



## PUBLIC SPENDING

The UK's public spending works fairly for Scotland and allows the whole country to pool and share its resources.

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## Who manages Scotland's public spending?

Scotland has [two governments](#) and each is responsible for different parts of public spending. For example: the UK Government manages defence, pensions and international relations for everyone in the UK, while the Scottish Government runs policing, health, and education services in Scotland.

Things the UK Government manages are called 'reserved' and things the Scottish Government manages are called 'devolved'. The public sector plays a large role in Scotland's economy and makes up over 50% of GDP, and around 10% of total UK public sector employees are based in Scotland.

When the UK Government spends on something devolved, it also provides funding for the Scottish Government. For example, if the UK Government increases funding for the NHS in England, it also provides the Scottish Government with extra cash to spend on whatever it chooses. The UK Government transfers this funding to the Scottish Government through the Block Grant. The Block Grant is paid for from taxes and revenues collected across the whole of the UK.

The Scottish Government and Local Authorities manage the majority of Scotland's public spending using devolved taxes and the Block Grant. In 2023-24, the UK Government managed around 40% of Scotland's public sector spending.

## How much public spending and revenue is there for Scotland?

The collective economic strength of the UK means higher spending on public services in Scotland, [with £2,417 more per head of additional spending to the UK average, as a result of the redistribution of wealth throughout the UK.](#)



During 2023–24 tax revenue generated in Scotland, including North Sea oil revenues, amounted to £88.5 billion (8.1% of UK total). During the same period, Scotland benefited from about £111.2 billion in public spending (9.1% of UK total). These were both more than Scotland's 8.1% population share of the UK.

As a result Scotland's total deficit was £22.7 billion or 10.4% of its total GDP, while the UK-wide deficit was 4.5% of UK GDP.

In 2023–24, falling energy prices resulted in a significant fall in Scotland's North Sea Revenue, which fell by nearly £5 billion from £9.9 billion in 2022–23 to £4.9 billion in 2023–24.

As a result Scotland's share of UK total income fell from 8.4% to 8.1%, with revenue per person in Scotland £60 higher (including North Sea revenue) than the UK average, a significant change from 2023–23 where revenue per head was £721 higher than the UK average. .

Block Grant funding for the Scottish Government is the highest since devolution began at around £41 billion a year for 2022–2025. This means that for every £100 per person the UK Government spends in England on matters devolved to Scotland, the Scottish Government will receive around £126 per person in Scotland.

This higher funding means the Scottish Government receives over £8 billion more funding each year than if it received the levels of UK Government spending per person elsewhere in the UK. This reflects the additional costs of delivering public services in Scotland.

Greater public spending for Scotland is possible because the UK pools and shares resources across the entire country. This system of sharing resources means the whole UK can tackle challenges together.

### The cost of living

In 2022–23 the UK Government spent nearly £4.5 billion on Cost of Living support for households in Scotland. This was 8.7% of all UK cost of living expenditure.

### The coronavirus pandemic

In 2020–21 the UK faced the coronavirus pandemic together and increased public spending to protect lives and livelihoods across the country. This resulted in a £17.2 billion (21%) increase in public spending for Scotland compared to the previous year. In 2021–22, the UK and Scottish governments together spent £9.3 billion to continue to tackle the effects of the pandemic in Scotland.

### The Electricity Generators Levy

In November 2022 the Chancellor announced the introduction of a new, temporary 45% levy on exceptional electricity generation receipts, which will apply from 1 January 2023. This revenue was



not reported in GERS last year, but is now reported as part of onshore corporation tax receipts. In 2023–24, Scottish receipts were £238 million, around 20% of the UK total.

## What powers does the Scottish Government have?

The Scottish Government has power over many financial decisions. This includes [setting the rate of some taxes](#), such as income tax, and deciding how much to spend on services like health and education. When the UK Government increases the Block Grant, the Scottish Government decides how and where to spend the additional funding.

The Scottish Government keeps every penny of its devolved taxes.

The Scottish Government can borrow up to £450 million each year, up to a total of £3.05 billion, to support its investment in infrastructure. In August 2023 the UK and Scottish governments agreed this amount would rise in line with inflation. The Scottish Government can also borrow up to £600 million each year to support its day-to-day resource spending.

Find out what taxes are devolved



## More information

The [Scottish Parliament Information Centre](#) has more information about Scotland's economy and public finances.

The Scottish Government publishes an annual report on Scotland's finances called [Government Expenditure and Revenue Scotland](#).

The Office for National Statistics produces [public sector spending and revenue figures for every part of the UK](#).

Find out more about [Scotland in the UK](#).



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