

F/T: 0300 244 4000
E: scottish.ministers@gov.scot

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament
By email to: FPA.committee@parliament.scot

28 January 2025

Dear Kenneth,

Scottish Budget 2025/26 – Budget Amendments

As I set out to Parliament on 4 December 2024, I have strived to build a cohesive and unifying programme that works for all of Scotland. Notwithstanding that the Scottish Labour Party has signalled their intention to abstain in the Budget, Ministers have undertaken further engagement and negotiation to build as broad support as possible for the Budget Bill.

I can confirm today, this Government has reached agreements with the Scottish Liberal Democrats and Scottish Greens to support the Budget, delivering on areas of shared priority and ensuring stability for Scotland's public services.

I will take forward arrangements to formally table amendments at Stage 2, which will give effect to additional spend during financial year 2025/26.

In respect of the position reached with the Scottish Liberal Democrats, we will:

- **Increase Drugs and Neonatal Service Investment.** We will invest an additional £100,000 in this financial year, and an additional £1 million resource in the 2025/26 budget for Aberlour to develop these services. We will also invest a further £1.5 million in broader drugs and alcohol services to ensure that our total investment in this area has increased in real terms.
- **Strengthen support for Hospices.** We will increase the funding to Hospices from £4 million to £5 million.
- **Invest in targeted support for the College sector.** We will invest £3.5 million in creating an Offshore Wind Skills Programme and College Care Skill Programme, supporting a pipeline of skilled workers.
- **Support the continuation of Corseford College.** We will provide £700k in 2025/26 to leave open the option of funding Capability Scotland to support the continuation of bespoke services or suitable alternatives for young people with complex and additional needs. This is subject to the review already underway. We also intend to at least maintain this level of funding in 2026/27.
- **Offer flexibility to Orkney Island Council in terms of capital and resource funding.** In the draft Budget we set out £20.8 million for resource and £10 million for capital for inter-island connectivity in 2025/26. Following the publication of the budget we have

engaged further with the council and have agreed to switch £8 million of the capital outline to resource as the council believe this split will better enable them to take forward their priorities in this area.

In respect of the position reached with the Scottish Greens, we will:

- **Establish a £2 bus fare cap pilot in a regional transport partnership area.** We will establish a 12-month pilot from 1 January 2026. £10 million to operate for the one year term of the pilot, with a cost of £3 million in the coming budget for the establishment and operation of the scheme.
- **Increase Nature Restoration funding.** We will increase this from £23 million to its highest ever level of £26 million, increasing this by £3 million capital in 2025/26. It is our intention to at least maintain that level of investment in the following financial year.
- **Extend free school meal eligibility in S1-S3 in 8 local authority areas** – covering pupils in an urban, rural, semi-urban and island authorities in receipt of Scottish Child Payment. Our aim would be to extend this test of change phase for the next school year, starting in August 2025, followed by an evaluation. Initial estimates are that this would cost around £3 million, with the majority of the costs falling in the 2026/27 financial year.

The proposed package amounts to approximately £16.7 million in 2025/26. This will be funded by a draw down from Scotwind of £3 million to support nature restoration, and the remaining amendments being funded through reduced debt servicing costs in 2025/26.

Outwith the 2025/26 Budget process we will continue to work with both parties on specific matters. We will, this summer, undertake a consultation on the devolution of parking fines to local government and engage further with the Scottish Green Party on this issue. We will also engage with the Scottish Greens on the Infrastructure Levy sunset clause. With the Scottish Liberal Democrats we will seek further engagement as we develop the Infrastructure Investment Plan later in the year. We have also set out to the Scottish Liberal Democrats that we have a shared understanding and commitment to the importance of social care services and that this should be reflected in the future fair distribution of the reimbursement from the UK Government for the increased costs of employer national insurance.

I am pleased to present these proposed changes for Parliament's consideration, which in the spirit of cooperation will deliver a Budget by Scotland for Scotland.

Yours sincerely

SHONA ROBISON