This publication will be available in accessible HTML on the gov.scot website

GOVERNMENT EXPENDITURE & REVENUE SCOTLAND 2025-26

AUGUST 2026

OFFICIAL STATISTICS Accredited

Scottish Government
Riaghaltas na h-Alba

Key points

All figures are presented on a nominal basis, i.e. not adjusted for the impact of inflation, and relate to the latest financial year 2025-26, compared with 2024-25.

The net fiscal balance reflects the difference between revenue raised in Scotland compared with expenditure on behalf of the people of Scotland.

Scotland's notional net fiscal balance was -10.9 per cent of GDP compared with -4.2 per cent for the UK. This is an improvement of 0.6 percentage points in Scotland compared with a 1.0 percentage point improvement for the UK.

In cash terms, the net fiscal balance in 2025-26 was -£25.3 billion, improving over the year by £0.6 billion. This improvement in 2025-26 reflects that revenue grew by £6.3 billion (6.9 per cent), while expenditure grew at a slower pace by £5.7 billion (4.8 per cent).

Revenues, from the people and businesses in Scotland, include revenue both from taxes, such as income taxes, social contributions, and indirect taxes, as well as non-tax receipts. They include a geographic share of North Sea revenue.

Revenues raised in Scotland totalled £98.3 billion in 2025-26, an increase of £6.3 billion, 6.9 per cent over the year. Scottish revenues represent 8.0 per cent of all revenue raised in the UK.

Revenue raised from the North-Sea totalled £3.2 billion in 2025-26, 3.2 per cent of all revenue raised in Scotland.

Revenue (when excluding the North Sea) was £95.1. billion, an increase of 7.6 per cent. This represents 7.7 per cent of all UK non-North Sea revenue raised.

Revenue per person in Scotland (£17,718) was similar to the UK average (£17,720) in 2025-26, when North Sea revenue is included.

The largest increases in revenue in Scotland in 2025-26 were national insurance contributions (+£2.4 billion) and income tax receipts (+ £1.5 billion). This follows the decision by the UK Government to increase the rate of employer's national insurance contributions from April 2025, and the Scottish Government's decision to freeze the higher, additional, and top rate of Scottish Income Tax. It also reflects the continuing effects of inflation and strong nominal earnings growth.

The largest decrease in revenue was in North Sea taxes (-£0.4 billion), which reflects falling oil and gas prices during the year.

Devolved revenues raised £27.8 billion in 2025-26, an annual increase of £2.1 billion (8.2 per cent). These revenues include Council Tax, Non-Domestic Rates, Land and Building Transaction Tax, Scottish Landfill Tax and Scottish Income Tax

Spending on behalf of the people of Scotland includes day to day and capital spending and spending made by both devolved and reserved governments This spending was £123.6 billion in 2025-26 an increase of £5.7 billion, (4.8 per cent) over the year.

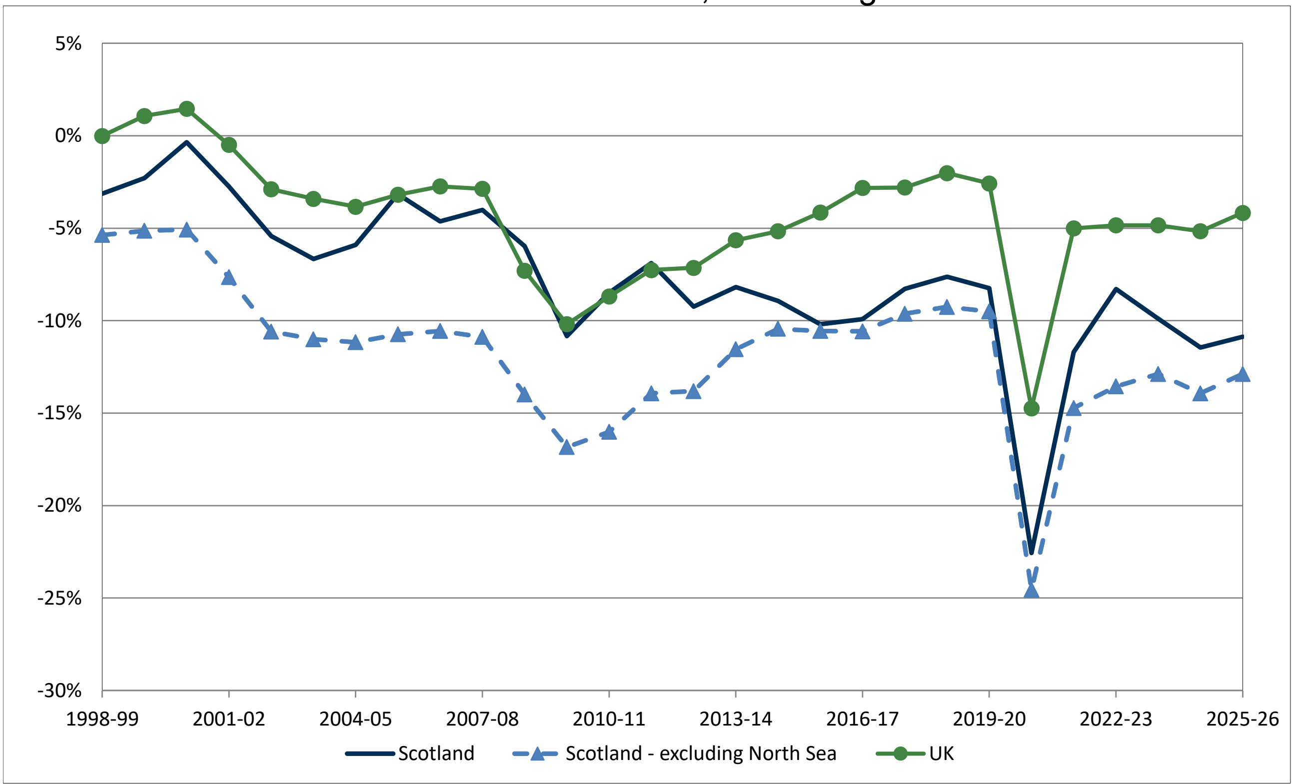
Spending per person in Scotland in 2025-26 was £22,281 compared to £19,561 per person in the UK meaning that spending per person in Scotland was £2,720 higher than in the UK in 2025-26.

The largest annual increase in total spending was in social protection (+£2.1billion), and health (+£1.5 billion).

Indicators at a glance Scotland 2025-26

Figure 1: Public sector fiscal balance as a % of GDP was -10.9 per cent, a 0.6 percentage point improvement over the year

Annual net fiscal balance 1998-99 to 2025-26, Percentage of GDP

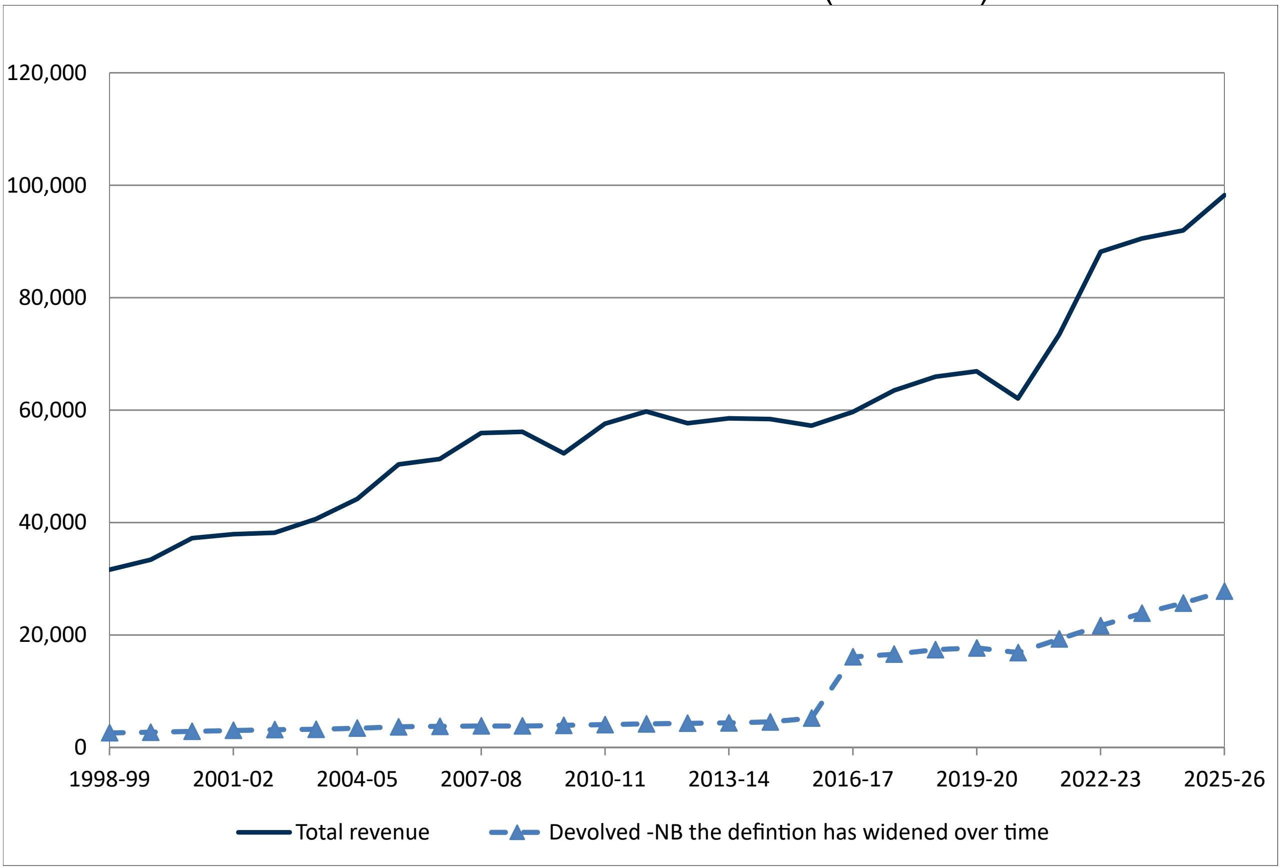


Change since FYE 2024: -1.0 ppts Change since FYE 2025 : +0.6 ppts

The notional net fiscal balance is the difference between total revenue raised in Scotland compared with total expenditure on behalf of the people of Scotland. (Chapter 5 for table)

Figure 2: Total public sector revenue raised in Scotland was £98.3 billion an increase of £6.3 billion or 6.9 per cent

Total revenue raised in Scotland 1998-99 to 2025-26 (£ millions)

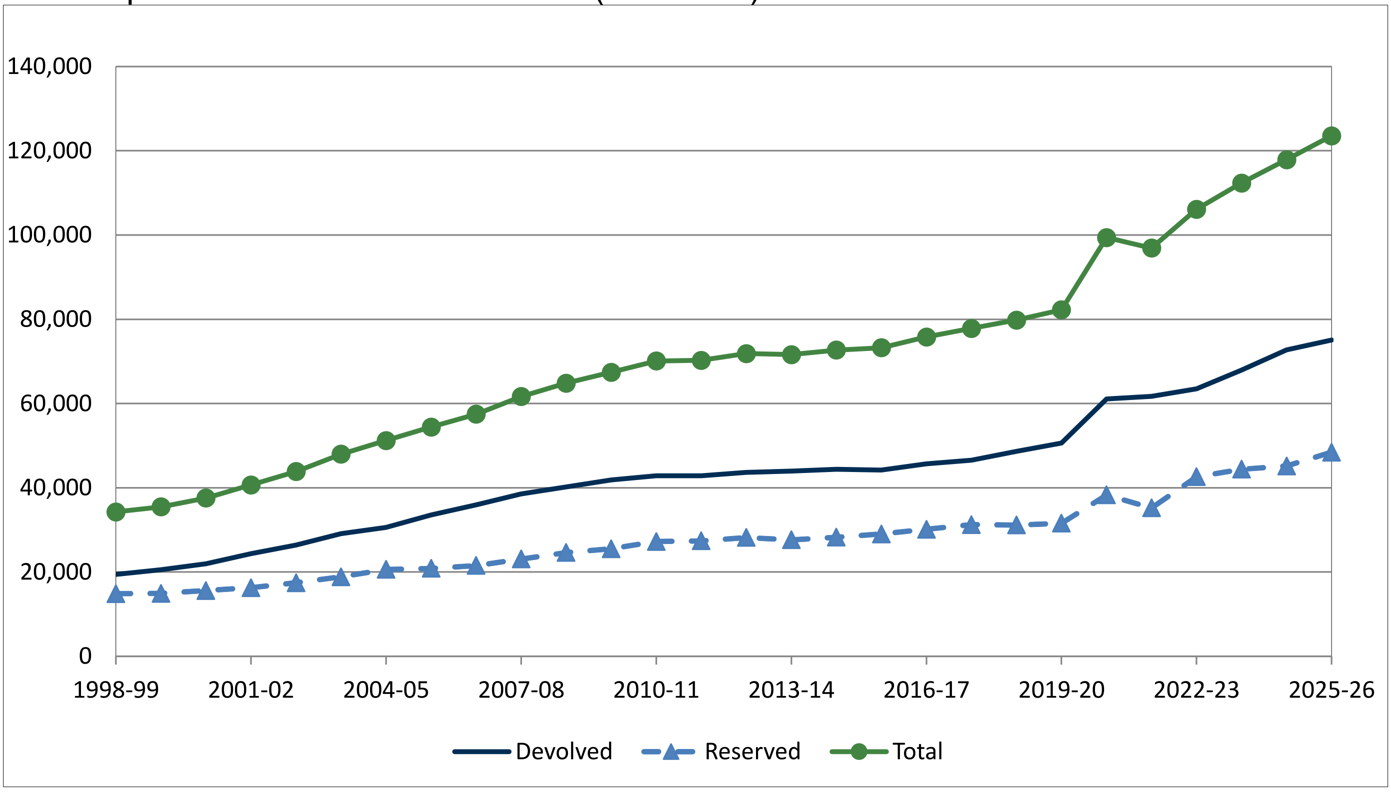


Total revenue FYE 2026: £98.3 billion Change since FYE 2025: £6.3 billion

In the last year National Insurance contribution and Income tax showed the largest increases amongst non-North Sea taxes.

Figure 3: Total public sector spending for Scotland was £123.6 billion, an increase of £5.7 billion

Total expenditure 1998-99 to 2025-26 (£ millions)



Total spending FYE 2026: £123.6 billion Change since FYE 2025: £5.7 billion

Spending increased in the financial year, with the largest increases in total spend in the social protection and health categories

Total spending is used to calculate the Net fiscal balance

Note: FYE- Financial Year End

Contents

About this publication

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

Estimates are consistent with the definitions in UK Public Sector Finances. These are based on methodologies to estimate:

- revenues raised from the people and businesses in Scotland; and
- spending on behalf of the people of Scotland (regardless of whether the funding is from Scottish or UK government sources.

The estimates in this publication are based on multiple data sources. While methodology have been agreed with stakeholders a degree of uncertainty around estimate should be noted. Further details are provided in the methodology publication and web tables.

Estimates of revenue including from the North Sea are presented throughout. The geographic method of allocation, compared with the population method, is used as standard. For further details please refer to the methodology publication

The GERS website [Economy statistics - gov.scot (www.gov.scot)](www.gov.scot) contains:

- a copy of the PDF report,
- GERS tables in Excel format and statistics providing a consistent time series of Scotland’s public sector finances from 1998-99 to 2025-26.

- Methodology publication including frequently asked questions and quality measures. These have been moved from the main publication.
- previous versions of the publication

GERS user feedback form.

We are always reviewing our statistical work programme, so our methods and outputs remain robust and meet our stakeholders needs.

Please feedback on the content and format of the GERS publication by completing the form below:
Government Expenditure and Revenue Statistics – User form

Aims of the publication

Estimates published in Government Expenditure and Revenue Scotland (GERS) aim to answer questions about Scotland's public sector finances as a devolved nation within the United Kingdom:

- What revenues were raised from the population and businesses in Scotland?
- How much was spent on public services, on behalf of the people of Scotland?
- To what extent did estimated revenues raised in Scotland cover the costs of spending on behalf of the people of Scotland

How does GERS relate to devolved public sector finances?

The fiscal balances in GERS compare total public sector spending to total public sector revenue estimates.

At the UK level the equivalent of the net fiscal balance is termed Public Sector Net Borrowing, excluding public sector banks (PSNB ex).

The net fiscal balance, in this publication, does not represent actual borrowing; it is instead a statistical construct showing the difference between the revenue raised from people and businesses in Scotland and the public sector expenditure from which they benefit.

Separate reports are available on Scottish Government and Scottish Local Government finances. The findings from these publications are shown below.

In 2025-26, the devolved public sector borrowed £2.7 billion. This consisted of:

- £430 million of borrowing by the Scottish Government,[1] which was all capital borrowing with no resource borrowing. (Sourced from Scottish Budget - provisional outturn 2025-2026: briefing note - 18 June 2026 - gov.scot)

- £2,228 million of Local Government borrowing,[2] which is used only to finance capital expenditure. (Sourced from Local Government 2025-26 Provisional Outturn and 2026-27 Budget Estimates - gov.scot)

Key definitions

Figure 4 Definition of Revenue

Definition	How Scotland is estimated
Public sector revenue is estimated where a financial burden is imposed on people or businesses *in* Scotland. It is the total income (mainly taxes, but also social contributions, interest, dividends, gross operating surplus and transfers) received by central government and local government bodies as well as public sector controlled corporations. It is recorded on an accrued basis, following National Accounts rules.	In general, revenue is collected UK wide and so separate figures for Scotland are not available, although a small number of devolved taxes are known for Scotland, including the largest single revenue income tax. Where precise estimates are not available UK revenue totals are taken from UK Public Sector Finances and allocated to Scotland based on the principle of 'who pays'.

Figure 5 Definition of Expenditure

Definition	How Scotland is estimated
Public Sector Expenditure is the total capital and current spending (mainly wages and salaries, goods and services and investment expenditure, but also subsidies, social benefits and other transfers) of central government and local government bodies as well as public sector-	Public sector expenditure is estimated on the basis of spending incurred to provide services *for* residents of Scotland. A particular public sector expenditure is allocated to Scotland if the outcome of the expenditure is

controlled corporations. It is recorded on an accrued basis, following National Accounts rules.	thought to provide a public service which benefits residents of Scotland. This is a different measure from total public expenditure *in* Scotland.

Examples of the 'for' and 'in' approach

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.

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.

Taking defence expenditure for example. 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.

Main Data Sources

Revenues

ONS's Public Sector Finances, provides figure relating to UK public sector revenue by revenue type. Revenues are allocated to Scotland based on a who pays basis
https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/june2026

Scottish Public Sector Expenditure

Spending by the Scottish Government is provided directly by the Scottish Government Directorate for Financial Management

HM Treasury's Public Expenditure Statistical Analyses
[HMT Public Expenditure Statistical Analyses (PESA) - GOV.UK (www.gov.uk)]

Country and Regional Analysis (CRA).
[Country and regional analysis - GOV.UK (www.gov.uk)]

Other sources

Scottish Gross Domestic Product (GDP) in current market prices published in the Quarterly National Accounts Scotland (QNAS).
[Economy statistics - gov.scot (www.gov.scot)]

For a more comprehensive list of sources refer to the methodology publication

Scotland's Share of North Sea Revenue

As North Sea revenue is not reported for Scotland, an assumption as to Scotland's share of the North Sea needs to be made.Two estimates of Scotland's share of North Sea revenue are shown in GERS:

1. An illustrative geographical share
2. A population share

This publication uses with estimates for revenue inclusive of a geographic share of North Sea revenue, as standard, although figures based on a population share are also shown.

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.

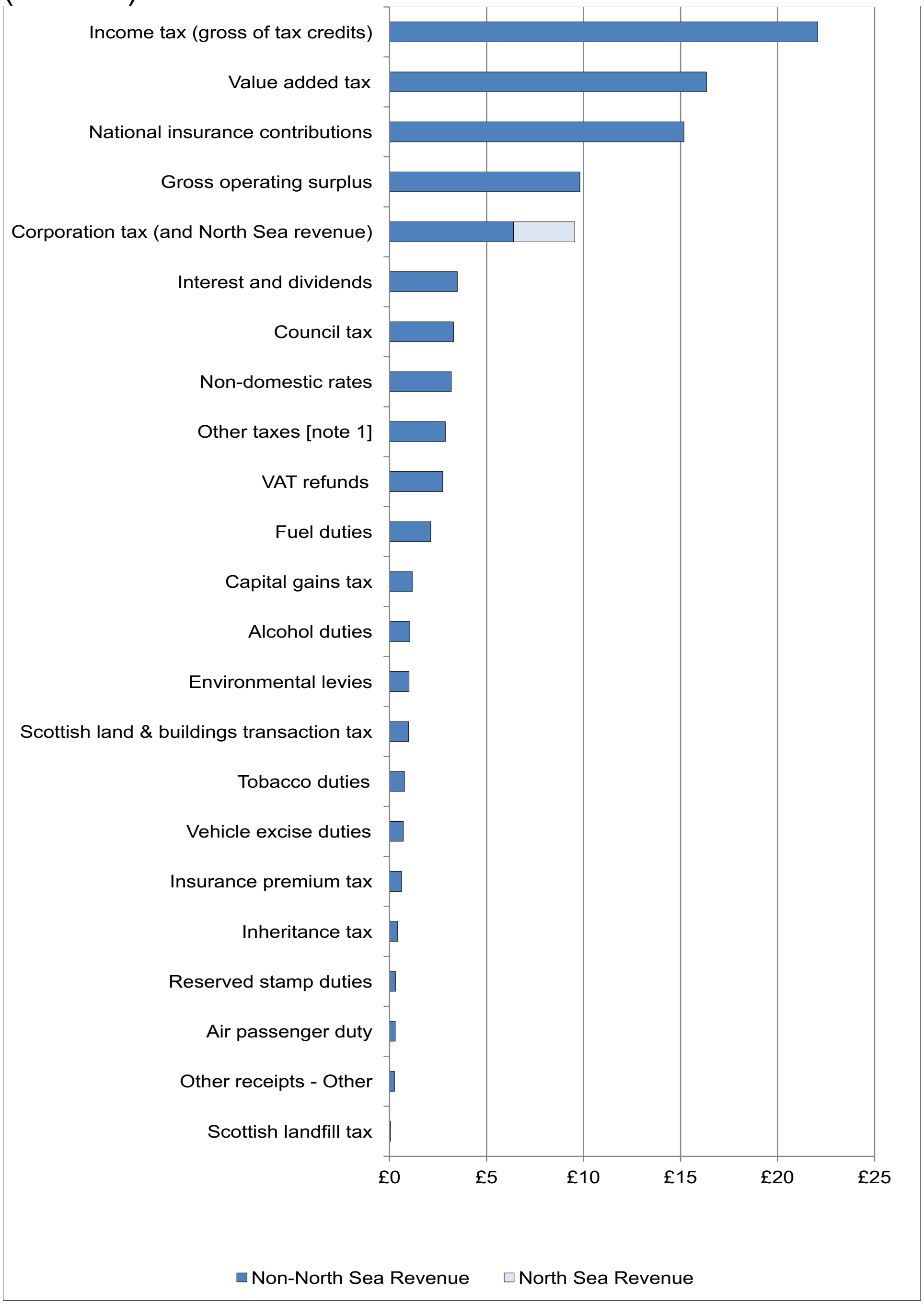
In order to estimate this share, GERS uses the share reported in the ONS Country and Regional Public Sector Finances publication. Country and regional public sector finances, UK: financial year ending 2025 - Office for National Statistics.

For further details refer to the methodology publication.

1. Public Sector Revenue

Chart 1.1: The three largest taxes with the largest revenue are, income tax, value added tax and national insurance contributions. North Sea revenue forms an important part of corporation tax for Scotland

Total Public Sector Revenue Scotland 2025-26
(£ billion)



Note: 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.

Introduction

This chapter provides detailed estimates of revenue raised from people and businesses in Scotland, based on UK public sector finance definitions.

Tax and non-tax revenue are reported 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.

Most public sector revenue from Scotland is collected at the UK level and it is not possible to identify separately the proportion of revenue receivable from Scotland. GERS allocates revenue to Scotland on a who pays basis. See the methodology publication for further details.

Since devolution and following the implementation of the Scotland Act 2012 and 2016, a number of taxes are devolved to the Scottish Parliament and Scottish values are available for these revenues. To date these include Council tax, Non-domestic rates, land and building transaction tax, landfill tax, and non-savings non-dividend income tax.

Total revenue

Revenues raised in Scotland in 2025-26 totalled £98.3 billion, an increase of £6.3 billion, 6.9 per cent over the year. This represents 8.0 per cent of UK revenue.

Total revenue includes a geographic share of north-sea revenue. In 2025-26. Scotland had around 80% of total UK North Sea revenue. Offshore revenue account for £3.2 billion (3.2 per cent) of all revenue raised in Scotland. See Chapter 2 for further explanation.

Table 1.1: Total Revenue, Scotland and UK 2024-25 to 2025-26

Statistic	2024-25	2025-26	Annual change
Scotland (£ million)	91,945	98,262	6.9%
Scotland - excluding North Sea (£ million)	88,377	95,109	7.6%
Scotland (% of UK revenue)	8.1%	8.0%	-0.1p.p
Scotland - excluding North Sea (% of UK revenue)	7.8%	7.7%	-0.1p.p
Scotland (% of GDP)	40.6%	42.2%	1.6p.p
Scotland - excluding North Sea (% of GDP)	41.7%	43.0%	1.3p.p
UK (% of GDP)	*38.8%*	*40.1%*	1.3p.p

Revenue per person

In the latest year, revenue per person in Scotland (£17,718) similar to the UK average (£17,720), when including North Sea revenue.

The difference between revenue per person in Scotland and the UK is variable and depends largely on North Sea revenue. Excluding North Sea revenue, revenue per person in Scotland was lower than the UK average by £514 in 2025-26.

Table 1.2 Revenue per person (£ per person) Scotland and UK 2024-25 to 2025-26

Statistic	2024-25	2025-26	Annual change
Scotland	16,585	17,718	1,133
Scotland - excluding North Sea	15,941	17,150	1,208
UK	16,421	17,720	1,300
UK - excluding North Sea	16,356	17,664	1,307
Difference Scotland minus UK - Including North Sea	165	-2	-167
Difference Scotland minus UK - excluding North Sea	-415	-514	-99

Onshore revenue by category

Excluding North Sea revenue, Scotland's revenue increased to £95.1 billion, an increase of 7.6 per cent, weaker than UK growth of 8.3 per cent.

Taking revenue from taxes alone (excluding those from the North Sea), revenue increased to £81.6 billion an increase of 8.1 per cent.

The three largest taxes, income tax, national insurance contributions, value added tax account for around two thirds of total non-North Sea revenue. Strong growth was seen across the UK for National Insurance contributions, (18.5 per cent in Scotland), reflecting changes to National Insurance contribution paid by employers which came into effect on 6 April 2025.

Of the remaining income from tax, there was strong annual growth in; capital gains tax, (77.5 per cent), which followed increases in the tax by the UK Government (Capital Gains Tax — rates of tax - GOV.UK); and Council tax (11.8 per cent), as most councils increased the rate of council tax in 2025-26 following a freeze in 2024-25. These were offset by falls in duties for tobacco (-5.6 per cent), alcohol (-0.9 per cent) and road fuel (-0.5 per cent), which reflected declining consumption[3].

[3] Family spending in the UK,(ONS)

Table 1.3: Revenue: Scotland and UK 2025-26

Source of Revenue	Scotland £ million	Scotland % of total non-North Sea taxes	UK £ million	Scotland as % of UK
Income tax (gross of tax credits)	22,072	27.1%	330,250	6.7%
National insurance contributions	15,174	18.6%	204,972	7.4%
Value added tax	16,338	20.0%	182,457	9.0%
Onshore Corporation tax	6,387	7.8%	98,916	6.5%
Fuel duties	2,123	2.6%	24,249	8.8%
Non-domestic rates	3,184	3.9%	33,536	9.5%
Council tax	3,298	4.0%	50,448	6.5%
VAT refunds	2,737	3.4%	30,437	9.0%
Capital gains tax	1,168	1.4%	24,293	4.8%
Inheritance tax	420	0.5%	8,502	4.9%
Reserved stamp duties	303	0.4%	22,798	1.3%
Scottish land & buildings transaction tax	983	1.2%	983	100.0%
Scottish landfill tax	56	0.1%	56	100.0%
Air passenger duty	294	0.4%	4,489	6.5%
Tobacco duties	769	0.9%	7,468	10.3%
Alcohol duties	1,041	1.3%	12,432	8.4%
Insurance premium tax	625	0.8%	9,033	6.9%
Vehicle excise duties	705	0.9%	9,047	7.8%
Environmental levies	1,002	1.2%	9,027	11.1%
Other taxes[1]	2,879	3.5%	37,316	7.7%
Total Non-North Sea taxes	81,559	100%	1,100,709	7.4%
North Sea (Population share)	313	[N/A]	3,928	8.0%
North Sea (Geographical share)	3,153	[N/A]	3,928	80.3%
Interest and dividends	3,489	[N/A]	42,991	8.1%
Gross operating surplus	9,812	[N/A]	81,936	12.0%
Other receipts	249	[N/A]	2,597	9.6%
Total excluding North Sea	95,109	[N/A]	1,228,233	7.7%
Total including population share of North Sea	95,422	[N/A]	1,232,161	7.7%
Total including geographical share of North Sea	98,262	[N/A]	1,232,161	8.0%
of which: revenue accounting adjustments	10,722	[N/A]	104,135	10.3%

[1] A description of the other taxes line is provided in the detailed methodology publication.

Scotland revenue as a share of the UK

Scotland's share of UK total non-North Sea revenue in 2025-26 was 7.7% 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 estimated share of most large revenues is close to either its population or GDP share. However, there are some exceptions:

Revenues where Scotland's share of UK revenue is relatively low are:

- those associated with property or assets, such as capital gains tax (4.8%), and inheritance tax (4.9%), reflecting that properties and assets in Scotland tend to have lower values than the UK average.[4]

- Scotland's share of income tax (6.7%) is also relatively low with Scotland having relatively fewer taxpayers paying the highest rates of income tax[5].

- Scotland's share of Onshore Corporation tax (6.5%) is likely to reflect the fact that financial services pay a relatively high share of UK corporation tax (accounting for 23% of corporation tax in 2024 compared to less than 10% of Gross Value Added) whilst Scotland relatively less of this industry.6

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 12.0 per cent 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 (10.3 per cent) and alcohol (8.4 per cent). This reflects lifestyle differences, for example the greater incidence of smoking,[7] and higher consumption of spirits[8] in Scotland compared with than the rest of the UK

4 Total Wealth: Wealth in Great Britain - Office for National Statistics (ons.gov.uk)
[5] Scottish Income Tax Outturn Statistics - 2024 to 2025 - GOV.UK
6 Corporation Tax Statistics 2025 - GOV.UK
7 Adult smoking habits in the UK Statistical bulletins - Office for National Statistics (ons.gov.uk)
8 Family spending in the UK,(ONS)

Table 1.4: Non-North Sea Revenue: Scottish share of UK (per cent of UK revenue

Source of Revenue	2022-23	2023-24	2025-26
Income Tax	6.8%	6.7%	6.7%
Corporation tax (excl North Sea)	6.6%	6.6%	6.5%
National insurance contributions	7.5%	7.4%	7.4%
Value added tax	8.9%	9.0%	9.0%
Council tax and non-domestic rates	8.0%	7.6%	7.7%
All other revenue	8.9%	8.8%	8.7%
Total current non-North Sea revenue	7.9%	7.8%	7.7%

Adjustments

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.

Unlike the expenditure accounting adjustments, which are shown in separate expenditure lines, the revenue accounting adjustments are included within different revenue lines, as is set out in Table A.9 in the online tables. In order to aid transparency, a revenue accounting adjustments line is shown at the bottom of Table 1.3 and 1.5 . This is a sub-total of revenue and is not additional to the revenue totals reported in the tables.

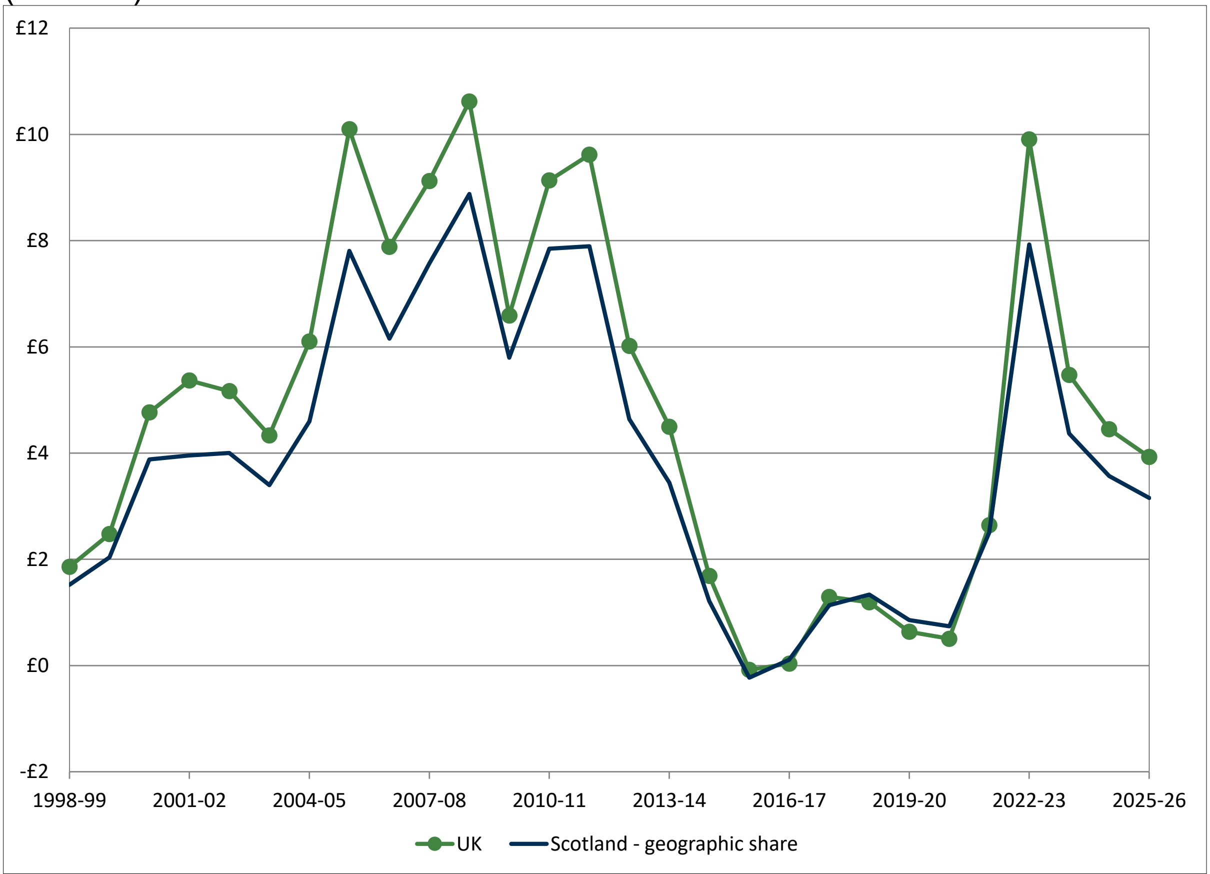
Table 1.5: Revenue: Scotland and UK 2023-24 to 2025-26 (£ million)

Source of Revenue	Scot 2023-24	Scot 2024-25	Scot 2025-26	UK 2023-24	UK 2024-25	UK 2025-26
Income tax	18,802	20,593	22,072	276,997	305,904	330,250
National insurance contributions	13,558	12,802	15,174	179,907	172,422	204,972
Value added tax	15,047	15,523	16,338	168,433	173,374	182,457
Onshore Corporation tax	6,019	6,146	6,387	90,778	93,681	98,916
Fuel duties	2,185	2,132	2,123	24,922	24,359	24,249
Non-domestic rates	3,033	3,146	3,184	29,486	32,463	33,536
Council tax	2,896	2,950	3,298	44,489	47,417	50,448
VAT refunds	2,549	2,642	2,737	27,955	29,352	30,437
Capital gains tax	620	658	1,168	14,494	13,687	24,293
Inheritance tax	372	409	420	7,535	8,286	8,502
UK stamp duties	165	277	303	16,792	20,604	22,798
Land & buildings transaction tax	775	895	983	775	895	983
Scottish landfill tax	69	56	56	69	56	56
Air passenger duty	291	294	294	3,846	4,131	4,489
Tobacco duties	924	815	769	8,969	7,909	7,468
Alcohol duties	1,048	1,050	1,041	12,515	12,545	12,432
Insurance premium tax	580	619	625	8,382	8,940	9,033
Vehicle excise duties	612	653	705	7,853	8,378	9,047
Environmental levies	927	939	1,002	8,222	8,250	9,027
Other taxes	2,836	2,831	2,879	35,622	36,307	37,316
Total Non-North Sea taxes	73,311	75,430	81,559	968,041	1,008,90	1,100,709
North Sea (Population share)	439	356	313	5,473	4,450	3,928
North Sea (Geographical share)	4,370	3,568	3,153	5,473	4,450	3,928
Interest and dividends	3,621	3,332	3,489	45,289	44,726	42,991
Gross operating surplus	9,020	9,395	9,812	74,623	78,094	81,936
Other receipts	222	221	249	2,339	2,316	2,597
Total excluding North Sea	86,174	88,377	95,109	1,090,292	1,134,096	1,228,233
Total including population share of North Sea	86,613	88,733	95,422	1,095,765	1,138,546	1,232,161
Total including geographical share of North Sea	90,544	91,945	98,262	1,095,765	1,138,546	1,232,161
Of which, revenue accounting adjustment	9,656	10,145	10,722	93,467	98,420	104,135

2. North Sea Revenue

Chart 2.1: North Sea Revenue in Scotland and UK peaked in 2008-09, before falling. Although close to the peak again 2022-23 North Sea revenue has fallen in each year since

North Sea revenue Scotland (geographic share) and UK
(£ billion)



North Sea revenue refers to all offshore oil and gas activity and includes: petroleum revenue tax, corporation tax, licence fees, and the energy profits levy.

The revenue raised from each component of North Sea revenue since 2023-24 is shown below. UK North Sea revenue declined in each of the last three years. In 2025-26 it was £3.9 billion. This reflects the path of oil and gas prices over recent years declined compared to 2024-25.

Table 2.1: Composition of North Sea Revenue (£ million) UK 2023-24 to 2025-26

Source of Revenue	2023-24	2024-25	2025-26
Licence fees	46	47	47
North Sea corporation tax	2,685	2,233	1,821
Petroleum revenue tax	-427	-350	-459
Energy profits levy	3,169	2,520	2,519
Total	5,473	4,450	3,928

Scotland's illustrative geographical share of UK North Sea revenue is shown below, was higher in 2023-24 than the later years shown, likely reflecting the greater profitability of oil fields relative to gas fields in that year.

Table 2.2: Geographical Share of North Sea Revenue 2023-24 to 2025-26

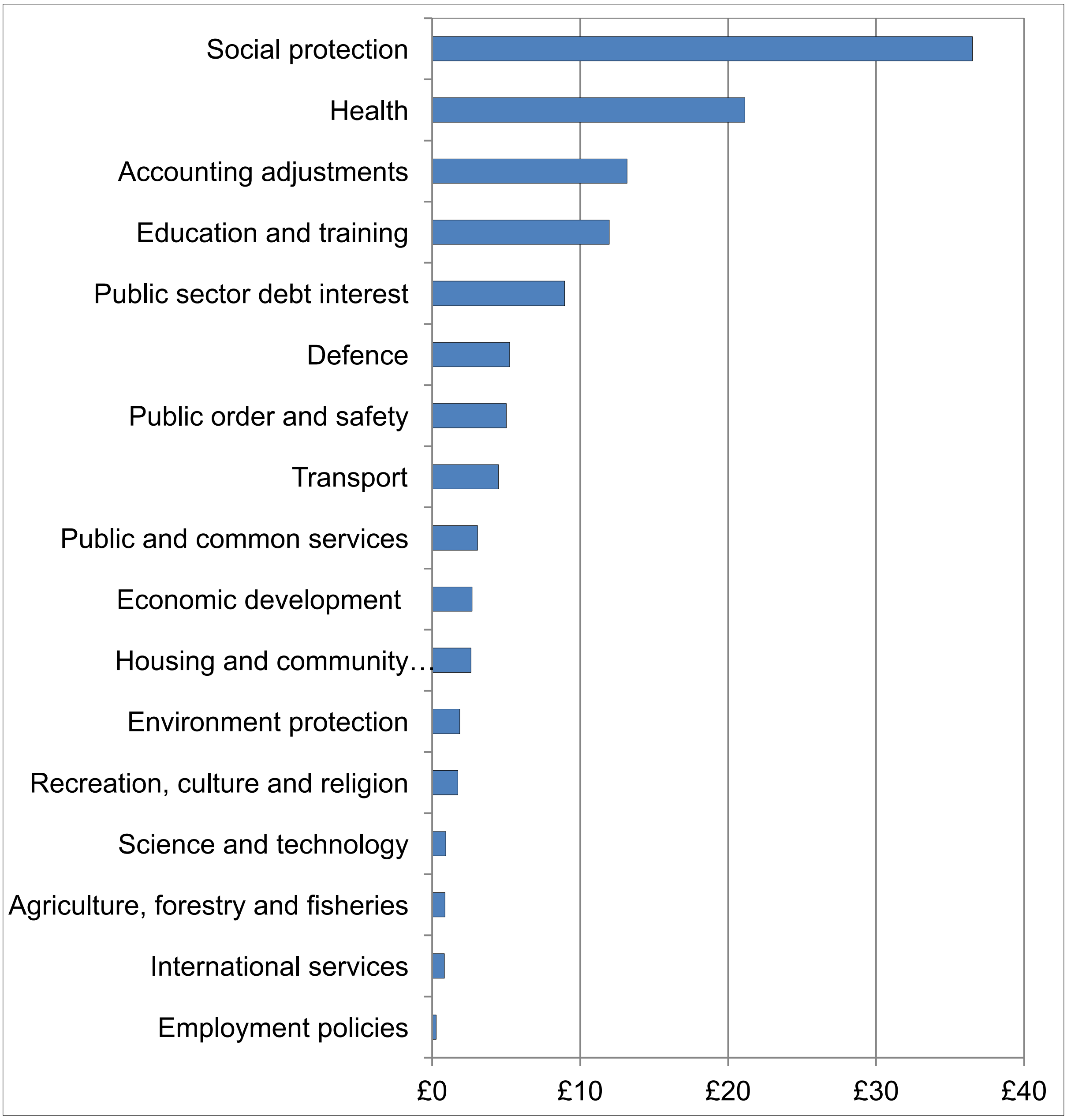
Source of Revenue	**2023-24**	**2024-25**	**2025-26**
UK revenue (£million)	5,473	4,450	3,928
Licence fees	46	47	47
North Sea corporation tax	2,685	2,233	1,821
Petroleum revenue tax	-427	-350	-459
Energy Profits Levy	3,169	2,520	2,519
Scottish geographical revenue (£ million)	4,370	3,568	3,153
Licence fees	37	38	38
North Sea corporation tax	2,148	1,786	1,457
Petroleum revenue tax	-350	-272	-357
Energy Profits Levy	2,535	2,016	2,015
Scottish share of UK (%)	79.8%	80.2%	80.3%
Licence fees	80.0%	80.0%	80.0%
North Sea corporation tax	80.0%	80.0%	80.0%
Petroleum revenue tax	82.0%	77.7%	77.7%
Energy Profits Levy	80.0%	80.0%	80.0%

Further commentary on the background concerning fluctuations in North- Sea revenue are provided in the methodology publication.
[Economy statistics - gov.scot]

3. Public Sector Expenditure

Chart 3.1 Social protection is the largest element of spend accounting for around 30 per cent of total spend

Total Public Sector Expenditure Scotland 2025-26
£ billion



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) e.g. health, education. Further information is provided in the Glossary. Current (day to day running costs) and capital expenditure (money spent on buildings or investments) are shown separately.

The primary data sources used to estimate Scottish public sector expenditure are explained on page 11.

Expenditure

Expenditure increased to £123.6 billion in 2025-26, from £117.9 billion in 2024-25. Overall, spending in 2025-26 grew slightly faster than the economy. Spending as a share of GDP increased to 53.1 per cent.

Public spending remains historically high, as a percentage of GDP, almost 9 percentage points higher than pre-pandemic.

Table 3.1: Total Public Sector Expenditure, Scotland and UK 2024-25 to 2025-26

Statistic	2024-25	2025-26	Annual change
Scotland (£ million)	117,887	123,566	4.8%
Scotland (% of UK Expenditure)	9.1%	9.1%	0.0 p.p
Scotland (% of GDP)	52.1%	53.1%	1.0 p.p
Scotland - excluding North Sea (% of GDP)	55.6%	55.9%	0.3 p.p
UK (% of UK GDP)	44.0%	44.3%	0.3 p.p

p.p – percentage point

The table above 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).

Excluding North Sea GDP, public sector spending as a share of GDP has remained broadly unchanged at 55.9% in 2025-26, it remains almost 8.0 percentage points higher than before the pandemic.

Expenditure per person

Expenditure for Scotland per person is higher than the UK average over the period.

The relative gap between Scottish and UK spending per person increased in 2025-26, with spend per person £2,720 (13.9%) higher in Scotland than the UK.

Table 3.2: Total Expenditure per Person (£ per person) Scotland and UK 2024-25 to 2025-26

Statistic	2024-25	2025-26	Annual change
Scotland	21,265	22,281	4.8%
UK	18,605	19,561	5.1%
Difference Scotland minus UK	2,659	2,720	2.3%

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.

Public sector expenditure by category

Spend, for Scotland, has increased by 4.8 per cent from 2025-26.

Social protection the largest element of spend, accounted for almost 30 per cent of total spend and increased by the greatest amount (+£2.1 billion).

This spend is discussed in more detail below.

Health accounts for just over 17 per cent of overall spending, with the second largest increase in spend (+1.5 billion)

Although spending increased in most areas. There were some areas with comparatively small annual decreases in level of spend, for example Education and training and Housing and Community amenities. Table 3.3 shows a breakdown of spending by category.

Table 3.3: Total Expenditure: Scotland 2025-26

Expenditure	£ million	% of total expenditure
Public and common services	3,075	2.5%
International services	827	0.7%
Reserved public sector debt interest	8,868	7.2%
Local government pension fund interest expenditure	2,387	1.9%
Defence	5,234	4.2%
Public order and safety	5,003	4.0%
Enterprise and economic development	2,700	2.2%
Science and technology	922	0.7%
Employment policies	277	0.2%
Agriculture, forestry and fisheries	858	0.7%
Transport	4,471	3.6%
Environment protection	1,866	1.5%
Housing and community amenities	2,616	2.1%
Health	21,120	17.1%
Recreation, culture and religion	1,726	1.4%
Education and training	11,976	9.7%
Social protection	36,502	29.5%
EU transactions	-38	0.0%
Accounting adjustments	13,175	10.7%
Total Expenditure	123,566	100.%

Table 3.4 shows most expenditure is current compared with capital.

Expenditure Type	2023-24	2024-25	2025-26
Current	89.0%	87.6%	88.2%
Capital	11.0%	12.4%	11.8%

Spending by different parts of the Public Sector

Table 3.5 below provides a breakdown of devolved expenditure by the Scottish Government, Scottish local government and public corporations (devolved), and reserved expenditure by other UK government bodies

Table 3.5: Total Expenditure: Devolved and reserved, Scotland 2023-24 to 2025-26 (£ million)

Function	Devolved 2023-24	Devolved 2024-25	Devolved 2025-26	Reserved 2023-24	Reserved 2024-25	Reserved 2025-26	Total 2023-24	Total 2024-25	Total 2025-26
Public and common services	2,073	2,029	1,951	1,314	1,004	1,125	3,387	3,034	3,075
International services	1	0	0	845	836	827	846	836	827
Public sector interest expenditure	2,229	2,304	2,387	8,768	8,625	8,868	10,997	10,929	11,255
Defence	4	4	5	4,561	5,091	5,229	4,565	5,095	5,234
Public order and safety	3,526	3,835	4,423	576	535	579	4,102	4,370	5,003
Enterprise and economic development	1,189	1,221	1,132	1,590	1,291	1,569	2,779	2,512	2,700
Science and technology	3	2	3	827	792	919	829	794	922
Employment policies	0	0	0	370	300	277	370	300	277
Agriculture, forestry and fisheries	819	805	802	38	52	56	857	856	858
Transport	2,941	3,267	3,233	1,195	1,243	1,238	4,136	4,510	4,471
Environment protection	1,184	1,355	1,355	337	397	511	1,521	1,753	1,866
Housing and community amenities	2,664	2,768	2,592	19	33	24	2,683	2,802	2,616
Health	17,917	19,483	20,936	293	164	185	18,210	19,647	21,120
Recreation, culture and religion	1,150	1,174	1,160	418	462	566	1,568	1,636	1,726
Education and training	11,350	12,163	11,955	19	22	21	11,369	12,185	11,976
Social protection	11,569	12,488	12,823	20,844	21,886	23,679	32,413	34,374	36,502
EU Transactions	0	0	0	66	-92	-38	66	-92	-38
Accounting adjustments	9,322	9,818	10,351	2,319	2,529	2,824	11,641	12,347	13,175
Total	67,942	72,718	75,108	44,398	45,170	48,458	112,340	117,887	123,566

Table 3.6: Total Expenditure: UK 2025-26

Expenditure	£ million	% of total expenditure
Public and common services	24,870	1.8%
International services	10,331	0.8%
Reserved public sector debt interest	130,305	9.6%
Defence	65,418	4.8%
Public order and safety	55,719	4.1%
Enterprise and economic development	23,481	1.7%
Science and technology	11,268	0.8%
Employment policies	3,689	0.3%
Agriculture, forestry and fisheries	6,598	0.5%
Transport	48,923	3.6%
Environment protection	19,157	1.4%
Housing and community amenities	22,465	1.7%
Health	257,542	18.9%
Recreation, culture and religion	15,054	1.1%
Education and training	125,719	9.2%
Social protection	407,270	29.9%
EU transactions	-166	0.0%
Accounting adjustments	132,480	9.7%
Total Expenditure	1,360,122	100.0%

Social protection spending in Scotland

Social protection spending is the largest single spending category and covers a range of different spend types.

The largest spending elements in Scotland within social protection are:

- state pension by the Department for Work and Pensions (DWP). 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 local authority administered spend including:

- the Scottish Welfare Fund,
- Council Tax Reduction Scheme, and
- Discretionary Housing Payments

It also includes Social security spend, from 2019 as set out in Chapter 4.

The Scottish Fiscal Commission has highlighted that spending on devolved social security in Scotland is growing faster than its equivalent in the UK, reflecting a range of factors including the introduction of new benefits and greater take up of devolved benefits as they replace those previously available. Scottish Government spending on social security (a subset of social protection devolved to the Scottish Government) grew by 11% in 2025-26, faster than overall social protection spend (6%).

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 spend.

Table 3.7 Social protection spending for Scotland (£ million)

Social protection spend	2023-24	2024-25	2025-26
State pension	10,543	11,731	12516
Housing benefit	1,237	1,235	1,019
Universal credit	3,903	4,971	6,537
Other DWP social security	2,774	2,400	1,722
HMRC child benefit and tax credits	1,423	1,082	961
Scottish Government social security	5,422	6,038	6,709
Total Social security spending in Scotland	25,302	27,458	29,465
Share of benefit spending outside UK	429	463	462
Share of corporate spend	102	124	150
Other social protection: Net public sector pensions	129	-39	-299
Other social protection: Social care for the elderly	3,429	3,710	4,014
Other social protection: Other	3,021	2,659	2,711
Total social protection	32,413	34,374	36,502

Source: HMT CRA (2024-25), Latest year are estimates, Table 3.3, 4.3 & 4.4.

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)]

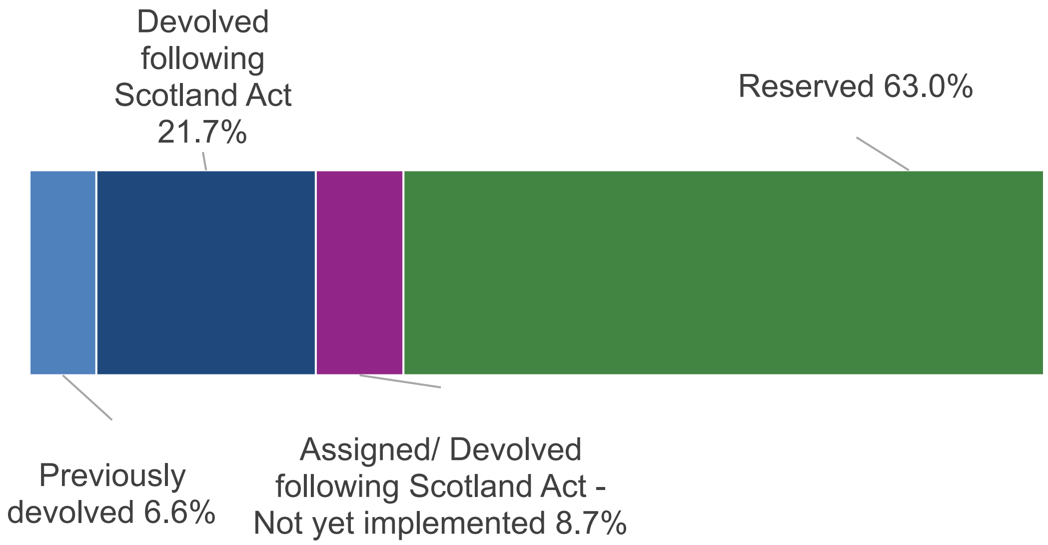
Accounting adjustments

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 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 the online tables .

4. Devolved Revenue and Expenditure

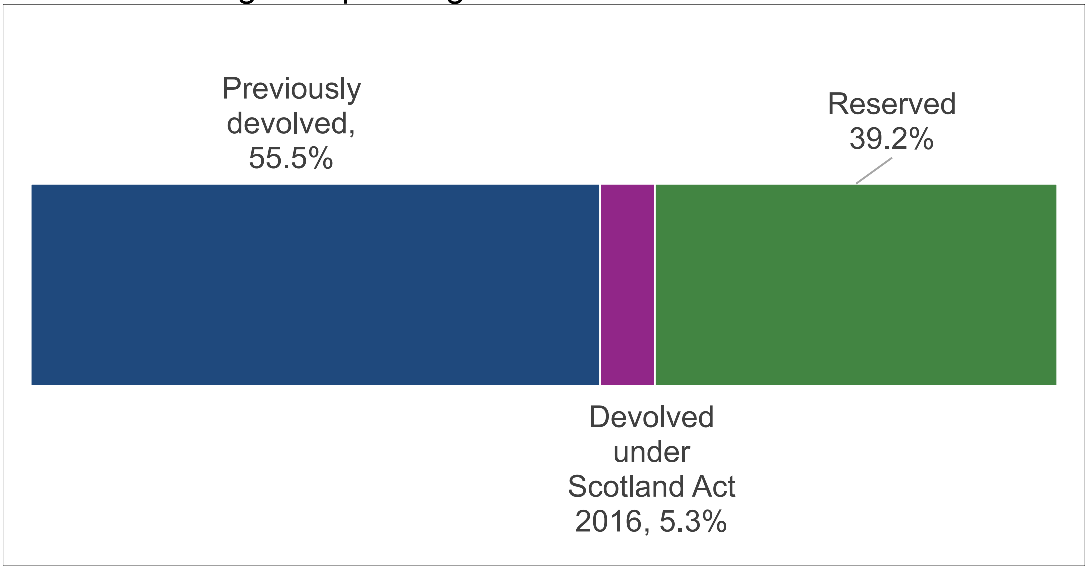
Chart 4.1 Around 28 per cent of revenue raised from the businesses and people in Scotland is currently devolved, with a further 8.7 percent due to be devolved or assigned in future.

Devolved and Reserved Revenue in Scotland, 2025-26
Percentage of revenue raised



Note: VAT is planned to be an assigned tax. A proportion of revenue from VAT raised in Scotland will be allocated to the Scottish budget, but the Scottish Government will have no powers over how the tax operates.
Devolved taxes to be implemented include Air passenger Duty and Aggregate Levy

Chart 4.2 Around 60 per cent of spending for Scotland is devolved
Devolved and Reserved Expenditure in Scotland 2025-26
Percentage of spending



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 2025-26 is estimated at £27.8 billion.

Table 4.1: Currently devolved taxes (£ million)

Tax Type	2023-24	2024-25	2025-26
Council tax	2,896	2,950	3,298
Non-domestic rates	3,033	3,146	3,184
Land and buildings transaction tax (devolved from 2015-16)	775	895	983
Scottish landfill tax (devolved from 2015-16)	69	56	56
Non-savings and non-dividend income tax liabilities (devolved from 2016-17)[1]	17,093	18,635	20,280
Total devolved taxes	23,867	25,683	27,801

Sources: Scotland's Economic and Fiscal Forecasts – January 2026 | Scottish Fiscal Commission Figure 4.1, SG Council tax, Non-domestic rates, SLFT, LBTT- Revenue Scotland

[1] This table shows Scottish Rate of Income Tax liabilities rather than receipts in a given year and do not directly compare with the figures in Chapter 3.

Future devolved revenues

Devolution of taxes is due to continue, with Air Passenger Duty and Aggregates Levy due to be devolved following the Scotland Act 2016, from April 2027 and April 2026 respectively.

As well as 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.

Table 4.2: Revenue to be devolved under Scotland Act 2016 (£ million)

Revenue	2023-24	2024-25	2025-26
Air passenger duty (April 2027)	291	294	294
Aggregates levy (April 2026)	52	51	51
VAT assignment (in transition)	7,523	7,761	8,169

Note: Assigned VAT receipts are 50% of total receipts in all years.

Devolved Spending

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)

Social Security	2023-24	2024-25	2025-26
Council tax reduction	386	390	425
Scottish welfare fund	50	47	52
Discretionary housing payments	81	89	93
Total	517	526	570

Source: Scottish Government

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.

Table 4.4: Devolved social security under Scotland Act 2016 (£ million)

Social Security	2023-24	2024-25	2025-26
Best Start Grant (previously Sure Start Maternity Grant)	21	20	24
Best Start Foods	13	16	13
Funeral Support Payment (previously Funeral Payment)	13	12	12
Scottish Child Payment	429	456	461
Carer's Allowance Supplement	48	54	56
Child Winter Heating Payment	8	10	11
Winter Heating Payment (previously Cold Weather Payments)	25	27	28
Child Disability Payment	425	514	577
Adult Disability Payment	2632	3131	3382
Scottish Adult Disability Living Allowance	445	430	408
Job Start Payment	0	0	0
Young Carer's Grant	1	2	2
Employment Injuries Disablement Benefit	81	82	80
Severe Disablement Allowance	6	5	5
Pension Age Disability Payment (Previously Attendance Allowance)	659	763	857
Carer’s Support Payment (Previously Carers Allowance)	358	391	441
Pension Age Winter Heating Payment (previously Winter Fuel Payment)	184	29	189
Total expenditure on social security to be devolved	5,349	5,942	6,547

Source: OSCAR, Social Security Statistics, Scottish Fiscal Commission

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 Government. Further information on the funding received by the Scottish Government is set out in the Fiscal Framework Outturn Report

Fiscal framework: agreement between the Scottish and UK Governments - gov.scot
Fiscal framework outturn report: 2025 - 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.

Table 4.5: Fiscal powers before and after Scotland Act 2016, 2025-26 (£ million)

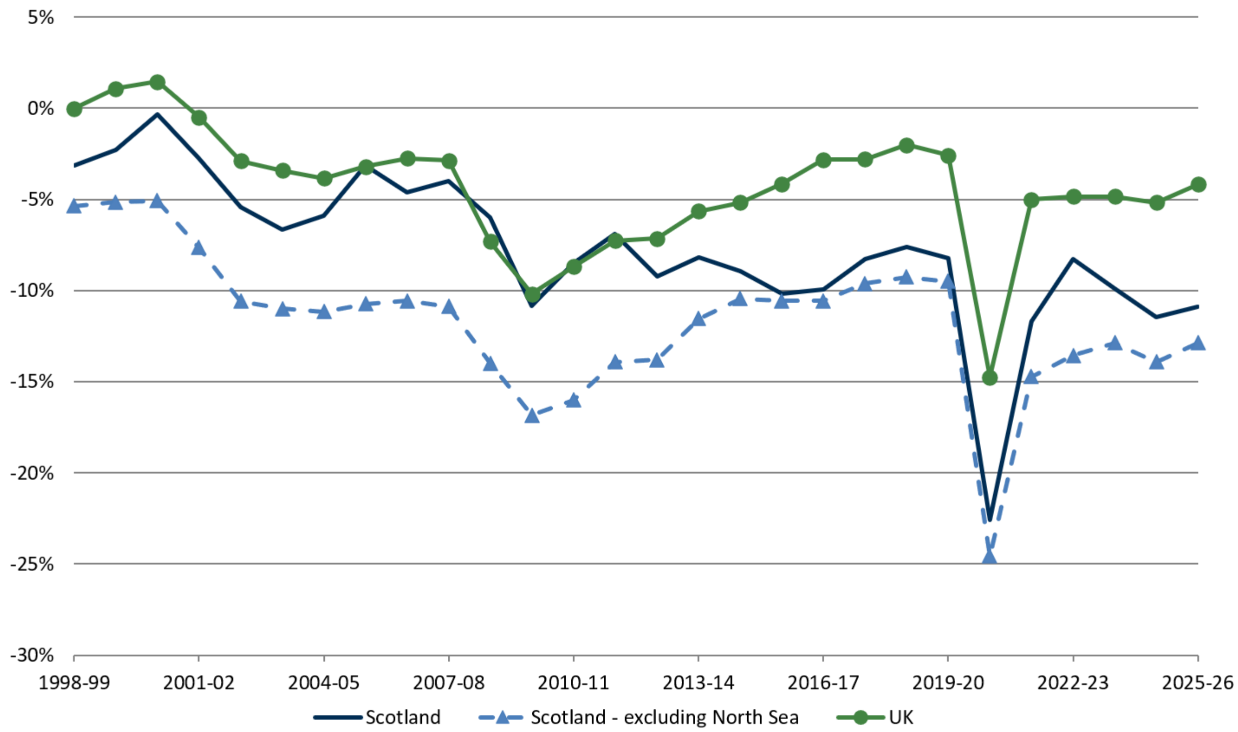
Statistic	Pre Scotland Acts	Post Scotland Acts
Non Saving Non Dividend Income Tax Liabilities (devolved from 2016-17)	[N/A]	20,280
Council Tax	3,298	3,298
Non Domestic Rates	3,184	3,184
Land and buildings transaction tax	[N/A]	983
Landfill Tax (devolved from 2015-16)	[N/A]	56
Air Passenger Duty (from April 2027)	[N/A]	294
Aggregates Levy (from April 2026)	[N/A]	51
Total devolved taxes	6,482	28,146
as % of non-North Sea Scottish revenue	7%	30%
as % of revenue incl geographical share of North Sea revenue	7%	29%
Assigned VAT (in transition from 2019-20)	[N/A]	8,169
Total devolved and assigned taxes	6,482	36,315
as % of non-North Sea Scottish revenue	7%	38%
as % of taxes incl geographical share of North Sea revenue	7%	37%
Devolved expenditure including housing benefit[1] (HB)	68,560	75,108
Devolved taxes as % of estimated devolved expenditure	9%	37%
Devolved and Assigned taxes as % of estimated devolved expenditure	9%	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. Scotland Acts were 2012 and 2016

5. Net Fiscal Balance

Figure 1: Net fiscal balance improved in 2025-26 as revenue grew faster than expenditure

Annual Net Fiscal Balance, 1998-99 to 2025-26, Percentage of GDP



The notional net fiscal balance measures the difference between total public sector expenditure and total public sector revenue. In the year to 2025-26

- In 2025-26, Scotland's net fiscal balance as a share of GDP was -10.9%, compared to -11.5% in 2024-25. This is an improvement of 0.6 percentage points for Scotland, whilst the UK deficit improved by 1.0 percentage points.

Table 5.1: Net Fiscal balance, Scotland and UK 2024-25 to 2025-26

Statistic	2024-25	2025-26	Annual change
Scotland (£ million)	-25,942	-25,304	638
Scotland - excluding North Sea (£ million)	-29,510	-28,457	1,054
Scotland (% of GDP)	-11.5%	-10.9%	0.6 p.p
Scotland - excluding North Sea (% of GDP)	-13.9%	-12.9%	1.0 p.p
UK (% of GDP)	-5.2%	-4.2%	1.0 p.p

p.p – percentage point

Supplementary Table
Additional online tables are published on the Scottish Government web site

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

Data and methodology

The GERS website Economy statistics - gov.scot (www.gov.scot) contains:

- a copy of the PDF report,
- GERS tables in Excel format and statistics providing a consistent time series of Scotland's public sector finances from 1998-99 to 2024-25.
- Methodology publication including frequently asked questions and quality measures
- previous versions of the publication
- Frequently asked questions

Revisions are a normal part of statistical production. Some data are provisional at time of use and subsequently revised, or more timely statistics will has become available. All revisions are published in table B1 to B10 in web tables and further details are provided in the methodology publication.

Tell us what you think

We are always interested to hear from our users about how our statistics are used, and how they can be improved.

GERS user feedback form.

We are always reviewing our statistical work programme so our methods and outputs remain robust and meet our stakeholders needs.

Please feedback on the content and format of the GERS publication at the link below:

Government Expenditure and Revenue Statistics – User form

Enquiries

For enquiries about this publication please contact:

National Accounts Statistics
E-mail: economic.statistics@gov.scot

For general enquiries about Scottish Government statistics please contact:

Office of the Chief Statistician
e-mail: statistics.enquiries@gov.scot

More information about Scottish Government statistics is available on the Scottish Government website.

Join our mailing list

If you would like to receive notifications about statistical publications, or find out about consultations on our statistics please join the ScotStat mailing list.

Future publications

Details of future publications can be found on our forthcoming publications page.

Scottish Government
Riaghaltas na h-Alba

This publication is available on The Scottish Government website: **www.gov.scot**

ISBN: 978-1-80775-408-2 (web only)

Published by The Scottish Government, August 2026

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1772886 (08/26)