

In conjunction with:



## INITIAL BRIEFING

*14<sup>th</sup> November 2007*

### ***CPPR ANALYSIS OF THE SCOTTISH GOVERNMENT'S POST COMPREHENSIVE SPENDING REVIEW (CSR) BUDGET, 2007-08 to 2010-11***

#### Main points

- The biggest 'winner', in terms of an annualised increase 2007-08 to 2010-11 in Departmental Expenditure Limits (DEL) is Rural Affairs and the Environment (rising on average over 7% p.a. – or 4.3% p.a. in real terms), followed by the Crown Office & Procurator Fiscal Service (over 6% p.a. – or 3.3% in real terms) and Office of the First Minister (4.6% p.a. – or 1.9% in real terms).
- Local Government DEL has seen an increase of 4.3% p.a. (or 1.6% p.a. in real terms) over 2007-08 to 2010-11; however, significant amounts of Education, Health and Justice DEL have been reallocated to this portfolio making it difficult to assess how much is now to be spent in these areas (since there is no breakdown of the Local Government figures by spending areas). Hence, there is a significant loss of transparency in the information provided in the Spending Review.
- In real terms (i.e. after adjusting for inflation), the Administration of the Scottish Government received a cut in their budgets of 0.7% p.a.
- In the Finance & Sustainable Growth portfolio, DEL will rise by 1.5% p.a. in real terms; however, within this area Rail Services in Scotland are due to fall by 1.8% p.a. in real terms. Scottish Enterprise and HIE fall by 5% p.a. and 7.5% p.a., respectively (after adjusting for inflation). Visit Scotland falls by 0.5% p.a. (in real terms). Also, within this portfolio the Central Heating Initiative is forecast to fall 2.6% p.a. (in real terms).
- NHS Scotland benefits by 0.5% p.a. (in real terms); however, Dental Services, General Medical Services, General Ophthalmic Services and Pharmaceutical Services all decline by more than 2.6% p.a. (in real terms).
- To help fund overall spending commitments the Cabinet Secretary signalled not only a continuation of the Public Sector efficiency programme, but increased it to 2% p.a.

- from 1.5% p.a. This will be a significant challenge to deliver but essential to maintain Scotland's public services.
- In general terms there are very considerable problems in comparing future spending patterns with past ones. This is due to inconsistencies in presentation arising from changes in Ministerial portfolios and reallocations since the Autumn Budget Revision published in October. This means it will take time to fully understand the implications of the Budget.

### Advance notice:

The new Economic Strategy and a more detailed analysis of the Scottish Government's spending plans will be published at 1am on the 27<sup>th</sup> November (<http://www.cppr.ac.uk/centres/cppr/newsandevents/>) followed by a presentation of key findings at a seminar (conducted under Chatham House rules) on Tuesday 27<sup>th</sup> November (14.30 – 16.00) in Ivy Lodge, 63 Gibson Street, Glasgow (email [cppr@gla.ac.uk](mailto:cppr@gla.ac.uk) to book a place).

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