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Dear Collette,

### **Scotland Office budget**

Thank you for writing to me on 11 October to ask how the Scotland Office will be resourced to work with the Scottish Government to tackle common goals, such as reducing poverty.

On 30 October the Chancellor delivered a Budget to restore economic stability, rebuild our public services, and begin a decade of national renewal. This is an historic budget for Scotland that chooses investment over decline and delivers on the promise that there would be no return to austerity.

The Scottish Government will receive Barnett consequentials of £1.5 billion for 2024/25 and a further £3.4 billion for 2025/26. This amounts to a record £47.7 billion settlement in 2025/26 - the largest in real terms in the history of devolution. It is my firm view that money must reach frontline services and I hope this is reflected in the Scottish Government's plans in December.

I know there have been questions around the impact on public services from the changes to employers' National Insurance Contributions. I can reassure you that the Chancellor has set out that the UK Government will provide funding to the public sector to support with the additional costs associated with these changes. Given the impacts of the policy change are complex, the Scottish Government settlement for 2025-26 announced at the Budget does not reflect this additional support yet. HM Treasury will lead a technical process, which will include consultation with Devolved Governments, to understand requirements in more detail.

The increase in the minimum wage will mean a pay rise for hundreds of thousands of workers in Scotland, with the biggest increase for young workers ever. This is on top of our employment rights bill which will deliver the biggest upgrade in workers' rights in a generation. The triple lock also means an increase in the state pension by £470 next year, on top of £900 this year for a million Scottish pensioners. Furthermore, around 1.2 million households across Great Britain will be on average £420 a year better off as a result of our change to Universal Credit.


The new Fair Repayment Rate, to come into force next April, will cap the amount that can be cut from benefit payments each month to repay short-term loans and debts at 15% instead of 25%. These are all measures that will help in our shared goals of reducing poverty.

The funding settlement agreed for the Scotland Office for this and next financial year ensures a strengthened department that is well-funded to work closely with the Scottish Government on our shared priorities, and play a key role in shaping and influencing UK Government policy for Scotland in Westminster and abroad. This includes £750,000 for 'Brand Scotland', a manifesto commitment. We will work with the UK's overseas network and organisations in Scotland to showcase Scotland on the world stage and champion Scottish business and culture around the globe. This will help to ramp up exports and attract inward investment to drive growth.

Reducing poverty is also a top priority for me personally and a shared mission across government. I sit on the new Child Poverty Task Force, coordinated by the Cabinet Office, which is developing a Child Poverty Strategy. Bringing together officials with external experts, we will leave no stone unturned in our mission to improve children's lives.

My department is also already jointly working with the Scottish Government on a wide range of issues to deliver change across Scotland. This includes the signing of the Falkirk and Grangemouth Growth Deal, Argyll & Bute Growth Deal, the UK Government's new Industrial Strategy, alongside the Child Poverty Strategy. I look forward to continuing our collaborative work on our common goals in these areas, and others, in the coming weeks and months.

Please do not hesitate to get in touch if my officials can assist with any additional questions you may have.

*Yours sincerely,*  


**THE RT HON IAN MURRAY MP  
SECRETARY OF STATE FOR SCOTLAND**