

GOVERNMENT
EXPENDITURE & REVENUE
SCOTLAND 2023-24

AUGUST 2024



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Summary

Introduction

- Government Expenditure and Revenue Scotland (GERS) addresses three questions about Scotland's public sector finances under the current constitutional arrangements:
 - What revenues were raised in Scotland?
 - How much was spent on public services for Scotland?
 - To what extent did revenues cover the costs of these public services?
- GERS is not a measure of the Scottish Government's fiscal position, rather it is a measure of Scotland's overall fiscal position. Further information on Scottish Government and devolved finances is provided in the FAQs and Preface.
- GERS is an Accredited Official Statistics publication. It is assessed by the Office for Statistics Regulation (OSR), the regulatory arm of the UK Statistics Authority, to ensure that it meets the standards set out in the Code of Practice for Statistics.
- The tables below provide figures for the last three years. Figures for back to 1998-99 are available online in the accompanying spreadsheets.
- Feedback from users of the publication is welcome. Comments can be emailed to economic.statistics@gov.scot.

Scotland's Overall Fiscal Position

- GERS provides two measures of Scotland's fiscal position, the net fiscal balance and the current budget balance.
- The net fiscal balance measures the difference between total public sector expenditure and public sector revenue. It therefore includes public sector capital investment, such as the construction of roads, hospitals, and schools, which yields benefits not just to current taxpayers but also to future taxpayers. It is shown in Table S.1 below.
- The results for this year's publication reflect a stabilisation of the underlying public finances in Scotland and the UK, as shocks to the economy have lessened. They also reflect recent policy changes, with the introduction of Electricity Generator Levy, freezes to Scottish Income Tax thresholds, and increases to the Higher and Top Rates of Scottish Income Tax. Falling energy prices mean that revenue from the North Sea has fallen back from the peak seen in 2022-23.
- On the spending side, falling energy prices also meant inflation fell from the highs recorded during 2022-23, and as a result spending on reserved debt interest payments, partly linked to inflation, fell back slightly, although it remains significantly higher than pre-pandemic.

Table S.1: Net Fiscal Balance: Scotland and UK 2021-22 to 2023-24

	£ million		
	2021-22	2022-23	2023-24
Scotland	-23,861	-18,029	-22,684
Scotland - Excluding North Sea	-26,275	-25,971	-26,642
	As % of GDP		
Scotland	-12.3%	-8.4%	-10.4%
Scotland - Excluding North Sea	-15.1%	-13.6%	-13.2%
UK	-5.4%	-5.0%	-4.5%

- In 2023-24, Scotland's net fiscal balance as a share of GDP was -10.4%, compared to -8.4% in 2022-23. This is a deterioration of 2.0 percentage points for Scotland, whilst the UK deficit improved by 0.5 percentage points.
- This difference is primarily explained by North Sea revenue. Scottish North Sea revenue fell by £4.0 billion in 2023-24 to £4.0 billion. Excluding North Sea revenue, the net fiscal balance for Scotland improved by 0.3 percentage points. This reflects strong growth in receipts, discussed below.
- The current budget balance shows the difference between revenue and current expenditure only. It therefore excludes public sector capital investment. It measures the degree to which taxpayers meet the cost of paying for public services, excluding capital investment. It is shown in Table S.2 below.
- The current budget balance for Scotland tends to move in line with the net fiscal balance figure but is typically around 2 to 3 percentage points smaller as a share of GDP. In 2023-24, the deficit on the Scottish current budget balance decreased by 1.9 percentage points.

Table S.2: Current Budget Balance: Scotland and UK 2021-22 to 2023-24

	£ million		
	2021-22	2022-23	2023-4
Scotland	-18,364	-13,457	-17,193
Scotland - Excluding North Sea	-20,778	-21,399	-21,151
	As % of GDP		
Scotland	-9.5%	-6.3%	-7.9%
Scotland - Excluding North Sea	-11.9%	-11.2%	-10.5%
UK	-3.1%	-3.2%	-1.9%

Scotland's revenue

- Table S.3 shows two measures of Scotland's public sector revenue: (i) all Scottish revenue, and (ii) excluding North Sea revenue.
- Scotland's revenue in 2023-24 grew by £1.7 billion to £88.5 billion. This was an increase of 1.9% from 2022-23. This reflects growth in onshore receipts being partially offset by falling oil and gas revenue. Scottish revenue was 8.1% of the UK total, similar to its population share.

Summary

- Scotland's share of UK non-North Sea revenue was 7.8% in 2023-24, slightly higher than in 2022-23. Onshore revenue grew by 7.2%, with in particular strong growth in income tax and corporation tax, which grew by 12% and 29% respectively. The growth in income tax reflects a range of factors, including relatively strong earnings growth in Scotland during 2023-24, freezes to thresholds for Scottish Income Tax, and increases in the Higher and Top Rates of Scottish Income Tax. Onshore corporation tax revenue was supported by the introduction of the Electricity Generator Levy, a charge on exceptional receipts from producing wholesale electricity, which contributed £238 million in 2023-24. As a share of GDP, non-North Sea revenue rose to 42.0%, its highest level recorded in GERS.

	£ million		
	2021-22	2022-23	2023-24
Scotland	73,050	86,878	88,546
Scotland - Excluding North Sea	70,636	78,936	84,588
	As % of UK total revenue		
Scotland	7.9%	8.4%	8.1%
Scotland - Excluding North Sea	7.7%	7.7%	7.8%
	As % of GDP		
Scotland	37.7%	40.5%	40.6%
Scotland - Excluding North Sea	40.6%	41.2%	42.0%
UK	39.0%	40.3%	40.2%

- Table S.4 below shows estimates of revenue per person for Scotland and the UK. In the latest year, revenue per person was £60 higher than the UK average. The difference between revenue per person in Scotland and the UK is variable and depends largely on North Sea revenue. In 2021-22, when North Sea revenue was lower, revenue per person was £361 lower than the UK average.
- Excluding North Sea revenue, revenue per person in Scotland was lower than the UK average by £594 in 2023-24.

	£ per person		
	2021-22	2022-23	2023-24
Scotland			
Including North Sea revenue	13,350	15,948	16,254
Excluding North Sea revenue	12,909	14,490	15,527
UK			
Including North Sea revenue	13,711	15,227	16,194
Excluding North Sea revenue	13,671	15,080	16,121
Difference (Scotland minus UK)			
Including North Sea revenue	-361	721	60
Excluding North Sea revenue	-762	-590	-594

Scotland's spending

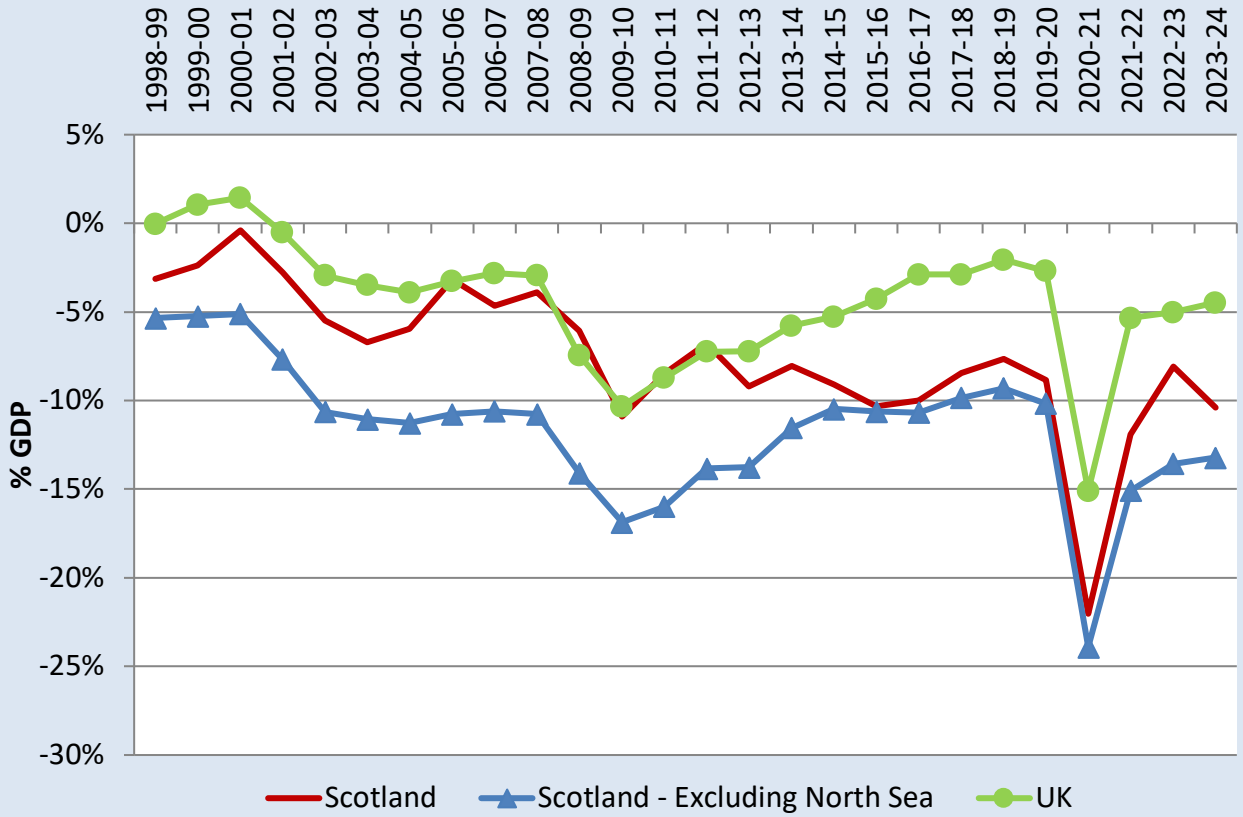
- Table S.5 below shows estimates of public spending for Scotland. Expenditure increased to £111.2 billion in 2023-24, from £104.9 billion in 2022-23. As a share of GDP, public spending remained at historically high levels in 2023-24, at 51% of GDP, around 5 percentage points higher than prior to the pandemic.
- Overall, spending in 2023-24 grew broadly in line with the onshore economy. In both 2022-23 and 2023-24, spending as a share of onshore GDP was around 55%.
- Within overall spending, 2023-24 saw particularly strong growth in health and social protection spending. In contrast, spending on reserved public sector debt interest, some of which is linked to inflation, fell by around 10%, as inflation fell back from the highs seen during 2022-23.

Table S.5: Total Public Sector Expenditure: 2021-22 to 2023-24			
	2021-22	2022-23	2023-4
Scotland - £ millions	96,911	104,907	111,230
Share of UK (%)	9.3%	9.1%	9.1%
	As % of GDP		
Scotland	50.1%	48.9%	51.0%
Scotland - Excluding North Sea	55.7%	54.8%	55.3%
UK	44.3%	45.3%	44.7%

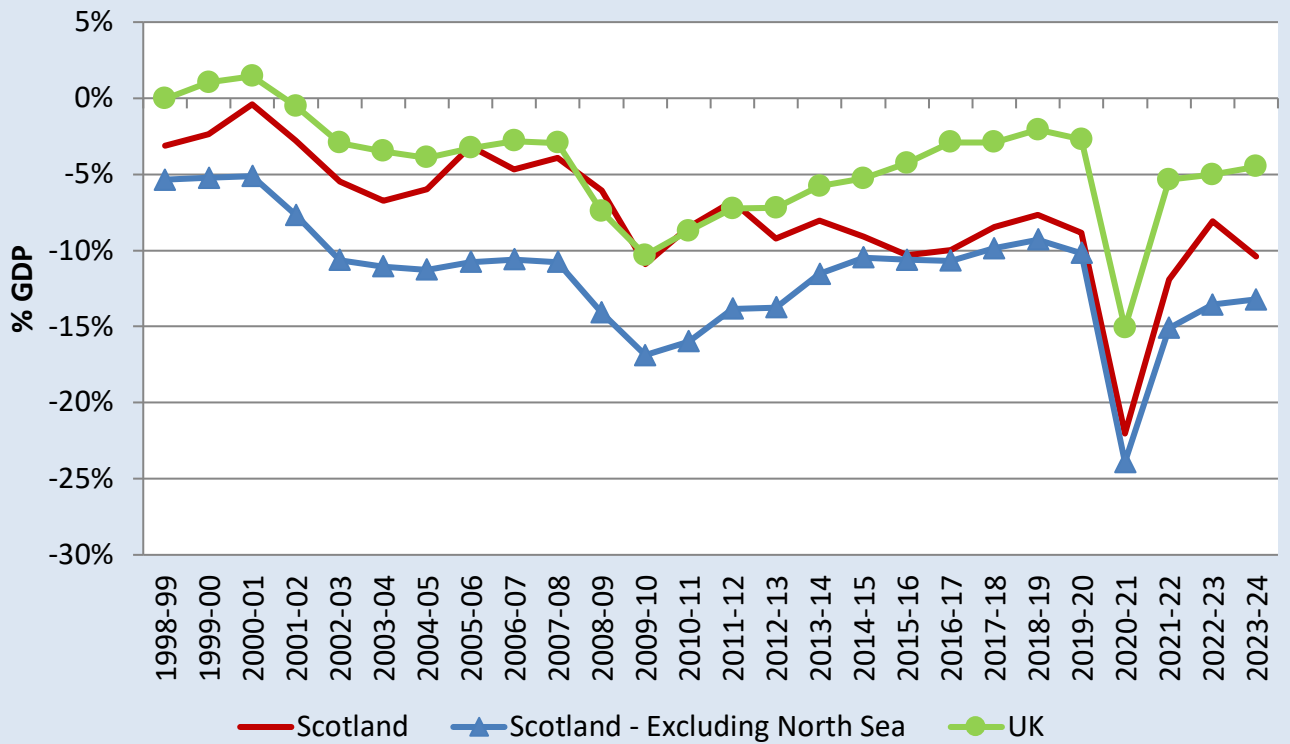
- Table S.6 below shows estimates of expenditure per person for Scotland and the UK. Expenditure for Scotland has been consistently higher per person than the UK average over the period.

Table S.6: Total Expenditure per Person: Scotland and UK 2021-22 to 2023-24			
	£ per person		
	2021-22	2022-23	2023-24
Scotland	17,711	19,257	20,418
UK	15,591	17,121	18,001
<i>Difference (Scotland minus UK)</i>	<i>2,120</i>	<i>2,136</i>	<i>2,417</i>

Net Fiscal Balance: Scotland & UK 1998-99 to 2023-24



Current Budget Balance: Scotland & UK 1998-99 to 2023-24



Frequently Asked Questions

Below is a summary of some of the most frequently asked questions and their answers.

Q: Who produces GERS?

A: GERS is produced by Scottish Government statisticians. It is designated as an Accredited Official Statistics product, which means that it is produced independently of Scottish Ministers and has been assessed by the Office for Statistics Regulation (OSR) and confirmed to comply with the standards of trustworthiness, quality and value in the Code of Practice for Statistics.

Q: How does GERS relate to the finances of the Scottish Government?

A: GERS does not directly relate to the finances of the Scottish Government, which has limited borrowing powers. The fiscal balances in GERS compare total public sector spending to total public sector revenue. They do not correspond to a deficit of any particular part of the public sector. Separate reports are available on Scottish Government and Scottish Local Government finances. In 2023-24, the devolved public sector borrowed £2.3 billion.

Q: Why is public sector spending per person higher for Scotland in GERS?

A: Public sector spending in Scotland consists of spending on devolved services by the Scottish Government and local authorities, and spending on reserved services by the UK Government. For reserved spending such as public sector debt interest, international services, and defence, Scotland is allocated a population share of UK spending, and so spending per person on these areas is the same.

As such, spending per person for Scotland is higher primarily due to spending on devolved services. While there are no official estimates of how spending on devolved services compares in Scotland to other parts of the UK, analysis by bodies such as the Institute of Fiscal Studies¹ suggest that it is between 25% and 30% higher per person in Scotland. This is as a result of the Barnett formula, and slower population growth in Scotland.

Q: Why is non-North Sea public sector revenue per person lower in Scotland?

Excluding North Sea revenue, revenue per person is lower in Scotland. While for many revenues, revenue per person will be similar in Scotland to the UK, there are some exceptions to this. Revenues where Scotland's share of UK revenue is relatively low are those associated with property or assets, such as capital gains tax (3.5%), and inheritance tax (4.3%), reflecting that in particular properties prices tend to be lower than the UK average.² Scotland's share of income tax (6.8%) is also relatively low. In part, this reflects the shifting of income tax onto higher earners, through the introduction of the additional rate of income tax and increases in the personal allowance. Scotland has relatively fewer additional rate tax payers, with only around 4% of the UK total.

1 [How and why has the Scottish Government's funding changed in recent years? | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk)

2 [UK House Price Index - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

Q: Is GERS a description of the whole Scottish economy?

A: No. GERS reports only on public sector revenue and expenditure. Although these may be affected by economic performance, GERS does not directly report on Scotland's wider economy. If users are interested in the measurement of the economy as a whole, they should refer to other economic statistics products, such as the quarterly Gross Domestic product figures or Quarterly National Accounts Scotland (QNAS) ([Economy statistics - gov.scot \(www.gov.scot\)](https://www.gov.scot/economy-statistics)).

Q: How much interest expenditure does Scotland have in GERS?

A: GERS includes two categories of interest spending. The first is reserved UK debt interest, and Scotland is allocated a population share of this, amounting to £8.4 billion in 2023-24. The second is interest spending associated with public sector pension funds. These funds also generate interest income, and in 2022-23 Scotland has £2.1 billion of interest expenditure associated with public sector pensions and £2.0 billion of interest income.

Q: How much spending occurs in Scotland?

A: As set out in the Preface, GERS shows spending for Scotland, rather than spending in Scotland. This shows that around 9.1% of UK spending is undertaken for Scotland, slightly higher than a population share. While direct estimates of spend in Scotland are not available, this is consistent with broader indicators of public sector activity in Scotland, which show that the public sector plays a larger role in Scotland than the UK as a whole. For example, around 10% of UK public sector employees are based in Scotland. Data from HMRC's Real Time Information system suggests that 9.2% of paybill across public administration and defence, education, health and social care was spent in Scotland in 2022-23.

As GERS shows spending for Scotland, not all spending that occurs in Scotland is included in the GERS spending figures. For example, around £100 million of Scottish Government expenditure is not included GERS, as it is assumed to benefit residents outside of Scotland, such as spending on museums in Scotland which benefits visitors from the rest of the UK.

Q: What are accounting adjustments and why do they feature in the GERS estimates?

A: Accounting adjustments are used to present revenue and expenditure on a National Accounts basis, an international reporting standard used by governments. They normally reflect non-cash items, such as depreciation or pensions liabilities. In general, these adjustments do not affect the net fiscal balance or current budget balance, as they are added to both revenue and expenditure. In 2023-34, accounting adjustments added £9.2 billion to the estimate of Scottish public sector revenue and £10.7 billion to the estimate of Scottish public sector spending. For more information on accounting adjustments and where they appear in the revenue tables, see Table A.9.

Q: Do you use company headquarters to assign corporation tax or taxes like VAT or insurance?

A: No. Corporation tax on trading profits is estimated on a company-by-company basis, depending on the economic activity each company has in Scotland, not simply on the location of company headquarters. VAT, and other taxes such as those related to insurance activity, are related to expenditure, and are therefore estimated based on expenditure that occurs in Scotland, rather than the location of a company's head office.

Q: How do taxes from the whisky industry feature in the GERS estimates?

A: Like any industry, the whisky industry's activity in Scotland generates tax revenue through a range of sources, such as corporation tax on profits, income tax and national insurance contributions on staff earnings, and non-domestic rates payments on business premises. These are all captured in the estimates of Scottish public sector receipts reported in GERS.

In addition, whisky consumed in the UK is subject to VAT and alcohol duty. This is assigned to Scotland on the basis of how much is consumed in Scotland. Whisky which is exported does not generate UK VAT or alcohol duty. There is no export duty in the UK.

Q: Why have the numbers been revised since last year?

A: Revisions are a normal part of statistical publications. There are a number of reasons why the numbers have changed from the previous publication. In order to produce a timely initial estimate of Scotland's fiscal position, the latest GERS numbers are based on a number of provisional data sources, for example provisional Scottish Government accounts. These numbers will change as part of the move to final outturn data. In addition, methodological changes or changes to the scope of the public sector can result in revisions to previous years' data. This year, revisions include changes to VAT revenue, which reflect changes to estimates of VAT associated with domestic tourism by HMRC.

Q: What population data is used in GERS?

A: GERS uses estimates of financial year populations based on Mid-Year Estimates produced by the National Records of Scotland. Currently, there are no Mid-Year Estimates for 2023, and the projections of the 2023 population do not yet incorporate the results of the Scottish Census. As a result, the 2022-23 population estimates for Scotland and the UK have been rolled forward in to 2023-24, to give a constant Scottish population share.

Preface

This report is the thirty-first in the series of official published estimates of expenditure and revenue balances of the public sector in Scotland.

GERS is classified as Accredited Official Statistics and is produced in accordance with the principles of the Code of Practice for Statistics. More information about Accredited Official Statistics, including the latest assessment report on GERS (number 274), is available on the UK Statistics Authority website.³

Feedback from users of the publication is welcome. A correspondence address is available in the back leaf of the publication. Comments can be emailed to: economic.statistics@gov.scot

Recent Statistical Decisions and Changes

A number of statistical changes are relevant to this year's publication.

Crown Estate Revenues

The Crown Estates in both Scotland and the UK have undertaken auctions of option rights to develop offshore wind projects. In Scotland these are known as ScotWind and in the rest of the UK the Offshore Wind Leasing Round 4. These options last for up to 10 years. Due to the different timing of the auctions in Scotland and the rest of the UK, and to different contractual arrangements, the revenues will have a slightly different profile in Scotland and the UK. The UK Crown Estate recognised around £1 billion of revenue from option fees in its 2023-24 Annual Report. Crown Estate Scotland has not yet published its 2023-24 accounts, but its 2022-23 accounts suggest that it will record £76 million in ScotWind option fees in 2023-24.

The Scottish numbers are not yet fully reflected in the UK Public Sector Finances, with updates due to be taken on in September. As a result, they will be reflected in the next edition of GERS.

Electricity Generators Levy

In his Autumn Statement on 17 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. Exceptional receipts are receipts from the production of wholesale electricity sold at an average price of more than £75 per MWh. The levy only applies to generators who produce more than 50 GWh of electricity a year, and whose exceptional receipts are more than £10 million.

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.

³ [Statistics on Government Expenditure and Revenue Scotland – Office for Statistics Regulation \(statisticsauthority.gov.uk\)](https://www.statisticsauthority.gov.uk)

Methodological changes in this edition of GERS

The main methodological change in this edition of GERS relates to stamp duty on shares. The methodology used in GERS has been aligned to that used by the Office for National Statistics (ONS) in their Country and Regional Public Sector Finances. This better reflects the fact that the liability for the tax depends on the location of the company, rather than the location of the person buying the shares. Further details are provided in the revenue methodology document.

What Questions Does GERS Address?

GERS addresses three questions about Scotland's public sector accounts for a given year:

1. What revenues were raised in Scotland?
2. How much did the country pay for the public services that were consumed?
3. To what extent did the revenues raised cover the costs of these public services?

How does GERS relate to devolved public sector finances?

GERS does not directly relate to the finances of the Scottish Government or the wider devolved public sector. The fiscal balances in GERS compare total public sector spending to total public sector revenue. They do not correspond to a deficit of any particular part of the public sector. Separate reports are available on Scottish Government and Scottish Local Government finances.

In 2023-24, the devolved public sector borrowed £2.3 billion. This consisted of:

- £404 million of borrowing by the Scottish Government,⁴ of which £104 million was resource borrowing and £300 million capital borrowing.
- £1,859 million of Local Government borrowing,⁵ which is used only to finance capital expenditure.

Revenue

Public sector revenue is estimated where a financial burden is imposed on residents and enterprises *in* Scotland.

In general, the way in which revenue is collected means that separate figures for each country and region of the UK are not available for most revenues, although following increased devolution in recent years, more Scottish data have become available. As a result, Scottish public sector revenue is estimated by considering

4 [Provisional Outturn 2023-24 Briefing Note \(www.gov.scot\)](http://www.gov.scot)

5 [Local Government 2023-24 Provisional Outturn and 2024-25 Budget Estimates - gov.scot \(www.gov.scot\)](http://www.gov.scot)

each revenue stream separately. Where Scottish data are unavailable, GERS estimates revenue using a set of apportionment methodologies, refined over a number of years following consultation with and feedback from users. The methodology note on the GERS website provides a detailed discussion of the methodologies and datasets used.⁶

Expenditure

Public sector expenditure is estimated on the basis of spending incurred to provide services *for* residents of Scotland. That is, a particular public sector expenditure is apportioned to a region if the outcome of the expenditure is thought to provide a public service which benefits residents of that region.

This is a different measure from total public expenditure *in* Scotland. For most expenditure, spending *for* or *in* Scotland will be similar. For example, the vast majority of health expenditure by NHS Scotland occurs *in* Scotland and is *for* patients resident in Scotland. Therefore, the *in* and *for* approaches should yield virtually identical assessments of expenditure. However, for expenditure where the service provided is more collective in nature, such as defence, an assessment of 'who the service is for' depends upon the nature of the specific type of expenditure being assessed. Where there are differences between the *for* and *in* approaches, GERS estimates Scottish expenditure using a set of apportionment methodologies, refined over a number of years following consultation with and feedback from users.

The *for* approach considers the location of the recipients of services or transfers that public sector expenditure finances, irrespective of where the expenditure takes place. For example, with respect to defence expenditure, as the service provided is a national 'public good', the *for* methodology operates on the premise that the entire UK population benefits from the provision of a national defence service. Accordingly, under the *for* methodology, national defence expenditure is apportioned across the UK on a population basis.

Estimates of spending *in* Scotland are used in some Scottish Government publications, such as the Quarterly National Accounts. However, these do not provide a complete measure of spending, as some types of spending, such as welfare spending, are not reported. The Scottish Government is currently reviewing the potential to provide users with estimates of spending *in* Scotland, and information on how this would differ from spending *for* Scotland.

⁶ [Economy statistics - gov.scot \(www.gov.scot\)](http://www.gov.scot)

The Data Sources

The source of the revenue data in GERS is ONS's Public Sector Finances, which provides disaggregated figures relating to UK public sector revenue.⁷

The data sources used to estimate Scottish public sector expenditure in GERS are Scottish Government accounting data, and HM Treasury's Public Expenditure Statistical Analyses⁸ and the supporting Country and Regional Analysis (CRA).⁹

GERS also uses the estimates of Scottish Gross Domestic Product (GDP) in current market prices published in the Quarterly National Accounts Scotland (QNAS).¹⁰

Additional Information on the GERS Website

The GERS website contains a number of additional analyses of Scotland's public sector finances. In addition to containing copies of the GERS report from 1990-91 onwards, the website also contains the tables underpinning this edition of GERS in Excel format and statistics providing a consistent time series of Scotland's public sector finances from 1998-99 to 2023-24. The GERS website can be accessed via: [Economy statistics - gov.scot \(www.gov.scot\)](http://www.gov.scot/economy-statistics)

Comparisons to other countries and regions of the UK

GERS does not provide comparisons of Scottish revenue and expenditure with other parts of the UK, as data are not yet available for 2023-24 for each country and region of the UK. Users who are interested in these comparisons are advised to use the Country and Regional Public Sector Finances publication published by the ONS, available at the link below. A comparison between the ONS and GERS revenue figures for Scotland is provided in Table 1.5.

[Country and regional public sector finances, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/publications/country-and-regional-public-sector-finances-uk)

International comparisons

The Scotland figures in the main tables in GERS are produced to be comparable to the UK figures presented in the ONS Public Sector Finances and the OBR Economic and Fiscal Outlook. These report for the public sector as a whole on a financial year basis. In contrast, organizations such as the European Commission and the International Monetary Fund report countries' finances on a calendar year basis and for the government sector only. Figures for Scotland on this basis are available in Table A.4.

⁷ The latest Public Sector Finances dataset is available from

[Public sector finances, UK Statistical bulletins - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/publications/public-sector-finances-uk)

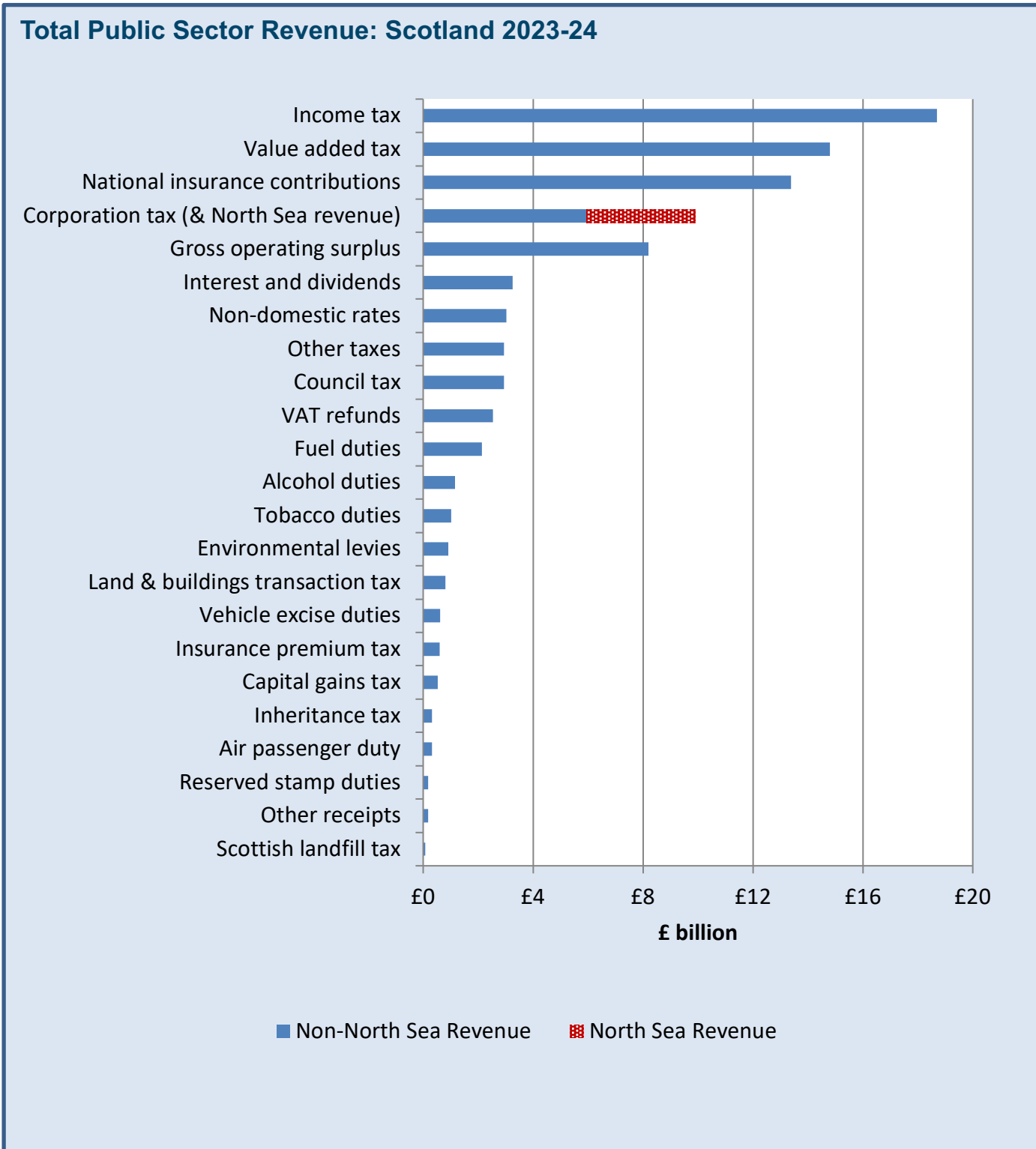
As this dataset is updated monthly and subject to minor revision, figures in future data releases may differ from those used in this report.

⁸ [HMT Public Expenditure Statistical Analyses \(PESA\) - GOV.UK \(www.gov.uk\)](https://gov.uk/publications/hmt-public-expenditure-statistical-analyses-pesa)

⁹ [Country and regional analysis - GOV.UK \(www.gov.uk\)](https://gov.uk/publications/country-and-regional-analysis)

¹⁰ [Economy statistics - gov.scot \(www.gov.scot\)](http://www.gov.scot/economy-statistics)

Chapter 1: Public Sector Revenue



1

Public Sector Revenue

Introduction

This chapter provides detailed estimates of Scottish public sector revenue.

The majority of public sector revenue payable by Scottish residents and enterprises is collected at the UK level. Generally it is not possible to identify separately the proportion of revenue receivable from Scotland. GERS therefore uses a number of different methodologies to apportion revenue to Scotland. These are discussed in the methodology paper on the GERS website.¹¹

Following the implementation of the Scotland Act 2012 and Scotland Act 2016, an increasing amount of revenue is being devolved to the Scottish Parliament, and direct Scottish measures of these revenues are becoming available. To date, landfill tax, property transaction taxes, and non-savings non-dividend income tax have been devolved. Chapter 4 provides more information on current and future devolved taxes. Note that the income tax figures in this chapter cover all income tax, whilst those in Chapter 4 cover only non-savings and non-dividend income tax.

For taxes where there is no direct measure of Scottish revenue, GERS uses a set of data sources and methodologies developed over a number of years following consultation with, and feedback from users and experts. In some cases, a variety of methodologies could be applied, each leading to different estimates of public sector revenue in Scotland. Table A.5 in Annex A provides analysis of the confidence intervals around revenue estimates based on survey data.

GERS reports tax and non-tax revenue separately. Non-tax revenues are primarily non-cash items such as capital consumption, included for accounting purposes in gross operating surplus, and the operating surplus of public corporations such as Scottish Water. These are discussed in more detail below.

Revenue 2023-24

Table 1.1 reports estimated public sector revenue in Scotland and the preliminary outturn data for the UK in 2023-24. The contribution of each element of revenue to the Scottish total, and the proportion of UK revenue raised in Scotland, are also included in the table. The three largest taxes, income tax, national insurance contributions, and value added tax account for around two thirds of total non-North Sea revenue.

Overall, Scotland raised £88.5 billion in 2023-24, or 8.1% of total UK revenue. This represents a fall from a share of 8.4% in 2022-23, reflecting the decline in North Sea

¹¹ [Economy statistics - gov.scot \(www.gov.scot\)](https://www.gov.scot/economy-statistics)

revenue, which fell to £4.0 billion from £7.9 billion in 2022-23. Scotland has around 80% of the total UK North Sea revenue. This is discussed further in Chapter 2.

Excluding the North Sea revenue, Scotland's revenue increased to £84.6 billion, an increase of 7.2%. Scotland saw stronger growth in non-North Sea revenue than the UK, primarily due to stronger growth in income tax revenue and onshore corporation tax.

For income tax, overall income tax grew by 12%. This was driven by relatively strong growth in the Pay As You Earn (PAYE) component, where data from HMRC's Real Time Information system show where Scottish PAYE receipts grew by 14.4% in 2023-24 compared to growth of 12.2% for the UK as a whole.

For onshore corporation tax, this reflects the impact of the Electricity Generator Levy, which came into effect from 1 January 2023, with 2023-24 its first full year of operation. Scotland received £238 million in revenue from the levy, 20% of the UK total.

In order to report revenue on a National Accounts basis, an international reporting standard used by governments, a number of accounting adjustments are included in the total revenue estimate. These are primarily symmetric adjustments that also form part of expenditure, and therefore have little impact on the net fiscal balance.

Table 1.1: Revenue: Scotland and UK 2023-24				
	Scotland		UK	Scotland
	£ million	% of total non-North Sea taxes	£ million	as % of UK
Income tax (gross of tax credits)	18,691	25.6%	276,005	6.8%
National insurance contributions	13,392	18.4%	178,927	7.5%
Value added tax	14,794	20.3%	169,523	8.7%
Onshore Corporation tax	5,944	8.1%	96,168	6.2%
Fuel duties	2,137	2.9%	24,828	8.6%
Non-domestic rates	3,035	4.2%	30,248	10.0%
Council tax	2,933	4.0%	44,546	6.6%
VAT refunds	2,540	3.5%	27,901	9.1%
Capital gains tax	525	0.7%	15,026	3.5%
Inheritance tax	327	0.4%	7,535	4.3%
Reserved stamp duties	178	0.2%	16,789	1.1%
Scottish land & buildings transaction tax	803	1.1%	803	100%
Scottish landfill tax	69	0.1%	69	100%
Air passenger duty	325	0.4%	3,884	8.4%
Tobacco duties	1,027	1.4%	8,969	11.5%
Alcohol duties	1,165	1.6%	12,592	9.2%
Insurance premium tax	593	0.8%	8,379	7.1%
Vehicle excise duties	611	0.8%	7,853	7.8%
Environmental levies	922	1.3%	8,080	11.4%
Other taxes ¹	2,940	4.0%	35,684	8.2%
Total Non-North Sea taxes	72,950	100%	973,808	7.5%
North Sea Revenue				
Population share	398		4,940	8.1%
Geographical share	3,958		4,940	80.1%
Other receipts				
Interest and dividends	3,262		40,428	8.1%
Gross operating surplus	8,200		73,603	11.1%
Other receipts	177		1,891	9.3%
Total revenue				
Excluding North Sea	84,588		1,089,730	7.8%
Including population share of North Sea	84,987		1,094,670	7.8%
Including geographical share of North Sea	88,546		1,094,670	8.1%
<i>of which: revenue accounting adjustments</i>	9,162		94,346	9.7%

¹ A description of the other taxes line is provided in the detailed methodology paper on the GERS website.

Unlike the expenditure accounting adjustments, which are shown in a separate expenditure line, the revenue accounting adjustments are included within different revenue lines, as is set out in Table A.9 in Annex A. In order to aid transparency, a revenue accounting adjustments line is shown at the bottom of Table 1.1 and 1.4. This is a sub-total of revenue, and is not additional to the revenue totals reported in these tables.

Scotland's share of UK total non-North Sea revenue in 2023-24 was 7.8% which is 0.3 percentage points lower than Scotland's share of the UK population. In general, Scotland's share of revenue has been declining over time in line with its declining population share.

Scotland's share of most large revenues is close to either its population or GDP share. However, there are some exceptions to this, discussed below.

Revenues where Scotland's share of UK revenue is relatively low are those associated with property or assets, such as capital gains tax (3.5%), and inheritance tax (4.3%). This reflects the fact that properties and assets in Scotland tend to have lower values than the UK average.¹² Scotland's share of income tax (6.8%) is also relatively low. In part, this reflects the increasingly progressive nature of income tax, following the introduction of the additional rate of income tax and increases in the personal allowance. Scotland has relatively fewer additional rate tax payers, with only around 4% of the UK total.

Revenues where Scotland has a relatively large share include gross operating surplus (GOS), which includes the surpluses of public corporations. Scotland is estimated to generate approximately 11.1% of UK public sector GOS, higher than Scotland's population share. Scotland's GOS includes Scottish Water, which is a large contributor to UK public corporations' GOS. The equivalent water companies in England and Wales are outside the public sector and hence do not contribute to UK GOS.

Scotland tends to also have relatively high shares of duties associated with tobacco and alcohol. This reflects the greater incidence of smoking in Scotland,¹³ and also the fact that Scotland has higher consumption of spirits than the rest of the UK.¹⁴

Table 1.2 below shows Scotland's share of the largest UK revenues.

12 [Total Wealth: Wealth in Great Britain - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

13 [Adult smoking habits in the UK Statistical bulletins - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

14 [Family food statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Table 1.2: Non-North Sea Revenue: Scotland as share of UK 2021-22 to 2023-24

	per cent of UK revenue		
	2021-22	2022-23	2023-24
Income Tax	6.5%	6.7%	6.8%
Corporation tax (excl North Sea)	6.0%	6.1%	6.2%
National insurance contributions	7.6%	7.5%	7.5%
Value added tax	8.7%	8.7%	8.7%
Council tax and non-domestic rates	7.2%	7.9%	8.0%
All other revenue	8.8%	8.7%	8.8%
Total current non-North Sea revenue	7.7%	7.7%	7.8%

Estimated Revenue: Scotland and the UK, 2021-22 to 2023-24

Table 1.4 shows estimated revenue in Scotland and the UK between 2021-22 and 2023-24. Over this period, Non-North Sea revenue in Scotland is estimated to have grown by 19.8% in nominal terms, slightly faster than the UK as a whole (18.7%). The largest single factor explaining this difference is stronger growth in receipts from income tax in Scotland, which is likely to reflect policy divergence between Scotland and the UK. Growth in other important revenues, such as National Insurance Contributions, has been weaker over this period.

Table 1.3 shows estimates of revenue per person for Scotland and the UK between 2021-22 and 2023-24. Revenue per person in Scotland is higher than in the UK by £60 in 2023-24, down from £721 higher in 2022-23. Excluding North Sea revenue, Scottish revenue is £594 lower.

Table 1.3: Revenue Per Person: Scotland and UK 2021-22 to 2023-24

	£ per person		
	2021-22	2022-23	2023-24
Scotland			
Excluding North Sea revenue	12,909	14,490	15,527
Including North Sea revenue (population)	12,949	14,636	15,600
Including North Sea revenue (geographical)	13,350	15,948	16,254
UK			
Excluding North Sea revenue	13,671	15,080	16,121
Including North Sea revenue	13,711	15,227	16,194
Difference (Scotland minus UK)			
Excluding North Sea revenue	-762	-590	-594
Including North Sea revenue (population)	-762	-590	-594
Including North Sea revenue (geographical)	-361	721	60

Table 1.4: Revenue: Scotland and UK 2021-22 to 2023-24 (£ million)						
	Scotland			UK		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
Income tax	14,704	16,696	18,691	224,779	250,489	276,005
National insurance contributions	12,201	13,339	13,392	161,335	177,838	178,927
Value added tax	12,491	14,171	14,794	143,415	162,214	169,523
Onshore Corporation tax	4,147	4,620	5,944	69,007	76,257	96,168
Fuel duties	2,171	2,194	2,137	25,943	25,098	24,828
Non-domestic rates	2,108	2,792	3,035	25,312	28,380	30,248
Council tax	2,621	2,760	2,933	39,969	41,967	44,546
VAT refunds	2,135	2,275	2,540	23,161	25,097	27,901
Capital gains tax	584	591	525	15,267	16,929	15,026
Inheritance tax	264	309	327	6,080	7,121	7,535
UK stamp duties	305	210	178	18,877	19,132	16,789
Land & buildings transaction tax	813	839	803	813	839	803
Scottish landfill tax	122	110	69	122	110	69
Air passenger duty	95	252	325	1,189	3,268	3,884
Tobacco duties	1,170	1,073	1,027	10,191	9,375	8,969
Alcohol duties	1,222	1,145	1,165	13,179	12,384	12,592
Insurance premium tax	481	528	593	6,792	7,455	8,379
Vehicle excise duties	557	571	611	7,149	7,341	7,853
Environmental levies	783	817	922	6,655	7,200	8,080
Other taxes	2,486	3,081	2,940	30,710	37,539	35,684
Total Non-North Sea taxes	61,460	68,372	72,950	829,945	916,033	973,808
North Sea taxes						
Population share	217	799	398	2,662	9,928	4,940
Geographical share	2,414	7,942	3,958	2,662	9,928	4,940
Other receipts						
Interest and dividends	2,041	2,604	3,262	24,109	32,264	40,428
Gross operating surplus	6,952	7,788	8,200	62,114	69,225	73,603
Other receipts	183	171	177	2,101	1,831	1,891
Total revenue						
Excluding North Sea	70,636	78,936	84,588	918,269	1,019,353	1,089,730
Population share North Sea	70,852	79,735	84,987	920,931	1,029,281	1,094,670
Geographic share North Sea	73,050	86,878	88,546	920,931	1,029,281	1,094,670
<i>Of which, revenue accounting adjustment</i>	<i>7,692</i>	<i>8,344</i>	<i>9,162</i>	<i>78,640</i>	<i>86,059</i>	<i>94,346</i>

Comparison between GERS and ONS estimates

Any analysis of public sector receipts in Scotland relies on estimation, and as such alternative estimates are possible. As discussed in the Preface, GERS estimates revenue using a set of apportionment methodologies, refined over a number of years following consultation with, and feedback from, users.

The Office for National Statistics (ONS) publishes public sector finances for the countries and regions of the UK. The latest estimates covering the period to 2022-23 were published on 7 June 2024.¹⁵

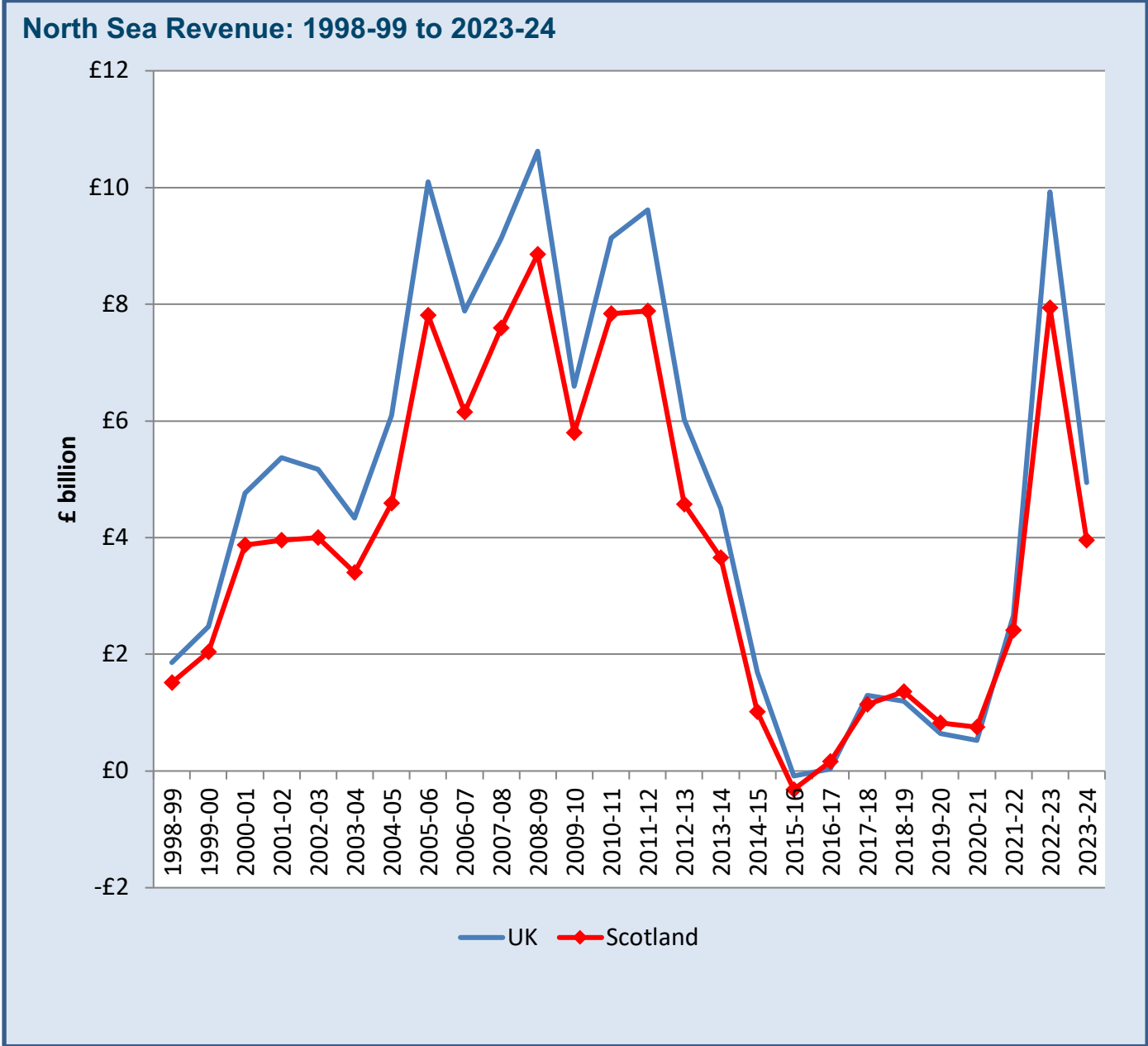
The table below compares the estimates in GERS with those published by ONS. There are some differences between the ONS and GERS numbers. For non-North Sea taxes, these primarily relate to VAT. The estimates of VAT in GERS are consistent with those published by HMRC for Scottish Assigned VAT, whilst the ONS use a methodology which produces results for all UK country and regions. The ONS, HMRC and the devolved administrations are working together to reconcile, and where possible align, methodologies for estimating tax receipts for the UK countries and regions

The differences in other non-North Sea receipts are primarily due to using different data sources for interest and dividends, where GERS uses specific data for interest income from Scottish student loans.

Table 1.5: Estimates of Scottish Revenues 2021-22 to 2023-24 (£ million)			
	2021-22	2022-23	2023-24
Non-North Sea taxes			
GERS	61,460	68,372	72,950
ONS	61,233	67,153	n/a
Difference	227	1,219	n/a
Other non-North Sea receipts			
GERS	9,176	10,564	11,638
ONS	10,454	11,682	n/a
Difference	-1,278	-1,118	n/a
Geographical share of North Sea revenues			
GERS	2,414	7,942	3,958
ONS	2,499	7,944	n/a
Difference	-85	-2	n/a

¹⁵ [Country and regional public sector finances, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

Chapter 2: North Sea Revenue



2

North Sea Revenue

Introduction

In GERS, the term North Sea is used to refer to all offshore oil and gas activity. North Sea revenue in GERS comes from four sources: petroleum revenue tax, corporation tax, licence fees, and the energy profits levy.

Table 2.1 shows the revenue raised from each component of North Sea revenue since 2021-22. Having been £2.7 billion in 2021-22, UK North Sea revenue increased in 2022-23, to near record highs, but has fallen back in 2023-24 to stand at £4.9 billion. This reflects the path of oil and gas prices over recent years.

Table 2.1: Composition of North Sea Revenue: UK 2021-22 to 2023-24

	£ million		
	2021-22	2022-23	2023-24
Licence fees	72	69	48
North Sea corporation tax	3,142	5,834	2,731
Petroleum revenue tax	-552	-234	-427
Energy profits levy	0	4,259	2,588
Total	2,662	9,928	4,940

North Sea revenue is subject to annual fluctuations and is driven by a number of factors, including the oil price, the sterling dollar exchange rate, production, operating expenditure, capital investment, and the prevailing fiscal regime.

Oil prices were broadly stable across 2023-24 as a whole and although gas prices continued to fall they remained higher than pre-pandemic levels. The oil price was \$85 per barrel in April 2023 and in March 2024, although it fluctuated across the year. Gas prices began the year at 89p per therm and ended at 68p.^{16 17}

Overall North Sea production of oil and gas fell by 10% in 2023 to 70 million tons of oil equivalent.¹⁸ The decline was similar across both oil and gas.

In 2023 total expenditure on the UK Continental Shelf increased by 7% in real terms compared to 2022, to stand at £15.4 billion. The increase was primarily due to an increase in capital expenditure and decommissioning, which increased by 20% and 23% respectively in real terms. Operating costs remained relatively stable in real

16 [Europe Brent Spot Price FOB \(Dollars per Barrel\) \(eia.gov\)](https://www.eia.gov)

17 [Wholesale gas prices - Reuters](https://www.reuters.com)

18 [UK energy in brief 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

terms but exploration and appraisal expenditure fell by 34%, although this is a relatively small part of overall expenditure.¹⁹

The UK fiscal regime in 2023-24 consisted of offshore ring fence corporation tax (RFCT) at 30%, petroleum revenue tax (PRT) at 0% and a supplementary charge (SC) of 10%, and the energy profits levy at 35%.²⁰ The combined rate of tax on profits is 75%.

As shown in Table 2.1, PRT receipts are negative. This reflects the fact that, although companies no longer pay PRT, they can still claim refunds on PRT paid in previous years against current trading losses and decommissioning spending. As a result, PRT receipts will only be negative in the future under the current tax regime.²¹

Scotland's Share of North Sea Revenue

In the ONS's Regional Accounts, the UK continental shelf is not allocated to specific geographic regions, but is considered a separate region of the UK (the extra-regio territory). As such, an assumption as to Scotland's share of the North Sea needs to be made in GERS.

Two estimates of Scotland's share of North Sea revenue are shown in GERS:

1. An illustrative geographical share
2. A population share

These are discussed below.

An Illustrative Geographical Share

The most common approach to estimating North Sea revenue is to apportion a share of North Sea revenue to Scotland on the geographical location of oil and gas fields. In order to estimate this share, GERS uses the share reported in the ONS Country and Regional Public Sector Finances publication. The estimate is based on the median line principle as employed in 1999 to determine the boundary between Scotland and the rest of the UK for fishery demarcation purposes. Other alternatives are possible. Production, costs and revenue are allocated on a field-by-field basis to either the rest of the UK or Scotland using this boundary.

Table 2.2 shows Scotland's illustrative geographical share of UK North Sea revenue, broken down by licence fees, corporation tax, petroleum revenue tax, and the energy profits levy. Scotland's share of UK revenue fell in 2022-23, likely reflecting the increased profitability of gas fields relative to oil fields.

19 [North Sea Transition Authority \(NSTA\): Production and expenditure projections - Data downloads and publications - Data centre \(nstauthority.co.uk\)](#)

20 PRT is an allowable deduction in calculating profits subject to RFCT and SC. Equally, any refund of PRT is a taxable receipt for RFCT and SC purposes. RFCT and SC are charged on the same profit base, so neither is allowable as a deduction in calculating the profits chargeable to the other.

21 [Statistics of government revenues from UK oil and gas production - GOV.UK \(www.gov.uk\)](#)



Table 2.2: Geographical Share of North Sea Revenue: 2021-22 to 2023-24

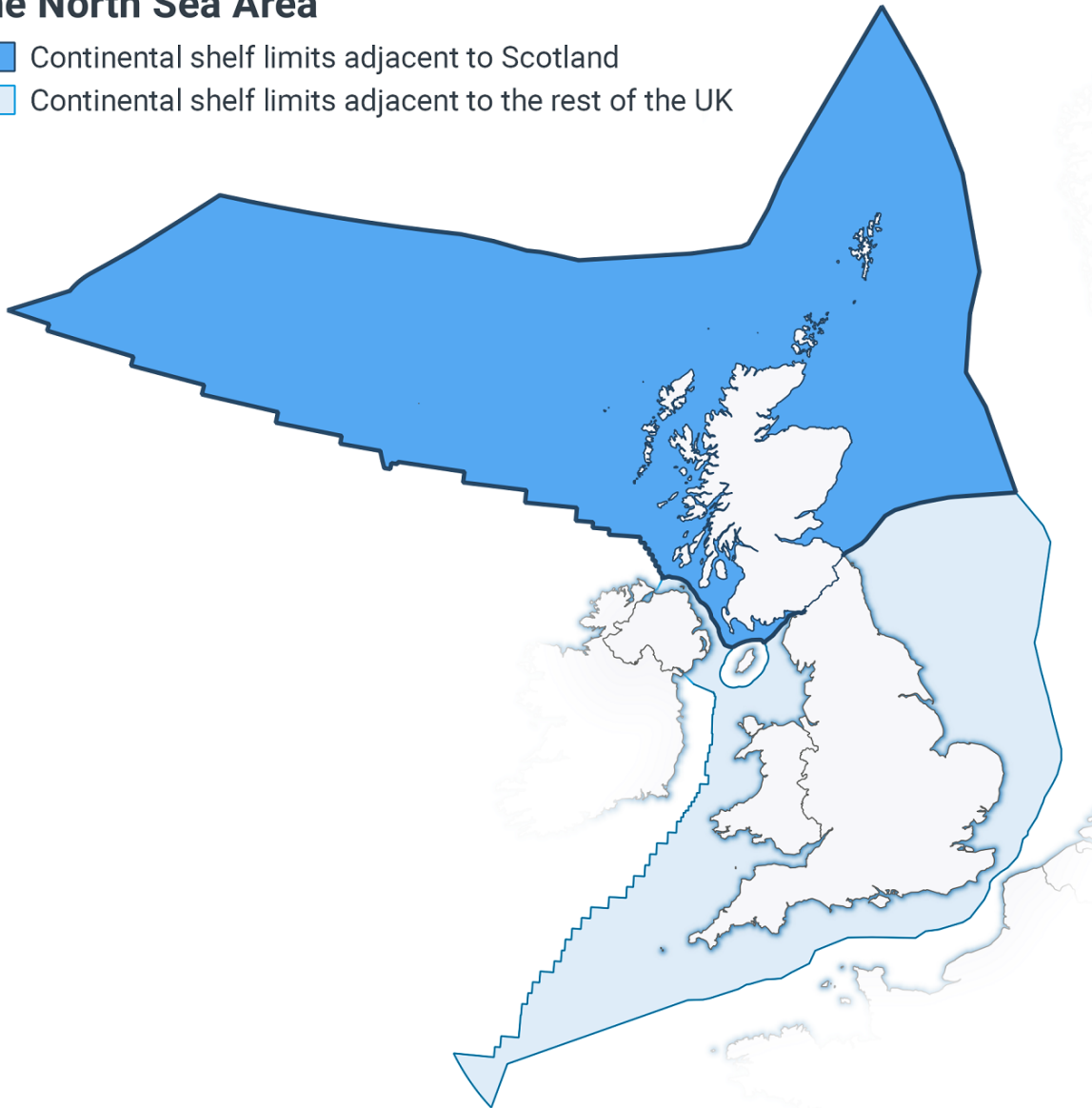
	£ million		
	2021-22	2022-23	2023-24
UK revenue	2,662	9,928	4,940
Licence fees	72	69	48
North Sea corporation tax	3,142	5,834	2,731
Petroleum revenue tax	-552	-234	-427
Energy Profits Levy	-	4,259	2,588
Scottish geographical revenue	2,414	7,942	3,958
Licence fees	63	55	38
North Sea corporation tax	2,672	4,659	2,185
Petroleum revenue tax	-321	-184	-336
Energy Profits Levy	-	3,412	2,071
Scottish share of UK	90.7%	80.0%	80.1%
Licence fees	88.0%	80.0%	80.0%
North Sea corporation tax	85.0%	79.9%	80.0%
Petroleum revenue tax	58.2%	78.8%	78.8%
Energy Profits Levy	-	80.1%	80.0%

Scotland's estimated geographical share of the North Sea sector, used in this report, is highlighted in the figure below.

UK Continental Shelf and Scottish Boundary

The North Sea Area

-  Continental shelf limits adjacent to Scotland
-  Continental shelf limits adjacent to the rest of the UK



Source: Scottish Government

Scottish Government (2023). Contains data from the UKHO licensed under the Open Government Licence. Projection: WGS84 UTM 30N

Population Share

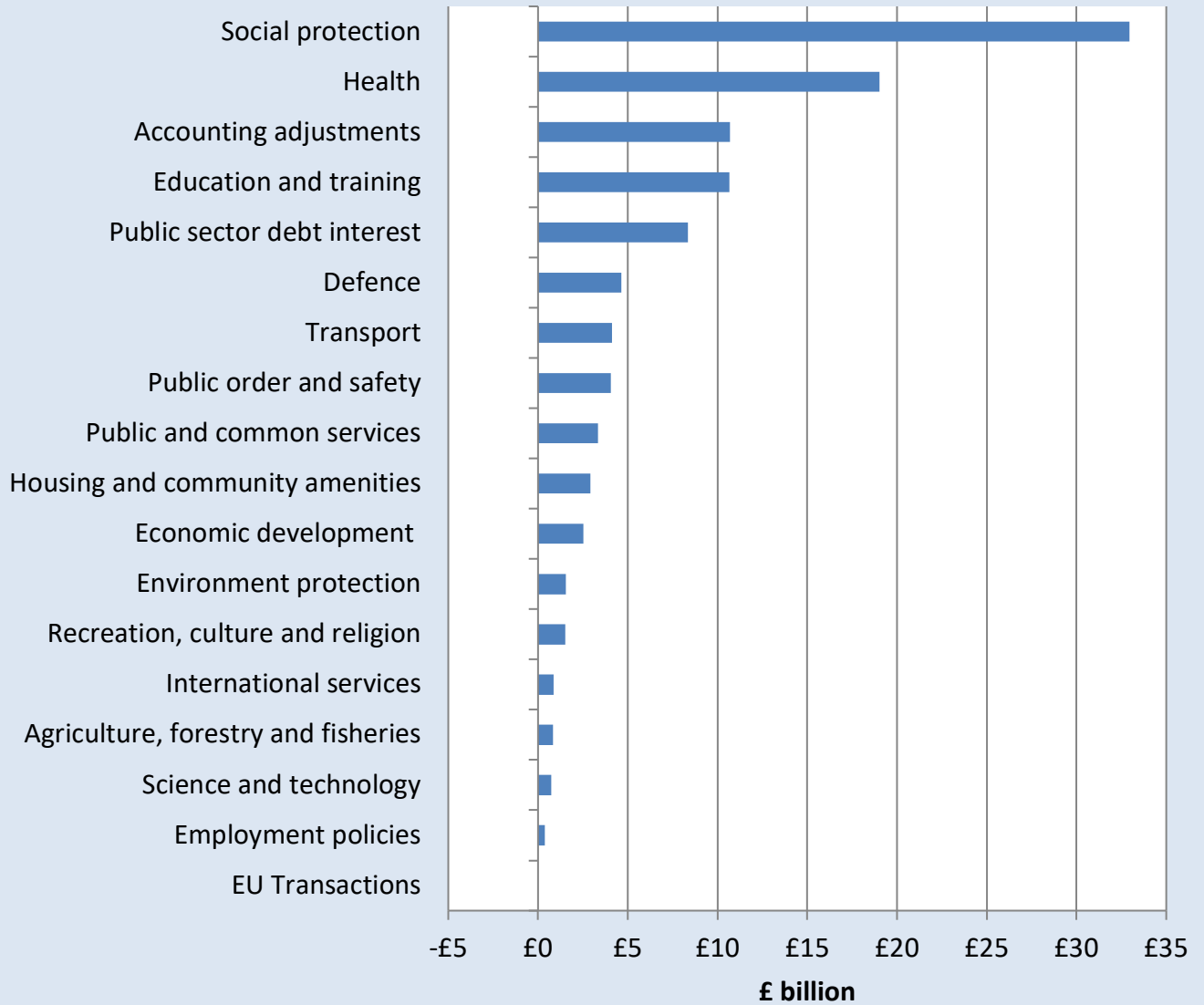
An alternative approach to North Sea revenue is to view it as a non-identifiable UK revenue, in which case a population share may be apportioned to Scotland.

Table 2.3 provides an estimate of Scotland's share of North Sea revenue under this approach.

	£ million		
	2021-22	2022-23	2023-24
Total North Sea revenue	2,662	9,928	4,940
Scotland's population share	217	799	398
Scotland's share of North Sea revenue (%)	8.1%	8.1%	8.1%

Chapter 3: Public Sector Expenditure

Total Public Sector Expenditure: Scotland 2023-24



3

Public Sector Expenditure

Introduction

This chapter provides detailed estimates of public sector expenditure for Scotland. Expenditure is shown by type of spend, using a presentation based on the UN's Classification of the Functions of Government (COFOG). Further information is provided in the Glossary in Annex D. Current and capital expenditure are shown separately.

The primary data sources used to estimate Scottish public sector expenditure in GERS are Scottish Government spending reported on the UK Government's public spending system, OSCAR, and HM Treasury's Public Expenditure Statistical Analyses (PESA)²² and the supporting Country and Regional Analysis (CRA).²³

Spending by the Scottish Government is provided directly by the Scottish Government Directorate for Financial Management. Scottish Local Government spending in all years is taken from HM Treasury's PESA publication. Spending by other UK government departments spending is based on PESA for 2023-24 and on the CRA for earlier years. Further information on the methodology is set out in the expenditure methodology paper available at the link below.

[Economy statistics - gov.scot \(www.gov.scot\)](http://www.gov.scot)

GERS continues to show some ongoing transactions between Scotland and the EU, although these have greatly reduced in size since the UK left the EU. These can be reported in a number of different ways, and are discussed in more detail later in the chapter.

GERS expenditure figures are presented on a National Accounts basis, an international reporting standard used by governments to ensure international comparability. This requires a number of accounting adjustments to be included in total expenditure. These are primarily symmetric adjustments that also form part of revenue, and therefore have little impact on the net fiscal balance. Further information is set out in Annex A.

Public Sector Expenditure

Total public sector expenditure for Scotland in 2023-24 is estimated to be £111.2 billion, with social protection the largest element of spend, accounting for slightly around 30% of total spend. Further information on social protection spending is provided in Box 3.1.

Spend has increased by 6.0% from 2022-23. There has been a notable fall in spending on Enterprise and Economic Development, which reflects the ending of some Cost of Living support schemes. Spending on reserved public sector debt

22 [HMT Public Expenditure Statistical Analyses \(PESA\) - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

23 [Country and regional analysis - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

3 Public Sector Expenditure

interest has also fallen, as inflation has fallen back from the record highs recorded during 2022-23. These falls are offset by increases in health spending and social security.

Table 3.1 shows a breakdown of spending by category.

Table 3.1: Total Expenditure: Scotland 2023-24		
	Scotland	
	£ million	% of total expenditure
General public services		
Public and common services	3,342	3.0%
International services	851	0.8%
Reserved public sector debt interest	8,352	7.5%
Local government pension fund interest expenditure	2,078	1.9%
Defence	4,642	4.2%
Public order and safety	4,067	3.7%
Economic affairs		
Enterprise and economic development	2,521	2.3%
Science and technology	742	0.7%
Employment policies	366	0.3%
Agriculture, forestry and fisheries	839	0.8%
Transport	4,121	3.7%
Environment protection	1,550	1.4%
Housing and community amenities	2,915	2.6%
Health	19,015	17.1%
Recreation, culture and religion	1,514	1.4%
Education and training	10,662	9.6%
Social protection	32,954	29.6%
EU transactions	-4	0.0%
Accounting adjustments	10,701	9.6%
Total Expenditure	111,230	100%

Table 3.2 shows the split of total expenditure between current and capital for Scotland.

Table 3.2: Current and Capital Expenditure (% of Total Expenditure): Scotland			
	per cent		
	2021-22	2022-23	2023-24
Current	88.6%	89.8%	88.9%
Capital	11.4%	10.3%	11.1%

Table 3.3 below shows estimates of Scottish and UK public sector expenditure as a share of GDP. This provides an illustration of the relative size of public spending between countries and over time. It is not an estimate of the contribution of public spending to the economy as much of this spending consists of transfers from government to individuals and businesses. Excluding North Sea GDP, public sector spending as a share of GDP has remained broadly unchanged at around 55% in

2023-24, although it remains around 5 percentage points higher than before the pandemic.

Table 3.3: Total Expenditure as a Share of GDP			
	Per cent of GDP		
	2021-22	2022-23	2023-24
Scottish expenditure as a Share of GDP:			
Excl. North Sea GDP	55.7%	54.8%	55.3%
Incl. population share of North Sea GDP	55.0%	54.2%	54.9%
Incl. geographical share of North Sea GDP	50.1%	48.9%	51.0%
UK expenditure as a share of GDP:			
100% of North Sea GDP	44.3%	45.3%	44.7%

Table 3.4 shows total public sector expenditure per person for Scotland and the UK. The relative gap between Scottish and UK spending per person increased in 2023-24, with spend per person 13.4% points higher. This reflects stronger public spending growth in Scotland.

As noted previously, water and sewerage services are provided by the public sector in Scotland, but by the private sector in England and Wales, leading to relatively higher spending in Scotland. This explains slightly less than one percentage point of the difference in spend.

Tables 3.5 and 3.6 show current, capital, and total expenditure for Scotland and the UK respectively.

Table 3.4: Total Expenditure Per Person			
	£ per person		
	2021-22	2022-23	2023-24
Scotland	17,711	19,257	20,418
UK	15,591	17,121	18,001
<i>Difference (Scotland minus UK)</i>	<i>2,120</i>	<i>2,136</i>	<i>2,417</i>
<i>Difference between Scottish and UK (%)</i>	<i>13.6%</i>	<i>12.5%</i>	<i>13.4%</i>

Box 3.1 Social protection spending in Scotland

Social protection spending is the largest single spending line in GERS, and covers a range of different spend types.

The largest spending element within social protection is expenditure on the state pension by the Department for Work and Pensions (DWP). This is followed by DWP's spending on other social security such as universal credit disability and incapacity related benefits, and housing benefit. Tax credits and child benefit are part of HMRC spending. Scottish Government social security spend includes the Scottish Welfare Fund, Council Tax Reduction Scheme, and Scottish Government expenditure on Discretionary Housing Payments, all of which are administered by Local Authorities. From 2018-19, it also includes spending on newly devolved social security, as set out in Chapter 4.

Some UK social security expenditure, mostly associated with the state pension, is paid to non-UK residents. Scotland is allocated a population share of this expenditure in GERS.

Social protection spending for Scotland (£ million)

	2021-22	2022-23	2023-24
Social security spending in Scotland			
State pension	8,782	9,286	10,556
Housing benefit	1,216	1,183	1,183
Universal credit	3,074	3,187	4,212
Other DWP social security	2,506	2,642	3,184
HMRC child benefit and tax credits	1,524	1,458	1,438
Scottish Government social security	4,146	4,640	5,846
Social security spending in Scotland	21,247	22,396	26,418
Share of benefit spending outside UK	379	392	392
Share of corporate spend	109	120	128
Other social protection			
Net public sector pensions	198	66	432
Social care for the elderly	2,766	3,248	2,914
Other	1,639	2,252	2,670
Total social protection	26,339	28,474	32,954

Other social protection spending consists primarily of Local Authority expenditure on social care to families and children.

A more detailed breakdown of social security spending is published by DWP, available at the link below.

[Benefit expenditure and caseload tables - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables)

Spending by different parts of the Public Sector

Table 3.7 below provides a breakdown of Scottish expenditure by the Scottish Government, Scottish local government and public corporations, and other UK government bodies. .

3 Public Sector Expenditure

Table 3.5: Total Expenditure: Scotland 2021-22 to 2023-24 (£ million)

	Current			Capital			Total		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
General public services									
Public and common services	2,757	2,850	2,820	360	632	522	3,117	3,482	3,342
International services	561	553	608	128	142	243	689	695	851
Public sector interest expenditure	6,738	11,118	10,430	0	0	0	6,738	11,118	10,430
Defence	2,689	2,737	3,028	1,285	1,802	1,614	3,974	4,539	4,642
Public order and safety	3,342	3,702	3,827	232	261	240	3,574	3,963	4,067
Economic affairs									
Enterprise and economic development	2,726	4,833	1,788	399	843	733	3,125	5,676	2,521
Science and technology	28	36	36	574	532	705	602	568	742
Employment policies	318	280	347	10	6	19	328	286	366
Agriculture, forestry and fisheries	696	699	682	142	150	158	838	849	839
Transport	2,419	2,258	2,231	2,188	2,416	1,890	4,607	4,674	4,121
Environment protection	985	944	1,027	486	503	523	1,471	1,448	1,550
Housing and community amenities	159	171	302	2,301	2,517	2,614	2,460	2,688	2,915
Health	18,371	16,003	18,118	727	885	897	19,098	16,888	19,015
Recreation, culture and religion	1,288	1,275	1,182	270	151	332	1,558	1,427	1,514
Education and training	9,225	9,796	9,516	1,069	1,053	1,146	10,294	10,849	10,662
Social protection	26,159	28,308	32,827	179	166	127	26,339	28,474	32,954
EU Transactions	-148	-35	-4	0	0	0	-148	-35	-4
Accounting adjustments	7,574	8,629	10,158	674	-1,310	543	8,248	7,318	10,701
Total	85,888	94,157	98,924	11,023	10,749	12,306	96,911	104,907	111,230

Table 3.6: Total Expenditure: UK 2021-22 to 2023-24 (£ million)

	Current			Capital			Total		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
General public services									
Public and common services	24,570	24,370	22,732	3,542	2,870	3,669	28,112	27,240	26,401
International services	6,797	6,743	7,427	1,560	1,740	2,966	8,357	8,483	10,393
Public sector interest expenditure	75,077	129,856	121,075	0	0	0	75,077	129,856	121,075
Defence	32,959	33,512	37,023	15,707	22,020	19,728	48,666	55,532	56,751
Public order and safety	36,733	40,744	44,056	3,036	3,482	3,690	39,769	44,226	47,746
Economic affairs									
Enterprise and economic development	37,210	57,816	21,815	-899	5,453	2,674	36,311	63,269	24,489
Science and technology	354	382	395	6,223	6,904	9,215	6,577	7,286	9,610
Employment policies	4,098	3,745	4,595	124	75	243	4,222	3,820	4,838
Agriculture, forestry and fisheries	5,261	5,231	5,490	760	1,021	1,234	6,021	6,252	6,723
Transport	19,067	16,668	17,310	25,612	27,961	28,839	44,679	44,629	46,149
Environment protection	9,040	9,002	9,504	4,722	5,288	5,829	13,762	14,290	15,333
Housing and community amenities	3,474	3,936	4,266	11,745	13,406	15,624	15,219	17,342	19,891
Health	206,624	201,346	208,836	9,613	11,336	12,135	216,237	212,682	220,971
Recreation, culture and religion	10,468	11,525	9,660	2,294	3,005	3,303	12,762	14,530	12,963
Education and training	90,927	97,209	99,300	9,200	10,127	12,177	100,127	107,336	111,477
Social protection	299,169	321,145	360,053	861	768	851	300,030	321,913	360,904
EU Transactions	-2,035	-2,484	-276	0	0	0	-2,035	-2,484	-276
Accounting adjustments	77,797	90,263	107,500	15,547	-9,133	13,835	93,344	81,130	121,335
Total	937,590	1,051,010	1,080,762	109,647	106,323	136,011	1,047,237	1,157,333	1,216,773

3 Public Sector Expenditure

Table 3.7: Total Expenditure: Devolved and reserved expenditure, Scotland 2021-22 to 2023-24 (£ million)

	Devolved expenditure			Reserved expenditure			Total		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
General public services									
Public and common services	1,610	2,002	2,023	1,507	1,481	1,320	3,117	3,482	3,342
International services	5	1	1	683	694	850	689	695	851
Public sector interest expenditure	1,933	2,016	2,078	4,805	9,102	8,352	6,738	11,118	10,430
Defence	3	3	4	3,971	4,536	4,638	3,974	4,539	4,642
Public order and safety	3,249	3,490	3,519	325	473	549	3,574	3,963	4,067
Economic affairs									
Enterprise and economic development	1,146	1,179	1,181	1,979	4,496	1,340	3,125	5,676	2,521
Science and technology	1	3	2	601	566	739	602	568	742
Employment policies	0	0	0	328	286	366	328	286	366
Agriculture, forestry and fisheries	825	836	827	13	12	13	838	849	839
Transport	3,455	3,568	2,883	1,152	1,106	1,239	4,607	4,674	4,121
Environment protection	1,138	1,151	1,219	332	297	331	1,471	1,448	1,550
Housing and community amenities	2,457	2,683	2,906	4	5	10	2,460	2,688	2,915
Health	17,538	16,597	18,044	1,559	291	971	19,098	16,888	19,015
Recreation, culture and religion	1,176	918	1,119	381	508	396	1,558	1,427	1,514
Education and training	10,282	10,834	10,646	12	15	16	10,294	10,849	10,662
Social protection	9,070	10,335	11,685	17,269	18,140	21,269	26,339	28,474	32,954
EU Transactions	0	0	0	-148	-35	-4	-148	-35	-4
Accounting adjustments	7,341	8,062	8,764	908	-743	1,938	8,248	7,318	10,701
Total	61,229	63,678	66,900	35,682	41,229	44,330	96,911	104,907	111,230

Table 3.7a: Total Current Expenditure: Devolved and reserved expenditure, Scotland (£ million)

	Devolved expenditure			Reserved expenditure			Total		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
General public services									
Public and common services	1,380	1,480	1,628	1,377	1,370	1,192	2,757	2,850	2,820
International services	5	1	1	556	552	607	561	553	608
Public sector interest expenditure	1,933	2,016	2,078	4,805	9,102	8,352	6,738	11,118	10,430
Defence	3	3	4	2,686	2,734	3,024	2,689	2,737	3,028
Public order and safety	3,063	3,283	3,334	279	419	493	3,342	3,702	3,827
Economic affairs									
Enterprise and economic development	607	612	559	2,119	4,220	1,229	2,726	4,833	1,788
Science and technology	1	3	2	26	34	34	28	36	36
Employment policies	0	0	0	318	280	347	318	280	347
Agriculture, forestry and fisheries	683	687	669	12	12	13	696	699	682
Transport	1,890	1,733	1,672	529	525	559	2,419	2,258	2,231
Environment protection	864	885	968	121	60	59	985	944	1,027
Housing and community amenities	157	167	296	3	4	6	159	171	302
Health	16,774	15,720	17,158	1,597	283	960	18,371	16,003	18,118
Recreation, culture and religion	944	867	877	344	408	305	1,288	1,275	1,182
Education and training	9,213	9,781	9,501	13	15	16	9,225	9,796	9,516
Social protection	8,919	10,185	11,566	17,240	18,124	21,261	26,159	28,308	32,827
EU transactions	0	0	0	-148	-35	-4	-148	-35	-4
Accounting adjustments	6,904	7,603	8,266	670	1,026	1,892	7,574	8,629	10,158
Total	53,341	55,025	58,580	32,547	39,132	40,344	85,888	94,157	98,924

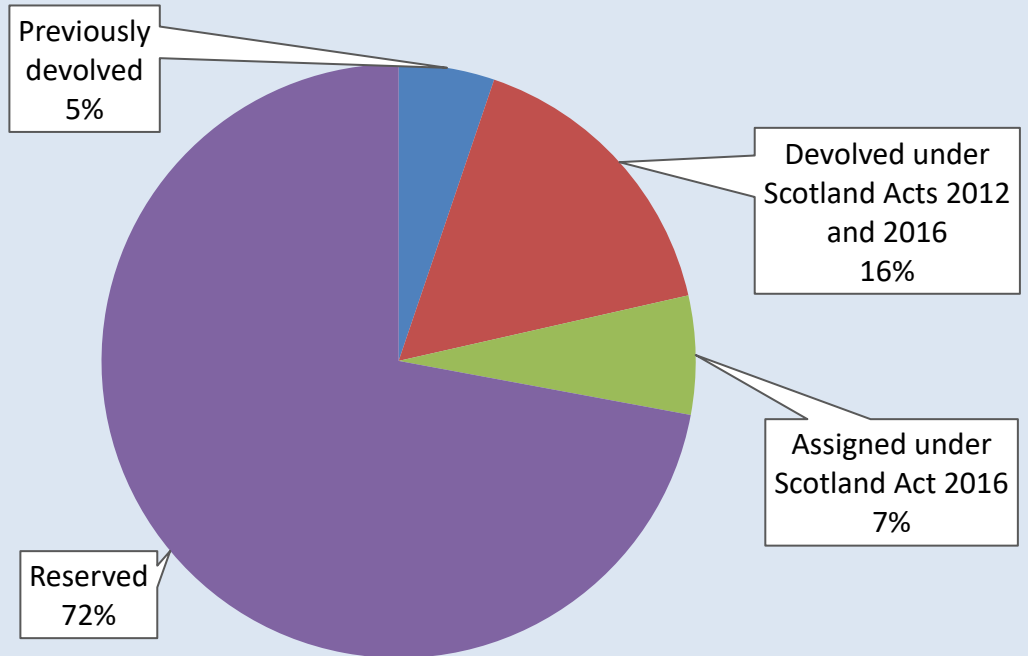
3 Public Sector Expenditure

Table 3.7b: Total Capital Expenditure: Devolved and reserved expenditure, Scotland (£ million)

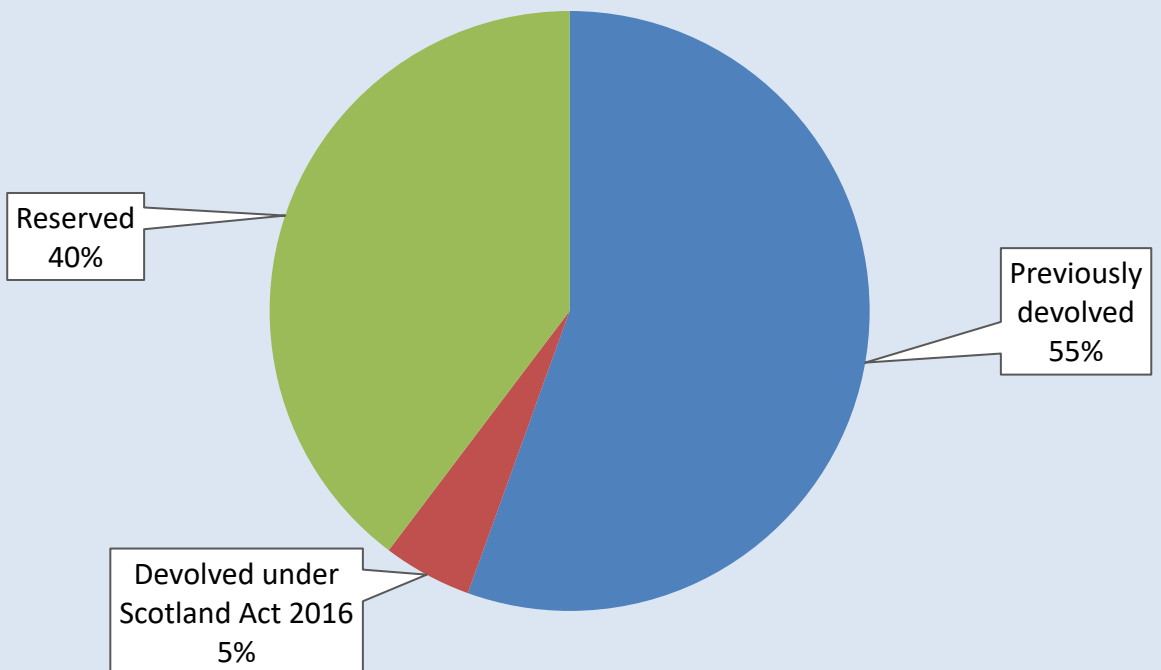
	Devolved expenditure			Reserved expenditure			Total		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
General public services									
Public and common services	230	522	395	130	111	128	360	632	522
International services	0	0	0	128	142	243	128	142	243
Public sector interest expenditure	0	0	0	0	0	0	0	0	0
Defence	0	0	0	1,285	1,802	1,614	1,285	1,802	1,614
Public order and safety	186	207	185	46	54	56	232	261	240
Economic affairs	0	0	0	0	0	0	0	0	0
Enterprise and economic development	539	567	622	-140	276	111	399	843	733
Science and technology	0	0	0	574	532	705	574	532	705
Employment policies	0	0	0	10	6	19	10	6	19
Agriculture, forestry and fisheries	142	150	158	0	0	0	142	150	158
Transport	1,565	1,835	1,211	623	581	679	2,188	2,416	1,890
Environment protection	274	267	251	212	237	272	486	503	523
Housing and community amenities	2,300	2,515	2,609	1	1	4	2,301	2,517	2,614
Health	764	877	886	-37	8	11	727	885	897
Recreation, culture and religion	232	51	242	37	100	91	270	151	332
Education and training	1,069	1,053	1,145	0	0	0	1,069	1,053	1,146
Social protection	150	150	119	29	16	8	179	166	127
EU transactions	0	0	0	0	0	0	0	0	0
Accounting adjustments	436	459	498	238	-1,769	45	674	-1,310	543
Total	7,888	8,652	8,320	3,135	2,097	3,986	11,023	10,749	12,306

Chapter 4: Devolved Revenue and Expenditure

Devolved and Reserved Revenue: Scotland 2023-24



Devolved and Reserved Expenditure: Scotland 2023-24



4

Devolved Revenue and Expenditure

Introduction

This chapter provides information on the amount of public sector revenue and expenditure currently devolved to Scotland as well as that to be devolved under the Scotland Act 2016.

Devolved Revenue

The table below sets out revenue raised in Scotland from taxes currently devolved to the Scottish Parliament. Total devolved tax revenue in 2023-24 is estimated at £24.2 billion.

	£ million		
	2021-22	2022-23	2023-24
Council tax	2,621	2,760	2,933
Non-domestic rates	2,108	2,792	3,035
Land and buildings transaction tax (devolved from 2015-16)	813	839	803
Scottish landfill tax (devolved from 2015-16)	122	110	69
Non-savings and non-dividend income tax liabilities (devolved from 2016-17) ¹	13,607	15,169	17,357
Total devolved taxes	19,271	21,670	24,197

¹ This table shows Scottish Rate of Income Tax liabilities rather than receipts in a given year. They are therefore on a different basis to the estimates of total Scottish income tax receipts in Table 1.1. The figure for 2023-24 is the SFC forecast from December 2023.

Further devolution of taxes is due to continue, with Air Passenger Duty and Aggregates Levy due to be devolved following the Scotland Act 2016. As well as further tax devolution, the Scotland Act 2016 allows for the first 10p of the standard rate of VAT receipts and the first 2.5p of the reduced rate of VAT receipts in Scotland to be assigned to the Scottish Government, although policy decisions will remain reserved. The transition period for VAT assignment began on 1 April 2019.

As these taxes are not yet devolved there is no outturn data associated with them, and the table below shows the estimated historical revenues from these taxes.

4 Devolved Revenue and Expenditure

Table 4.2: Revenue to be devolved under Scotland Act 2016

	£ million		
	2021-22	2022-23	2023-24
Air passenger duty (date of devolution to be decided)	95	252	325
Aggregates levy (date of devolution to be decided)	58	59	60
VAT assignment (in transition from 2019-20)	6,245	7,086	7,397

Note: Assigned VAT receipts are 50% of total receipts in all years. Whilst this is appropriate when the standard rate of VAT is 20%, VAT on the hospitality and other industries was reduced to 5% in July 2020, and then increased to 12.5% in October 2021. This is not reflected in the estimates above.

Further information on the planned devolution of taxes to the Scottish Government is available in the fiscal framework agreement between the Scottish and UK Governments.²⁴ Further information on the funding received by the Scottish Government is set out in the Fiscal Framework Outturn Report.²⁵

Devolved Social Security

The table below shows the expenditure in Scotland from social security benefits devolved to the Scottish Parliament prior to implementation of Scotland Act 2016.

Table 4.3: Social security devolved prior to Scotland Act 2016

	£ million		
	2021-22	2022-23	2023-24
Council tax reduction	358	365	383
Scottish welfare fund	53	56	50
Discretionary housing payments	79	80	81
Total	490	501	514

As social security benefits are devolved to the Scottish Government, they often initially continue to be administered by the Department for Work and Pensions under an Agency Agreement. The table below shows the latest available figures for social security spending which is due to be devolved to the Scottish Government under the Scotland Act 2016.

²⁴ [Fiscal framework: agreement between the Scottish and UK Governments - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fiscal-framework-agreement-between-the-scottish-and-uk-governments-2016-2020/pages/120-121.aspx)

²⁵ [Fiscal framework outturn report: 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/fiscal-framework-outturn-report-2023/pages/120-121.aspx)

Table 4.4: Devolved social security under Scotland Act 2016			
	£ million		
	2021-22	2022-23	2023-24
Administered by Social Security Scotland			
Best Start Grant	14	20	20
Best Start Foods	14	13	14
Funeral Support Payment	10	10	13
Scottish Child Payment	56	213	427
Carer's Allowance Supplement	58	44	48
Child Winter Heating Assistance	5	6	7
Winter Heating Payment (previously Cold Weather Payments ¹)	0	20	22
Child Disability Payment	5	215	378
Adult Disability Payment ²	2,425	2,473	3,121
Job Start Payment	1	0	0
Young Carer's Grant	1	1	1
Industrial Injuries Disablement Benefit	80	78	81
Severe Disablement Allowance	7	6	6
Administered by Department and Work and Pensions under an Agency Agreement			
Attendance Allowance	515	554	659
Carer's Allowance	293	314	358
Benefits yet to be devolved			
Winter Fuel Payment	171	173	176
Total expenditure on social security to be devolved	3,656	4,139	5,332

Notes:

¹ Cold Weather Payments were replaced in Scotland by the Scottish Government's Winter Heating Payment in February 2023.

² Adult Disability Payment replaced Personal Independence Payments in Scotland in 2022-23. Figures include spend on Adult Disability Living Allowance.

Further information on the planned devolution of taxes and social security to the Scottish Government is available in the fiscal framework agreement between the Scottish and UK Governments.²⁶ Further information on the funding received by the Scottish Government is set out in the Fiscal Framework Outturn Report.²⁷

²⁶ [Fiscal framework: agreement between the Scottish and UK Governments - gov.scot \(www.gov.scot\)](https://www.gov.scot)

²⁷ [Fiscal framework outturn report: 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot)

Summary of current and proposed devolved powers

The table below shows estimates of devolved receipts and expenditure before and after the implementation of the Scotland Acts 2012 and 2016.

	Before Scotland Acts 2012 and 2016	After Scotland Acts 2012 and 2016
Non-saving non-dividend income tax liabilities	-	17,357
Council tax	2,933	2,933
Non-domestic rates	3,035	3,035
Land and buildings transaction tax	-	803
Scottish landfill tax (devolved from 2015-16)	-	69
Air passenger duty (date to be decided)	-	325
Aggregates levy (date to be decided)	-	60
Total devolved taxes	5,968	24,581
Devolved taxes as % of non-North Sea Scottish revenue	7%	29%
as % of revenue incl geographical share of North Sea revenue	7%	28%
Assigned VAT (in transition from 2019-20)	-	7,397
Total devolved and assigned taxes	5,968	31,978
Devolved and assigned taxes as % of non-North Sea Scottish revenue	7%	38%
as % of taxes incl geographical share of North Sea revenue	7%	36%
Devolved expenditure including housing benefit ¹ (HB)	61,744	67,075
Devolved taxes as % of estimated devolved expenditure	10%	37%
Devolved and Assigned taxes as % of estimated devolved expenditure	10%	48%

¹ In GERS and the CRA, housing benefit is included in Scottish local government spending, as they make the payments to recipients, although it is set centrally and funded by the Department for Work and Pensions. Depending on definitions adopted, it could either be excluded or included in devolved expenditure.

A

Supplementary Tables

This section presents supplementary tables on public sector revenue and expenditure in Scotland.

Table A.1 below shows the population figures used in calculating per head estimates in GERS.

Table A.1: Financial Year Population Estimates (thousands)			
	2021-22	2022-23	2023-24
Scotland	5,472	5,448	5,448
UK	67,169	67,596	67,596
As % of UK total	8.1%	8.1%	8.1%

Note: Financial year estimates are calculated as the weighted average of the relevant mid-year estimates. I.e., the 2021-22 population is estimated as three-quarters of the 2021 population plus one quarter of the 2022 population. Figures for 2023-24 have been rolled forward from 2022-23, as Mid-Year Estimates for 2023 are not yet available after the Scottish Census.

Table A.2 below shows the relationship between revenue, current expenditure, and the current budget balance, and then the transition from the current budget balance to the net fiscal balance.

Table A.2: Current and Capital Budgets: Scotland			
	£ million		
	2021-22	2022-23	2023-24
Current Budget			
Revenue			
Excl. North Sea revenue	70,636	78,936	84,588
Population share North Sea revenue	70,852	79,735	84,987
Geographical share North Sea revenue	73,050	86,878	88,546
Current expenditure	85,888	94,157	98,924
Capital consumption	5,527	6,177	6,815
Balance on current budget (surplus is positive, deficit is negative)			
Excluding North Sea revenue	-20,778	-21,399	-21,151
Population share North Sea revenue	-20,562	-20,600	-20,752
Geographical share North Sea revenue	-18,364	-13,457	-17,193
Capital Budget			
Capital expenditure	11,023	10,749	12,306
Capital consumption	-5,527	-6,177	-6,815
Net Investment	5,497	4,572	5,491
Net Fiscal Balance (surplus is positive, deficit is negative)			
Excluding North Sea revenue	-26,275	-25,971	-26,642
Population share North Sea revenue	-26,058	-25,172	-26,243
Geographical share North Sea revenue	-23,861	-18,029	-22,684

GDP

Table A.3 below provides the financial year GDP estimates used in GERS.

Table A.3: Scottish GDP including and excluding North Sea GDP			
	£ million		
	2021-22	2022-23	2023-24
Scottish GDP			
Excl. North Sea	174,117	191,407	201,315
Incl. Population share North Sea	176,077	193,529	202,605
Incl. Geographical share North Sea	193,523	214,374	218,287
UK GDP	2,361,920	2,553,253	2,720,272

Source: Quarterly National Accounts Scotland, [Economy statistics - gov.scot](https://www.gov.scot/economy-statistics) (www.gov.scot); ONS

Note: Scottish GDP including a geographical share of the North Sea also includes a population share of UK overseas public administration and defence activity. Table 10 in Quarterly National Accounts Scotland Supplementary Tables provides a more detailed breakdown.

General Government estimates

The headline GERS figures cover the whole of the public sector. As such, they include revenue and expenditure associated with public corporations such as Scottish Water and the Bank of England. They are on a financial year basis.

When conducting international comparisons, bodies such as the European Commission and the International Monetary Fund (IMF) present figures on a calendar year basis and covering only general government; i.e., excluding public corporations. In order to help comparisons with such figures, the table below presents the GERS net fiscal balance results on this basis. As revenue and expenditure are primarily estimated on a financial year and public sector basis, the calendar year estimates below are illustrative and have been derived by apportioning the main GERS estimates.

Table A.4: Calendar year general government estimates: Scotland and UK			
	£ million		
	2021	2022	2023
Net Fiscal Balance			
Excluding North Sea revenue	-30,941	-25,832	-30,752
Population share North Sea revenue	-30,806	-25,335	-30,538
Geographical share North Sea revenue	-29,283	-20,879	-28,616
<i>UK</i>	-179,421	-118,367	-157,795
	As % of GDP		
Excluding North Sea revenue	-18.4%	-13.7%	-15.5%
Population share North Sea revenue	-18.1%	-13.3%	-15.3%
Geographical share North Sea revenue	-15.6%	-9.3%	-13.1%
<i>UK</i>	-7.9%	-4.7%	-5.9%

Confidence intervals

A number of the revenues in GERS are based on survey estimates. As such, they have an associated statistical uncertainty. The table below presents the 95% confidence intervals associated with these revenues. Other revenues are based on administrative data, or modelled data for which confidence intervals are not available. Estimates are not presented for these revenues. Expenditure is primarily based on administrative data, and therefore confidence intervals are not presented for expenditure.

Although tobacco duties and alcohol duties are both based on the Living Costs and Food Survey, the confidence interval for alcohol is larger. This is because the methodology for calculating alcohol duties uses more disaggregate survey data to reflect the different levels of duty, and revenue, received from different types of alcohol. This lower level survey data has a correspondingly larger uncertainty.

Note that the confidence intervals relate to the latest year of survey data. As GERS often uses data from previous years to estimate values for the latest year, there will likely be larger uncertainty around the latest year estimates than suggested by the table below.

Table A.5: Confidence intervals around survey based apportionments: Scotland					
	£ million				
	Central estimate	95% lower bound	95% upper bound	Range	Range (%)
National insurance contributions	13,392	13,164	13,619	+/-228	+/-1.7%
VAT ¹	14,794	14,084	15,504	+/-710	+/-4.8%
Tobacco duties	1,027	1,010	1,045	+/-17	+/-1.7%
Alcohol duties	1,165	1,072	1,258	+/-93	+/-8%
Betting and gaming duties	223	220	226	+/-3	+/-1.4%
Insurance premium tax	593	581	605	+/-12	+/-2%
Total survey based apportionments	31,194	30,130	32,257	+/-1,063	+/-3.4%

¹ The estimate of VAT uncertainty is a Scottish Government estimate, based on data published as part of the Scottish VAT Assignment experimental statistics publication²⁸

Amendments to the Country and Regional Analysis database

A number of significant improvements have been made to the HM Treasury Country and Regional Analysis (CRA) database in recent years to apportion expenditure more accurately to countries and regions of the UK. For the first time, CRA 2017-18 included a detailed line by line description of the methodology used to apportion spending. While many concerns in previous editions of the CRA have been addressed and are now reflected in both CRA 2022-23 and this GERS report, a small number of supplementary amendments to the CRA 2022-23 dataset are made in producing GERS. The aim of these refinements is to ensure that the public sector expenditure figure for Scotland captures as accurately as possible expenditure for the benefit of Scottish residents.

The amendments made to the CRA in producing this edition of GERS are shown in Table A.6. They are discussed in the detailed expenditure methodology paper available at:

[Economy statistics - gov.scot \(www.gov.scot\)](http://www.gov.scot)

As the CRA for 2023-24 is not yet published, there are no formal amendments to individual spending lines in 2023-24. The 2022-23 adjustments are in effect carried forward into 2023-24, adjusted for the spending of the responsible department. Further detail is provided in the expenditure methodology note.

²⁸ [Scottish VAT Assignment – Experimental Statistics - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Table A.6: Amendments to Estimates of Total Public Sector Expenditure on Services from CRA 2023

	£ million		
	2020-21	2021-22	2022-23
Amendments from the CRA			
High Speed 2	-80	-120	-143
Nuclear-related expenditure	-20	-32	-16
Other minor revisions	0	4	6
Total CRA amendments	-99	-149	-152

Note: Amendments do not include EU Transactions

Expenditure accounting adjustments

Spending in GERS is based on the HM Treasury Total Expenditure on Services (TES) concept, which accounts for around 90% of total spending. Accounting adjustments are used to move from TES to Total Managed Expenditure (TME), the primary measure of public spending used in the UK Public Sector Finances. As discussed in Chapter 1, for the majority of these adjustments, accompanying adjustments are included in revenue estimates, and therefore do not affect the net fiscal balance or current budget balance. This is shown in more detail in Table A.10.

The capital accounting adjustment for the UK in 2022-23 has a relatively large negative residual. This primarily relates to adjustments to spending data made by ONS to remove expenditure associated with leases under IFRS16, where different data sources are used in the Public Sector Finances.

Note that the capital consumption figures in Table A.8 do not match the capital consumption figures in Table A.2. This is because the overall capital consumption figures in Table A.2 include capital consumption of public corporations, which are not included in accounting adjustments. Scotland continues to be apportioned a population share of this residual. We will keep these adjustments under review for future publications.

Table A.7: Expenditure Accounting Adjustment: UK

	£ million		
	2021-22	2022-23	2023-24
UK total managed expenditure (TME)	1,047,237	1,157,333	1,216,773
UK total expenditure on services (TES)	953,893	1,076,203	1,095,438
UK accounting adjustment	93,344	81,130	121,335
of which current expenditure:			
Central government capital consumption	32,555	36,007	39,391
Local government capital consumption	16,124	17,610	18,829
Current VAT refunds	20,466	22,109	24,501
Imputed subsidy from Local Authorities to the Housing Revenue Account ¹	3,090	4,439	4,404
Imputed flows for Renewable Obligation Certificates ²	6,296	6,756	7,636
Local authority pensions	300	300	200
British Transport Police Service Agreements	145	145	145
Warm Home Discount	359	444	444
EU Customs Undervaluation	0	2,285	0
Current expenditure residual	-1,537	168	11,950
of which capital expenditure:			
Capital VAT refunds	2,695	2,988	3,400
Housing associations	165	165	165
Student loans	9,714	9,714	9,714
Capital expenditure residual	2,973	-22,000	556

¹ The Housing Revenue Account (HRA) is classified as a public corporation by the ONS, which means that they pay dividends on their profits to local authorities. To ensure that these dividends are non-negative, the ONS imputes a subsidy from local authorities to HRAs to cover any shortfall (offset in public corporation gross operating surplus, which scores on the revenue side of the account).

² Renewable Obligation Certificates are bought and sold by energy companies. The ONS has decided that these flows should be channelled through central government and so impute offsetting amounts of spending and income.

Table A.8: Expenditure Accounting Adjustment: Scotland			
	£ million		
	2021-22	2022-23	2023-24
Scottish total managed expenditure (TME)	96,911	104,907	111,230
Scottish total expenditure on services (TES)	88,663	97,588	100,529
Scottish accounting adjustment	8,248	7,318	10,701
Percentage of UK accounting adjustment	8.8%	9.0%	8.8%
of which current expenditure:			
Central government capital consumption	3,108	3,437	3,760
Local government capital consumption	1,655	1,807	1,933
Current VAT refunds	1,886	2,004	2,231
Imputed subsidy from Local Authorities to the Housing Revenue Account ¹	227	326	324
Imputed flows for Renewable Obligation Certificates ²	747	802	906
Local authority pensions	28	28	19
British Transport Police Service Agreements	11	7	7
Warm Home Discount	37	16	16
EU Customs Undervaluation	0	187	0
Current expenditure residual	-125	15	964
of which capital expenditure:			
Capital VAT refunds	248	271	310
Housing associations	0	0	0
Student loans	188	188	188
Capital expenditure residual	238	-1,769	45

^{1,2} See notes to Table A.7

The table below shows which parts of the Scottish expenditure accounting adjustments are included as revenues, and where they appear in the revenue tables.

Table A.9: Accounting Adjustments, Revenue and Expenditure: Scotland, 2023-24			
	Expenditure AA	Revenue AA	Revenue line
Of which current expenditure:	£ million		
Central government capital consumption	3,760	3,760	Gross operating surplus
Local government capital consumption	1,933	1,933	Gross operating surplus
Current VAT refunds	2,231	2,231	VAT refunds
Imputed subsidy from Local Authorities to the Housing Revenue Account	324	-	n/a
Imputed flows for Renewable Obligation Certificates	906	906	Environmental levies
Local authority pension	19	-	n/a
British Transport Police Service Agreements	7	7	Other taxes, royalties, and adjustments
Warm Home Discount	16	16	Environmental levies
Current expenditure residual	964	-	n/a
Of which capital expenditure:			
Capital VAT refunds	310	310	VAT refunds
Housing associations	0	-	n/a
Student loans	188	-	n/a
Capital expenditure residual	45	-	n/a
Total accounting adjustments	10,701	9,162	

Reconciliation to published Scottish Government and Scottish Local Government budgets

There are a number of differences between the figures for spending by Scottish Government and Local Authorities presented in Table 3.8 and figures presented in Scottish Government budgets and Scottish Local Government Finance Statistics. The key differences relate to accounting treatments, particularly of pensions, VAT refunds, and depreciation.

GERS uses National Accounts principles, which show actual pensions expenditure, and which shows gross expenditure before VAT refunds. Depreciation in GERS is based on the concept of capital consumption, which uses estimates of the value of assets used to provide services in terms of current asset values.

In contrast, budget documents use financial accounting principles, which include a measure of future liabilities of pension funds, and which shows net expenditure after VAT refunds. Depreciation is based on historical asset prices.

A more detailed description of the differences is provided in Box 5.2 of GERS 2013-14.

[CHAPTER 5: PUBLIC SECTOR EXPENDITURE - Government Expenditure & Revenue Scotland 2013-14 - gov.scot \(www.gov.scot\)](#)

Table A.10 below shows the reconciliation of published Scottish Government and Scottish Local Government Finance figures to the figures published in the CRA and GERS. This shows figures for 2022-23 rather than 2023-24, as this is the latest year for which published accounts are available for both the Scottish Government and Scottish Local Government. 2023-24 figures in GERS are based on provisional outturn estimates.

Table A.10: Reconciliation to published budget documents (2022-23, £ billion)	
Scottish Government and public corporations	
Published Scottish Government outturn ¹	57.4
Adjustments to align budget to CRA measure of spending	
Grants to other public sector bodies (e.g. local government)	-14.9
Pensions	-7.1
Depreciation	-1.2
Financial transactions associated with student loans, public corporations, and borrowing	-0.7
Adjustments to move from spend 'in' Scotland to spend 'for' Scotland ²	-0.1
Other	1.3
Final Scottish Government expenditure on services for Scotland	34.8
Scottish Local Government	
Published Local Government gross current expenditure ³	19.4
Income excluding grants from Central Government ⁴	-6.1
Housing benefit	1.2
Published Local Government gross capital expenditure ⁵	3.8
Income from sales of capital assets ⁶	0.0
Final Scottish Local Government expenditure on services for Scotland	18.3
Scottish Government, PC & Local Government expenditure on services for Scotland	53.1
National Accounts adjustments⁷	
Capital consumption	5.2
VAT refunds	2.3
Local Government pension fund interest expenditure	2.0
Other accounting adjustments	1.0
Final Scottish Government, PC, and Scottish Local Government TME (GERS Table 3.8)	63.7

¹ Scottish Government 2022-23 Final Outturn Report

² These are adjustments made to Scottish Government spending in HM Treasury's CRA publication. They primarily relate to spending on museums and pensions, to reflect where spending undertaken by the Scottish Government benefits residents from the rest of the UK.

³ Scottish Local Government Finance Statistics 2022-23, LA Level -3. Revenue Expenditure and Income by Service and Type. Total General Fund (excluding the Housing Revenue Account and trading with the public) employee costs, operating costs, and support services costs after statutory adjustments, less interauthority recharges (adjustments for LFR purposes).

⁴ As Note 3. Total General Fund (excluding the Housing Revenue Account and trading with the public) income less government grants

⁵ Scottish Local Government Finance Statistics 2022-23, publication tables Capital Expenditure (chart 3.1) and Financing (chart 3.5). All services total gross capital expenditure.

⁶ As Note 5. Total capital fund and capital receipts.

⁷ See Table A.8

B

Revisions

This section presents revisions from the previous GERS 2022-23 publication.

Revisions to Non-North Sea Revenue Estimates from GERS 2022-23

Table B.1 summarises the revisions in this edition of GERS to total non-North Sea revenue. Revisions to Scottish estimates can stem from three sources: revisions to UK totals; revisions to apportionment data; and updated apportionment methodologies. Revisions to UK totals for previous years will be larger than usual due to the uncertainty around measuring the public finances during the coronavirus pandemic.

There are a number of revisions to UK revenue totals from GERS 2022-23, with overall UK non-North Sea revenue for 2022-24 revised by 0.6%. The main revisions relate to income tax, corporation tax, and gross operating surplus.

Further detail on all these revisions is available from the UK Public Sector Finances.²⁹

Table B.1: Revision to Total Non-North Sea Revenue			
	2020-21	2021-22	2022-23
Scotland			
Estimates published in GERS 2022-23	61,670	70,035	78,110
Estimates published in GERS 2023-24	60,884	70,636	78,936
Revision (£m)	-787	601	826
UK			
Estimates published in GERS 2022-23	792,980	916,648	1,012,294
Estimates published in GERS 2023-24	791,943	918,269	1,019,353
Revision (£m)	-1,037	1,621	7,059
Scotland/UK ratio			
Estimates published in GERS 2022-23	7.9%	7.8%	7.6%
Estimates published in GERS 2023-24	8.0%	7.7%	7.7%
Revision (% point)	0.0%	-0.1%	0.1%

Scottish revisions broadly reflect these UK revisions. The main differences relates to VAT, capital gains tax, and reserved stamp duties. For VAT and capital gains tax, these reflect updates to the apportionment data from HMRC. VAT has been revised upward reflecting revisions to the Scottish VAT Assignment estimates related to domestic tourism and the partially exempt sector. Capital gains tax has been revised downward reflecting the latest estimate for capital gains tax being lower than the value for previous years, which had been carried forward in last year's provisional estimate. For reserved stamp duties, this reflects a change in methodology, with the stamp duty on shares methodology now aligned to that used by the ONS in the

29 [Public sector finances, UK Statistical bulletins - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/publications/uk-public-sector-finances)

Country and Regional Public Sector Finances publication. Further details are available in the methodology note.

Table B.2: Revision to Public Sector Revenue: Scotland and UK 2022-23				
	£ million		%	
	Scotland	UK	Scotland	UK
Income tax	87	1,749	0.5%	0.7%
National insurance contributions	-6	958	0.0%	0.5%
Value added tax	918	622	6.9%	0.4%
Corporation tax (excluding North Sea)	265	3,145	6.1%	4.3%
Fuel duties	22	0	1.0%	0.0%
Non-domestic rates	-56	345	-2.0%	1.2%
Council tax	0	327	0.0%	0.8%
VAT refunds	-56	2	-2.4%	0.0%
Capital gains tax	-129	-1,123	-17.9%	-6.2%
Inheritance tax	-23	0	-6.8%	0.0%
Reserved stamp duties	-100	11	-32.2%	0.1%
Scottish Land & Buildings transaction tax	-20	-20	-2.3%	-2.3%
Scottish landfill tax	0	0	0.0%	0.0%
Air passenger duty	0	0	0.0%	0.0%
Tobacco duties	0	0	0.0%	0.0%
Alcohol duties	-69	-27	-5.7%	-0.2%
Insurance premium tax	0	-6	-0.1%	-0.1%
Vehicle excise duties	-2	2	-0.4%	0.0%
Environmental levies	16	444	2.0%	6.6%
Other taxes	-329	-2,052	-9.6%	-5.2%
Total Non-North Sea taxes	519	4,377	0.8%	0.5%
Other Revenue				
Interest and dividends	51	672	2.0%	2.1%
Gross operating surplus	204	1,453	2.7%	2.1%
Other receipts	51	557	42.9%	43.7%
Total non-North Sea revenue	826	7,059	1.1%	0.7%

A time series of revisions is available in the accompanying spreadsheets online.

Revisions to North Sea Revenue Estimates from GERS 2022-23

Table B.3 summarises the revisions to North Sea revenues in this edition of GERS by comparing the estimates contained in this report with last year's publication. Revenue has been revised down in 2022-23, reflecting both a downward revision to the UK total but also a downward revision to the Scottish share. This reflects both a fall in Scotland's share of North Sea corporation tax, to 80%, but also an increase in the share of Scotland's share of PRT refunds, to 79%.

Table B.3: Revisions to North Sea Revenue: 2020-21 to 2022-23			
	£ million		
	2020-21	2021-22	2022-23
Scotland (illustrative geographical share)			
Estimates published in GERS 2022-23	752	2,446	9,386
Estimates published in GERS 2023-24	752	2,414	7,942
Revision	0	-32	-1,444
UK			
Estimates published in GERS 2022-23	522	2,662	10,570
Estimates published in GERS 2023-24	522	2,662	9,928
Revision	0	0	-642

Revisions to Expenditure Estimates from GERS 2022-23

Table B.4 sets out the changes in estimates of public expenditure in Scotland and the UK between this report and GERS 2022-23. These reflect revisions to Scottish Government and Scottish local government spending data, revisions to UK spending totals, and revisions to the data sources used to apportion expenditure to Scotland. Revisions to public expenditure that can be traced to changes to the total expenditure on services (TES) measure are specified separately.

The main revisions to spending relate to Other UK Government health and social protection spending. Internal estimates of spending in these areas have been replaced by estimates from HM Treasury's CRA publication. The downward revision to health reflects the reduction of reserved spending related to the pandemic, which fell more sharply than previously estimated. The fall in social protection spending reflects the fact that the CRA has lower estimates of the Cost of Living support for Scotland than were included in GERS last year, having estimated this with different data and methodologies.

B Revisions

Table B.4: Revisions to Total Expenditure: 2020-21 to 2022-23			
	£ million		
	2020-21	2021-22	2022-23
Scotland			
Estimates published in GERS 2022-23	100,275	97,380	106,635
Estimates published in GERS 2023-24	97,826	96,911	104,907
Revision	-2,449	-469	-1,729
UK			
Estimates published in GERS 2022-23	1,106,729	1,041,465	1,154,930
Estimates published in GERS 2023-24	1,107,247	1,047,237	1,157,333
Revision	518	5,772	2,403
Scotland/UK Ratio			
Estimates published in GERS 2022-23	9.1%	9.4%	9.2%
Estimates published in GERS 2023-24	8.8%	9.3%	9.1%
Revision (% point)	-0.2%	-0.1%	-0.2%

The table below shows the revisions to spend in 2022-23 by function, and by Scottish Government, Scottish local government, Scottish public corporations, and Other UK government bodies. Overall, Scottish spend in 2022-23 has been revised down by £1.7 billion, primarily due to revisions to Other UK Government spending.

Table B.5: Revisions to Public Sector Expenditure: Scotland and UK 2022-23

	£ million					
	Scotland					UK
	SG	LG	PC	Other UKG Bodies	Total	
General public services						
Public and common services	44	160	0	2	206	444
International services	0	0	0	1	1	11
Public sector interest expenditure	0	0	0	198	198	1,458
Defence	0	-1	0	0	-1	24
Public order and safety	19	0	0	64	82	311
Economic affairs						
Enterprise and economic development	28	-80	0	-354	-406	-554
Science and technology	0	0	0	-86	-86	124
Employment policies	0	0	0	-4	-4	1
Agriculture, forestry and fisheries	0	-7	0	-67	-74	-411
Transport	-11	20	1	-233	-223	453
Environment protection	-7	-74	0	-9	-89	407
Housing and community amenities	0	-75	-7	5	-78	-446
Health	-75	0	0	-652	-727	1,119
Recreation, culture and religion	11	-188	0	57	-120	527
Education and training	0	802	0	2	803	1,798
Social protection	95	-155	0	-777	-837	3,140
EU Transactions	0	0	0	151	151	-210
Accounting adjustments	-36	0	118	-607	-524	-5,793
Total revision	68	402	112	-2,310	-1,729	2,403

Notes: SG: Scottish Government. LG: Local Government. PC: Public Corporations. UKG: UK Government.

Revisions to Estimates of Capital Consumption

Table B.6 sets out the changes to estimates of capital consumption in Scotland and the UK between this report and the previous publication of GERS. Capital consumption, which represents the capital stock consumed to provide services within the year, is included alongside current expenditure when calculating the current budget balance. It does not affect the estimate of the net fiscal balance. Note that these figures do not match the figures for capital consumption shown in Table A.8, as the table below includes capital consumption associated with public corporations, which is not included in accounting adjustments.

Table B.6: Revisions to capital consumption: 2020-21 to 2022-23

	£ million		
	2020-21	2021-22	2022-23
Scotland			
Estimates published in GERS 2022-23	5,641	5,443	5,944
Estimates published in GERS 2023-24	5,601	5,527	6,177
Revision	-40	84	233

Unlike for public corporations' expenditure and operating surplus, detailed capital consumption data are not available on a public corporation basis from the ONS, as they are not separately identified within its perpetual inventory model.

Revisions to Fiscal Aggregates

Table B.7 shows revisions to the current budget balance from the previous publication of GERS. The Scottish current budget deficit has increased in all years. This reflects the revisions to public sector interest expenditure discussed above.

Table B.7: Revisions to the Current Budget Balance: 2020-21 to 2022-23

	£ million		
	2020-21	2021-22	2022-23
Estimates published in GERS 2022-23			
Excluding North Sea revenue	-33,203	-22,220	-22,963
Population share of North Sea revenue	-33,160	-22,002	-22,099
Geographical share of North Sea revenue	-32,451	-19,774	-13,577
<i>UK</i>	-241,257	-73,569	-79,636
Estimates published in GERS 2023-24			
Excluding North Sea revenue	-31,514	-20,778	-21,399
Population share of North Sea revenue	-31,471	-20,562	-20,600
Geographical share of North Sea revenue	-30,761	-18,364	-13,457
<i>UK</i>	-242,805	-71,932	-82,139
Difference (£ million) (positive shows improvement)			
Excluding North Sea revenue	1,689	1,442	1,564
Population share of North Sea revenue	1,689	1,441	1,499
Geographical share of North Sea revenue	1,689	1,410	120
<i>UK</i>	-1,548	1,637	-2,503

Table B.8 shows revisions to the net fiscal balance from the previous publication of GERS. In general, these are similar to the revisions to the current budget balance for Scotland

Table B.8: Revisions to the Net Fiscal Balance: 2020-21 to 2022--23

	£ million		
	2020-21	2021-22	2022-23
Estimates published in GERS 2022-23			
Excluding North Sea revenue	-38,605	-27,345	-28,525
Population share of North Sea revenue	-38,562	-27,127	-27,661
Geographical share of North Sea revenue	-37,853	-24,899	-19,139
<i>UK</i>	-313,227	-122,155	-132,066
Estimates published in GERS 2023-24			
Excluding North Sea revenue	-36,943	-26,275	-25,971
Population share of North Sea revenue	-36,900	-26,058	-25,172
Geographical share of North Sea revenue	-36,190	-23,861	-18,029
<i>UK</i>	-314,782	-126,306	-128,052
Difference (£ million) (positive shows improvement)			
Excluding North Sea revenue	1,662	1,070	2,555
Population share of North Sea revenue	1,662	1,069	2,489
Geographical share of North Sea revenue	1,662	1,038	1,111
<i>UK</i>	-1,555	-4,151	4,014

In addition to revisions to the fiscal aggregates in cash terms, there are also changes to the fiscal aggregates expressed as a share of GDP due to revisions to GDP estimates. These are shown in Tables B.9 and B.10 for the current budget balance and the net fiscal balance respectively. In general, estimates of the fiscal aggregate have improved as a share of GDP for Scotland when including the North Sea, but remained the same when the North Sea is excluded. These revisions reflect the upward revision to the nominal value of offshore GDP. This reflects routine annual update to bring the value of GVA in line with the latest UK regional accounts.

Table B.9: Impact of Revisions to GDP on the Current Budget Balance: 2020-21 to 2022-23

	% GDP		
	2020-21	2021-22	2022-23
Estimates published in GERS 2022-23			
Excluding North Sea revenue	-21.8%	-12.8%	-12.1%
Population share of North Sea revenue	-21.6%	-12.5%	-11.5%
Geographical share of North Sea revenue	-20.0%	-10.2%	-6.4%
<i>UK</i>	-11.6%	-3.2%	-3.2%
GERS 2022-23 estimate with latest GDP			
Excluding North Sea revenue	-21.5%	-12.8%	-12.0%
Population share of North Sea revenue	-21.3%	-12.5%	-11.4%
Geographical share of North Sea revenue	-21.0%	-10.2%	-6.3%
<i>UK</i>	-11.6%	-3.1%	-3.1%
Change (positive shows improvement)			
Excluding North Sea revenue	0.3%	0.0%	0.1%
Population share of North Sea revenue	0.3%	0.0%	0.1%
Geographical share of North Sea revenue	-1.0%	0.0%	0.0%
<i>UK</i>	0.0%	0.0%	0.0%

Table B.10: Impact of Revisions to GDP on the Net Fiscal Balance: 2020-21 to 2022-23

	% GDP		
	2020-21	2021-22	2022-23
Estimates published in GERS 2022-23			
Excluding North Sea revenue	-25.4%	-15.7%	-15.1%
Population share of North Sea revenue	-25.2%	-15.4%	-14.4%
Geographical share of North Sea revenue	-23.4%	-12.8%	-9.0%
<i>UK</i>	-15.0%	-5.2%	-5.2%
GERS 2022-23 estimate with latest GDP			
Excluding North Sea revenue	-25.0%	-15.7%	-14.9%
Population share of North Sea revenue	-24.8%	-15.4%	-14.3%
Geographical share of North Sea revenue	-24.5%	-12.9%	-8.9%
<i>UK</i>	-15.0%	-5.2%	-5.2%
Change (positive shows improvement)			
Excluding North Sea revenue	0.4%	0.0%	0.1%
Population share of North Sea revenue	0.4%	0.0%	0.1%
Geographical share of North Sea revenue	-1.1%	-0.1%	0.1%
<i>UK</i>	0.0%	0.0%	0.0%

C

List of Abbreviations

CRA	Country and Regional Analysis
COFOG	Classification of the Functions of Government
DWP	Department for Work and Pensions
EU	European Union
IFRS16	International Financial Reporting Standard 2016
GDP	Gross Domestic Product
GERS	Government Expenditure and Revenue Scotland
GOS	Gross Operating Surplus
HMRC	HM Revenue and Customs
LFR	Local Government Financial Return
NHS	National Health Service
NSND	Non-savings non-dividends income tax
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PESA	Public Expenditure Statistical Analyses
PPP	Public Private Partnerships
SFC	Scottish Fiscal Commission
TES	Total Expenditure on Services
TME	Total Managed Expenditure
UK	United Kingdom
UN	United Nations
VAT	Value Added Tax

D

Glossary

Accounting Adjustment: the adjustment required to reconcile Total Expenditure on Services provided in the CRA with Total Managed Expenditure. The largest element of the accounting adjustment is capital consumption.

Accruals: the accounting convention whereby an expenditure or revenue is recorded at the time when it has been incurred or earned rather than when the money is paid or received.

Capital Consumption: also called Consumption of Fixed Capital; the amount of fixed assets used up in an accounting period as a result of normal wear and tear, foreseeable obsolescence, and losses from accidental damage. It is a National Accounts concept similar to the concept of depreciation in financial accounts.

Capital Expenditure: includes capital formation, the net acquisition of land, expenditure on capital grants, and the value of assets acquired under finance leases. Under ESA10 it also includes most research and development expenditure.

Central Government: comprises parliaments; government departments (including Scottish Government) and the executive agencies or other bodies controlled by central government.

Classification of the Functions of Government: the functions in GERS are based on the UN's Classification of the Functions of Government (COFOG). The tables are consistent with UN COFOG level 1, with additional detail provided for general public services and economic affairs. Further detail is provided in Public Expenditure Statistical Analyses.

Country and Regional Analysis (CRA): the primary source of outturn data on public expenditure identifiable to Scotland, Wales, Northern Ireland and the English regions.

Current Budget Balance: the difference between revenue and current expenditure (including capital consumption).

Current Expenditure: the sum of the current expenditure of general government and interest and dividends payable by public corporations to the private sector and abroad. Public sector current expenditure is net of certain revenue items, such as some sales of goods and services by general government. As it is defined at the public sector level, any transactions and transfers between parts of the public sector are also excluded. It includes items such as public sector wages and salaries and transfer payments.

EU Transactions: EU transactions cover public sector transactions with the EU, excluding those associated with customs duties. It does not include any transactions between the EU and private bodies.

Extra-regio: the part of UK economic activity that is not allocated to a specific region. Extra-regio includes activity relating to offshore oil and gas extraction, UK embassies overseas and armed forces stationed abroad.

General Government: Central and local government consolidated as a single entity.

Gross Domestic Product: a measure of the value of goods and services produced in the economy.

Gross Operating Surplus: the surplus generated by operating activities after the labour factor input has been recompensed.

Local Government: all 32 Local Authorities in Scotland.

National Accounts: a statistical system that represents the economic activity and transactions between sectors in a national economy (see ESA10).

Net Fiscal Balance: the difference between estimated total public sector spending for Scottish residents and estimated total public sector revenue raised in Scotland.

Net Investment: public sector capital expenditure, net of capital consumption and asset sales.

Outturn: expenditure (revenue) actually incurred (received) to date

Public Corporations: publicly controlled market companies.

Public Sector Finances: the monthly statistics on the public sector produced by the Office for National Statistics.

Revenue: all revenue raised by the public sector from tax and non-tax revenues except the sale of assets or interest received.

Total Expenditure on Services (TES): an aggregate used in CRA to analyse capital and current spending of the public sector.

Total Managed Expenditure (TME): a definition of aggregate public spending derived from National Accounts. TME captures total expenditure in the UK public finances.

Who Benefits Principle: the approach used to estimate expenditure for Scotland. It identifies the expenditure in a given year that was incurred for the full range of public services that were consumed: that is, those services provided *for* the people of Scotland.

Who Pays Principle: the approach used to estimate public sector revenue in Scotland. It is based upon the residential location of where the revenue is raised.

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