



What you need to know about the Draft Budget 2019/20

Background

Derek Mackay introduced the Scottish Government's [Draft Budget 2019/20](#) on 12 December 2018.

The draft Budget was presented as part of a long-term vision for economic growth that will generate the income needed to tackle poverty and inequalities in Scotland. The Cabinet Secretary did make it clear that the Scottish Government continues to be constrained by UK Government austerity policies.

The announcement also included the caveat that the Budget may have to be revised in the event of a hard Brexit or if no deal is agreed.

Changes to reporting

In previous years the draft Budget document set out core Scottish Government operating costs under a separate Administration chapter. This year operating costs, staff, accommodation, IT, legal services and HR have been attributed to individual portfolios.

This approach is intended to present a more transparent budget but does make it more difficult to make a direct comparison with previous years. In some cases, what appears to be an increase in budget is just the addition of operating costs.

More detail on this new approach is set out in Annex G of the [Budget document](#) and table G.01 summarises the operating costs that have been attributed to each portfolio.

What's in the Budget?

Housing

The draft Budget has committed a further £826 million to the Affordable Housing Supply Programme (AHSP) to continue working towards the 50,000 affordable homes target. This figure includes More Homes funding as well as additional Transfer of Management of Development Funding (TMDF) under the local authority budget.

The Scottish Government will continue to support home ownership through Help to Buy and shared equity and provide financial support for build to rent developments in the private rented sector (PRS) through a Rental Income

Guarantee Scheme.

The Housing Support budget which includes adaptations funding for Housing Association tenants has remained largely unchanged.

Regeneration

The draft Budget sets out a focus on placemaking, communities and regeneration. An additional £2.0 million has been added to the Vacant and Derelict Land budget bringing it to £11.4 million. A new £50.0 million Town Centre Fund has also been established to support local economies and communities.

Fuel Poverty and Energy Efficiency

The draft Budget allocates £119.3 million to continue investment in energy efficiency through HEEPS. While this appears to be an increase on last year's budget, this is a reflection of operating costs. The budget has remained largely unchanged.

Social Security

The draft Budget states that the Scottish Government remains committed to mitigating the worst impact of UK Government welfare reforms and to continue to develop the Scottish Social Security Agency on the basis of fairness and respect.

The 'Bedroom Tax' will continue to be fully mitigated and the budget for this has increased slightly in line with demand from £50.1 million to £52.3 million. The budget for 'other' Discretionary Housing Payments (DHPs) and the Scottish Welfare Fund (SWF) have remained unchanged.

While continued investment in DHP and SWF is welcome, we expect these budgets to come under increasing pressure as Universal Credit continues to roll out and other benefits remain frozen.

Local Government Settlement

The Budget announcement presented an increase of £198.0 million for local authorities. This statement has been criticised by COSLA. Taking into account spending commitments that local authorities must deliver, COSLA states that the draft Budget represents a cut of £175.0 million to the core budget.