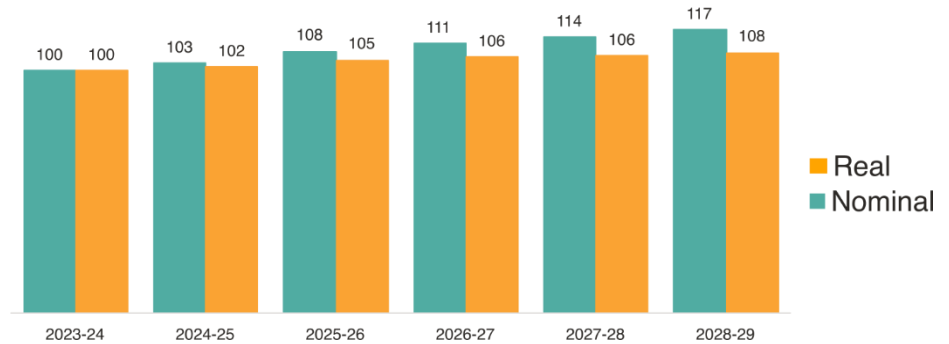


### Visual Summary Pages

#### Fiscal Overview

Resource funding is forecast to rise over the next five years by 17 per cent in nominal terms. After accounting for inflation, resource funding rises by 8 per cent by 2028-29.

Resource funding is forecast to increase



Capital funding is forecast to fall over the next five years by 12 per cent in nominal terms. After accounting for inflation, capital funding falls by 20 per cent by 2028-29.

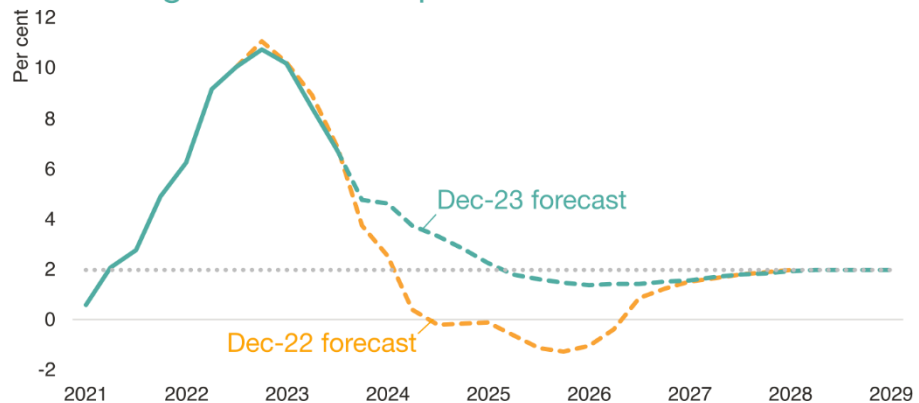
But capital budgets are forecast to fall more rapidly



#### Economy

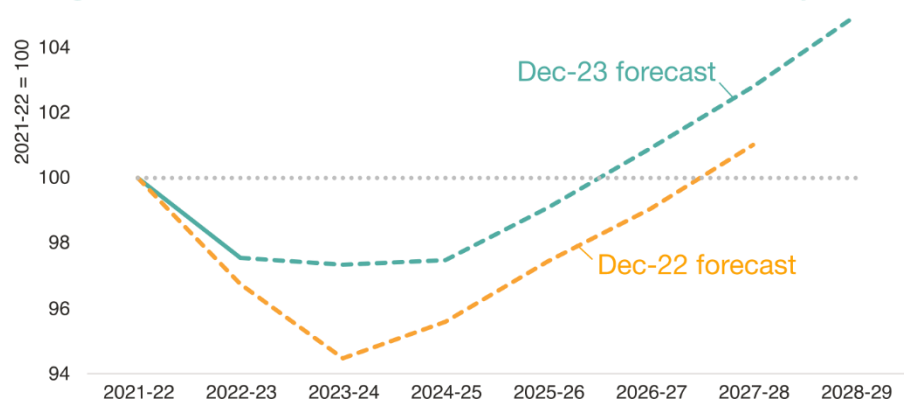
The forecast for inflation is higher and more persistent over the medium term than last December. We do not expect the Bank of England's target of 2 per cent to be met until the second quarter of 2025, after which the outlook is relatively stable.

Inflation higher and more persistent over the medium term

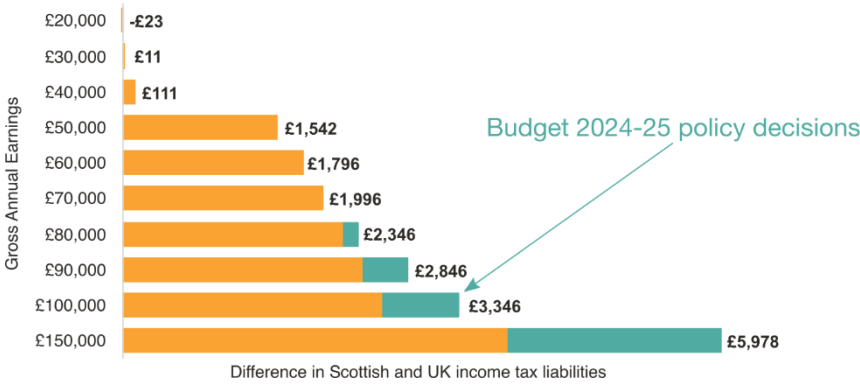


Due to strong earnings growth, we have revised up our forecast of real disposable income per person. Despite this, the drop between 2021-22 and 2023-24 is the largest reduction in living standards since Scottish records began in 1998.

Living standards set to recover to 2021-22 levels by 2026-27

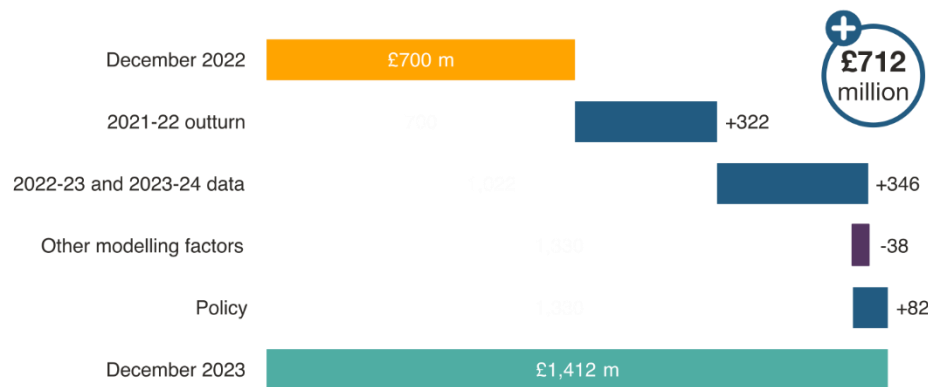


Policy changes further increase additional tax paid by high-earners in Scotland relative to UK



People with earnings over £28,850 in Scotland, slightly above median earnings, pay more income tax than they would in the UK. The latest policy decisions widen the gap further for those earning over £75,000 (the top 5 per cent of taxpayers).

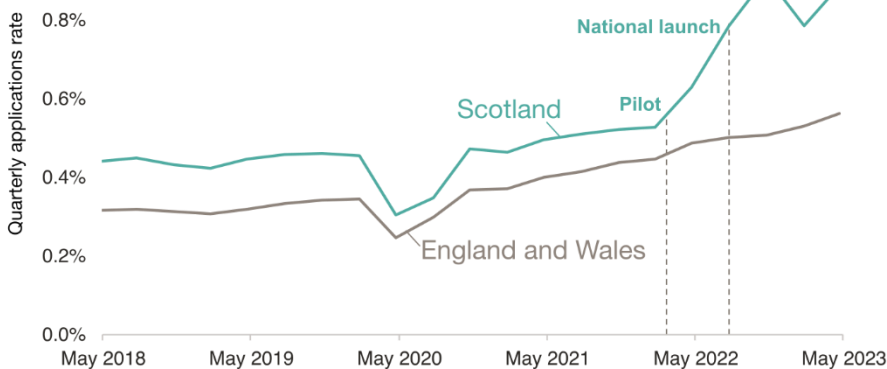
Increases in projected net position driven mostly by data



The increase in the projected income tax net position in 2024-25 of £712 million is mostly driven by data in 2021-22 to 2023-24.

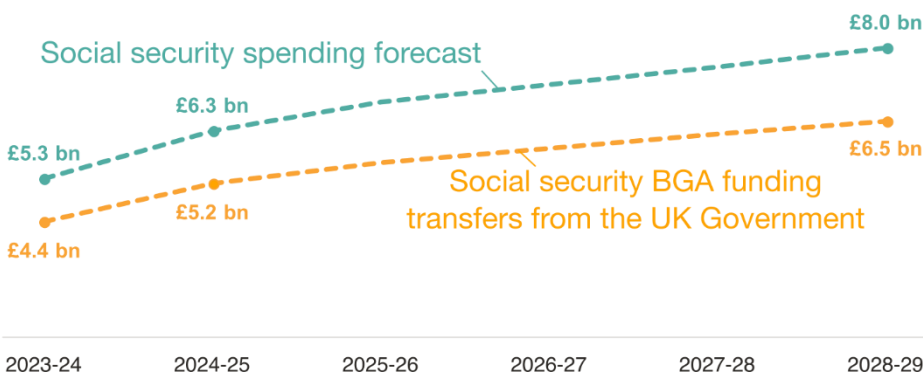
Social Security

Stronger demand for working age disability payment





Quarterly applications rates to PIP in England and Wales and to ADP in Scotland started to diverge at the beginning of the ADP pilot in March 2022, and further widened when ADP was launched nationally in August 2022.

Spending to increase 51 per cent to £8.0 bn by 2028-29







Social security spending is forecast to increase from £5.3 bn in 2023-24 to £8.0 bn in 2028-29. By 2028-29, we expect the Scottish Government to spend £1.5 bn more on social security than BGA funding received from the UK Government.




Budget funding,  
£ million

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
 Total funding, (nominal)	52,449	53,776	55,421	56,962	58,080	59,588
 Total funding (2023-24 prices)	52,449	52,889	53,590	54,199	54,299	54,680

## Economy, % growth

 Gross Domestic Product	0.2	0.8	1.3	1.3	1.3	1.4
 Consumer Price Index	6.1	3.0	1.6	1.5	1.8	2.0
 Average real earnings	1.2	0.3	1.2	1.3	1.1	1.1
 Employment	0.5	-0.1	0.1	0.2	0.3	0.3


## Tax, £ million

 Income tax	17,357	18,844	19,873	20,856	22,056	22,981
 Non-Domestic Rates	3,007	3,143	3,219	3,600	3,522	3,517
 LBTT	813	730	795	907	998	1,072
 Scottish Landfill Tax	74	58	42	15	16	16

## Policy announcements, £ million

 Income tax	0	82	88	96	104	114
 Non-Domestic Rates	0	-34	-36	-39	-37	-43

## Social Security, £ million

 All devolved social security	5,299	6,283	6,861	7,253	7,616	7,999
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