development. We therefore also continue to explore innovative ways to deliver more for less public investment, maintaining Scotland's leadership in financial innovation and continuing to work creatively with our partners. This work will focus particularly on approaches to unlock infrastructure investment and attract private investment at scale. It will build on the substantial and growing contribution from financing approaches using government guarantees, loans, grant recycling and new sources of private funding. These innovative mechanisms are unlocking up to £500 million of housing investment in addition to our conventional funding routes.

Over the next year, we will establish a rural housing fund to better meet the needs of rural communities. The fund will be available to a range of applicants, including community groups and landowners, and will provide 500 units over the three years of the fund. It will complement existing investment in affordable housing directed through Registered Social Landlords (RSLs) and local authorities.

In 2016-17 we will invest over £55 million to support regeneration projects in disadvantaged areas, focusing on projects that engage and involve local people, with investments to improve local infrastructure and revitalise town centres, helping to support and create jobs and build strong and sustainable communities.

We will continue to invest in enterprising community organisations to enhance their capacity to drive forward community-led regeneration in their areas. There is a vibrant and diverse range of community-led initiatives, including managing renewable energy projects, running childcare services, preserving the local heritage and managing forestry enterprises. The work of these groups is having an impact, from our islands and remotest rural villages to the hearts of our cities and towns.

The third sector contributes to our economic growth, plays a crucial role in the drive for social justice and is key to the future of public service reform and delivery in Scotland. We are therefore maintaining our support for the sector with investment of £24.5 million in 2016-17. With this resource we will also be supporting the development of social enterprises, which are contributing to economic growth and to thriving communities with their social and environmental objectives and dynamic approach and vision. It will also support innovation and new thinking in social finance to support a vibrant and enterprising third sector, and through our match funding with the new ESF

programmes will contribute to tackling poverty and social inclusion. Scotland is a world leader in social enterprise and we will be investing in support that enables it to flourish.

Empowering People and Communities

Inequalities in the power and influence different people have over matters that affect their lives can have a direct impact on their life chances and opportunities, and in the way that public services help them to achieve what they need. Empowering people and achieving greater democratic equality are, therefore, key parts of our Programme for Government and our spending plans to achieve a fairer Scotland and support economic growth.

As part of our approach to prevention, we want communities across Scotland to be able to participate in, and be able to take control of, the things which matter most to their wellbeing, whenever that is appropriate. In 2016-17 we will continue to invest in the Empowering Communities Fund, to ensure that communities are well equipped and supported to deliver long-term solutions that tackle poverty and inequality on their own terms, as part of our holistic approach to community-led regeneration.

We will work with different partners to develop the necessary secondary legislation and statutory guidance to bring the Community Empowerment Act to life, establishing new processes for participation requests and asset transfers which will enable community bodies to set the agenda in line with their own wishes and concerns.

We will also promote the use of participatory democracy approaches – such as participatory budgeting – across public services by co-designing a new ambition in line with the new Community Empowerment Act duty on participation.

Local Government

Local government is an essential partner in the Scottish Government's transformative programme of public service reform. This funding proposal delivers a strong but challenging financial settlement for local government which will be strengthened by our joint working to improve outcomes for local citizens through health and social care integration and by improving educational attainment. We will discuss the approach to implementing this budget with our local government partners in advance of Stage 3 of the Budget Bill.

In 2016-17 we will make available to local government a total funding package amounting to £10,152.3 million. This figure includes both the general grant funding and the Government's estimate of non-domestic rate income to be collected during 2016-17, which local authorities collect and retain.

Integration of Health and Social Care will transform the planning and delivery of health and care services, improving quality and consistency, in order to improve outcomes. We will go further than the annual investment of £130 million in the Integration Fund and Delayed Discharge Fund by investing an additional £250 million per year in health and social care partnerships to support the delivery of improved outcomes in social care. Integration will mean fewer people will need to go to hospital to receive care, but where that is necessary and appropriate, that they spend less time in hospital and more likely to return home quickly, improving their outcomes, their experience of care and the sustainability of the system. The provision of good quality social care provided through local government is central to that reform process.

We will continue the development and implementation of a National Improvement Framework for Scottish Education which sets our clear priorities for Scottish education. The development of the Framework represents a new phase in the ongoing implementation of Curriculum for Excellence, as we work towards improving educational outcomes for all Scotland's children. We will seek to work with local government, who have a key role in the success of the delivery of the Framework. We recognise that teachers are central to delivering our ambition for educational improvement and we will therefore continue to commit an overall funding package of £88 million in the local government finance settlement to support both maintaining teacher numbers and ensure that places are secured for all probationers who require one under the teacher induction scheme.

The individual local authority fair shares of this total funding package is now the subject of consultation with local government before being put to the Scottish Parliament for final approval.

For 2016-17 the Scottish Government will work with local government partners on implementing the budget and the joint priorities in return for the full funding package. These include:

- an additional £250 million transfer from the NHS to health and social care partnerships to ensure improved outcomes in social care;
- maintain teacher numbers at 2015 levels nationally and secure places for all probationers who require one under the teacher induction scheme; and
- £70 million is included in the settlement to continue the council tax freeze for a ninth consecutive year.

Business Rates

Since this administration came into government we have taken steps to secure for Scotland the best business environment in the UK through our business rate policies, including matching the English poundage rate and introducing the small business bonus scheme. The UK Government's continuing austerity programme, the lack of full fiscal and economic levers available to the Scottish Government and a declining rate of receipts, means that we are having to raise more income in order to support public expenditure which is required to deliver commitments such as building innovation to fuel future economic growth. The business rates estimates included in the Draft Budget on which we are now consulting therefore include some proposed changes to the business rate supplement that large businesses pay towards the cost of the small business bonus scheme, curtail renewable energy relief so that only wholly-owned community-led schemes benefit and also makes changes to empty property relief. The intention is that all other reliefs remain, including the small business bonus scheme, and the commitment to maintain parity with the poundage level. Details of the proposed changes are set out in Local Government Finance Circular No. 7/2015 which is published alongside the Draft Budget.

Council Tax

We are considering our position in response to the report of the Commission on Local Tax Reform and will bring forward detailed proposals in the new year to reform the current system, drawing on the evidence considered by the Commission.

Table 9.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Housing	694.4	694.4	707.2
Social Security	73.2	73.2	74.3
Social Justice & Regeneration	56.9	56.9	56.5
Scottish Housing Regulator	4.0	4.0	3.7
Equalities	20.3	20.3	20.3
Third Sector	24.5	24.5	24.5
Office of the Scottish Charity Regulator	3.0	3.0	3.0
Governance, Elections & Reform	2.5	2.5	2.1
Planning	4.2	4.2	4.1
Local Government	10,519.7	10,519.7	9,935.0
Central Government Grants to Local Authorities	237.0	237.0	217.3
Total Level 2	11,639.7	11,639.7	11,048.0
<i>of which:</i>			
DEL Resource	7,278.6	7,278.6	6,960.0
DEL Capital	1,221.6	1,221.6	1,064.0
Financial Transactions	340.0	340.0	255.5
AME	2,799.5	2,799.5	2,768.5

Table 9.02: Spending Plans (Level 2 real terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Housing	694.4	694.4	695.4
Social Security	73.2	73.2	73.1
Social Justice & Regeneration	56.9	56.9	55.6
Scottish Housing Regulator	4.0	4.0	3.6
Equalities	20.3	20.3	20.0
Third Sector	24.5	24.5	24.1
Office of the Scottish Charity Regulator	3.0	3.0	2.9
Governance, Elections & Reform	2.5	2.5	2.1
Planning	4.2	4.2	4.0
Local Government	10,519.7	10,519.7	9,768.8
Central Government Grants to Local Authorities	237.0	237.0	213.7
Total Level 2	11,639.7	11,639.7	10,863.3
<i>of which:</i>			
DEL Resource	7,278.6	7,278.6	6,843.7
DEL Capital	1,221.6	1,221.6	1,046.2
Financial Transactions	340.0	340.0	251.2
AME	2,799.5	2,799.5	2,722.2

Housing

Table 9.03: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Housing Supply	584.2	583.1
Fuel Poverty/Energy Efficiency	89.0	103.3
Housing Support	18.2	17.7
Communities Analysis	3.0	3.1
Total Level 2	694.4	707.2
<i>of which:</i>		
DEL Resource	34.9	26.2
DEL Capital	333.5	430.5
Financial Transactions	326.0	250.5
AME	-	-

What the budget does

Despite a reduction in financial transactions, this year's increased capital budget, along with the TMDF budget in the local government settlement, will enable us to deliver between 8,000 to 9,000 quality affordable homes that our communities need. This is the first part of our ambitious commitment to deliver 50,000 affordable homes over the life of the next Parliament, boosting the house building industry through this and other measures.

We will also allocate £50 million to local authorities to deliver Home Energy Efficiency Programmes Scotland: Area-Based Schemes (HEEPS: ABS), enabling them to lever in additional investment from obligated utility companies through the Energy Company Obligation (ECO) and install measures such as solid wall insulation in over 10,000 homes, tackling fuel poverty by helping people to manage their energy bills and heat their homes more efficiently. In addition, we will help up to 4,000 vulnerable households through £19 million of funding for our HEEPS: Warmer Homes Scotland scheme, delivering the same level of service across Scotland regardless of location. We will make available £24 million through HEEPS: Loans and the development of Help for Homes equity loans to support development of Scotland's Energy Efficiency Programme. HEEPS: Loans will provide interest-free loans to improve the energy efficiency of Scotland's housing. Help for Homes will offer equity loans for homeowners on low incomes to enable them to make energy efficiency improvements and structural repairs to their homes. The mix of grant and loan funding in this budget provides options for financial support to everybody who is looking to improve the energy efficiency of their home.

The budget also enables us to undertake a range of other housing and regeneration activities. This includes funding for adaptations for older and disabled Registered Social Landlord (RSL) tenants and projects which promote best practice in dealing with homelessness and other housing issues.

This budget also supports the research programme which underpins our work on housing, regeneration, social security and social justice. The majority of funding in the Communities Analysis budget line supports the Scottish Household Survey, including the Scottish House Condition Survey, which provides our major evidence base for trends in Scottish society.

In 2016-17 we will:

- invest to deliver between 8,000 to 9,000 affordable homes, the majority of which will be for social rent, and take forward further plans with delivery partners to help address the development, financing, infrastructure and collaboration issues constraining increased housing supply;
- develop a Rural Housing Fund;
- allocate over £100 million of funding for energy efficiency measures; and
- subject to Parliamentary approval of the Private Tenancies Bill, implement the Bill's provisions to give tenants in the private rented sector increased security, while giving landlords, lenders and investors the confidence to continue investing in the sector.

Social Security

Table 9.04: More Detailed Spending Plans (Level 3)

	2015-16 Budget	2016-17 Draft Budget
Level 3	£m	£m
Scottish Welfare Fund	38.0	38.4
Discretionary Housing Payments	35.0	35.0
Social Security Programme Costs	0.2	0.9
Total Level 2	73.2	74.3
<i>of which:</i>		
DEL Resource	73.2	74.3
DEL Capital	-	-
Financial Transactions	-	-
AME	-	-

What the budget does

This provides funding to support some of the poorest members of our society, to mitigate the negative impacts of welfare changes and cuts as well as tackle poverty. The budget supports the delivery of the Scottish Welfare Fund (SWF) and the Scottish Public Sector Ombudsman's new role of reviewing SWF decisions. It also supports the continued mitigation of the 'bedroom tax'. The budget also provides funding to enable the design and delivery of legislation and systems to facilitate the delivery of social security powers being devolved under the new Scotland Bill.

In 2016-17 we will:

- provide £35 million of funding to allow local authorities to fully mitigate the effects of the 'bedroom tax';
- sustain funding to the Scottish Welfare Fund; and
- begin work to develop a Scottish social security system, including delivery of a social security Bill.

Social Justice and Regeneration

Table 9.05: More Detailed Spending Plans (Level 3)

	2015-16 Budget	2016-17 Draft Budget
Level 3	£m	£m
Fairer Scotland	8.0	8.0
Regeneration	48.9	48.5
Total Level 2	56.9	56.5
<i>of which:</i>		
DEL Resource	16.9	25.0
DEL Capital	26.0	26.5
Financial Transactions	14.0	5.0
AME	-	-

What the budget does

The budget allows us to deliver a range of actions to achieve social justice. It includes funding for advice and advocacy services, and funding to tackle food poverty.

The budget also enables us to continue to support regeneration initiatives which respond to local circumstances, involve local people in identifying the issues and co-create solutions, address market failure, and increase opportunities to attract investment and jobs in disadvantaged areas.

In 2016-17 we will:

- provide match funding of £1 million for the STV appeal on child poverty;
- implement the recommendations of the working group on food poverty;
- support advice and advocacy services in Scotland;
- provide nearly £40 million to invest in the regeneration of disadvantaged communities (through the Regeneration Capital Grant Fund and SPRUCE, covered in the table, and also through the Vacant and Derelict Land Fund, shown later in this chapter); and
- invest a total of £20 million, including £4 million from the Health Portfolio, in the Empowering Communities Fund.

Scottish Housing Regulator

Table 9.06: More Detailed Spending Plans (Level 3)

	2015-16 Budget	2016-17 Draft Budget
Level 3	£m	£m
Scottish Housing Regulator	4.0	3.7
Total Level 2	4.0	3.7
<i>of which:</i>		
DEL Resource	4.0	3.7
DEL Capital	-	-
Financial Transactions	-	-
AME	-	-

What the budget does:

The Scottish Housing Regulator (SHR), the independent regulator of social landlords established by the Housing (Scotland) Act 2010, has the statutory objective of safeguarding and promoting the interests of:

- nearly 600,000 tenants who live in homes provided by social landlords;
- around 40,000 people and their families who may be homeless and seek help from local authorities;
- around 90,000 home owners who receive services from social landlords; and
- over 500 Gypsy/Traveller families who live on sites provided by social landlords.

The 2016-17 budget will allow the SHR to provide effective regulation of:

- all social landlords, and the outcomes they deliver for tenants, homeless people and other service users; and
- Registered Social Landlords' financial health and governance.

Equalities

Table 9.07: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Equalities	20.3	20.3
Total Level 2	20.3	20.3
<i>of which:</i>		
DEL Resource	20.3	20.3
DEL Capital	-	-
Financial Transactions	-	-
AME	-	-

What the budget does

Our spending on equality and human rights supports the drive for social justice, economic growth and community empowerment in Scotland. It enables work to promote equality and human rights and supports and empowers groups experiencing discrimination and disadvantage. It enables investment in the capacity of equality organisations and in frontline action to address violence against women and discrimination and inequality.

In 2016-17 we will:

- support activities to promote equality and address discrimination and inequality;
- continue to fund frontline services that are tackling violence against women and girls;
- support the integration of asylum seekers and refugees;
- contribute to the implementation of the UNCRPD disability action plan and the implementation of the British Sign Language (Scotland) Act;
- support activities to further race equality through the development of a new race equality framework;
- continue support for interfaith work, engagement of older people and LGBTI equality;
- strengthen Scotland's community cohesion and tackle hate crime; and
- drive forward gender equality, including taking forward the equality provisions of the Scotland Bill.

Third Sector

Table 9.08: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Third Sector	24.5	24.5
Total Level 2	24.5	24.5
<i>of which:</i>		
DEL Resource	24.5	24.5
DEL Capital	-	-
Financial Transactions	-	-
AME	-	-

What the budget does

This budget helps in the drive for social justice and economic growth. It builds capacity, growth and sustainability of social enterprises across Scotland. It also supports the national and local infrastructure for the third sector, helps to grow the capacity and contribution of the third sector, and enables support for local volunteering.

Work will continue to align budgets and to maximise the impact of activity and support across communities and interests. The third sector will also have access to resources through other programmes including, for example, in education and housing.

In 2016-17 we will:

- support the development of social finance and social investment;
- provide match funding to support social enterprise and social innovation in tackling poverty and inequality through the new ESF programme; and
- maximise the impact of the third sector in public service reform and prevention, community empowerment, tackling poverty and inequality and developing innovative solutions to challenges facing communities.

Office of the Scottish Charity Regulator

Table 9.09: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Office of the Scottish Charity Regulator	3.0	3.0
Total Level 2	3.0	3.0
<i>of which:</i>		
DEL Resource	3.0	3.0
DEL Capital	-	-
Financial Transactions	-	-
AME	-	-

What the budget does

The Office of the Scottish Charity Regulator (OSCR) is responsible for the registration and regulation of all of Scotland's 24,009 charities. It has a statutory function to determine the charitable status of bodies, to keep the public register of charities, to encourage, facilitate and monitor charities and to investigate apparent misconduct.

In 2016-17, OSCR will:

- help the public to have more confidence in charities by being an effective regulator;
- make it easier for the public to get the information they want about charities;
- help charity trustees to understand and comply with their legal duties;
- keep registration and reporting straightforward and proportionate, and increase the number of online services offered; and
- identify and investigate apparent misconduct in charities, taking remedial or protective action as appropriate.

Governance, Elections and Reform

Table 9.10: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Local Governance	1.1	0.6
Local Government Elections	0.3	0.4
Local Government Boundary Commission	0.5	0.2
Public Services Reform and Community Empowerment	0.6	0.9
Total Level 2	2.5	2.1
<i>of which:</i>		
DEL Resource	2.5	2.1
DEL Capital	-	-
Financial Transactions	-	-
AME	-	-

What the budget does

This budget provides investment to improve our public services in line with a sustained focus on community empowerment.

The Christie Commission made clear that engaging people in the design and delivery of services is essential to deliver the transformation in outcomes and inequalities that we seek. Government at all levels, public bodies and wider partners, play a crucial role in opening up access for people to participate in democratic decision making, helping to enable the growth of social capital and community wellbeing and by redesigning systems and structures to help everyone to participate to their full potential in our economy and wider society.

This budget also includes provision for a number of important activities in relation to local government such as operation of the Council Tax Reduction scheme, funding for the Local Government Boundary Commission for Scotland, and a range of analytical and statistical work.

In 2016-17 we will:

- support innovative new approaches to participation, including co-designing a new participation duty with partners in Scotland, to help embed an even stronger participation culture across public services;
- continue to develop a range of approaches to enable a growing diversity of colleagues and partners to catalyse and accelerate system-wide transformation together. This will build from the development of collaborative leadership and assets-based working, building capacity and capability across public services; and
- support the delivery of the 2017 local government elections.

Planning

Table 9.11: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Planning	1.9	1.8
Building Standards	0.2	0.2
Architecture and Place	1.4	1.4
Planning and Environmental Appeals	0.7	0.7
Total Level 2	4.2	4.1
<i>of which:</i>		
DEL Resource	3.4	4.0
DEL Capital	0.8	0.1
Financial Transactions	-	-
AME	-	-

What the budget does

By building on the programme of modernisation, the Planning budget supports increased sustainable economic growth by delivering a quicker, more accessible and efficient planning process, in particular increasing delivery of high-quality housing developments. This includes establishing an integrated eDevelopment solution for the planning and building standards systems in Scotland and supporting community engagement and sustainable communities.

The budget targets improvements to the quality of the built environment including research and advice on developments in technology, building design and architecture.

In 2016-17 we will:

- complete the root and branch review of the planning system and take forward a programme of reform to deliver a quicker, more accessible and efficient process;
- build on the success of the ePlanning programme to launch an integrated ePlanning and eBuilding Standards service. Projected financial benefits of £73 million are estimated over the five-year programme;
- continue to help people and organisations involved in building and development in Scotland make better informed decisions to support the creation and renewal of sustainable buildings that will stand the test of time;
- deliver a programme of planning and other appeals work, examination of local and strategic development plans and compulsory purchase orders, transport and energy and other infrastructure projects; and
- deliver a programme of research to support the development of building standards and ministerial aspirations on climate change and energy efficiency.

Local Government

Table 9.12: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
General Revenue Grant	7,004.0	6,685.9
Non-Domestic Rates	2,799.5	2,768.5
Support for Capital	716.2	480.6
Specific Resource Grants	91.9	91.0
Specific Capital Grants	145.1	126.3
Total Level 2	10,756.7	10,152.3
<i>of which:</i>		
DEL Resource	7,095.9	6,776.9
DEL Capital	861.3	606.9
Financial Transactions	-	-
AME	2,799.5	2,768.5

Notes:

1. The Scottish Government guarantees the combined General Resource Grant plus the distributable Non-Domestic Rates (NDR) Income figures.
2. Held within other portfolio chapters includes both resource and capital specific grants.
3. The 2015-16 capital allocations include a number of one-off adjustments: £94.2 million was added back to meet an earlier reprofiling agreement; £69 million to support the implementation of the Children and Young People (Scotland) Act 2014; and £5 million to Shetland Island Council for housing support. Together these total £168.2 million.
4. The 2016-17 capital allocations take into account the reprofiling of £150 million which will be added back to the local government allocation in the next spending review covering the period 2017-20.

Table 9.13: Specific Grant Funding and other Local Government Funding 2016-17

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Justice		
Resource Specific		
Criminal Justice Social Work	86.5	86.5
Social Justice, Communities and Pensioners' Rights		
Resource Specific		
Housing Support Grant*	1.0	-
Capital Specific		
Vacant and Derelict Land	10.7	7.8
Transfer of Management of Development Funding (TMDF)	104.5	96.5
Infrastructure, Investment and Cities		
Capital Specific		
Regional Transport Partnership	21.9	16.0
Cycling, Walking and Safer Routes	8.0	5.9
Education and Lifelong Learning		
Resource Specific		
Gaelic	4.5	4.5
Total Specific Revenue Grants (DEL)	92.0	91.0
Total Specific Capital Grants	145.1	126.3

What the budget does

Local Government's Spending Plans 2015-16

For information purposes only, Scotland's local authorities have budgeted to spend the total resources available to them from the Scottish Government's funding and income raised locally through the Council Tax on services as set out in Table 9.14.

Table 9.14: Local Government Revenue Expenditure Plans 2015-16

2015-16 Budget Estimate - Net Revenue Expenditure	2015-16 Budget £m
Education	4,764.7
Social Work	3,106.3
Roads and Transport	457.6
Environmental Services	680.8
Planning and Development Services	278.8
Culture and Related Services	583.2
Emergency Planning	3.5
Administration of Housing Benefits and Council Tax Reduction Scheme	41.4
Private Sector Housing Renewal	26.9
Housing Benefit: Rent Allowance and Rebates	11.7
Non-Housing Revenue Account Housing	44.2
Homelessness	82.8
Housing Support Services	141.2
Welfare Services	10.4
Licensing	(1.4)
Elections	12.4
General Grants, Bequests and Donations	7.7
Registration of Births Marriages and Deaths	4.8
Local Tax Collection (including Non-Domestic Rates)	29.3
Council Tax and Non-Domestic Lands Valuation	28.1
Non-Road Lighting	10.6
Corporate and Democratic Core	151.3
Statutory Repayment of Debt	1,252.1
Equal Pay/Single Status (prior year cost provision only)	0.3
Other Miscellaneous Services	46.1
Non-Distributed Costs	98.3
Trading Services	3.7
Total Budgeted 2015-16 Net Revenue Expenditure	11,877.1

Note: Totals may not sum due to roundings.

In addition, Scotland's local authorities are planning a capital expenditure programme for 2015-16 as set out in Table 9.15. The capital resources available to them to fund this programme come from grants from the Scottish Government and its agencies; self-financed borrowing, capital receipts from the sale of assets and other sources.

Table 9.15: Local Government Capital Expenditure Plans 2015-16

2015-16 Budget Estimate – Gross Capital Expenditure	2015-16 £m
Non-Housing Revenue Account Housing	30.7
Roads and Transport	474.0
Education	785.9
Social Work	106.1
Environmental Services	165.9
Culture and Related Services	194.0
Planning and Economic Development	136.2
Trading Services	10.3
Central Services	160.0
Other Services	55.1
Capitalisation of Other Revenue Expenditure	267.8
Total Estimated 2015-16 Capital Expenditure	2,385.9

Note: Totals may not sum due to roundings.

These figures present the total budget allocated to projects in 2015-16. The final outturn figures are likely to be lower due to project slippage and expenditure being delayed into 2016-17.

CHAPTER 10

Rural Affairs, Food and the Environment

PORTFOLIO RESPONSIBILITIES

Rural Affairs, Food and the Environment is a diverse portfolio that has responsibility for protecting and enhancing the environment as well as for developing rural Scotland through working with industries and communities. It includes the Scottish Government lead on climate change, agriculture, marine management, sea fisheries, aquaculture, forestry, land reform, rural development, food and drink and environmental policy. In support of the wider ambition of inclusive growth and tackling inequalities, our overarching aim is to protect and promote Scotland's environment and to grow the rural economy through:

- community empowerment;
- improving digital connectivity, particularly to remote and rural areas;
- building up our world-class food and drink industry;
- supporting renewables, enhancing our environment and natural resources, and tackling climate change; and
- investing in the research base.

OUR PRIORITIES

EU Support and Related Services

We will continue to deliver the reformed Common Agriculture Policy (CAP) to obtain the best results for Scotland's rural economy, environment and communities. We will also continue to provide support for the food and drink sectors to help sustain the dramatic increase in economic activity in the sector in recent years and provide impetus to Scotland's journey to becoming a Good Food Nation.

Environment and Rural Services

Within environment and rural services our priorities will be to:

- continue to protect and enhance our world-class natural environment – maintaining our efforts to halt the loss of biodiversity and to restore and enhance our ecosystems, stop diffuse pollution and minimise greenhouse gases;

- invest in our natural resources to benefit the Scottish economy and the health of our communities—focusing on optimising the way we use our land; ensuring good stewardship and promoting physical activity and the use of green spaces;
- continue to support an independent regulatory function that ensures the quality of Scotland's drinking water;
- drive forward a transition to a circular economy to create a policy and regulatory environment in which Scotland's high-value resources support jobs, foster innovation and inspire new technology and where we harness the value of recycling, transform attitudes to food waste, reduce the impacts of litter, and continue to deliver resource efficiency savings; and
- continue funding the Scottish Environment Protection Agency (SEPA), through which the Scottish Government is supporting effective and proportionate environmental regulation. The funding allows SEPA to continue – with the Scottish Government and stakeholders – to implement the Regulatory Reform (Scotland) Act 2014 and the wider better environmental regulation programme, delivering longer-term benefits for the regulated and the environment. In particular it will enable SEPA to deliver its new statutory purpose with a primary focus on protecting Scotland's environment whilst also delivering benefits for communities and the economy.

Climate Change

We have embedded Climate Change within the development of the Draft Budget and Infrastructure Investment Plan and will implement the Climate Change (Scotland) Act to support Scotland's transition to a low carbon society, empowering households, communities, businesses and wider public sector to take action. We will continue to prepare Scotland for a changing climate and to champion climate justice – both at home and abroad.

The Scottish Government is committed to:

- making Scotland a leading low carbon investment destination;
- securing investment and jobs from the growing Low Carbon sector; and
- ensuring that the benefits of this transformational change are shared across the economy and communities.

The range of activities funded in this Draft Budget includes:

- Energy Efficiency being designated a National Infrastructure Priority;
- continued funding for the Community and Renewable Energy Loan scheme (CARES); and
- sustainable and active travel with a focus on the National Cycling Network and links, Cycling Action Plan, the Smarter Choices, Smarter Places initiative and Local Government Cycling, Walking and Safer Routes.

Marine and Fisheries

Within Marine and Fisheries our priorities will be to:

- implement the reformed Common Fishery Policy (CFP) to ensure that Scottish interests are maximised – particularly on discards, regionalisation and sustainable fishing;
- support the sustainable growth of the aquaculture sector;
- ensure that the development and use of the marine environment is undertaken sustainably and aligns to the delivery of the strategic objectives and general policies as contained within the National Marine Plan (NMP);
- implement the Marine Strategy Framework Directive by developing a programme of measures to achieve and maintain good environmental status; and
- continue to maintain a strong research and evidence base in support of marine and fisheries policy developments and delivery.

Forestry Commission

Within the Forestry Commission our priorities will be to:

- contribute to the government's net carbon emission reduction targets by planting 100,000 hectares of new woodland over the 10 year period to 2022;
- continue to invest in visitor infrastructure on the national forest estate in the care of Forestry Commission Scotland to generate further economic growth and new business opportunities for the private sector; and
- increase tree health surveillance and research and work with stakeholders to develop responses to the current challenge of a significant increase in the incidence of pests and diseases affecting our trees and woodlands.

Table 10.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
EU Support and Related Services	172.3	172.5	178.8
Research, Analysis and Other Services	73.8	73.8	67.0
Marine and Fisheries	55.3	55.3	53.2
Environment and Rural Services	181.1	180.9	180.3
Climate Change and Land Managers Renewables Fund	19.4	19.4	19.8
Forestry Commission	64.1	64.1	61.3
Total Level 2	566.0	566.0	560.4
<i>of which:</i>			
DEL Resource	506.4	506.4	498.0
DEL Capital	52.1	52.1	57.4
AME	-	-	-
Financial Transactions	7.5	7.5	5.0

Table 10.02: Spending Plans (Level 2 Real Terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
EU Support and Related Services	172.3	172.5	175.7
Research, Analysis and Other Services	73.8	73.8	65.9
Marine and Fisheries	55.3	55.3	52.3
Environment and Rural Services	181.1	180.9	177.3
Climate Change and Land Managers Renewables Fund	19.4	19.4	19.5
Forestry Commission	64.1	64.1	60.3
Total Level 2	566.0	566.0	551.0
<i>of which:</i>			
DEL Resource	506.4	506.4	489.7
DEL Capital	52.1	52.1	56.4
Financial Transactions	7.5	7.5	4.9

EU Support and Related Services**Table 10.03 More Detailed Spending Plans (Level 3)**

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Pillar 1 – Basic Payments	262.0	262.0
Pillar 1 – Greening Payments	131.5	131.5
Other Pillar 1 Payments	44.5	44.5
Business Development	31.2	31.2
Less Favoured Area Support Scheme	65.5	65.0
Agri Environmental Measures	46.8	46.8
Forestry	1.9	1.6
Rural Enterprise	0.1	0.1
Rural Communities	0.1	0.1
Leader	9.0	4.5
Technical Assistance	5.0	5.0
Broadband	3.0	3.6
Crofting Assistance	0.3	0.3
Payments and Inspections Admin	45.6	55.6
CAP Compliance Improvements	14.2	26.2
Less EU Income	(488.2)	(499.2)
Total	172.5	178.8
<i>of which:</i>		
DEL Resource	127.0	137.5
DEL Capital	38.0	36.3
AME	-	-
Financial Transactions	7.5	5.0

What the budget does

The EU support and related services budget supports and protects primary productivity in the agricultural and wider rural sector through the delivery of EU funding (European Agricultural Guarantee Fund) under direct support measures. The Scottish Rural Development Programme (SRDP) provides for National and EU funding (European Agriculture Fund for Rural Development) to support measures which deliver economic, environmental and community benefit for rural Scotland.

The delivery is underpinned by the provision of regulatory inspection functions, scientific and technical advice, monitoring and evaluation as well as new improved business processes and associated IT functionality.

In 2016-17 we will:

- operate the CAP efficiently and effectively, continuing to invest in the development of new IT and improved business processes to improve customer experience and realise significant operational efficiencies;
- provide customers and staff with clear information, guidance and training on the implementation of schemes and rules under CAP;
- continue to improve the quality of SRDP implementation and the fostering of innovation and co-operation; and
- continue to work closely with partner organisations and the public on broader rural development policy issues, e.g. Scottish Rural Parliament and to inform the public on funding opportunities under SRDP.

Research Analysis and Other Services

Table 10.04: More Detailed Categories of Spending (Level 3)

	2015-16 Budget	2016-17 Draft Budget
Level 3	£m	£m
Programmes of Research	55.7	49.8
Royal Botanic Garden Edinburgh	11.7	11.3
Contract Research Fund	5.0	4.5
Economic & Other Surveys	1.4	1.4
Total	73.8	67.0
<i>of which:</i>		
DEL Resource	71.8	65.0
DEL Capital	2.0	2.0
AME	-	-

What the budget does

The research analysis and other services budget funds a portfolio of strategic and policy-led research. The investment delivers a wide range of evidence on key future challenges such as climate change, animal and plant disease, food security and resource efficiency. The budget also facilitates science innovation and excellence and ensures the maintenance of critical infrastructure and research assets.

Research is commissioned by way of two five-year multi-disciplinary programmes for environmental change and for food, land and people, three policy-facing centres of expertise covering climate change, animal disease and water, two industry-facing strategic partnerships focused on animal science and food and drink, and a contract research fund for short-term policy evidence needs.

In addition, the budget supports the work of the Royal Botanic Garden Edinburgh and enables the Scottish Government to collaborate with other funders and providers of research, including UK Research Councils and the Higher Education sector in Scotland.

In 2016-17 we will:

- commission the first year of the 2016-21 five-year strategic research programme to deliver the forward Rural and Environment Science and Analytical Services (RESAS) research strategy;
- establish the planned Centre of Excellence on Plant Health;
- continue to seek efficiencies, impact and leverage from the research we support; and
- continue to support the work of the Royal Botanic Garden Edinburgh on maintaining its national collections and its contributions to environmental and biodiversity change, sustainable agro-forestry, and improving rural livelihoods in very poor areas of the world.

Marine and Fisheries

Table 10.05: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Marine Scotland	47.9	45.8
Fisheries Grants	15.2	15.2
Fisheries Harbour Grants	0.4	0.4
Less Retained Income/Capital Receipts	(8.2)	(8.2)
Total	55.3	53.2
<i>of which:</i>		
DEL Resource	49.1	47.0
DEL Capital	6.2	6.2
AME	-	-

What the budget does

The marine and fisheries budget supports the sustainable use of Scotland's marine environment. Marine Scotland is the key body responsible for managing the sea and the activities which impact on it, and in it, with a responsibility for marine planning and licensing of activities in the marine environment – crucially marine renewables, sea fisheries, aquaculture, recreational fisheries and the scientific and evidence base required to support these sectors.

In 2016-17 we will:

- support the fisheries, aquaculture and fish processing sectors by maximising the benefits of the new European Maritime and Fisheries Fund to create and safeguard jobs in remote rural areas, and to develop and sustain markets for premium Scottish seafood products;
- introduce a Wild Fisheries Bill to introduce a modern management system fit for purpose in the 21st century to support the development of the wild fisheries sector and conserve and protect our wild fish resources in order to derive social and economic benefits from them;
- implement the ban on discards for pelagic and demersal fisheries as per the Landing Obligation agreed by the new regional groups established under the reformed Common Fisheries Policy; and
- progress towards completion of the network of Marine Protected Areas and implementation of management measures.

Environmental and Rural Services

Table 10.06: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Natural Heritage	53.1	48.4
National Park Authorities	12.6	12.5
Natural Resources	1.3	4.2
Scottish Environment Protection Agency	39.0	36.6
Zero Waste	23.0	20.5
Natural Assets and Flooding	9.1	9.1
Crofting Commission	2.6	2.6
Rural Cohesion	1.6	1.6
Land Reform	3.0	10.0
Agricultural and Horticultural Advice and Support	3.8	3.6
Veterinary Surveillance	5.2	5.2
Animal Health	18.2	18.2
Food Industry Support	5.0	5.0
Private Water	2.8	2.2
Drinking Water Quality Regulator	0.6	0.6
Total	180.9	180.3
<i>of which:</i>		
DEL Resource	176.6	169.0
DEL Capital	4.3	11.3
AME	-	-

What the budget does

The environmental and rural services budget directly supports sustainable rural development through funding measures which deliver economic, environmental and community benefit for rural Scotland, providing direct support to farming, forestry, crofting and rural development projects. It also supports the strong economic growth of the food and drink industry and the empowerment of rural communities.

In 2016-17 we will:

- work with our key delivery partners to meet our European and other international obligations and targets for biodiversity, and restoring peatland to bring biodiversity and climate change benefits;
- invest in the delivery of a high-quality environment for local people and visitors throughout Scotland providing particular support to our National Parks and to the Central Scotland Green Network (CSGN) to encourage and promote the environment as a driver of health and wellbeing and sustainable economic growth;

- continue to manage invasive and non-native species and combat wildlife crime, addressing especially the consequences of irresponsible behaviour associated with raptor persecution;
- ensure that we make the best use of our land resources for the common good by increasing community ownership, improving governance and rights in land and achieving greater integration of land use through key delivery mechanisms including SRDP, CAP Greening measures and our Land Use Strategy pilots;
- continue to support the Scottish Rural Parliament process as part of wider work to build social and economic capital in rural Scotland. This will include working with key partners on preparations for the second Scottish Rural Parliament in autumn 2016;
- continue land reform to ensure land is owned and used in the public interest and to the benefit of the people of Scotland; to encourage and support responsible and diverse landownership; and ensure communities have a say in how land in their area is used;
- continue to support the quality of privately-owned drinking water supplies by the provision of grant funding to raise awareness and to facilitate improvements;
- begin to implement Scotland's first round of flood risk management plans that focus work at local level to reduce the level of flood risk;
- support the Scottish Environment Protection Agency and Scottish Natural Heritage in their work to protect Scotland's environment;
- implement the second round of river basin management plans and continue to support Zero Waste Scotland to help deliver on our zero waste and circular economy ambitions, reducing greenhouse gas emissions associated with waste management;
- monitor for the presence of plant and animal disease, prevent, control or eradicate any outbreaks, and improve the welfare of kept animals; and
- implement the next phase of the national food and drink policy, helping Scotland become a Good Food Nation. This will involve supporting industry to meet its growth targets, local groups to celebrate food from their local area, public caterers to serve fresh, healthy produce and schools and others to help our children understand more about the food they eat.

Climate Change and Land Managers Renewables Fund

Table 10.07: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Climate Change Policy	1.1	1.1
Land Managers Renewables Fund	3.0	3.0
Sustainable Action Fund	15.3	15.7
Total	19.4	19.8
<i>of which:</i>		
DEL Resource	19.4	19.8
DEL Capital	-	-
AME	-	-

What the budget does

The climate change budget supports the portfolio's climate change coordination work, including development and implementation of the government's climate change adaptation and mitigation policy. The Sustainable Action Fund supports people in communities across Scotland to take action on climate change, and includes support for Climate Justice Fund. In addition, the budget provides resources for the Land Managers' Renewables Fund.

Significant budgets elsewhere across government also support achievement of our climate change ambitions.

In 2016-17 we will:

- continue to lead work to support the delivery and achievement of the Scottish climate change targets, and other work to support implementing the requirements of the Climate Change (Scotland) Act 2009;
- continue the work of the Sustainable Action Fund (SAF), which includes supporting community led action and work to influence low carbon behaviours across Scotland;
- continue to support organisations and communities across Scotland in adapting to a changing climate; and
- continue to offer funding for the Community and Renewables Energy Scheme (CARES) loans for rural businesses to address the costs associated with the pre-planning stage of renewable energy projects for farmers and land managers.

Forestry Commission

Table 10.08: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Woodland Grants	36.0	36.0
Policy, Regulation and Administration	5.1	4.8
Programme Costs	21.0	18.5
Forest Enterprise	21.7	21.7
Depreciation	0.1	0.1
EU Income	(19.8)	(19.8)
Total	64.1	61.3
<i>of which:</i>		
DEL Resource	62.5	59.7
DEL Capital	1.6	1.6
AME	-	-

What the budget does

Forestry Commission Scotland works to increase the contribution of Scotland's forests to people's health and wellbeing, the economy and the environment. The budget also supports the sustainable management of the Scottish Ministers' national forest estate, managed by Forest Enterprise Scotland.

Climate change will continue to be an area of major importance for forestry, with the aim of planting 100,000 hectares of new woodlands between 2012 and 2022. Forestry Commission Scotland is also a key delivery partner for the Central Scotland Green Network, championing action on the ground.

In 2016-17 we will:

- manage the national forest estate to deliver economic, social and environmental benefits to Scotland through programmes to produce timber, empower communities, develop renewable energy, provide opportunities for new entrants to farming, restore degraded ecosystems and provide diverse recreation opportunities to improve people's health and stimulate rural development;
- support and regulate forest and woodland management across Scotland, working with others to stimulate the planting and management of trees as a key component of rural development, and the transition to a low carbon economy;
- work with others to further develop Scotland's response to the increased risk of plant disease, and continue to respond to the ongoing spread of significant tree diseases across the country; and
- review and revise Scotland's Forest Strategy to set out a vision for the growth of Scotland's woodland sector for the next 10 years in alignment with other government strategies, such as the Land Use Strategy.

CHAPTER 11

Culture, Europe and External Affairs

PORTFOLIO RESPONSIBILITIES

The Culture and External Affairs portfolio includes policy on culture, creative industries, and the support and development of Scotland's national collections and performing arts organisations. It also covers the built environment, both historic and new, documentary heritage and European and international affairs.

The portfolio seeks to promote Scotland's interests and identity at home and abroad and contributes to delivering economic growth through investment in heritage, culture and events.

It protects and provides access to Scotland's historic environment, promotes the delivery of high-quality places and buildings to support Scotland's communities, and produces trusted data about Scotland's people and places.

Our commitment to prevention, equality, diversity and inclusion underpins this portfolio's priorities. Our ambition is for the portfolio to support and raise the profile of Scotland's heritage and cultural life to flourish at home and abroad. Our work is predicated on the belief that culture sits at the heart of our quality of life and wellbeing, empowering, enriching and shaping our communities.

The portfolio helps to ensure that our diverse and evolving cultural heritage thrives and is celebrated and that our historic environment, our national and international collections and our intangible heritage are cared for and enjoyed now and by future generations. It also seeks to strengthen our infrastructure, helping to ensure that all of Scotland's communities have the opportunity to participate, benefit and flourish.

OUR PRIORITIES

The Scottish Government continues to deepen its relationships with key countries in the pursuit of furthering sustainable economic growth in Scotland and increasing Scotland's visibility on the world stage.

The Government's key international priority is to deliver an increased level of engagement with the European Union and its member states, strengthen our role as active members of the British-Irish Council and continue to enhance Scotland's reputation as a good global citizen through our international development agenda.

Active engagement in the EU and internationally makes a major contribution to the Scottish economy, securing trade with EU and worldwide partners, as well as increasing public investment in agriculture, structural funds and research and development. Within the EU the Scottish Government is also committed to increasing Scotland's return on EU competitive funding programmes and seconding staff to key European institutions to extend our knowledge base. Scotland's leadership in areas such as climate change and renewable energy contributes substantially to Scotland's attractiveness as a destination for inward investment.

The First Minister has made clear that tackling poverty and inequality in Scotland is one of this Government's central aims for one simple reason: Scotland's success as a nation depends upon our working together to deliver a strong economy whilst supporting a fairer society. As much as we strive to create a fairer Scotland, the Scottish Government is clear that inequality and poverty is not restricted to our borders – it is a global issue that needs a global response.

Scotland has always been an outward-looking nation, embracing the world beyond our borders. It is important that this legacy is continued with Scotland acting as a good global citizen and making a contribution to the international community. International development is of course a key tenet of that, making distinctive contributions in addressing global challenges such as climate change, tackling inequality and promoting human rights, and sharing our knowledge, skills and technical expertise for the global good.

Through our Major Events budget, we will support the successful delivery of the new national events strategy in order to develop and grow a flourishing, innovative and competitive events industry. This will enable Scotland to further enhance and sustain an inspirational programme of events each year that generate business, create jobs and boost the economy whilst delivering benefits to all of Scotland's communities and building upon our nation's strong reputation and international attractiveness.

We will continue to strengthen our culture and heritage infrastructure through direct investment in public-facing capital projects such as the V&A Dundee and the Kelvinhall refurbishment so that engagement in culture is increased and widened, and sustained throughout lives.

We will also ensure that Scotland's national and international collections are cared for and enjoyed now and by future generations by continuing to invest in our National Collections' facilities, supporting delivery of efficient, high-quality public services.

Scotland values its creative talent and provides opportunities for that talent to develop and thrive. Our continued investment in the arts and culture through Creative Scotland and the National Performing Companies will help ensure that Scotland's culture reaches a wide audience at home and abroad. Our investment ensures all children and young people are encouraged and have the opportunity to engage in culture.

The Scottish Government is committed to delivering arts for all, and to giving every young person in Scotland the opportunity to access and engage with the arts, helping them to reach their full potential. The Youth Arts have an intrinsic merit, but they also boost the skills of those who participate and build their capacity, helping to tackle inequalities in Scotland and making Scotland a stronger, fairer and more inclusive

society. We are working with a range of partners to create opportunities to get young people involved in art and culture including under the umbrella of Scotland's first ever Youth Arts strategy, 'Time To Shine', and supported by initiatives including the Youth Music Initiative, Cashback for Creativity, Sistema Scotland and Aspire Dundee.

Libraries can empower communities – often in our most deprived areas where we know that young people can have lower levels of literacy and numeracy. The 2015-16 Public Library Improvement Fund supported many innovative libraries including £80,000 funding to enable all local authorities to trial methods to give all children automatic membership of their local library which was launched by the First Minister in August 2015.

These measures all help ensure that no-one's background is a barrier to taking part in cultural life and giving young people all over Scotland a chance to take part in culture and the arts.

The newly established Historic Environment Scotland (HES) will use the properties and collections in its care, research and education programmes, publications and exhibitions to ensure Scotland's historic environment makes a strong contribution to the cultural, social, environmental and economic wellbeing of the nation.

The National Records of Scotland's (NRS) priorities for 2016-17 all have a strong focus on developing its Digital Services. NRS will initiate the design of its new Digital Preservation Service, play a leading role in progressing the 'Data Linkage Framework' strategy to securely deliver data research projects that benefit the public. It will also provide improved and expanded access to its rich set of records through a new ScotlandsPeople website and start the preparation of the next Census which will be predominantly delivered digitally.

Table 11.01: Spending Plans (Level 2)

	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Level 2			
Europe and External Affairs	17.9	17.9	16.2
Culture*	170.2	170.2	154.1
Historic Environment Scotland**	44.6	44.6	45.0
National Records of Scotland	23.2	23.2	28.4
Total Level 2	255.9	255.9	243.7
<i>of which:</i>			
DEL Resource	219.2	219.2	212.0
DEL Capital	28.7	28.7	26.7
Financial Transactions	8.0	8.0	5.0
AME	-	-	-

*2015-16 figure now excludes £4.5 million relating to the Royal Commission on the Ancient and Historical Monuments of Scotland

**Includes Historic Scotland and Royal Commission on the Ancient and Historical Monuments of Scotland who merged in 2015-16

Table 11.02: Spending Plans (Level 2 real terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Europe and External Affairs	17.9	17.9	15.9
Culture*	170.2	170.2	151.6
Historic Scotland**	44.6	44.6	44.3
National Records of Scotland	23.2	23.2	27.9
Total Level 2	255.9	255.9	239.7
<i>of which:</i>			
DEL Resource	219.2	219.2	208.5
DEL Capital	28.7	28.7	26.3
Financial Transactions	8.0	8.0	4.9
AME	-	-	-

*2015-16 figure now excludes Royal Commission on the Ancient and Historical Monuments of Scotland

**Includes Historic Scotland and Royal Commission on the Ancient and Historical Monuments of Scotland who merged in 2015-16

Europe and External Affairs

Table 11.03: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Major Events and Themed Years	3.2	2.4
International Relations	14.7	13.8
Total	17.9	16.2
<i>of which:</i>		
DEL Resource	17.9	16.2
DEL Capital	-	-
AME	-	-

What the budget does

The Europe and External Affairs budget supports the promotion of Scotland as well as its interests and identity at home and abroad in pursuit of sustainable economic growth. It contributes to the positioning of Scotland on the world stage as a good global citizen, particularly through our international development work. It funds the development and growth of our events industry and our annual portfolio of events delivers economic, community and reputational benefits. The budget also supports the attraction of talented and skilled individuals to live, study and work in Scotland.

In 2016-17 we will:

- increase the level and frequency of Scottish engagement with EU institutions (including through the secondment of staff) to advance our policy objectives, develop our expertise in European affairs and increase our return on EU competitive funding programmes;
- develop further strategic links with key countries across the EU, as well as the USA, Canada, Pakistan, India and China, whilst also taking advantage of opportunities to expand Scotland's international engagement;
- on our international development work: maintain the International Development Fund at £9 million enabling us to continue to provide support to development projects in our priority countries, including Malawi; and to continue to work across Ministerial portfolios to support international aims, including, on water management, climate justice, the UN's Sustainable Energy for All initiative and the new UN Sustainable Development Goals; and
- support the national events strategy for 2015-25, 'Scotland the Perfect Stage', by providing funding for Scotland's national themed years (including the 2016 Year of Innovation, Architecture and Design and the 2017 Year of History, Heritage and Archaeology), Scotland's annual Winter Festivals programme and individual events and activities that further develop Scotland's wide and diverse events portfolio and the events industry.

Culture

Table 11.04: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Creative Scotland and Other Arts	56.7	52.6
Cultural Collections*	85.9	78.6
National Performing Companies	27.6	22.9
Total	170.2	154.1
<i>of which:</i>		
DEL Resource	135.2	128.7
DEL Capital	27.0	20.4
Financial Transactions	8.0	5.0
AME	-	-

*Excludes Royal Commission on the Ancient and Historical Monuments of Scotland which now sits within the Historic Environment Scotland (HES) budget line

What the budget does

The Culture budget contributes towards enhancing the quality of life for communities and individuals throughout Scotland by creating the conditions which enable artists to flourish and as many people, groups and organisations as possible to benefit from and enjoy our culture and heritage. Our rich culture is not only valuable in its own right but participating in creative activities such as making, or engaging with, music or art can lead to a broad range of positive personal, social and economic benefits.

Creative Scotland supports the arts, screen and creative industries throughout Scotland. They enable people and organisations to work in and experience these sectors in Scotland by helping creative ideas to develop and flourish. These sectors also make a vital contribution to jobs and the economy in Scotland. They also help develop talent and skills amongst Scotland's people. The Creative Industries growth sector contributes more than £5 billion to Scotland's economy. In 2014 the number of jobs supported by the Scottish Creative Industries rose to over 71,000 – an increase of 4.7 per cent from the previous year.

Scotland's 460 museums and galleries attracted 27.65 million visits in 2014 and sustain over 3,500 tourism-related jobs. The total induced economic impact of museums and galleries in 2014 was an estimated £891 million.

In 2016-17 we will:

- invest in Scotland's cultural infrastructure including continuing our support for the V&A Dundee project;
- continue funding for the National Collections, maintaining their assets and enabling free access to the main collections for the public;
- support the artistic and educational activity of our five National Performing Companies with over £22 million in direct funding, including support for the International Touring Fund;
- provide Creative Scotland with over £32 million in core funding to support artists and cultural activity across all art-forms and for the benefit of communities right across Scotland;
- maintain our support for the Youth Music Initiative at £10 million per annum, providing music-making activities for around 225,000 young people;
- provide continued support in the region of £4 million for non-national museums, galleries and libraries, strengthening their connections with communities and developing the skills of those in the sector; and
- in August 2016 we will host the 3rd Edinburgh International Culture Summit when we will bring together Culture Ministers from around the world to share ideas and solutions and to participate in debate during the Edinburgh Festivals.

Historic Environment Scotland

Table 11.05: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Operational Costs*	82.2	81.6
Capital Expenditure**	0.2	3.4
Less Income	(37.8)	(40.0)
Total	44.6	45.0
<i>of which:</i>		
DEL Resource	44.4	41.6
DEL Capital	0.2	3.4
AME	-	-

*Restated to include £4.3 million of Royal Commission on the Ancient and Historical Monuments of Scotland resource budget which now sits within the Historic Environment Scotland's (HES) budget line

**Restated to include £0.2 million of RCAHMS capital budget

What the budget does

HES is a new public body established by the Historic Environment Scotland Act 2014. Its primary purpose is to investigate, care for and promote Scotland's historic environment and to manage its collections as a national resource for reference, study and research. It is the lead public body for delivering Scotland's historic environment strategy 'Our Place in Time', the largest operator of paid visitor attractions in Scotland and provides advice on the management of Scotland's wider historic environment.

Through its grant schemes, HES contributes funding for the regeneration of Scotland's town centres and the repair of historic buildings. Between 2005 and 2015, Historic Scotland awarded grants of £131 million that assisted repairs of over £560 million, evidencing the significant leverage that historic environment investment can deliver. HES employs many skilled craftsmen to maintain its properties, working with colleges and others to promote and support traditional skills.

In 2016-17 HES will:

- deliver the statutory functions set out in the Historic Environment Scotland Act 2014, in support of Scotland's historic environment including playing a lead role in the delivery of 'Our Place in Time';
- continue to offer grant support to deliver benefits for communities by helping regenerate and promote the active use, care and maintenance of the historic environment, broadening access to it, promoting sustainable economic and rural development and reinforcing local identity and a sense of place;
- provide expert advice and guidance to encourage informed decision-making and achieve the right balance between conservation and sustainable change;

- promote learning and education to enhance knowledge, understanding and enjoyment of the historic environment, delivering learning programmes linked to the Curriculum for Excellence, to National and Vocational Qualifications and to opportunities in further and higher education;
- encourage engagement with, participation in and enjoyment of the historic environment and increase the diversity of people accessing it; and
- deliver ‘Scotland’s Traditional Skills Strategy’, including progressing the Engine Shed Building Conservation Centre in Stirling and the Traditional Buildings Health Check pilot scheme.

National Records of Scotland

Table 11.06: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Operational Costs	29.2	31.3
Capital Expenditure	1.5	2.9
Less Retained Income	(7.5)	(5.8)
Total	23.2	28.4
<i>of which:</i>		
DEL Resource	21.7	25.5
DEL Capital	1.5	2.9
AME	-	-

What the budget does

The National Records of Scotland budget supports the collection, preservation and production of information about Scotland’s people and history. This includes performing the registration and statistical functions of the Registrar General for Scotland, for example the census and a wide range of demographic data, the archival and public records functions of the Keeper of the Records of Scotland, and maintaining the archives as one of Scotland’s five National Collections.

In 2016-17 we will:

- continue planning of the next census (in 2021) as Scotland's richest source of demographic information;
- produce a range of demographic estimates and projections on Scotland's population and households;
- ensure information of historical importance produced in digital format can be preserved for posterity by designing a new NRS Digital Preservation service;
- extend digital access to our family history records including the re-designed online ScotlandsPeople service to improve the customer experience and develop new and existing markets;
- ensure transparency for the citizen as delivered by Scottish Government websites is sustained in perpetuity through a new Web Continuity Service for the whole of Scottish Government; and
- progress the Scottish Government's 'Data Linkage Framework' strategy to securely deliver publicly beneficial data research projects through the Scottish Informatics and Linkage Collaboration (SILC), the Scottish Health and Ethnicity Linkage Study (SHELS) and the Scottish Longitudinal Study (SLS) joining up academic researchers and policy makers.

CHAPTER 12

Infrastructure, Investment and Cities

PORTFOLIO RESPONSIBILITIES

The Infrastructure, Investment and Cities (IIC) portfolio is responsible for transport policy and delivery, veterans, European Structural Funds, Scottish Water, Scottish Government procurement, Scottish Futures Trust and cross-government co-ordination on Scotland's islands.

In line with the Government Economic Strategy the majority of the portfolio's spend is focused on investment in transport, including low carbon transport, and water infrastructure. Overall, the portfolio also supports a focus on islands and their specific needs.

INVESTING IN OUR PEOPLE AND OUR INFRASTRUCTURE IN A SUSTAINABLE WAY

The IIC portfolio plays a significant role in helping achieve the Scottish Government's Purpose, primarily through contributing to three Strategic Objectives: Wealthier and Fairer, Safer and Stronger, and Greener.

Our transport, water and islands policies have a wide range of inter-connections across all 16 National Outcomes.

Transport infrastructure is a key area where improving connectivity between our cities and centres of economic activity is vital to boosting productivity and competitiveness. Improving connections between more remote and rural communities is another important aim.

Our commitment to Scotland's transport infrastructure is clearly visible in the construction of the £1.35 billion Forth Replacement Crossing project, scheduled to open by December 2016 - the most significant transport project in a generation.

We will empower our island communities further, following a public consultation on an Islands Bill, to provide more power, equality and protection for the islands to allow them to build a more prosperous and fairer future for their communities.

Scottish Water has an annual turnover of some £1.2 billion, and is one of Scotland's 20 largest businesses. It employs some 3,600 staff and sustains a further 20 per cent of the Scottish civil construction industry.

We are committed to retaining Scottish Water within the public sector and supporting it to deliver its vision to be trusted to care for the water upon which Scotland depends.

It demonstrates that it is possible to deliver high-quality public services at efficiency levels of the best private sector comparators whilst keeping the average household charge £39 lower than in England and Wales. Our support for Scottish Water's investment programme is key to the delivery of improvements to water and sewerage services, which are essential for enabling economic growth, safeguarding public health and protecting our environment.

The Scottish model of procurement aims to secure the maximum economic benefit from the £11 billion spent by the public sector on goods and services each year, through an approach that balances being both business friendly and socially responsible. Public procurement in Scotland delivers value that goes well beyond savings and benefits – improving supplier access to public contracts, particularly for small and medium sized enterprises (SMEs); maximising efficiency and collaboration; and placing the local, social and economic aspects of sustainability at the heart of the purchasing process.

Our procurement shared services provide cost effective, fast and reliable services and systems across the public sector. These:

- reduce risk;
- increase efficiencies, collaboration and financial savings;
- free up resources for public bodies to focus on making their own improvements; and
- simplify how government interacts with businesses.

Scottish Government led procurement has delivered some £329 million of savings over 2011-12 to 2013-14, and we are on course to surpass the savings target of £230 million set for the two-year period 2014-15 to 2015-16; over 3,500 apprenticeships and training opportunities have been created through community benefits; and procurement policy has been used to promote the payment of the living wage and to address blacklisting. Forty six per cent of public procurement spend (where company size is known) goes directly to SMEs, and SMEs won nearly 80 per cent of contracts advertised on the national Public Contracts Scotland portal. The development of a programme of reform in construction procurement, the implementation of the Procurement Reform (Scotland) Act 2014, and the transposition of the new European procurement directives, as well as the continued delivery of savings and benefits, will further enhance Scotland's international reputation for leading edge innovation in sustainable public procurement. This will also continue to ensure significant community benefits are delivered through our large infrastructure contracts.

The Scottish Futures Trust (SFT) was established to improve the efficiency and effectiveness of infrastructure investment in Scotland by working collaboratively with public bodies and industry, leading to better value for money and ultimately improved public services. In December 2015 SFT has reported the delivery of £135 million of net future benefits and savings during 2014-15, as set out in their Statement of Benefits 2014-15. SFT has now reported a total of £777 million of savings and benefits to the people of Scotland, working actively across the public sector to deliver innovative new ways of working and improved value for money.

OUR PRIORITIES

In 2016-17, we will focus expenditure on activity that will increase prosperity, fairness and participation. We will continue to drive efficiencies from existing activity and look for innovative ways to deliver as much as possible for the public pound.

In rail, work continues on the Edinburgh-Glasgow Improvement Programme and the first phase of the Aberdeen-Inverness Improvement Programme.

We will continue our significant investment in the road network, including completion of the Forth Replacement Crossing project and progress dualling the A9, including construction of the first section between Kinraig and Dalraddy. We will also continue with construction of the 58 kilometre Aberdeen Western Peripheral Route/Balmedie to Tippetty project and improvements to the M8, M73 and M74. In addition we will invest in the maintenance and operation of Scotland's trunk roads and motorways to ensure that the safety and serviceability of the network is maintained and best value achieved.

Significant investment will also be made to support ferry services, following the new hybrid ferry built on the Clyde, and the two new 100-metre vessels earmarked for initial deployment between Skye and the Western Isles and the Ardrossan-Arran route.

We are continuing to support Highlands and Islands air travel through the Air Discount Scheme which offers a 50 per cent discount on core air fares. Building on the success of recent years we will work with Scotland's airports to secure new routes to key markets around the world.

Flourishing islands are important and make a significant contribution to Scotland. Our contribution through support for air and ferry services will help achieve plans for more autonomy for our island communities.

We are working with disabled people's organisations and transport providers to develop a national vision and action plan which will act as the catalyst for continued improvement of all journeys that involve disabled people.

We will continue to provide financial support for bus services and those who use them as well as incentives for the take up of greener vehicles through the Bus Service Operators' Grant and the national concessionary travel schemes. We will also continue to work with bus operators, local transport authorities and organisations representing bus users to improve the functioning of bus services, promote better engagement between operators and authorities and secure the adoption of smart and integrated ticketing across operators and modes on a Scotland-wide basis.

As part of our efforts to meet our climate change targets, we will continue to support reduction of carbon emissions from the transport sector. We will review the policies that the funding supports to assess their impact. We will support the European Regional Development Fund (ERDF) interventions on sustainable transport over the period up to 2020 which would yield match funding of up to £32.5 million. We will also offer further loan funding for low carbon vehicles from financial transaction funding.

We are committed to a significant programme of investment in Scotland's water and sewerage infrastructure for the 2015-21 investment period worth £3.5 billion. This

includes our agreement to invest £250 million over the next five years to upgrade Glasgow's wastewater infrastructure to improve the environment of the River Clyde and tackle flooding.

We will use European Structural Funds to introduce a new £40 million SME Holding Fund, which will increase the levels of loan, equity and microcredit being offered to Scottish SMEs. The Fund will contribute to the delivery of the priorities set out in Scotland's Economic Strategy by supporting more SMEs to grow, increase their levels of investment, and boost their exporting ambitions. The Fund will support public and private sector partners to deliver this finance thereby generating a minimum of £100 million into the SME finance market over the next three years.

We will continue to invest in the Scottish model of procurement through a transfer of procurement resources from the core Scottish Government administration budget. This will secure the continued provision of shared services to underpin the transformation of public procurement in Scotland, delivering further savings and maximising the social, environmental and economic benefits of public purchasing activity.

The Draft Budget for 2016-17 is set out below:

Table 12.01: Spending plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Air Services	63.4	63.4	60.3
Concessionary Fares & Bus Services	260.6	260.6	261.3
Ferry Services	187.1	187.1	198.6
Motorways & Trunk Roads	694.8	694.8	820.3
Other Transport Policy, Projects and Agency Administration	65.9	65.9	117.7
Rail Services	808.3	808.3	751.3
Scottish Futures Fund*	20.2	20.2	-
European Regional Development Fund – 2014-20 Programmes	-	-	-
European Social Fund – 2014-20 Programmes	-	-	-
Scottish Water	(14.5)	(14.5)	(94.5)
Other Expenditure	23.3	23.3	24.9
Total Level 2	2,109.1	2,109.1	2,139.9
<i>of which:</i>			
DEL Resource	1,037.8	1,037.8	1,012.7
DEL Capital	1,066.3	1,066.3	1,120.2
Financial Transactions	5.0	5.0	7.0
AME	-	-	-
Central Government Grants to Local Authorities	29.9	29.9	21.9

*The Future Transport Fund element of the Scottish Futures Fund is now part of the Other Transport Policy, Projects and Agency Administration Level 2

Table 12.02: Detailed Spending Plans (Level 2 real terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Air Services	63.4	63.4	59.3
Concessionary Fares & Bus Services	260.6	260.6	256.9
Ferry Services	187.1	187.1	195.3
Motorways & Trunk Roads	694.8	694.8	806.6
Other Transport Policy, Projects and Agency Administration	65.9	65.9	115.7
Rail Services	808.3	808.3	738.7
Scottish Futures Fund	20.2	20.2	-
European Regional Development Fund - 2014-20 Programmes	-	-	-
European Social Fund - 2014-20 Programmes	-	-	-
Scottish Water	(14.5)	(14.5)	(92.9)
Other Expenditure	23.3	23.3	24.5
Total Level 2	2,109.1	2,109.1	2,104.1
<i>of which:</i>			
DEL Resource	1,037.8	1,037.8	995.8
DEL Capital	1,066.3	1,066.3	1,101.4
Financial Transactions	5.0	5.0	6.9
AME	-	-	-
Central Government Grants to Local Authorities	29.9	29.9	21.5

Air Services

Table 12.03: More Detailed Spending Plans (Level 3)

Level 2	2015-16 Budget £m	2016-17 Draft Budget £m
Highlands and Islands Airports Limited	35.4	39.0
Prestwick Airport	10.0	9.3
Support for Air Services	18.0	12.0
Total	63.4	60.3
<i>of which:</i>		
DEL Resource	40.4	40.4
DEL Capital	23.0	19.9
AME	-	-

What the budget does

The budget supports Highlands and Islands Airports Limited (HIAL) and Prestwick Airport. It includes resources for capital investment and sustains the operation and development of airport services throughout the country.

It also supports the Air Discount Scheme (ADS) which provides discounted fares on eligible routes, the provision of lifeline Public Service Obligation (PSO) air services which cannot be provided commercially, and international route development.

In 2016-17 we will:

- ensure that HIAL has the necessary resources to maintain its 11 airports at current levels of operational ability;
- continue to fund the Air Discount Scheme and the lifeline PSO air services to Barra, Campbeltown and Tiree; and
- continue to support the re-positioning of Prestwick Airport.

Through continuing to invest in these air services we will help to ensure that Scotland is a cohesive nation where all its people are able to access the services and amenities that they need and are connected to the opportunities provided by the global economy.

Concessionary Fares and Bus Services

Table 12.04: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Smartcard Programme	2.8	2.8
Concessionary Fares	204.0	207.8
Support for Bus Services	53.8	50.7
Total	260.6	261.3
<i>of which:</i>		
DEL Resource	258.6	259.3
DEL Capital	2.0	2.0
AME	-	-

What the budget does

The budget provides support for bus services across Scotland, primarily through Bus Service Operators' Grant (BSOG), and funds national concessionary travel schemes for older, disabled and young people and the smartcards used to access concessionary travel. BSOG is paid to bus operators based on mileage and helps keep fares lower and the network more extensive and provides incentives for using greener vehicles.

This budget also provides funding for a number of organisations working to improve public transport, including Bus Users Scotland and Community Transport Association Scotland.

In 2016-17 we will:

- continue to support bus services and the use of greener, less polluting vehicles while ensuring funding arrangements are efficient, effective and affordable;
- contain payments under the concessionary travel scheme as a result of a negotiated settlement with the bus sector;
- continue to make efficiency savings in the operation of the scheme and the validation of bus operator claims; and
- continue to ensure Scotland's electronic ticketing machine estate is maintained to the appropriate standard required to deliver concessionary travel and commercial smart ticketing.

Ferry Services

Table 12.05: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Support for Ferry Services	141.6	153.4
Vessels and Piers	45.5	45.2
Total	187.1	198.6
<i>of which:</i>		
DEL Resource	141.6	153.4
DEL Capital	45.5	45.2
AME	-	-

What the budget does

The budget supports the Scottish Government's Ferries Plan, published in December 2012 and provides subsidy for the:

- Clyde and Hebrides Ferry Services (CHFS) contract;
- Northern Isles Ferry Services contract; and
- Gourock-Dunoon Ferry Service contract.

It also provides for loans to Caledonian Maritime Assets Ltd (CMAL) for the procurement of vessels used on the CHFS network and grants to ports (other than those owned by local authorities) for improvement works to piers and harbours that support lifeline ferry services.

In 2016-17 we will:

- maintain ferry services on the Clyde and Hebrides, Gourock-Dunoon and Northern Isles routes in line with the Ferries Plan;
- award the new contract for the CHFS to replace the current contract in October 2016;
- progress the retendering of the Gourock-Dunoon Ferry Service contract and the Northern Isles Ferry Services contract;
- take delivery of the third hybrid vessel, MV *Catriona*, and support construction of the two new 100-metre vessels; and
- progress the Brodick harbour redevelopment project, due for completion in financial year 2017-18.

Motorways and Trunk Roads

Table 12.06: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Structural Repairs	25.0	27.4
Network Strengthening	36.0	40.8
Private Finance Initiative (PFI) Payments	89.2	98.0
Routine and Winter Maintenance	77.2	80.6
Other Current Expenditure	9.0	10.0
Roads Improvement	14.2	16.3
Capital Land and Works	102.1	285.5
Forth Replacement Crossing	219.0	134.1
Roads Depreciation	110.8	111.3
Forth and Tay Road Bridge Maintenance	12.3	16.3
Total	694.8	820.3
<i>of which:</i>		
DEL Resource	293.1	306.7
DEL Capital	401.7	513.6
AME	-	-

What the budget does

In addition to major roads construction projects and other road improvements, the budget delivers routine, cyclical and winter maintenance to maintain the safety, environment and amenity of the trunk road network. It includes road safety improvement programmes, information for road travellers and an emergency response facility to deal with emergencies and incidents on the network.

The budget also covers the construction of the Forth Replacement Crossing (Queensferry Crossing).

In 2016-17 we will:

- continue construction of the Forth Replacement Crossing as programmed;
- progress construction of the M8 M73 M74 Motorway Improvements project and the Aberdeen Western Peripheral Route (AWPR)/Balmedie to Tippetty project;
- progress procurement of the A737 Dalry Bypass;
- progress design and development work on dualling the A9 and A96 and continue construction of the A9 Kincaig to Dalraddy project;
- progress design and development work on the A90 Haudagain Roundabout;

- focus on essential improvements and on safety and congestion relief improvements that offer value for money;
- continue to maintain the safe operation of the Forth and Tay Road Bridges; and
- continue to appraise investment in the motorway and trunk road programme with appropriate tools to further assure its contribution to our Economic Strategy.

Other Transport Policy, Projects and Agency Administration

Table 12.07: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Transport Information	1.2	1.2
Agency Administration Costs	16.9	17.8
Strategic Transport Projects Review	3.6	1.0
Support for Freight Industry	1.1	0.8
Scottish Canals	10.0	10.0
Support for Sustainable and Active Travel	25.0	35.9
Future Transport Fund*	-	20.2
Travel Strategy and Innovation	5.1	25.3
Road Safety	3.0	3.0
Edinburgh Tram Inquiry	-	2.5
Total	65.9	117.7
<i>of which:</i>		
DEL Resource	43.9	54.6
DEL Capital	17.0	56.1
DEL Financial Transactions	5.0	7.0
AME	-	-

* The Future Transport Fund was part of the Scottish Futures Fund for 2015-16. It is now a Level 3 programme for Draft Budget 2016-17

What the budget does

The budget continues the operation of Transport Scotland and will contribute to the delivery of our climate change ambitions, reducing the impact of transport on our environment and health, and supporting a shift to more sustainable transport modes. It will facilitate provision of impartial travel information services, improve road safety and encourage the freight industry to reduce emissions. As announced in June 2015 we will support a continuation of the Future Transport Fund to provide the infrastructure necessary to enable the uptake of low emission vehicles and other sustainable forms of transport.

The budget funds:

- Traveline and Transport Direct;
- the running costs of Transport Scotland;
- measures to transfer freight from road to rail and water;
- the maintenance and operation of Scotland's canals for navigation;

- support for the promotion of more sustainable travel choices, including support for actions to increase walking and cycling for everyday journeys and the take-up of low carbon vehicles;
- the Future Transport Fund initiatives;
- support for Regional Transport Partnerships, the Mobility and Access Committee for Scotland (MACS) and the Office of the Scottish Road Works Commissioner;
- Road Safety Scotland's delivery of road safety research, education and publicity and support for partnership working under the Road Safety Framework to 2020;
- completion of the Edinburgh Tram Inquiry; and
- capital grant support for the Glasgow subway modernisation project.

In 2016-17 we will:

- operate the Mode Shift Revenue Support and Waterborne Freight Grant schemes;
- continue with Future Transport Fund investment in charging and refuelling infrastructure and other measures to accelerate the widespread adoption of ultra-low emission vehicles;
- continue to invest in a range of sustainable transport initiatives that will support a shift to more sustainable transport modes;
- continue to invest in infrastructure and behaviour change initiatives to encourage cycling and walking, working in partnership with local authorities across the country; and
- continue to provide financial transactions loan funding to support the uptake of low emission vehicles.

Based on the Draft Budget, funding for active travel from the Other Transport Policy, Projects and Agency Administration Level 2, together with the local government budget for Cycling, Walking and Safer Routes, will total approximately £39 million in 2016-17. The investment in sustainable and active travel will help reduce the local and global environmental impact of our consumption and production and will also help us to live longer and healthier lives.

Rail Services

Table 12.08: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Rail Franchise	325.4	265.9
Rail Infrastructure	452.5	463.3
Rail Development	6.0	2.0
Major Public Transport Projects	24.4	20.1
Total	808.3	751.3
<i>of which:</i>		
DEL Resource	331.4	267.9
DEL Capital	476.9	483.4
AME	-	-

What the budget does

The budget supports the delivery of ScotRail passenger rail services in Scotland and the Caledonian Sleeper service, the maintenance and safe operation of the Scottish rail infrastructure and investment in key enhancement projects across the country. The rail infrastructure funding paid directly to Network Rail and the track access charge elements of rail franchise costs (paid by the franchise operators to Network Rail) are determined independently by the Office of Rail and Road (ORR).

Funding is provided under Major Public Transport Projects for the delivery of major elements of rail public transport projects such as rolling stock procurement for the Caledonian Sleeper service and parts of the Edinburgh to Glasgow Improvement Programme (EGIP) not funded via the main rail infrastructure and franchise budgets.

In 2016-17 we will:

- support growth in passenger demand and new and improved services through the ScotRail and Caledonian Sleeper franchises;
- continue design, development and delivery of EGIP with electrification of the Edinburgh to Glasgow mainline to complete by December 2016;
- continue delivery of key improvements to the route between Aberdeen and Inverness;
- continue development and delivery of the wider programme of network electrification across the Glasgow to Edinburgh via Shotts, and Stirling, Dunblane and Alloa routes; and
- continue support for Dundee station redevelopment.

European Regional Development Fund – 2014-20 Programmes

Table 12.09: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Grants to Local Authorities	-	-
Central Government Spend	-	-
Grants to Local Authorities – EC Income	-	-
Central Government Spend – EC Income	-	-
Total	0.0	0.0
<i>of which:</i>		
DEL Resource	-	-
DEL Capital	-	-
AME	-	-

These figures net to zero because of matching receipts from the European Union

European Social Fund – 2014-20 Programmes

Table 12.10 More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Grants to Local Authorities	-	-
Central Government Spend	-	-
Grants to Local Authorities – EC Income	-	-
Central Government Spend – EC Income	-	-
Total	0.0	0.0
<i>of which:</i>		
DEL Resource	-	-
DEL Capital	-	-
AME	-	-

These figures net to zero because of matching receipts from the European Union (EU)

What the budget does

The European Regional Development Fund (ERDF) and European Social Funds (ESF) make significant resources available to Scotland over the EU's seven-year budget cycle. For the period 2014 to 2020 some €900 million has been allocated to Scotland. The Scottish Government will manage these funds and allocate them according to programmes agreed with the EU Commission and in accordance with EU regulations.

When the programmes have been agreed the Scottish Government, working through partnership governance structures, will allocate the funds to projects, schemes or programmes devised by public bodies and local authorities across Scotland. When funds have been allocated and spent the lead bodies will seek payment of the funds from Scottish Government. As the Scottish Government pays out to these bodies it will recover the funds from the Commission. The funds do not increase the Scottish Government's overall budget and therefore are represented as zero in the budget.

In addition to managing ERDF and ESF the Scottish Government plays a significant role in the management of trans-national and territorial co-operation funding programmes.

ERDF, ESF and the trans-national and territorial funds aim to support economic and social cohesion across the EU. They do this by providing financial support to projects which will encourage economic growth by improving business competitiveness, encouraging business innovation, improving skills, tackling poverty and promoting social inclusion, and facilitating the development of the green economy. The EU priorities for the funds align well with the Scottish Government's purpose and strategic priorities.

During 2016-17 EU funds will continue to be allocated and spent from both the 2007-13 and the 2014-20 EU funding programmes. The process to reconcile the final spend in the 2007-13 programmes that commenced in 2014-15 is expected to be completed in 2017.

The most significant change in the 2014-20 programmes is the strategic and thematic concentration of the funds prescribed by the EU Commission. This concentration aims to encourage more rapid growth and ensure the funds contribute as fully as possible to the EU 2020 objective of smart, sustainable and inclusive growth. The Scottish Government's approach to concentration is to focus the funds on strategic interventions which means large scale projects, schemes or programmes aiming for transformative change, delivered by public bodies and local authorities who are confident they can contribute their share of the total project funding.

Scottish Water

Table 12. 11: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Interest on Voted Loans	(100.5)	(100.5)
Voted Loans	80.0	-
Hydro Nation	4.0	4.0
Exemption Scheme	2.0	2.0
Total	(14.5)	(94.5)
<i>of which:</i>		
DEL Resource	(94.5)	(94.5)
DEL Capital	80.0	-
AME	-	-

What the budget does

In 2016-17 Scottish Water will continue to deliver the improvements required by Ministers as agreed in summer 2014 as part of the £3.5 billion investment programme for the period 2015-21. This will be financed through customer charges and new loans from the Scottish Government as set out above. The budget also recognises the receipt of interest to the resource budget from the loans issued to Scottish Water, spending in relation to the Hydro Nation agenda, and a scheme to assist charities with the payment of water and sewerage charges.

In 2016-17 Scottish Water plans to deliver the improvements to our vital water and sewerage services as agreed in its Delivery Plan¹.

An Output Monitoring Group has been established to ensure that the improvements required are delivered. Quarterly reports summarising progress in delivering Ministers' objectives by reference to the targets and milestones shown in Scottish Water's Delivery Plan are published on the Government's website².

We have confirmed that up to £760 million will be available to support the delivery of the 2015-21 capital programme.

Sums to be lent will be confirmed in each budget. Interest receipts relate to the Scottish Government debt held by Scottish Water.

As a Hydro Nation we can capitalise on global economic opportunities and support the good stewardship of water resources. We have made resources available from within the Scottish Water budget to promote this agenda, which includes the Climate Justice Fund.

¹ <http://www.scottishwater.co.uk/about-us/publications/delivery-plan>

² <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/publications/deliveryprogress>

Other Expenditure

Table 12.12: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
ESF Programme Operation	1.5	1.8
Scottish Futures Trust	4.7	4.7
Procurement Shared Services	17.1	18.4
Total	23.3	24.9
<i>of which:</i>		
DEL Resource	23.3	24.9
DEL Capital	-	-
AME	-	-

What the budget does

European funds are used to support economic recovery and future growth. The ESF Programme Operation budget provides the resources necessary to run these programmes of support.

In 2016-17, the SFT will continue to work to enhance value for money for infrastructure investment across the public sector in Scotland. This includes working in partnership with others to progress delivery of the extended pipeline of revenue funded investment and support other innovative ways of financing and procuring infrastructure.

The Government's procurement shared services support the delivery of procurement reform across the public sector.

For 2016-17 this will include:

- the planned delivery of £100 million through Scottish Government led procurement exercises;
- the implementation of the Procurement Reform (Scotland) Act 2014 and transposition of the new European Procurement Directives that oblige public bodies to consider including community benefit requirements on major contracts;
- continuing to ensure that contracts for our large infrastructure projects include community benefit clauses, to achieve continued employment and training opportunities;
- the provision of the suite of e-commerce shared services across the public sector, including the role out of e Invoicing and a newly contracted advertising portal; and
- with SFT, driving forward the reform of construction procurement.

These services are supported by a transfer of procurement resources from the core Scottish Government administration budget.

Central Government Grants to Local Authorities

Table 12.13 More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Regional Transport Partnerships	21.9	16.0
Cycling, Walking and Safer Routes	8.0	5.9
Total	29.9	21.9
<i>of which:</i>		
DEL Resource	-	-
DEL Capital	29.9	21.9
AME	-	-

CHAPTER 13

Administration

PORTFOLIO RESPONSIBILITIES

The Administration budget covers the costs of running the core administration required to support the Scottish Government's Purpose and Strategic Objectives. These costs comprise primarily staffing, but also accommodation, information technology, travel and training. The budget contributes to the achievement of all the Strategic Objectives across each of the Ministerial portfolios and to the delivery of our 16 National Outcomes.

OUR PRIORITIES

In 2016-17 we will continue to make progress in ensuring efficiency in the administration costs of the Scottish Government while maintaining a high-quality service to Scottish Ministers and the people of Scotland. Key priorities will include the delivery of the objectives and outcomes set out in the Government Economic Strategy and the National Performance Framework.

Table 13.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Government Administration	197.7	197.7	193.0
Total Level 2	197.7	197.7	193.0
<i>of which:</i>			
DEL Resource	189.6	189.6	179.9
DEL Capital	8.1	8.1	13.1
AME	-	-	-

Table 13.02: Spending Plans (Level 2 real terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Government Administration	197.7	197.7	189.8
Total Level 2	197.7	197.7	189.8
<i>of which:</i>			
DEL Resource	189.6	189.6	176.9
DEL Capital	8.1	8.1	12.9
AME	-		-

What the budget does

The Administration budget covers the day-to-day running costs of the Scottish Government including costs for staff engaged largely in policy formulation and support for Ministers, as well as its costs for estates and IT systems and structures.

In 2016-17 we will:

- ensure the organisation has the capacity and capability to deliver the required functions of government and the priority outcomes and objectives set for it by Ministers and the people of Scotland, as set out in the Programme for Government, *Scotland's Economic Strategy* and the Scotland Performs Framework. This includes matching of resources to priorities, positive engagement with the UK Government and joint working with delivery partners, trade unions and other stakeholders to ensure that the government is fully prepared to take on further powers as they are devolved from Whitehall;
- provide leadership in the delivery of public service reform including effective preventative interventions and collaboration between public service partners;
- offer maximum value for public money and invest further in the effectiveness of our people, systems and workplaces, building on significant efficiencies already achieved in procurement, estates, facilities, and other operational costs, and ensuring resources are deployed flexibly to key priorities;
- implement a range of measures to: make the most effective use of the public sector estate, realising savings to the public purse in future years; support the Government's agenda on digital engagement; and reduce greenhouse gas emissions across the Scottish Government;
- as an employer, ensure that we meet annual targets for Modern Apprenticeships. Since the Scottish Government launched the direct entrant Modern Apprenticeship Programme in April 2011 we have recruited 333 Modern Apprentices and provided youth employment opportunities such as the graduate development programme, student placements and mentoring;

- continue to pursue a Business Strategy that includes a commitment to investing in our people. Demonstrating that we are an exemplar in employee engagement, diversity, equality and wellbeing, through the implementation of our People Strategy, public sector equality duties and the delivery of the Civil Service diversity agenda; and
- implement public sector pay policy for Scottish Government staff, including the opportunity to continue the commitment to no compulsory redundancies and prioritise support for those on the lowest incomes. The Scottish Government has long championed the payment of the Living Wage and the real benefits to our economy of treating people who work more fairly. In 2015-16 the Scottish Government demonstrated its long-term commitment to paying the Living Wage by becoming an Accredited Living Wage Employer, and was the first government administration in the UK to do so. This will remain a key part of our pay offer to staff in 2016-17.

Table 13.03: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Scottish Government Staff	137.9	132.9
Retained Income	(16.5)	(16.5)
Accommodation	16.5	16.5
Other Office Overheads*	28.5	28.5
Training	3.8	3.8
Office of the Queen's Printer for Scotland	0.1	0.1
Depreciation**	19.3	14.6
Capital Projects	8.1	13.1
Total***	197.7	193.0
<i>of which:</i>		
DEL Resource	189.6	179.9
DEL Capital	8.1	13.1
AME	-	-

* Includes ICT projects and minor non-pay items, e.g. travel, transport, stationery, hospitality, etc.

** Reduced non-cash provision of £4.7 million for 2016-17 to cover depreciation in respect of assets on the Scottish Government estate. This does not change the discretionary spending power available in the Administration Budget.

***The breakdown of spending plans is subject to change as we seek to reduce overhead costs in favour of minimising the reduction necessary in the number of people to support existing and new priority activities.

CHAPTER 14

Crown Office and Procurator Fiscal Service

PORTFOLIO RESPONSIBILITIES

The Crown Office and Procurator Fiscal Service (COPFS) is the sole public prosecution authority in Scotland prosecuting cases independently, fairly and effectively in the public interest.

The Lord Advocate's position as head of the systems of criminal prosecution and investigation of deaths is enshrined in the Scotland Act.

Our purpose is to secure justice for the people of Scotland. We are committed to playing our part in making Scotland a safer place to live.

Our vision is to be the world-leading public prosecution and death investigation service.

OUR PRIORITIES

COPFS priorities are in line with the over-arching justice vision of helping to create an inclusive and respectful society in which all people and communities live in safety and security with individual and collective rights being supported and disputes resolved fairly and swiftly.

The Law Officers have agreed our main objectives, as set out in our Strategic Plan, as:

- criminal cases are effectively and independently investigated and prosecuted or have other proportionate action taken in the public interest;
- deaths which need further explanation are appropriately and promptly investigated;
- financial gain achieved by criminal means is removed from criminals using proceeds of crime laws;
- a level of service which takes account of individual needs and characteristics is provided to all; and
- victims, nearest relatives and witnesses and those accused of an offence are treated with dignity and respect.

This includes tackling inequality and protecting human rights. Operational priorities make it clear that prosecutors are targeting hate crime, domestic abuse, stalking and sexual offending, all of which involve significant equalities issues for those who have protected characteristics across all sections of society.

During 2016-17 our priorities will be to:

- prosecute complex, serious and organised crime including terrorism, murder, serious assaults, sexual offences, serious domestic violence, hate crime, drug and people trafficking and significant financial crime before the High Court and Sheriff and Jury courts;
- continue our work on cold cases to deliver justice to families of murder victims where it has not previously been possible to do so, e.g. due to limitations in scientific knowledge;
- take action to recover associated proceeds of crime;
- conduct prosecutions before Justice of the Peace and Sheriff courts in respect of anti-social behaviour, domestic abuse and hate crime; and
- meet the challenges arising from changes in the legal environment, including changes in the causes of crime, judicial decisions and planned legislation.

Table 14.01: Spending Plans (Level 2)

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
COPFS	112.1	112.1	112.5
Total Level 2	112.1	112.1	112.5
<i>of which:</i>			
DEL Resource	108.5	108.5	108.9
DEL Capital	3.6	3.6	3.6
AME	-	-	-

Table 14.02: Spending Plans (Level 2 real terms) at 2015-16 prices

Level 2	2015-16 Draft Budget £m	2015-16 Budget £m	2016-17 Draft Budget £m
COPFS	112.1	112.1	110.6
Total Level 2	112.1	112.1	110.6
<i>of which:</i>			
DEL Resource	108.5	108.5	107.1
DEL Capital	3.6	3.6	3.5
AME	-	-	-

Table 14.03: More Detailed Spending Plans (Level 3)

Level 3	2015-16 Budget £m	2016-17 Draft Budget £m
Staff Costs	69.1	72.4
Office Costs	4.3	3.9
Case Related	15.7	13.4
Centrally Managed	19.4	19.2
Capital Expenditure	3.6	3.6
Total Level 3	112.1	112.5
<i>of which:</i>		
DEL Resource	108.5	108.9
DEL Capital	3.6	3.6
AME	-	-

What the budget does

The COPFS portfolio contributes to a safer and stronger Scotland. COPFS is proactive in prosecuting crime which is committed. Our work is also preventative to help reduce crime and fear of crime, improve conditions which support economic development and social capital in communities and enhances the quality of life of Scotland's people.

In 2016-17 we will:

- prosecute crime;
- support victims of crime, vulnerable witnesses and bereaved relatives;
- use infrastructure expenditure to play a full part in delivering the Digital Strategy for Justice in Scotland, develop our digital systems and processes to further enhance the service we provide to increase case-processing efficiency, improve communications with victims and witnesses and ensure compliance with employer and public authority legislative requirements; and
- incorporate our carbon management plan into our estates strategy in order to better target work on reducing carbon emissions and deliver it in unison with our overall estate strategy.

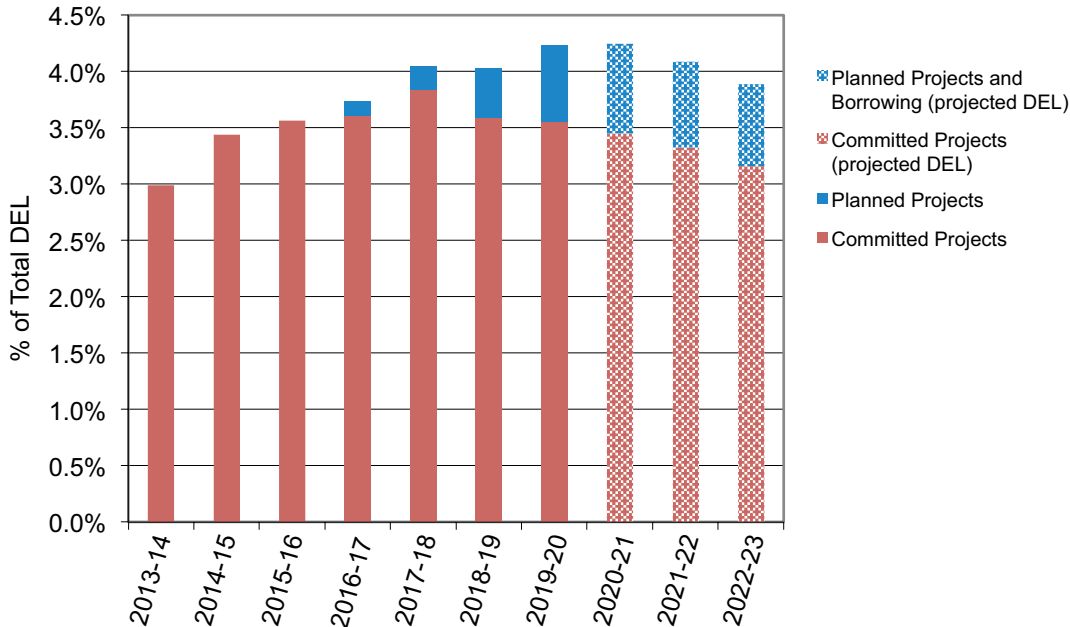
ANNEX A

MONITORING OF LONG-TERM INVESTMENT COMMITMENTS

In the Infrastructure Investment Plan 2011, we set out our commitment to ensure that we use revenue-funded methods of investment at a sustainable level, and do not overly constrain our choices in future years. We will therefore continue to keep our future revenue commitments within a prudent maximum of five per cent of our expected future total annual Departmental Expenditure Limit (DEL) budget. The commitments included in the calculation are the Scottish Government's share of the ongoing costs of: previous Public-Private Partnership (PPP) contracts that are now operational; the Non-Profit Distributing (NPD) and hub programmes; rail investment (financed via the Regulatory Asset Base - RAB); and the costs of borrowing for capital investment under Scotland Act powers.

The following graph shows future revenue costs associated with our committed projects and our planned projects and borrowing. The annual revenue costs of committed projects are estimated to peak in 2017-18 at just over 3.8 per cent of total annual DEL budget. The annual revenue costs of committed projects plus planned projects and planned borrowing, peak at just over 4.2 per cent in 2020-21. There is therefore headroom within the prudent ceiling we have set ourselves of five per cent of total DEL committed to supporting investment in any year.

Figure 1: Long-Term Investment Commitments – Scottish Government's Share of Costs as a Proportion of the Total Projected DEL Budget¹



Committed projects are those where a contract has been signed. The assets will therefore be under construction, or the project is operational.

The following NPD and hub projects are now operational:

- Aberdeen Health Village
- Forres, Woodside and Tain Health Facilities
- Inverness College
- Alford Academy, Aberdeenshire
- Wishaw, East Kilbride, and Kilsyth Health Centres

And the following projects within the NPD and hub programme are in construction:

- City of Glasgow College (Riverside Campus operational)
- James Gillespie's High School, Edinburgh
- Wick High School, Highland
- Levenmouth High School, Fife
- Greenfaulds High School, North Lanarkshire
- Forfar Community Campus, Angus

¹ Estimated costs have been adjusted to reflect the impact of a public sector classification for the Aberdeen Western Peripheral Route project and an assumption of a similar classification for the NHS Dumfries and Galloway Acute Services Redevelopment Project, Edinburgh Royal Hospital for Sick Children, Scottish National Blood Transfusion Service and NHS Orkney New Hospital and Healthcare Facilities.

- Anderson High School, Shetland Islands
- Ayrshire College (Kilmarnock Campus)
- Ayrshire and Arran Acute Mental Health, and North Ayrshire Community Hospital
- National Centre for the Scottish National Blood Transfusion Service
- Maryhill Health and Eastwood Health and Care Centres
- Redevelopment of Royal Edinburgh Hospital Campus – Phase 1
- Royal Hospital for Sick Children/Department of Clinical Neurosciences and Child and Adolescent Mental Health Service, Edinburgh
- Dumfries and Galloway Acute Services Redevelopment Project
- M8 M73 M74 Motorway Improvements
- Aberdeen Western Peripheral Route/Balmedie Tipperty project

Projections for which RAB payments are made include previous investments in the existing rail network, the Edinburgh to Glasgow Improvements Programme (EGIP), Aberdeen to Inverness enhancements, Highland Mainline, and other enhancement projects agreed for the regulatory period from 2014-19. The Scottish Government's servicing of the RAB is reflected in the annual network grant payment to Network Rail as determined by the Office of Rail and Road (the new name for the Office of Rail Regulation).

Committed projects also include the Scottish Government's share of the revenue costs of Private Finance Initiative (PFI) projects, which are completed and in operation and the five pre-pipeline NPD projects.

Annex H sets out the total unitary charges for all Scottish PPP projects including those elements met from other public bodies' own resources, to provide full transparency. The monitoring of long-term investment commitments described in this Annex is based on costs borne by Scottish Government budgets only.

Unitary charges usually include ongoing maintenance commitments over the project life, as well as costs associated with project construction and financing.

Costs associated with planned projects and investments are those where a contract is not yet signed, and include:

- NPD and hub programme pipeline;
- payments for further rail enhancements, beyond those included in the June 2012 Scottish Ministers' High Level Output Specification, including Aberdeen to Central Belt and further phases of Aberdeen to Inverness, Highland Mainline and network electrification; and

- planned infrastructure investment, supported by Scottish Government borrowing capacity of £316 million, which is modelled here as being drawn from the National Loans Fund in 2016-17, with an assumption of repayment over 25 years, an interest rate of five per cent, and repayments of both principal and interest from 2017-18 onwards. Final decisions on actual borrowing requirement will be taken over the course of the year reflecting an ongoing assessment of the programme requirements.

In the UK Spending Review announcement of 25 November, the UK Government set out spending allocations up to 2019-20 for Resource DEL and up to 2020-21 for Capital DEL and financial transactions. Beyond 2019-20 we have no detailed UK departmental spending plans, and therefore no details of the Scottish block grant. We have therefore assumed that spending allocations will grow in line with projected nominal GDP. The years without firm DEL allocations are 2020-21 and 2021-22 and these are shown with the hatched pattern in Figure 1.

ANNEX B

UPDATE ON PROGRESS WITH INNOVATIVE FINANCE INVESTMENTS

Innovation in housing investment

Innovation is at the heart of the Scottish Government's approach to delivering affordable homes, including action to attract private sector investment by using a modest level of public sector funding as leverage. This includes the use of government guarantees to support housing investment through the National Housing Trust initiative, which is on track to provide over 2,000 homes. The Scottish Government has invested in charitable bonds, creating loan finance to fund affordable housing, with investment to date estimated to support the delivery of up to 600 affordable homes. Scottish Ministers have also announced the development of Help for Homes, a new equity loan scheme that will support owner occupiers with limited income to carry out essential repairs and energy efficiency improvements to their homes.

In October 2015 the Scottish Government announced support for the Local Affordable Rented Housing Trust (LAR), an affordable housing model that will deliver up to 1,000 homes for mid-market rent. The support takes the form of a £55 million loan which is expected to attract matching private investment that will lift total investment to over £100 million. The Government is also exploring the opportunities presented by collaboration between large-scale investors, including pension funds, delivery partners and local authorities to boost the supply of affordable housing.

SPRUCE (Scotland's JESSICA investment loan fund)

Part-funded by the European Union, the SPRUCE Fund is operating in the 13 local authority areas across the Lowlands and Uplands Scotland Programme area. There have been six investments by the fund taking the total invested so far to over £43 million. Once loans are repaid, monies can be recycled into further regeneration projects. Forecasts suggest that SPRUCE investments will lever in an additional £158 million in private funding, creating over 4,000 jobs.

Tax Incremental Financing

Tax Incremental Financing (TIF) allows local authorities to fund regeneration and growth from future business taxes that are generated as a result of attracting more businesses into the area because of upfront public sector enabling investment. Six pilot TIF schemes were developed through secondary legislation under existing provisions of the Local Government Finance Act (1992). This pilot approach has allowed this model to be tested in Scotland. Four of the pilot schemes have moved to Full Agreement and TIF construction work has begun on the Glasgow, Falkirk, and Argyll and Bute TIF pilots. Construction work on the Fife TIF is anticipated to commence during this spending review period. The remaining two TIF pilots (North Lanarkshire and City of Edinburgh) will be reviewed to consider the best route to achieve the investment sought. The six pilots in total will see over £300 million of public sector investment.

Growth Accelerator

In comparison to TIF, the Growth Accelerator (GA) mechanism seeks to identify the impact of intervention and investment across a wider economic geography and measure wider relevant impacts that align with the priorities of the investment. The first GA project has been agreed with City of Edinburgh Council, for the St James Quarter, with up to £60 million of public sector investment unlocking around £1 billion of new retail, leisure, hotel and residential development in the city centre. Other GA projects will be developed where this is agreed to be the best tool for investment. Scottish Government and the Scottish Futures Trust are engaging with local authority partners to consider the potential application of the GA model.

City Deals and Regional Partnership Plans

The City Deal approach encourages local authorities to operate strategically at the regional level, in partnership with national government. The Scottish Government, along with the UK Government, is supporting £1.13 billion of investment as a result of the Glasgow and Clyde Valley City Deal. Local authority partners estimate that the City Deal will support an overall increase of around 29,000 jobs in the city region and lever in an estimated £3.3 billion of private sector investment over 20 years.

The Scottish Government is prepared to support Scotland's other cities to develop City Deal proposals, where this can stimulate collaborative working and regional investment, and has welcomed the UK Government's confirmation that it is willing to continue talks on City Deals for Aberdeen and Inverness. This approach is not just for Scotland's cities and we are committed to working with groups of local authorities where there is potential to support more effective collaboration in delivering shared priorities.

Non-Profit Distributing Programme

Good progress is made being across the NPD programme. The Aberdeen Western Peripheral Route (AWPR) project is under construction and is projected to bring significant connectivity and economic benefits to the north east of Scotland. Construction has also begun on the Dumfries and Galloway Acute Services Redevelopment Project, the Edinburgh Royal Hospital for Sick Children and the Scottish National Blood Transfusion Service.

A range of hub schools and community health projects have been delivered or have begun construction over the past year, with a pipeline of further projects currently in procurement or under development due to begin construction during 2016.

The Scottish Courts and Tribunals Service continues to undertake scoping work examining the possible delivery of up to three new Justice Centres. Work also continues to explore innovative investment opportunities in both digital and low carbon infrastructure. This work is looking at ways of leveraging additional private sector investment in these areas to support key policy priorities. As an exploratory element of the programme, these projects are at a less advanced stage than others and remain under development.

The table below provides an up-to-date profile of estimated capital investment delivered through the programme. For comparison, the investment profile estimates at the time of the Draft Budget 2015-16 are also shown. The latest estimates demonstrate that the NPD delivery programme is progressing investment of around £800 million in 2015-16 and will deliver investment of over £900 million in 2016-17.

The profiled investment reflects the Scottish Government's response to updates in relevant EU guidance on classification (the European System of Accounts, ESA10, which took effect on 1 September 2014) and the impact on a number of projects that had been due to reach financial close during 2015. The Office for National Statistics (ONS) confirmed on 31 July 2015 that the Aberdeen Western Peripheral Route infrastructure project should be classified to the public sector. While classification to the public rather than private sector has no cashflow impact, following review of the ONS decision by the Scottish Futures Trust (SFT) and consultation with HM Treasury on the budgetary implications, the Draft Budget 2016-17 makes provision for the construction costs of the AWPR and four other NPD projects which may attract the same classification.

Following the ONS decision on the AWPR, the SFT developed proposals for changes to the hub model of investment in schools and community health infrastructure projects. The Scottish Government announced in November 2015 that the ONS had considered these proposals and offered the view that projects delivered through the revised model would be classified to the private sector. This has enabled Scottish Ministers to advise hub partners that they can move projects within the hub pipeline towards financial close, on the basis of the new structure. Details of the pipeline of the hub projects are available on the SFT website. The SFT is continuing to review options for the delivery of future revenue-funded NPD projects, taking into account the potential implications of the ONS' opinion on the revised hub model.

The estimates again include an adjustment to the forecast for the year ahead, as introduced in the Draft Budget 2015-16, to reflect the fact that estimates of future annual investment across a portfolio of complex projects sit within a range of potential outcomes and that individual projects are subject to a number of factors that can influence implementation timetables.

Draft Budget 2016-17**Non-Profit Distributing Pipeline - Estimated Capital Investment Profile (£m cash terms)**

Year	Project	Draft Budget 2015-16	Draft Budget 2016-17 ⁽¹⁾
2014-15	M8 M73 M74 Motorway Improvements	95	95
	A90 Aberdeen Western Peripheral Route/Balmedie - Tipperty	107	77
	Schools	144	109
	Colleges	146	146
	NHS Lothian Royal Hospital for Sick Children/Department of Clinical Neurosciences	19	17
	NHS Ayrshire and Arran Acute Mental Health and North Ayrshire Community Hospital	21	21
	NHS NSS Scottish National Blood Transfusion Service National Centre	10	3
	NHS Dumfries and Galloway Acute Services Redevelopment Project	21	34
	Community Health	51	36
	2014-15 TOTAL⁽²⁾	614	538
2015-16	M8 M73 M74 Motorway Improvements	101	101
	A90 Aberdeen Western Peripheral Route/Balmedie - Tipperty	181	260
	Schools	326	150
	Colleges	66	66
	NHS Lothian Royal Hospital for Sick Children/Department of Clinical Neurosciences	99	52
	NHS Ayrshire and Arran Acute Mental Health, and North Ayrshire Community Hospital	25	25
	NHS NSS Scottish National Blood Transfusion Service National Centre	22	21
	NHS Dumfries and Galloway Acute Services Redevelopment Project	119	52
	Community Health	115	60
	Pre-contract uncertainty ⁽³⁾	(100)	0
	2015-16 TOTAL⁽²⁾	954	787

Year	Project	Draft Budget 2015-16	Draft Budget 2016-17 ⁽¹⁾
2016-17	M8 M73 M74 Motorway Improvements	-	76
	A90 Aberdeen Western Peripheral Route/Balmedie - Tipperty	-	176
	Schools	-	357
	Colleges	-	6
	NHS Lothian Royal Hospital for Sick Children/Department of Clinical Neurosciences	-	73
	NHS Ayrshire and Arran Acute Mental Health and North Ayrshire Community Hospital	-	0
	NHS NSS Scottish National Blood Transfusion Service National Centre	-	8
	NHS Dumfries and Galloway Acute Service Redevelopment Project	-	101
	NHS Orkney New Hospital and Healthcare Facilities Project	-	27
	Community Health	-	135
	Pre-contract uncertainty ⁽³⁾	-	(50)
	2016-17 TOTAL⁽²⁾	-	909
TOTAL	2014-15 to 2016-17 investment total	-	2,234

Notes

1. Estimated profile of construction activity associated with Scottish Government revenue-funded projects in the budget period based on dates and values updated by local authorities, health boards and other procuring bodies for the August 2015 Infrastructure Investment Plan update.

2. Totals may not sum due to rounding.

3. Projects in development manage a portfolio of risk connected with land, planning, design development and service planning. These risks create some uncertainty in the forecasts for projects yet to be contracted. It is critical that projects are finalised to deliver the best possible value for money and user experience over their life. Reflecting the greater uncertainty further out in time, the programme level adjustment applied in the 2015-16 estimate has been removed and is applied to the 2016-17 estimate.

Update on the 2015-16 capital investment delivered: Twenty-one projects with a capital value of over £1.9 billion have reached financial close and are in the construction phase or open to deliver services across the education, health and transport sectors.

Application of revised European rules (ESA10): The introduction of ESA10 and associated guidance in September 2014, and its evolving interpretation, has required European countries to consider their revenue funded project structures. Following a period of review, amendments have been agreed to hub contracts to align the hub structure with the new ESA10 rules. ONS has offered the view that the proposed hub structure would be classified to the private sector. £330 million of community health and schools projects are now proceeding to financial close and feature in the capital investment table.

Transport: The M8 M73 M74 Motorway Improvements project was delivered for a price significantly under budget and remains under construction. The AWPR also commenced construction this year and achieved a tender price within budget. Services are due to commence on these large roads projects in 2017.

Schools: The estimated investment in 2015-16 reflects ongoing construction activity at Wick, Forfar, Levenmouth, Greenfaulds and Anderson schools. The reduction in the 2015-16 forecast reflects the schools affected by the necessary pause to adapt to the change in European rules. The recent announcement that projects can progress under the new hub structure creates a large increase in the 2016-17 forecast activity.

Colleges: Inverness College and the Glasgow Riverside Campus are completed and open to students, collectively providing over 15,000 students with first-class inspirational environments in which to learn. The remaining City of Glasgow College and Ayrshire College are due to open on programme in 2016.

Health: Three major health facilities reached financial close under the NPD contract. The Royal Hospital for Sick Children/Department of Clinical Neurosciences, the Scottish National Blood Transfusion Service National Centre and the Acute Services Redevelopment Project in Dumfries were delivered within budget and are now in construction. The estimated spend profiles have been updated to reflect the contractors bespoke construction profiles in their final financial close models accounting for the variation in forecasts to the prior year. The Acute Mental Health and North Ayrshire Community Hospital is due to open in 2016 on programme and on budget.

Community Health: The Aberdeen Health Village and Forres, Tain and Woodside health centres delivered through the hub programme are all now open. In 2015-16, the forecast reflects the completion of three health centres in NHS Lanarkshire, construction on the first phase of the Royal Edinburgh Hospital Campus and on the Eastwood and Maryhill Health Centres. A proportion of the expenditure has been reprofiled to show a larger portion falling into 2016-17 reflecting two health projects impacted by ESA10, and the decision of health boards and their delivery partners to reschedule dates in order to allow the planned building to accommodate increased service integration across health and community care.

ANNEX C

PUBLIC SERVICE REFORM DELIVERY AND CHANGE FUND UPDATE

Since the last Draft Budget, we have continued to drive forward our ambitious programme of reform across public services in line with the approach set out in 'Reforming Scotland's Public Services'. In 2015-16 we have:

Partnership

Protected and improved local policing, ensuring more equal access to specialist services and strengthening the connection with local communities.

Established a collaborative approach to the planning and delivery of health and social care, with the views of services users, carers, their families, alongside health and social care professionals, shaping services to ensure they meet the needs of local communities.

Introduced 17 dedicated Local Senior Officers as part of fire reform to create stronger relationships with local authorities and other local partners – as a result, more elected members than ever before now have the opportunity to have their say on the fire and rescue services in their area.

People

Provided direct support by trained and experienced improvement and attainment advisors to help schools work with their communities and parents to improve their children's attainment.

Through the Skilled Workers Skilled Citizens¹ initiative, co-hosted an event with the Scottish Recovery Consortium to identify ways that lessons from the recovery movement's successful 'assets-based' approach could help improve wider public service design and delivery.

In line with our ambition to be the most open and accessible government Scotland has seen, continued to promote innovative engagement through our series of travelling Cabinets, increasing the range of ways that people can interact with the Scottish Government, launching a brand new consultation platform and initiating a series of open, national discussions with people on the big questions facing Scotland, including what needs done to make Scotland fairer.

¹ <http://workforcescotland.com/swsc/>

Performance

By implementing the Court Reform (Scotland) Act 2014 ensured that we are making more efficient use of court resources.

Establishing mygov.scot as a single place that provides simple, accessible public services and information for people and businesses in Scotland.

Been at the forefront of promoting social and economic benefits to communities through public procurement with community benefit clauses increasingly used in public contracts to deliver thousands of targeted training and recruitment opportunities.

Prevention

Published the 'UN Convention on the Rights of Persons with Disabilities Draft Delivery Plan 2016-2020'² for consultation, which contains more than 50 commitments, co-designed with disabled people's organisations, to advance the rights of disabled people and tackle the many barriers to independent living in Scotland.

Provide more and better places to be active, we remain on track to deliver 150 Community Sport Hubs across all local authorities by 2016, with 50 per cent based in schools. Local communities have the opportunity to influence and shape the development of these hubs to ensure they respond to local needs and optimise the use of available facilities and resources.

Introduced the Community Justice (Scotland) Bill to Parliament, which provides the framework for a new model that delivers a community solution to achieving improved outcomes, preventing and reducing further offending, and supporting desistance.

CHANGE FUND STOCKTAKE AND PREVENTION FORWARD LOOK**The Early Years Change Fund**

The Early Years Change Fund was established to be a catalyst for delivering and embedding transformational change in early years services, by focusing on activities that support prevention and early intervention. The whole Change Fund was a partnership fund of £274.25 million over four years (2012-13 until 2015-16) made up of contributions from the Scottish Government (£52.25 million), local government (£105 million) and Health (£117 million). This joint contribution was designed to support the whole of the public sector to make a shift towards greater investment in prevention and early intervention with a view to making Scotland the best place to grow up.

² <http://www.gov.scot/Publications/2015/09/6979>

The Scottish Government's contribution to the Change Fund has resulted in a range of positive developments. These include establishing the Early Years Collaborative (EYC), our national early years quality improvement programme, which enables local practitioners to test and develop evidence based early years services. There are currently over 650 improvement tests across Community Planning Partnerships (CPPs). We also launched the PlayTalkRead Campaign, which has been encouraging parents and carers to play, talk and read with their babies and young children, laying firm foundations for long-term learning, behaviour and life chances. And we created 20 Public Social Partnerships (PSPs) between local authorities and the third sector, to develop innovative outreach services to better identify and support vulnerable, 'just coping' families.

Evidence from CPPs shows the Change Fund has begun to have a clear impact on outcomes for children and their families. The latest data covers 2013-14 (Year 2 of the Change Fund) and by the end of December 2015 CPPs will have also provided evidence covering 2014-15 (Year 3). At the end of 2015-16 (Year 4), an assessment of the specific Scottish Government interventions, across the four years of the Change Fund, will also be undertaken. From the evidence we have to date:

- CPP returns provide clear evidence they are championing the early years at the local level, with dedicated leadership support;
- there is evidence of a strategic and structured approach to early years services in CPPs, with clear governance and reporting structures in place; and
- CPPs have clearly identified the outcomes needing improved in their areas, the actions they will take and how they will measure the impact of these actions.

CPP returns also indicate that there has been an increased understanding of what prevention is and how it is being embedded in early years services across Scotland. For example:

- in Year 1, 29 out of the 32 returns referred to prevention, but in Year 2, all returns have provided specific examples of prevention; and
- in Year 2, 10 CPPs provided examples of disinvestment or savings made.

The Health and local government commitments to the Change Fund ended in 2014-15 (Year 3). Scottish Government funding of £8.5 million was made available for 2015-16 (Year 4) to consolidate the gains made in the first three years of the Scottish Government element of the Change Fund. Strategic investment was made in a number of areas, such as providing further support to PSPs to develop their services and support them into a long term sustainable position, and the EYC to provide a method and mechanism for improvement in early years services. These programmes will continue to support a shift towards early intervention and prevention to deliver the best possible outcomes for Scotland's vulnerable children.

The Reshaping Care for Older People Change Fund

The Reshaping Care for Older People (RCOP) Change Fund provided £300 million over three years, between 2012-13 and 2014-15, to help local partnerships enable older people to remain independent and able to live at home or in a community setting.

The Joint Improvement Team published a report in June 2015, 'Building on Progress'³, which describes how partnerships have used their Change Fund to make a difference to the lives of older people and their carers across Scotland.

The Change Fund provided additional investment for improving services through prevention and anticipatory care that promotes a shift to community based service delivery. We have seen some great examples locally, such as Edinburgh's balance of care delivered at home increasing from 29 per cent to 35 per cent over the period of the Change Fund. We have also seen improvement in other areas:

- bed days in hospital for people aged 75+ following an emergency admission are down by 10.2 per cent from 2009-10 to 2013-14;
- 19 per cent reduction in delays over two weeks at April 2015 compared to April 2011;
- the number of emergency hospital beds used by people aged 65+ in 2013-14 was around 1,300 less than 'expected' had the age related rate at 2008-09 continued in line with the ageing profile of Scotland's population;
- in 2014, there were around 4,000 fewer older people living permanently in a care home than projected based on the 2009 rate and demographic trends;
- in combination, the above reductions in care homes and hospital bed usage mean that, older people spent nearly 2 million more days at home in 2013-14 than might have been expected had the 2008-09 rates continued;
- the number of home care hours provided to over 65s has increased from 424,500 in 2010 to 450,000 in 2014;
- intensity (hours per person per week) of home care for older people is increasing, enabling clients with the highest level of need to stay in their own homes; and
- we estimate that approximately 39 per cent of the Change Fund provided support for carers including provision of carer's assessments, opportunities for short breaks, information and advice, training, income maximisation and advocacy.

The focus of the final year of the Change Fund shifted from testing and evaluating local improvements, towards understanding and spreading what works and planning for sustainable change. Partnerships are required to build and sustain the progress made towards the RCOP goals within the context of emerging integrated health and social care arrangements and their longer-term strategic vision. From April 2015, local

³ <http://www.jitscotland.org.uk/resource/reshaping-care-for-older-people-change-fund-building-on-progress-june-2015/>

partnerships have been allocated an additional resource of £300 million from the Scottish Government through the 'Integrated Care Fund'. This is available over three years, between 2015-16 and 2017-18, to support delivery of improved outcomes, help drive the shift towards prevention and further strengthen our approach to tackling inequalities. Supported activities should focus on prevention, early intervention and care and support for people with complex and multiple conditions, particularly in those areas where multi-morbidity is common.

The Reducing Reoffending Change Fund

The Reducing Reoffending Change Fund was established to develop new and specifically preventative approaches to community justice activities, and to enable third sector organisations to take a fuller part in the co-design and delivery of such services.

This was reflected in the decision that the Change Fund would fund the development of offender mentoring services, which provide flexible one-to-one support to individuals either on release from custody, or in the community. These interventions work to address the practical and personal problems that can shape an individual's behaviour, and assist them in desisting from further offending. This has the potential not just to support the individual, but to improve the prospects for their families, and over time to reduce crime in our communities, and ease pressure on justice sector processes.

The use of the PSP model made the connection between third and public sector an integral part of this process. It has enabled projects to draw on the experience of both the public and third sector to develop their services, and work alongside existing local services to meet local need.

These developments reflect the Scottish Government's more progressive approach to community justice, and the application of Christie principles to enhance the design and delivery of better public services.

The Change Fund is now scheduled to be worth £18 million overall, with £10 million funding allocated in 2012-15, followed by a further £8 million in 2015-17. £15.5 million from the Scottish Government's Community Justice Division and Third Sector Unit has been supplemented by a welcome £2 million charitable donation from the Robertson Trust, and £500,000 from the Scottish Prison Service. This combination of public and philanthropic funding is an innovative approach to co-ordinating investment into community justice activities.

The Scottish Government will continue to work with the PSPs and other Change Fund partners to examine the development of offender mentoring services for the future. The extension of the Change Fund will also co-ordinate the development of these mentoring services within the context of the restructuring of community justice activity, and the shift in our wider penal policy from prisons to community-based disposals and resources.

The services funded by the Change Fund provided support to over 3,300 men and women across Scotland in the first two years of operation (2013-14 and 2014-15), and are continuing to engage more at the same rate.

Given the nature of the interventions being made, benefits will be shown through improvement in medium to long-term outcomes, rather than in an immediate reduction in public service levels.

However, interim results from an independent evaluation has shown that service users' attitudes and intentions have typically improved in several ways that will increase their resilience and self-esteem and encourage their desistance from crime – such as increased motivation to change behaviour; increased motivation to engage with education and employment training; increased social skills; increased confidence in their ability to desist from offending; and development of increasingly pro-social attitudes and a non-criminal identity. Mentors also encourage and assist their mentees to engage with other services to address specific needs such as securing appropriate accommodation or addressing health and substance misuse problems. The full report detailing the effects of the provision of mentoring support, and considering the use of PSP structures to undertake this work, is scheduled to be published at the end of 2015.

Prevention – Forward Look

Making a decisive shift towards prevention remains the cornerstone of the Scottish approach to public service reform. The three Change Funds have been a catalyst for wider action to re-orientate public services so they are centred around, and responsive to, what people and communities value and need to build wellbeing and be able to participate fully at every life stage.

For example, the Raising Attainment Programme has brought together hundreds of schools, their public service partners, parents and communities to improve attainment with a firm focus on addressing barriers to learning at the earliest possible opportunity. Scotland's Youth Employment Strategy, *Developing the Young Workforce*, sets out a seven-year national programme to stem the flow into youth unemployment, with hundreds of new opportunities in place for school pupils to undertake learning – for example new Foundation Apprenticeships – while still at school. National health and wellbeing outcomes are now in place, with a focus on addressing health inequalities, which each health and social care partnership will report on. And through the Building Safer Communities Programme we are working with some of the most deprived communities across Scotland and Polmont Young Offenders Institution to support improved community cohesion and resilience which evidence shows helps to reduce offending.

By working with each other and closely with local communities, public service partners can better identify and meet demand first time, and build upon the assets found in every place up and down Scotland. In the next phase, we will be continuing to place emphasis on ensuring that decisions about prioritisation of services are made using the best possible data, to predict which services will have the most benefits for which individuals and groups, taking into account the costs that a failure to prevent poor outcomes has across the whole of people's lifetimes.

Community Planning Partnerships bring a close understanding of place and continue to be central to ensuring a prevention and empowerment ethos runs across all public service delivery. As the Accounts Commission and Auditor General's most recent national audit report on community planning recognised, CPPs have continued to improve how well they do this in line with raised expectations about what they should achieve (as expressed in the *Community Planning Statement of Ambition*⁴). The Community Empowerment (Scotland) Act 2015, which will come into force in 2016, will further strengthen community planning, by placing statutory duties on public sector bodies to work together and with community bodies in CPPs to improve key local outcomes and reduce inequalities arising from socio-economic disadvantage in their areas. And as the evidence and learning from local research in action, being generated through *What Works Scotland*⁵, builds there will be opportunities to use this valuable evidence to help support more successful local projects and community planning.

The Community Empowerment (Scotland) Act 2015 will enable communities to work together to shape and deliver public services at their own hand, while the Empowering Communities Fund will give communities the support they tell us they want to allow them to take action to tackle poverty on their own terms. These are important steps in opening up access for people to take part in debating and shaping the society that we live in. For example, the *Creating a Healthier Scotland*⁶ national conversation is seeking views on how we might best foster a culture in which healthier lifestyles become the norm, and on how the people of Scotland can be supported to be as healthy as possible, not only as individuals but also in their families and communities.

Delivering greater levels of participation and engagement is a priority for the Scottish Government and has an important role to play in helping to ensure that public services deal with the causes and not only the consequences of problems. It is very often those who experience poor outcomes who also experience a 'poverty of participation'. Our commitment for every person to be able to influence the decisions that affect them and their families sits at the heart of our long-term prevention strategy, helping to make sure that all people are enabled to participate and contribute to their full potential, making Scotland a place of prosperity, equality and opportunity for all.

We will make full use of new powers and grasp every opportunity to put the principles of prevention and participation at the heart of public services of the future. This will include working with public service partners, communities and service users to ensure new powers to provide employment support for people with a disability and those at risk of long-term unemployment are delivered in ways which treat people with respect and which are responsive to the needs of the individual.

4 <http://www.gov.scot/Topics/Government/local-government/CP/soa>

5 <http://whatworksscotland.ac.uk/>

6 <http://healthier.scot/>

ANNEX D**Table 1: Departmental Expenditure Limits**

	2015-16 Budget £m	2016-17 Draft Budget £m
Health, Wellbeing and Sport	12,276.0	12,938.3
Finance, Constitution and Economy	625.0	635.2
Education and Lifelong Learning	2,589.1	2,474.5
Fair Work, Skills and Training	261.6	252.5
Justice	2,608.4	2,512.3
Social Justice, Communities and Pensioners' Rights	8,840.2	8,279.5
Rural Affairs, Food and the Environment	566.0	560.4
Culture, Europe and External Affairs	255.9	243.7
Infrastructure, Investment and Cities	2,109.1	2,139.9
Administration	197.7	193.0
Crown Office and Procurator Fiscal	112.1	112.5
Scottish Parliament and Audit Scotland	95.9	102.3
Total	30,537.0	30,444.1

ANNEX E

Table 2: Annually Managed Expenditure

	2015-16 Budget £m	2016-17 Draft Budget £m
Health, Wellbeing and Sport	100.0	100.0
Finance, Constitution and Economy	3,537.0	3,441.6
Education and Lifelong Learning	347.8	379.3
Fair Work, Skills and Training	-	-
Justice	-	-
Social Justice, Communities and Pensioners' Rights	2,799.5	2,768.5
Rural Affairs, Food and the Environment	-	-
Culture, Europe and External Affairs	-	-
Infrastructure, Investment and Cities	-	-
Administration	-	-
Crown Office and Procurator Fiscal	-	-
Scottish Parliament and Audit Scotland	-	-
Total	6,784.3	6,689.4

ANNEX F

Table 3: Departmental Expenditure Limits: Capital/Resource Split

Level 2	2015-16		2016-17	
	Budget		Draft Budget	
	Capital £m	Resource £m	Capital £m	Resource £m
Health	202.5	11,986.0	494.5	12,382.7
Sport	26.0	45.8	-	45.8
Food Standards Scotland	-	15.7	-	15.3
Total Health, Wellbeing and Sport	228.5	12,047.5	494.5	12,443.8
Scottish Public Pensions Agency	9.4	13.7	3.5	16.8
Digital Strategy	27.0	23.9	92.2	23.8
Enterprise, Energy and Tourism	168.2	300.8	129.9	298.8
Parliamentary Business and Government Strategy	30.0	45.9	30.0	33.8
Accountant in Bankruptcy	0.5	1.3	0.7	0.5
Revenue Scotland	-	4.3	-	5.2
Total Finance, Constitution and Economy	235.1	389.9	256.3	378.9
Learning	62.7	128.6	30.7	170.8
Children and Families	-	120.4	4.1	113.1
Higher Education Student Support	1.0	621.5	2.0	495.0
Scottish Further and Higher Education Funding Council	46.5	1,600.7	62.7	1,589.4
Advanced Learning and Science	-	7.7	-	6.7
Total Education and Lifelong Learning	110.2	2,478.9	99.5	2,375.0
Fair Work, Skills and Training	-	261.6	-	252.5
Total Fair Work, Skills and Training	0.0	261.6	0.0	252.5
Community Justice Services	-	26.7	-	30.7
Judiciary	-	40.5	-	40.5
Criminal Injuries Compensation	-	17.5	-	17.5
Legal Aid	0.1	146.7	0.1	136.8
Scottish Police Authority (SPA)	28.1	1,035.8	16.2	1,053.4
Scottish Fire and Rescue Service	25.3	283.9	10.8	283.9

Level 2	2015-16		2016-17	
	Budget		Draft Budget	
	Capital	Resource	Capital	Resource
	£m	£m	£m	£m
Miscellaneous	-	31.2	7.5	30.7
Police Central Government	10.0	88.1	17.8	62.6
Safer and Stronger Communities	-	40.3	-	7.1
Police and Fire Pensions	-	350.6	-	350.6
Scottish Courts and Tribunals Service	7.5	79.9	12.4	76.5
Scottish Prison Service	40.0	356.2	10.0	347.2
Total Justice	111.0	2,497.4	74.8	2,437.5
Housing	659.5	34.9	681.0	26.2
Social Security	-	73.2	-	74.3
Social Justice and Regeneration	40.0	16.9	31.5	25.0
Scottish Housing Regulator	-	4.0	-	3.7
Equalities	-	20.3	-	20.3
Third Sector	-	24.5	-	24.5
Office of the Scottish Charity Regulator	-	3.0	-	3.0
Planning	0.8	3.4	0.1	4.0
Local Government	861.3	7,095.9	606.9	6,776.9
Governance, Elections and Reform	-	2.5	-	2.1
Total Social Justice, Communities and Pensioners Rights	1,561.6	7,278.6	1,319.5	6,960.0
EU Support and Related Services	45.5	127.0	41.3	137.5
Research, Analysis and Other Services	2.0	71.8	2.0	65.0
Marine and Fisheries	6.2	49.1	6.2	47.0
Environmental and Rural Services	4.3	176.6	11.3	169.0
Climate Change	-	19.4	-	19.8
Forestry Commission Scotland	1.6	62.5	1.6	59.7
Total Rural Affairs, Food and the Environment	59.6	506.4	62.4	498.0

Level 2	2015-16		2016-17	
	Budget		Draft Budget	
	Capital	Resource	Capital	Resource
	£m	£m	£m	£m
Europe and External Affairs	-	17.9	-	16.2
Culture	35.0	135.2	25.4	128.7
Historic Environment Scotland	0.2	44.4	3.4	41.6
National Records of Scotland	1.5	21.7	2.9	25.5
Total Culture and External Affairs	36.7	219.2	31.7	212.0
Rail Services	476.9	331.4	483.4	267.9
Concessionary Fares and Bus Services	2.0	258.6	2.0	259.3
Other Transport Policy, Projects and Agency Administration	22.0	43.9	63.1	54.6
Motorways and Trunk Roads	401.7	293.1	513.6	306.7
Ferry Services in Scotland	45.5	141.6	45.2	153.4
Air Services	23.0	40.4	19.9	40.4
European Social Funds 2014-20 Programmes	-	-	-	-
European Regional Development Fund 2014-20 Programmes	-	-	-	-
Scottish Water	80.0	(94.5)	-	(94.5)
Scottish Futures Fund	20.2	-	-	-
Other Expenditure	-	23.3	-	24.9
Total Infrastructure, Investment and Cities	1,071.3	1,037.8	1,127.2	1,012.7
Total Administration	8.1	189.6	13.1	179.9
Total Crown Office and Procurator Fiscal	3.6	108.5	3.6	108.9
Total Scottish Parliament and Audit	3.8	92.1	1.7	100.6
Total DEL	3,429.5	27,107.5	3,484.3	26,959.6

ANNEX G

Table 4: Comparison 2008-09 to 2016-17

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Outturn £m	Outturn £m	Outturn £m	Outturn £m	Outturn £m	Outturn £m	Outturn £m	Budget £m	Draft Budget £m
Health	10,479.8	10,909.9	11,181.3	11,333.7	11,595.7	11,807.8	11,969.4	12,288.5	12,977.2
Sport	45.5	55.5	54.2	66.6	81.0	143.5	234.1	71.8	45.8
Food Standards Scotland	10.3	10.2	9.6	9.7	9.0	10.3	10.8	15.7	15.3
Total Health, Wellbeing and Sport	10,535.6	10,975.6	11,245.1	11,410.0	11,685.7	11,961.6	12,214.3	12,376.0	13,038.3
Scottish Public Pensions Agency	2,535.0	2,390.7	2,938.8	2,988.5	2,565.4	2,649.6	3,613.9	3,560.1	3,461.9
Digital Public Services, Committees, Commissions and Other Expenditure	49.4	59.0	18.0	12.9	16.3	19.1	90.7	-	-
Digital Strategy	-	-	-	-	-	-	-	50.9	116.0
Enterprise, Energy and Tourism	460.3	497.8	428.1	403.8	417.1	456.8	435.1	469.0	428.7
Parliamentary Business and Government Strategy	13.9	13.2	13.0	13.1	12.9	16.6	34.8	75.9	63.8
Accountant in Bankruptcy	4.8	4.3	1.8	3.0	0.9	0.7	0.6	1.8	1.2
Revenue Scotland	-	-	-	-	-	-	-	4.3	5.2
Registers of Scotland	(4.3)	-	-	-	-	-	-	-	-
Total Finance, Constitution and Economy	3,059.1	2,965.0	3,399.8	3,421.3	3,012.6	3,142.8	4,175.1	4,162.0	4,076.8
Learning	98.1	98.4	110.4	148.8	175.2	159.0	156.8	191.3	201.5
Children and Families	98.5	94.7	85.3	80.6	90.0	95.7	96.5	120.4	117.2
Higher Education Student Support	387.9	521.2	477.5	520.0	644.6	670.0	810.1	970.3	876.3
Scottish Further and Higher Education Funding Council	1,730.4	1,871.2	1,865.8	1,661.3	1,675.7	1,682.4	1,712.6	1,647.2	1,652.1
Advanced Learning and Science	-	-	-	-	-	266.0	6.0	7.7	6.7
Other ELL**	266.4	282.7	271.1	260.3	233.1	-	-	-	-
Total Education and Lifelong Learning	2,581.3	2,868.2	2,810.2	2,671.0	2,818.6	2,873.1	2,782.0	2,936.9	2,853.8
Fair Work, Skills and Training**	n/a	n/a	n/a	n/a	n/a	n/a	258.2	261.6	252.5
Total Fair Work, Skills and Training	0.0	0.0	0.0	0.0	0.0	0.0	258.2	261.6	252.5

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Budget	Draft Budget
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Community Justice Services	11.4	26.6	29.2	29.9	30.7	27.8	28.3	26.7	30.7
Judiciary	41.8	53.2	50.8	49.8	48.6	50.7	53.3	40.5	40.5
Criminal Injuries Compensation	29.4	28.4	28.0	21.6	25.1	20.5	17.5	17.5	17.5
Legal Aid	160.6	163.5	220.7	210.2	160.8	166.2	155.5	146.8	136.9
Scottish Police Authority (SPA)	-	-	-	-	-	1,199.9	1,153.1	1,063.9	1,069.6
Scottish Fire and Rescue Service	-	-	-	-	-	302.6	308.2	309.2	294.7
Miscellaneous	20.8	16.2	23.2	17.4	16.0	33.0	28.7	31.2	38.2
Police Central Government	238.2	265.0	256.7	228.4	245.9	45.4	23.5	98.1	80.4
Safer and Stronger Communities	5.7	6.7	5.4	-	3.4	2.9	3.8	40.3	7.1
Scottish Resilience	17.4	44.5	18.4	16.3	16.3	-	-	-	-
Police and Fire Pensions	-	-	245.7	299.9	329.1	327.4	477.4	350.6	350.6
Scottish Courts and Tribunals Service	85.2	87.5	92.8	81.5	78.5	87.6	73.9	87.4	88.9
Scottish Prison Service	409.2	356.7	454.1	364.2	426.2	297.8	337.8	396.2	357.2
Total Justice²	1,019.7	1,048.3	1,425.0	1,319.3	1,380.6	2,561.8	2,661.0	2,608.4	2,512.3
Local Government ²	11,168.3	11,804.3	11,696.4	11,327.6	11,225.1	10,310.6	10,733.5	10,756.7	10,152.3
Planning	9.1	7.5	4.9	3.6	4.1	3.8	5.0	4.2	4.1
Third Sector	19.3	33.4	36.1	24.5	19.4	22.0	23.7	24.5	24.5
Equalities	22.3	22.9	20.1	19.1	19.7	18.8	21.7	20.3	20.3
Housing	-	-	-	-	-	-	-	694.4	707.2
Social Security	-	-	-	-	-	-	-	73.2	74.3
Social Justice and Regeneration	-	-	-	-	-	-	-	56.9	56.5
Governance, Elections and Reform	-	-	-	-	-	-	-	2.5	2.1
Local Governance and Elections	-	-	0.9	2.3	5.6	0.6	0.2	-	-
Housing and Regeneration	481.7	693.3	494.1	411.9	394.8	444.8	548.2	-	-
Welfare Reform Mitigation	-	-	-	-	0.3	3.6	9.2	-	-
Scottish Futures Fund (SJC&PR)	-	-	-	-	-	-	1.8	-	-
Office of the Scottish Charity Regulator	3.0	3.0	3.0	3.0	2.9	2.9	2.9	3.0	3.0
Scottish Housing Regulator	-	-	-	-	3.7	4.9	4.4	4.0	3.7
Total Social Justice, Communities and Pensioners' Rights	11,703.7	12,564.4	12,255.4	11,792.0	11,675.6	10,812.0	11,350.6	11,639.7	11,048.0

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Budget	Draft Budget
	£m	£m	£m	£m	£m	£m	£m	£m	£m
European Structural Funds – central government 2014-20	-	-	-	-	-	-	-	-	-
Scottish Water	145.9	138.0	18.6	-43.0	9.5	-66.7	-25.4	-14.5	-94.5
Other Expenditure	6.9	9.8	10.4	7.6	13.8	9.9	37.5	23.3	24.9
Scottish Futures Fund	-	-	-	-	2.1	7.7	16.6	20.2	-
Total Infrastructure, Investment and Cities	1,921.6	2,048.5	1,860.3	1,741.5	2,053.6	1,905.5	1,867.4	2,109.1	2,139.9
Administration	249.4	278.5	275.7	238.9	224.8	206.8	200.0	197.7	193.0
Total Administration	249.4	278.5	275.7	238.9	224.8	206.8	200.0	197.7	193.0
Crown Office and Procurator Fiscal	107.4	118.3	117.5	108.3	109.0	109.7	112.4	112.1	112.5
Total Crown Office and Procurator Fiscal	107.4	118.3	117.5	108.3	109.0	109.7	112.4	112.1	112.5
Total Scottish Government Budget	31,934.5	33,650.6	34,234.7	33,488.3	33,761.2	34,342.6	36,390.0	37,225.4	37,031.2

** It is not possible to provide a comparable outturn split between Other ELL and the new 'Fair Work, Skills and Training' portfolio for previous years

1. For comparison purposes, in line with 2010-11 cost of capital has been removed from earlier years' outturn.
2. Budgets for Police and Fire in excess of £1 billion were transferred from Local Government to the new police and fire authorities from 2013-14 onwards.

ANNEX H

Table 5: Estimated Payments Under PPP Contracts

	2015-16	2016-17
	£m	£m
Health, Wellbeing and Sport	242.0	246.3
Finance, Constitution and Economy	146.5	148.2
Education and Lifelong Learning	345.9	352.1
Fair Work, Skills and Training	-	-
Justice	53.5	50.5
Social Justice, Communities and Pensioners' Rights	-	-
Rural Affairs, Food and the Environment	-	-
Culture, Europe and External Affairs	-	-
Infrastructure, Investment and Cities	246.8	251.4
Administration	-	-
Total	1,034.7	1,048.5

Notes

1. The table shows the total unitary charge payments relating to all PPP projects (prior to those projects announced as part of the current £3.5 billion NPD pipeline) that are operational. The figures represent the total amount that public sector bodies estimate they will pay or will expect to pay, in each of the years for the associated PPP contracts.

The unitary charge payments cover all the integrated services that the private sector consortium will provide for the length of the PPP contract and include the upfront construction costs, lifecycle maintenance and, facilities management where appropriate.

The unitary charge payment figures comprise both what public sector procuring authorities are paying and Scottish Government funding/part funding in support of the projects.

2. The FCE figures comprise PPP projects undertaken by local authorities in the 'Level Playing Field Support' funding round and include for example, waste management and schools projects. Figures for the majority of school projects however, are included under Education and Lifelong Learning.

ANNEX I

GLOSSARY

Annually Managed Expenditure (AME)

Annually Managed Expenditure is spending that does not fall within Departmental Expenditure Limits (DEL). AME is generally less predictable than expenditure in DEL and is not subject to multi-year limits. It is set each year and contains those elements of expenditure that are not readily predictable. For example, NHS and Teachers' pensions count as AME.

Audit Scotland

Audit Scotland was set up in April 2000 to audit the accounts of the Scottish Government and other public sector bodies in Scotland, and to ensure that public funds are used properly, efficiently and effectively.

Barnett Formula

The Barnett Formula allocates to Scotland a population share of changes in comparable spending programmes in England. For comparable expenditure, Scotland gets exactly the same pounds per head increase as in England. Comparability is the extent to which services delivered by Whitehall departments correspond to services delivered by the devolved administrations. Barnett only applies to expenditure classified within Departmental Expenditure Limits – about 85 per cent of Scotland's total budget. Details can be found in the Statement of Funding Policy available on the HM Treasury website.

Best Value

Best Value is about continuous improvement, seeking to change what we do in a way that transforms and sustains the delivery of quality public services in Scotland.

Block Grant Adjustment

Most Scottish taxes are collected by HMRC, which operates at UK level. Scotland receives most of its funding via the block grant. When taxes are devolved, receipts are paid directly into the Scottish budget and are no longer available to the UK Government. In recognition of this, the block grant is adjusted downward on the basis of a calculation that is agreed between the Scottish and the UK Governments.

Budget Exchange (BX)

HM Treasury allow the Scottish Government to carry forward DEL under spends and draw down these under spends up to a maximum of 0.6 per cent on the Resource budget and 1.5 per cent on the Capital budget.

Cash Terms

Figures expressed in cash, or nominal, terms are not adjusted for the effect of inflation (See Real Terms).

Common Agricultural Policy (CAP)

The CAP was set up under the European Union Treaties to increase agricultural production, provide a fair standard of living for farmers and make sure that food is available at reasonable prices.

Community Planning Partnerships

Community Planning, as set out in the Local Government in Scotland Act 2003, is delivered by local Community Planning Partnerships (CPPs). There are 32 CPPs in Scotland, one for each local authority area. As well as the statutory partners a wide range of other organisations such as Jobcentre Plus, Further and Higher Education institutions and Scottish Natural Heritage are involved in CPPs, as are the third and private sectors. Third sector participation in CPPs is delivered through the third sector interfaces that have been established in each local authority area.

Cross-border public authorities

The Scotland Act 1998 allows for cross-border public authorities to be specified by Order in Council. They are public bodies and agencies, government departments, offices or office-holders which have functions exercisable in or as regards Scotland that do not relate to reserved matters. (GB/UK bodies which deal only with reserved matters in Scotland cannot be cross-border public authorities.) Examples include the Forestry Commission and the National Criminal Intelligence Service.

Consumer Prices Index (CPI)

The Consumer Prices Index is an internationally comparable measure of inflation used by the UK Government that measures the change in the general level of prices charged for a defined 'shopping basket' of goods and services bought for household consumption. The CPI forms the basis of the UK Government's inflation target that the Bank of England's Monetary Policy Committee is required to achieve.

Departmental Expenditure Limits (DEL)

Departmental Expenditure Limits (DEL) form the majority of the Scottish Government's budget. This is the budget provision that the Scottish Government can plan and control over the Spending Review period. The DEL budget is presented for both resource DEL and capital DEL as follows:

- **Resource DEL** – current expenditure such as pay or procurement;
- **Capital DEL** – for new infrastructure investment and net policy lending; and
- **Ringfenced Resource DEL (non-cash)** – depreciation or impairment costs associated with the ownership of assets. HM Treasury rules mean that this element of the overall DEL budget cannot be used to fund pay or procurement costs and as such this budget does not represent spending power for the Scottish Government.

Depreciation

A depreciation charge is a non-cash item which measures the wearing out, consumption or other reduction in useful life of a fixed asset.

European Structural Funds

European Structural Funds include the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF). They are used to tackle regional disparities and support regional development through actions including developing infrastructure and telecommunications, developing human resources and supporting research and development. The Scottish Government is the 'managing authority' for the Funds in Scotland.

Executive Agency

Semi-autonomous executive agencies operate within a framework set by the responsible Cabinet Secretary or Minister, which specifies policies, objectives, and available resources. All agencies are set annual performance targets by their Minister, who, in turn, accounts to Parliament for the work of the agency.

Financial Transactions

Financial Transactions are allocated by HM Treasury to the Scottish Government and can only be used for the provision of loans or equity investment beyond the public sector. Financial Transactions facilities have to be repaid to HMT in future years.

Gross Domestic Product (GDP)

The Gross Domestic Product is a measure of the total economic activity in a region. References to growth in the economy are quoting growth in GDP. It is a measure of the total amount of goods and services produced within a year in a country. In the UK, three different approaches (measuring production, income or expenditure) are used in the generation of one single GDP estimate.

Land and Buildings Transaction Tax (LBTT)

A tax on land and property transactions which replaced Stamp Duty Land Tax (SDLT) in Scotland from April 2015. LBTT has a progressive rate structure which means that only the proportion of the price above each tax threshold is taxed at the next rate, rather than the whole purchase price.

Local Government

All 32 local authorities in Scotland.

Non-Departmental Public Body (NDPB)

A body that operates independently of Ministers, although Ministers have ultimate responsibility. There are two main types of NDPB: executive NDPBs, which carry out administrative, regulatory, executive or commercial functions; and advisory NDPBs, which provide independent, expert advice to Ministers.

Non-Profit Distributing (NPD)

The Non-Profit Distributing model is a system for funding capital infrastructure projects. It is 100 per cent debt-financed and maximises value for money and allows shareholder transparency.

Office for Budget Responsibility (OBR)

The Office for Budget Responsibility (OBR) was formed in May 2010 to make an independent assessment of the public finances and the economy for each UK Budget and Pre-Budget Report.

Prudential Regime

The prudential regime for local authority capital expenditure took full effect on 1 April 2004. It allows local authorities to make their own decisions about how much to borrow or spend, but they are under a duty to determine how much they can afford and to keep that under review.

Real Terms

Any price or value adjusted for the effect of inflation.

Regulatory Asset Base (RAB)

The value of a regulated industry's assets. For the rail industry, this is the Office of Rail Regulation's (ORR) calculation of the value of Network Rail's assets. The regulator agrees investment plans for five-year periods, including adding new investments to the Regulated Asset Base.

Scottish Fiscal Commission

The Scottish Fiscal Commission provides independent assurance of the Scottish Government's devolved tax forecasts and the economic determinants underpinning forecast receipts from non-domestic rates. The Scottish Parliament endorsed the creation of the Commission and approved the appointment of its chair and members in June 2014. A Bill to provide the Commission with a statutory underpinning is currently being considered by Parliament.

Scottish Futures Trust (SFT)

The Scottish Futures Trust is the independent company established by the Scottish Government to deliver value for money across public infrastructure development.

Scottish Landfill Tax

Scottish Landfill Tax is a tax on the disposal of waste to landfill. It replaced UK Landfill Tax in Scotland from April 2015.

Scottish Rate of Income Tax (SRIT)

A partially devolved tax power applying to non-savings non-dividend income, which provides for all UK income tax rates to be reduced by 10 percentage points and for the Scottish Parliament to set a replacement rate. This Scottish rate will apply equally to all tax bands. All other elements of income tax policy remain reserved to the UK Parliament, and HMRC will be responsible for implementing and operating the tax. This power replaces the Scottish Variable Rate.

Single Outcome Agreement (SOA)

The Concordat between the Scottish Government and COSLA in November 2007 required each local authority and its Community Planning Partners to develop a Single Outcome Agreement. They are intended to set out outcomes at a local level which local public bodies will work towards in order to contribute to the National Outcomes set by government. They are characterised by streamlined external scrutiny, effective performance management and an outcomes focus.

STPR

The Strategic Transport Projects Review (STPR) supports the process of prioritisation applied by Scottish Ministers when allocating the capital budget across all sectors and when determining the level of infrastructure investment that can be supported from revenue finance (e.g. public private partnerships (PPP/PFI), non-profit distributing, and borrowing against regulated asset base (RAB) for investment in rail infrastructure.

Total Managed Expenditure (TME)

Total Managed Expenditure comprises the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

Tax Incremental Financing (TIF)

Tax Incremental Financing is a way of unlocking private investment in the regeneration of local areas. Initial borrowing by local authorities to fund the infrastructure is repaid through future increases in non-domestic rate revenues due to increased business creation resulting from the local authority's investment.



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Riaghaltas na h-Alba

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