



E: economic.statistics@gov.scot

Edward Witney
Via email

Your ref:
Our ref: FOI/18/03746

9 January 2019

REQUEST UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002 (FOISA)

Dear Edward Witney,

Thank you for your request dated 14 December 2018 under the Freedom of Information (Scotland) Act 2002 (FOISA).

Your request

You asked for:

All data and analysis that the Scottish Government has done on the fiscal transfers to Scotland from the UK and rUK.

That is, specifically, the amounts of fiscal transfer that we received in 2017/18 from the UK and rUK?

In separate correspondence you have also asked:

Scotland ran a deficit of £13.4bn last year. That money had to come from somewhere and as far as I'm aware most of that money came in the form of a fiscal transfer ... Are these numbers correct or incorrect?

And:

The ONS also release regional data on deficits and surpluses. Can you please tell me whether these numbers are correct or not and if not correct what the fiscal transfer numbers were for last year?

The response below addresses all these queries.

Response to your request

The majority of taxes in the UK are set and collected by the UK Government and are used to fund public services throughout the UK, irrespective of which part of the country in which the revenue was raised.



The Scottish Government receives a block grant from the UK Government to help fund devolved services in Scotland. This is set out in Table 1.02 of the Scottish Government Draft Budget 2017-18. In 2017-18 the total budget limit from HM Treasury was £31.6 billion. In contrast, approximately £60.0 billion in tax revenue is estimated to have been raised in Scotland from a combination of reserved and devolved taxes.

The £13.4 billion figure you refer to is published in Government Expenditure & Revenue Scotland (GERS). It is the estimated difference between total public sector revenue raised in Scotland and expenditure for Scotland in 2017-18. It includes all public sector expenditure for Scotland, some of which is not spent by the Scottish Government. For example, the state pension, child tax credits, and defence expenditure are not paid out of Scottish Government budgets.

However, it is important to note that this figure does not represent a fiscal transfer from the rest of the UK to Scotland. Official figures for any fiscal transfer are not available.

The reason this information is not available is that such a figure requires a number of assumptions to be made. For example, as the UK as a whole spends more than is raised in revenue, an assumption would need to be made about which parts of the UK borrowing is undertaken for, or which types of public spending are financed by borrowing as opposed to taxation. This information is not available as, for example, some taxes are ringfenced to fund particular services; for example, some national insurance contributions are ring-fenced to fund the NHS. As such, any figure for a fiscal transfer from the rest of the UK to Scotland would rely on a number of assumptions. Similarly, note that the ONS publication on regional public sector finances you refer to does not include numbers for fiscal transfers.

Your right to request a review

If you are unhappy with this response to your FOI request, you may ask us to carry out an internal review of the response, by writing to the Chief Economist, St Andrews House, Regent Road, Edinburgh, EH1 3DG, or emailing Gary.Gillespie@gov.scot. Your review request should explain why you are dissatisfied with this response, and should be made within 40 working days from the date when you received this letter. We will complete the review and tell you the result, within 20 working days from the date when we receive your review request.

If you are not satisfied with the result of the review, you then have the right to appeal to the Scottish Information Commissioner. More detailed information on your appeal rights is available on the Commissioner's website at:

<http://www.itspublicknowledge.info/YourRights/Unhappywiththeresponse/AppealingtoCommissioner.aspx>.

Yours sincerely,

Iain Pearce

Office of the Chief Economic Adviser
St Andrews House

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