



The Scottish
Government

SCOTTISH BUDGET SPENDING REVIEW 2007

WEALTHIER & FAIRER



SMARTER



HEALTHIER



SAFER & STRONGER



GREENER



SCOTTISH BUDGET **SPENDING REVIEW** 2007

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ISBN: 978-0-7559-5544-2

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

Produced for the Scottish Government by RR Donnelley B53225 11/07

Published by the Scottish Government, November, 2007

Further copies are available from
Blackwell's Bookshop
53 South Bridge
Edinburgh
EH1 1YS

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FOREWORD

BY THE CABINET SECRETARY FOR FINANCE AND SUSTAINABLE GROWTH

The Purpose of the Scottish Government is to focus our resources on creating a more successful country with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The *Government Economic Strategy* has set out a clear and achievable way forward and this document now provides more detail of how our spending plans over the next three years will help deliver that Purpose – greater prosperity and opportunity – for the people of Scotland.



We now face a period of much lower growth in public spending than in recent years, a position made more difficult by significant inherited spending pressures from the previous administration. The settlement we have received from the UK Treasury for the next three years is the worst since devolution, and particularly tight in 2008-09. To help, we have secured an unprecedented agreement to make full use of Scotland's money currently held at the UK Treasury. In order to ensure we deliver the most from our people's money, we have set a challenging, and achievable, target of 2 per cent cash-releasing efficiencies each year. This will ensure that £1.6 billion of taxpayers' money can be redirected over the next three years, allowing us to do more for the people of our nation.

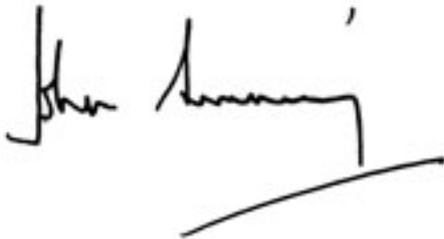
This Budget is about delivery in these tight financial times. It is about taking the right decisions needed to ensure maximum resources flow to boosting our economy and investing in our public services, bringing clear benefits for all of Scotland.

Our spending plans will cut business rates for our small companies; put more police on Scotland's streets; deliver smaller class sizes in P1 to P3; expand pre-school provision; provide more support for carers; provide funding for a council tax freeze; improve the commute for many, including reduced rail journey times between our major cities; reduce waiting times for patients; expand support for drug rehabilitation; increase funding on renewable energy; enhance financial support for Scotland's students, universities and colleges and more.

We are clearly focused on Scottish success. Our plans will deliver a wealthier and fairer, smarter, healthier, safer and stronger and greener Scotland.

The development of a new and much more productive relationship with local government, recognising the unique role it plays in the delivery of public services and the achievement of our Purpose, is central to our plans. We want to liberate local government from micro-management by national government and enable local councils to have greater flexibility and responsibility for their actions. This new partnership is set within the context of a new performance framework which will allow us more clearly and openly to demonstrate our performance as a government and sharpen the focus of *all* those responsible for public service delivery, in national and local government, for the benefit of the people of Scotland.

I am proud to deliver the first Budget of the new Scottish Government. It is our social democratic contract with the people of our country and an important first step towards greater national success. Our plans will create a stronger, more confident and prosperous Scotland and that is what the people of Scotland deserve.

A handwritten signature in black ink, appearing to read 'John Swinney', with a long horizontal line underneath.

John Swinney MSP

Cabinet Secretary for Finance and Sustainable Growth

November 2007

SECTION 1 DELIVERING THE SCOTTISH GOVERNMENT'S PURPOSE AND STRATEGIC OBJECTIVES

1

CHAPTER 1: OVERVIEW

Since May 2007, the Scottish Government has been determined to set Scotland on a new path. The measures outlined in our spending plans build on some important first steps already announced.

To build a wealthier and fairer Scotland, we have refocused and energised the enterprise networks, removed the discriminatory tolls on the Forth and Tay Road Bridges and already provided an additional £100 million investment in an improved university and college estate.

To ensure a healthier Scotland, we have acted to remove hidden waiting lists and protected local Accident and Emergency Units threatened with closure.

To create a smarter Scotland, we have already allocated an extra £40 million for school buildings, employed more teachers and introduced the Bill to scrap fees for higher education.

To deliver a greener Scotland, we have confirmed our opposition to new nuclear power stations and set an ambitious target of an 80 per cent reduction in emissions by 2050 and acted promptly to protect the farming community severely undermined by the foot-and-mouth crisis.

And to make Scotland's communities safer and stronger, we have committed to invest in our prison estate and begun action to tackle the scourge of alcohol-related crime.

Our approach has already delivered big benefits for all parts of Scotland:

- we have saved threatened higher education provision at the Crichton Campus in Dumfries;
- we have sanctioned the largest commercial wave energy system in the world, in Orkney;
- we have committed to a Road Equivalent Tariff pilot for the Western Isles; and
- we have backed the world-famous Edinburgh Festivals with new funding.

This document builds on these firm foundations and makes clear the many ways the Scottish Government will deliver for the people of Scotland through its spending plans over the next three years from 2008-09.

This is the tightest financial settlement for Scotland set by the UK Government since devolution. Taking the Departmental Expenditure Limit for Scotland from 2002-03, the real terms increase in 2003-04 was 11.5 per cent. It was 4.7 per cent in 2006-07. Even in 2007-08, it was 3.4 per cent. For the next three years, the real growth for essential public services will be only 0.5 per cent in 2008-09, 1.6 per cent in 2009-10 and 2.3 per cent in 2010-11 – an average of 1.4 per cent. For that reason, and given the pressures inherited from the previous administration, we have:

- set a new, challenging, and achievable, target of 2 per cent cash-releasing efficiencies each year over the next three years;
- secured from the UK Government an unprecedented agreement to make full use of Scotland's money currently held at the UK Treasury. These plans include use of £874 million across the three years (£300m/£400m/£174m);
- phased in our programme over the life of this Parliament; and
- included a prudent level of over-allocation within our spending plans (£100m/£100m/£24m), to help minimise future underspends and to reduce the level of over-allocation that we have inherited.

Within that challenging settlement, we set out here how we will use the available funding towards the achievement of our single, overarching Purpose:

Our Purpose

To focus government and public services on creating a more successful country with opportunities for all of Scotland to flourish, through increasing sustainable economic growth

We will target our investment over the next three years to support policies and approaches that will deliver our Purpose through five Strategic Objectives:

The Strategic Objectives

WEALTHIER & FAIRER – Enable businesses and people to increase their wealth and more people to share fairly in that wealth

SMARTER – Expand opportunities for people in Scotland to succeed from nurture through to life long learning, ensuring higher and more widely shared achievements

HEALTHIER – Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care

SAFER & STRONGER – Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life

GREENER – Improve Scotland's natural and built environment and the sustainable use and enjoyment of it

The document is in four Sections:

- **Section 1:** Delivering the Scottish Government's Purpose and Strategic Objectives;
- **Section 2:** Portfolio Spending Plans;
- **Section 3:** The Draft Budget for 2008-09; and
- **Section 4:** A series of technical Annexes.

Section 1: Delivering the Scottish Government's Purpose and Strategic Objectives

In **chapter 2**, we describe the Scottish Government's Purpose in more detail and the rationale for the new approach we are taking, including the central role of the new *Government Economic Strategy* in delivering the Purpose.

In **chapter 3**, we describe how we will invest to create a **wealthier and fairer Scotland**. This chapter shows how we will target our spending to increase our competitiveness; make Scotland a more attractive place to live, work and invest; generate more opportunities for work; and ensure that the benefits of a wealthier Scotland are shared fairly across the nation. Our priorities include:

- **reducing or removing rates bills** for around 150,000 small business properties across Scotland;
- providing for a **freeze in council tax** before consulting on the introduction of a fairer local taxation system under which people will contribute according to their ability to pay;
- **increased investment in Scotland's strategic transport networks**, providing over £2.5 billion by 2010-11 to support the economy through the efficient movement of goods and people;
- **providing support for renewable energy, energy efficiency and climate change** and tripling the funding for community renewables and microgeneration; and

- launching the first ever **Saltire Prize** for innovation with the first challenge in 2008 focusing on renewable energy.

In **chapter 4**, we describe how we will invest to achieve a **smarter Scotland**. This chapter shows how we will target our spending to lay the foundations for the future wellbeing and achievement of our children and young people, increase skills development and the use of skills across our population and better channel the outputs of our universities and colleges into sustainable wealth creation. Our priorities include:

- working with local government on improving the learning experience for children and young people by **improving the fabric of schools and nurseries** and developing and delivering the Curriculum for Excellence; as quickly as is possible, **reducing class sizes in P1 to P3 to a maximum of 18** and ensuring **access to a teacher for every pre-school child**; and making substantial progress towards a **50 per cent increase in pre-school entitlement for 3 and 4 year olds**;
- legislating to **extend entitlement to nutritious free school meals** to all primary and secondary school pupils of families in receipt of maximum child or working tax credit in 2009 and to allow further **extension of free school meals to all P1 to P3 pupils** in 2010; **giving more school pupils opportunities to experience vocational learning** and improving support for children, young people and families at risk, including **providing allowances for kinship carers** of looked after children;
- **investing £5.24 billion** (£1.67bn/£1.75bn/£1.81bn) **in the further and higher education sectors** in Scotland, with an extra £100 million capital funding package in 2007-08 to maintain the competitiveness and effectiveness of the sectors; and
- **implementing *Skills for Scotland*** and establishing a skills body, Skills Development Scotland Ltd, to develop smarter demand, supply and use of skills in the economy and to deliver high quality training and learning across the population.

In **chapter 5**, we describe how we will invest to achieve a **healthier Scotland**. This chapter shows how we will target our spending to support people to lead healthier, longer and economically productive lives. Our investment is focused on supporting better health across Scotland, reducing inequalities in healthy life expectancy and further improving our health service. Our priorities include:

- investing in protecting and improving health with £20.1m/£30.1m/£35.1m to **reduce the harm done by misuse of alcohol**, £3 million a year for further **action to reduce smoking** and an £11.5 million a year programme on **diet and physical activity for health and to help prevent obesity** – all of which will improve health, have a positive impact on productivity and enhance the life circumstances and life chances of our population;
- making sure that NHS services are high quality, person-centred, convenient and efficient, with targeted health care investment for areas with the worst health records and £90 million a year to **ensure that by the end of 2011, nobody will wait longer than 18 weeks** from GP referral to be seen by a hospital consultant for routine conditions;
- **investing in a new screening programme to detect MRSA** in hospital patients at admission, to help prevent the spread of infection (£12.0m/£21.0m/£21.0m);
- investing £10 million each year to **provide flexible access to primary care** to help make services more accessible, especially to working people so that they do not need to take time off work to see their GP; and

- **improving access to NHS Dental Services**, particularly for children, through the introduction of a prevention-based school dental service, starting in the most deprived areas, and an expansion of the dental workforce through the establishment of a third dental school in Aberdeen (£4.5m/£6.0m/£9.0m).

In **chapter 6**, we describe how we will invest to achieve a **safer and stronger Scotland**. This chapter shows how our spending will help our communities thrive and become better places to live and work. We will invest to provide greater opportunities in all our communities by focusing on improving housing, regenerating disadvantaged neighbourhoods, fighting crime and reducing the fear of crime. Our priorities include:

- an **increase in the rate of new housing** by investing £430.0m/£507.8m/£533.2m in new and better housing supply across Scotland;
- through local government, investing £145 million each year in **regenerating our most disadvantaged communities**, with the full engagement of those who live in them;
- investing £13.5m/£18.0m/£22.5m to **make an additional 1,000 police officers available in our communities** through increased recruitment, improved retention and redeployment of police officers; and
- **tackling organised crime** through the newly created Serious Organised Crime Taskforce.

In **chapter 7**, we describe how we will invest to achieve a **greener Scotland**. This chapter shows how we will focus our spending on reducing the impact we have on our local and global environment, and on protecting and enhancing Scotland's unique environment. The investment will be targeted at: helping us make much greater use of our substantial renewable energy resource; reducing the climate change emissions from transport, housing and business; and improving Scotland's record on waste management and recycling. Our priorities include:

- delivering **increasingly high standards of environmental performance and design** as we refurbish the public sector estate, including schools, hospitals and prisons, and requiring the same of all new buildings and investments drawing on public funds;
- **tripling spending for community renewables and microgeneration** to £13.5 million a year and encouraging the recovery of woodfuel from waste, which can then be used to replace non-renewable fuels; and investing £15 million a year in new woodlands through the Forestry Commission;
- minimising the materials and energy we waste, **moving towards a 'zero-waste' society**;
- **protecting our environment and people from pollution** through record levels of investment in Scottish Water's infrastructure programme and providing additional funding for the Scottish Environmental Protection Agency's programmes addressing pollution; and
- **investing in public transport**, providing £840.0m/£917.0m/£897.0m on rail and tram services and projects, £3 million a year on travel information, £57.2 million a year to support bus services and £11 million on direct support for sustainable and active travel. This, along with our support to local authorities, will support sustainable places by reducing car dependency and increasing the proportion of people walking and cycling.

Spending for all of Scotland

Because Scotland's people come from a range of different backgrounds and have differing needs, we will ensure that our investment and our policies promote equality and do not discriminate unjustly or perpetuate inequality and disadvantage.

We not only have legal responsibilities to promote equality and eliminate discrimination, we have also made voluntary commitments because we believe that achieving greater equality is essential for the successful delivery of our overarching Purpose.

The principles of equality underpin the investment outlined throughout this document and our work across all Strategic Objectives.

The new approach to performance

Our spending plans are supported by a new **national performance framework** outlined in **chapter 8**.

This framework will provide the basis for agreeing with the different parts of the public sector how they will contribute to the achievement of the Purpose and the Strategic Objectives. In this way, it will allow the people of Scotland to monitor the government's performance and the performance of all our public sector.

A more effective government

As highlighted above, the drive for more effective government is a central part of the Spending Review and is underpinned by a new **Efficient Government Programme** for 2008-11. This programme provides a new commitment to delivering 2 per cent cash-releasing efficiencies each year over the next three years. The majority of efficiency gains are expected to be delivered by business process improvement, more effective management of public assets and the application of shared services, including improved collaborative procurement.

In monetary terms, this will mean that £1.6 billion of taxpayers' money will be re-targeted over this spending period to support programmes and policies which are delivering against our five Strategic Objectives. We will publish our detailed plans by the end of March 2008.

Section 2: Portfolio Spending Plans

This Section provides the individual portfolio spending plans over the Spending Review period. **Chapters 9 to 17** set out the responsibilities of each portfolio and the spending priorities and plans in more detail over the next three years.

In **chapter 17**, we describe the new partnership that we propose with local government, recognising its vital role in the governance of Scotland. We want this new partnership to be based on mutual respect and an agreed recognition of our shared national priorities. With local government, we want to introduce Single Outcome Agreements, giving local authorities more autonomy to deliver national outcomes and local priorities for the communities they serve.

As indicated in chapters 9 to 17, Scotland's Total Managed Expenditure (TME) amounts to £33.3 billion in 2008-09, rising to £35.8 billion in 2010-11. Funding derives from three main sources. Around 94 per cent is Scotland's share of UK Government spending; 6 per cent comes from business rates. Funding from the European Union (EU), through Structural Funds and schemes such as Common Agricultural Policy market support, is provided in addition to the TME figures and is presented as a net zero budget, reflecting both the income from the EU and the associated expenditure.

Table 1 sets out TME by portfolio from 2007-08 to 2010-11.

TME is made up of the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). DEL makes up around 85 per cent of the Scottish Government's budget and includes funding which is determined by the Barnett Formula, an agreed element of draw-down of money held at the UK Treasury, and a prudent level of over-allocation to help minimise future underspends. The Barnett Formula gives Scotland a population-based share of changes in planned spending on comparable UK programmes. This Spending Review has focused on allocating DEL to deliver the policies and priorities of the Scottish Government.

AME makes up the remaining 15 per cent of the budget. It is set each year and contains those elements of expenditure that are not readily predictable, such as NHS and Teachers' pensions and the cost of capital for Scotland's trunk road network.

Tables 2 and 3 set out DEL and AME by portfolio from 2007-08 to 2010-11.

Table 1 Total Managed Expenditure by portfolio

	2007-08 Budget £m	2008-09 Budget £m	2009-10 Plans £m	2010-11 Plans £m
The First Minister	266.3	280.7	293.5	305.2
Finance and Sustainable Growth	5,831.0	5,997.3	6,209.0	6,330.8
Health and Wellbeing	10,776.9	11,220.8	11,733.9	12,201.8
Education and Lifelong Learning	2,518.7	2,532.0	2,608.8	2,699.0
Justice	979.1	1,041.3	1,085.8	1,110.3
Rural Affairs and the Environment ¹	529.6	615.9	637.2	650.5
Administration	241.4	245.7	250.4	255.8
Crown Office and Procurator Fiscal	100.8	110.2	118.7	120.5
Local Government	10,651.1	11,137.3	11,600.4	11,992.6
Total Scottish Government	31,894.9	33,181.2	34,537.7	35,666.5
Scottish Parliament and Audit Scotland	106.9	110.0	113.4	116.6
Total²	32,001.8	33,291.2	34,651.1	35,783.1

¹ The RAE baseline total shown for 2007-08 is depressed by adjustments between RAE and local government portfolios.

² Includes an over-allocation of £100m/£100m/£24m in order to minimise future underspends and to reduce the level of over-allocation that we have inherited. All figures are shown in cash terms and presented on a full resource basis, and so include depreciation and cost of capital charges where necessary.

Table 2 Departmental Expenditure Limit

	2007-08 Budget £m	2008-09 Budget £m	2009-10 Plans £m	2010-11 Plans £m
The First Minister	266.3	280.7	293.5	305.2
Finance and Sustainable Growth	2,681.8	2,802.9	2,965.6	3,033.8
Health and Wellbeing	10,776.9	11,220.8	11,733.9	12,201.8
Education and Lifelong Learning	2,357.6	2,407.7	2,484.1	2,574.3
Justice	979.1	1,041.3	1,085.8	1,110.3
Rural Affairs and the Environment	529.6	615.9	637.2	650.5
Administration	241.4	245.7	250.4	255.8
Crown Office and Procurator Fiscal	100.8	110.2	118.7	120.5
Local Government	8,783.9	9,166.5	9,573.3	9,970.6
Total Scottish Government	26,717.4	27,891.7	29,142.5	30,222.8
Scottish Parliament and Audit Scotland	106.9	110.0	113.4	116.6
Total	26,824.3	28,001.7	29,255.9	30,339.4

Table 3 Annually Managed Expenditure

	2007-08 Budget £m	2008-09 Budget £m	2009-10 Plans £m	2010-11 Plans £m
The First Minister	–	–	–	–
Finance and Sustainable Growth	3149.2	3,194.4	3,243.4	3,297.0
Health and Wellbeing	–	–	–	–
Education and Lifelong Learning	161.1	124.3	124.7	124.7
Justice	–	–	–	–
Rural Affairs and the Environment	–	–	–	–
Administration	–	–	–	–
Crown Office and Procurator Fiscal	–	–	–	–
Local Government	1,867.2	1,970.8	2,027.1	2,022.0
Total Scottish Government	5,177.5	5,289.5	5,395.2	5,443.7
Scottish Parliament and Audit Scotland	–	–	–	–
Total	5,177.5	5,289.5	5,395.2	5,443.7

Section 3: The Draft Budget for 2008-09

Chapter 18 introduces, and **chapters 19 to 27** set out, for each portfolio, the more detailed categories of spending plans for 2008-09 and the following two years. The spending plans for 2008-09 will, subject to Parliamentary consideration, form the basis for the Budget Bill for 2008-09 which will be laid before Parliament in January 2008.

Section 4: Annexes

Section 4 provides a series of tables showing the restructuring of portfolios and comparative figures over a run of years, together with a glossary.

CHAPTER 2: THE SCOTTISH GOVERNMENT'S PURPOSE

One of our first actions in government was to focus all of our resources on creating a more successful country.

This has involved re-aligning the Scottish Government to deliver on a single, overarching Purpose – through five Strategic Objectives. In turn, this has meant establishing a smaller, more effective Ministerial team, with the First Minister, five Cabinet Secretaries and ten Ministers – as well as putting in place a much more streamlined structure for the Scottish Government.

Scotland has the people, the talent and the ambition to become one of the world's most successful nations. It is high time that Scotland's economy and society flourished to their full potential. We believe that we must work differently, and that we must continue to develop this new approach.

The experience of other small nations that surround Scotland shows that higher, sustainable economic growth must be the basis of our national success. Above all else, sustainable economic growth is the key which can unlock Scotland's full potential and create benefits for all our people for decades to come.

Sustainable economic growth depends on everyone playing their part – workers, consumers, volunteers, social entrepreneurs and business people. The government has a crucial role to play – in providing the imagination and leadership, and in the way it invests in Scotland's people and places to remove the obstacles that stand in the way of sustainable economic growth.

A new approach for Government – a single, overarching Purpose

Our approach has therefore involved identifying the single, overarching **Purpose** that will help Scotland flourish and aligning, as never before, all the resources and policy of government to the achievement of that Purpose.

Purpose

To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

By sustainable economic growth we mean building a dynamic and growing economy that will provide prosperity and opportunities for all, while ensuring that future generations can enjoy a better quality of life.

Therefore, sustainable economic growth will not just mean building up a rich economy – it will also mean building up a rich and responsible society.

The benefits from delivering this single Purpose must be shared by all of Scotland's people, helping to:

- generate greater and more widely shared employment;
- create more highly skilled and better paid jobs;
- provide better quality goods and services and additional choices and opportunities for Scotland's people;

- stimulate higher government revenues supporting better, higher quality, public services;
- foster a self-sustaining and ambitious climate of entrepreneurial advance;
- encourage economic activity and investment across Scotland, thereby sharing the benefits of growth;
- bring a culture of confidence and personal empowerment to Scotland; and
- secure a high quality environment today and a sustainable legacy for future generations.

The new *Government Economic Strategy*¹ is central to the delivery of our overall Purpose. It sets out how government will work collaboratively with the private, public and third sectors in pursuit of increasing sustainable economic growth.

For over 30 years, Scotland has suffered because its economy has been locked into a cycle of low economic growth. Successive economic strategies, and successive governments, have tried and failed to lift Scotland's economic performance to where it should be – and, while small independent countries in the Arc of Prosperity have truly flourished, Scotland has lagged behind.

The rate of economic growth impacts on all aspects of national life because it affects employment opportunities, standards of living, the quality of people's lives and the resources available for investment in vital public services.

The delivery of the government's Purpose will be supported by **five Strategic Objectives** as outlined in the previous chapter – to make Scotland wealthier and fairer, smarter, healthier, safer and stronger and greener. In turn, these are supported by 15 **national outcomes** which describe in more detail what the government wants to achieve over a ten year period.

Taken together, these focus the resources of government in a new way, and describe the link between government's activity and what it is ultimately there to achieve. This creates greater clarity, and gives government and public services a sharp focus on a national Purpose that all of Scotland can recognise and endorse. Through this alignment of public policy and the resources, government in Scotland is equipped to deliver a step change in the prosperity of Scotland and in the nation's future success.

Chapter 8 sets out in more detail the new performance framework which will underpin delivery of the Purpose, including high level targets relating to the Purpose.

¹ *Government Economic Strategy*, available at www.scotland.gov.uk

CHAPTER 3: A WEALTHIER AND FAIRER SCOTLAND

Enable businesses and people to increase their wealth and more people to share fairly in that wealth.

SUMMARY

By making Scotland wealthier and fairer, we will generate more opportunities to work; make Scotland a more attractive place to live, work and invest; and ensure that the benefits of increased national prosperity are shared fairly across Scotland. That is why creating a wealthier and fairer Scotland is central to the government's Purpose.

We believe that Scotland, with its tremendous assets – not least, its well-educated and innovative people and its substantial natural resources – is capable of matching the economic success of similar, independent European nations. We aim to create the conditions that will give Scotland a competitive edge.

To help achieve a wealthier and fairer Scotland, the Scottish Government will:

- reduce or remove rates bills for around 150,000 small business properties across Scotland;
- provide for a freeze in council tax before we consult on a fairer local taxation system under which people will contribute based on their ability to pay;
- increase investment in Scotland's strategic transport networks, providing over £2.5 billion by 2010-11 to support the efficient movement of goods and people;
- increase support for ferry services by £37 million over the three years to 2010-11;
- invest £5.24 billion (£1.67bn/£1.75bn/£1.81bn) in the further and higher education sectors, on top of the extra £100 million capital funding package we are providing in 2007-08, to maintain the competitiveness and effectiveness of these sectors;
- launch the first ever Saltire Prize, with a £2 million annual fund to recognise innovation and a £10 million horizon prize – with the first challenge in 2008 focusing on renewable energy;
- support an enterprising third sector¹ with a £63 million (£19.2m/£22.2m/£22.2m) development programme and a £30 million (£4.0m/£10.0m/£16.0m) Scottish Investment Fund to encourage greater investment in assets, business development and the skills of those working in the sector;
- support record levels of investment by Scottish Water's £2.5 billion infrastructure programme, which will deliver efficiency and levels of service to customers that match the best in the sector; and
- implement a £1.6 billion Rural Development Programme over seven years, including almost £200 million to improve the sustainability of Scotland's farming and forestry sectors.

¹ The third sector includes the voluntary and community organisations, charities, social enterprises, faith groups, co-operatives and mutuals.

OUR AMBITION FOR A WEALTHIER AND FAIRER SCOTLAND

A flourishing and sustainable economy is the cornerstone of a wealthier and fairer nation. Through the generation and effective use of resources at national, local and personal levels, Scotland can achieve significant improvements in the quality of our public services and in the quality of people's lives.

Scotland's economy has underachieved over the last generation compared with similar neighbouring economies and failed to deliver the full benefits of economic success. This legacy of underperformance reflects long-term economic challenges around productivity, participation in the labour market and population change.

The *Government Economic Strategy*² describes the role of government in responding to these challenges and sets new ambitious targets for increasing sustainable economic growth. As the Strategy makes clear, successful economies have a competitive business environment; and one that is friendly to enterprise and attractive to entrepreneurs, inward investors and skilled migrants. To be successful in the 21st century, all components of our approach must work in unison: effective government; a skilled workforce; a world-class research base; an efficient, well-connected domestic and international transport infrastructure; and a welcoming culture that attracts talent to live and work in Scotland.

Local government, through the key public services it delivers directly and through its leadership role within Community Planning Partnerships, will have a vital role in helping to secure a wealthier and fairer Scotland. That is why we place substantial emphasis on creating a closer and more effective partnership between central and local government.

Economic growth on its own does not give a complete picture of the success of a nation. The benefits of a wealthier Scotland need to be shared fairly among the entire population, and we also need to ensure that future generations can enjoy a better quality of life. Unlocking the social, educational and economic potential of every person in Scotland will lift society as a whole, making Scotland smarter, safer and stronger, healthier and, ultimately, wealthier and fairer. Increasing the living standards of people across the country, especially the most disadvantaged, is central to this government's ambitions for a wealthier and fairer Scotland.

The way the economy grows is all-important for becoming wealthier, fairer and greener. People and businesses need to prosper in ways which make better use of, and reduce the negative impact on, our natural resources, which are so vital for present and future generations. This should not be seen as a constraint. Rather, it is an unparalleled opportunity to become a global leader in our response to climate change through the move to a low-carbon economy. Scotland must seize the opportunities offered by its wealth of natural resources (particularly sources of renewable energy) and excellent research base to develop new industries, technologies and products, as well as adopting more efficient and effective, lower-impact ways of doing business.

² *Government Economic Strategy*, available at www.scotland.gov.uk

DELIVERING A WEALTHIER AND FAIRER SCOTLAND

Outcome: We live in a Scotland that is the most attractive place for doing business in Europe

Private business is the principal driver of increased productivity, employment growth, competition, innovation and national prosperity. Our ambition is to give Scottish business a competitive edge; to reward success, break through the barriers to economic growth, and enhance Scotland's reputation worldwide, unlocking the economy's potential to prosper in an increasingly global marketplace. The Government's approach includes **significant initiatives around business taxation, planning, rural development, reform of the enterprise networks and social enterprise.**

Small businesses sit at the heart of our local economies and we intend to help them gain a competitive advantage. The **new Small Business Bonus Scheme** which will be administered by local authorities will, from 1 April 2008, progressively reduce the rates burden for businesses with properties whose combined rateable value is £15,000 or less. By 2010-11, we will remove the rates burden for those businesses with rateable values of £8,000 or less; cut rates by half for businesses with rateable values of £8,001 to £10,000; and reduce rates by a quarter for businesses with rateable values of £10,001 to £15,000. This will cut the rates bills on around 150,000 properties across Scotland, giving small and medium-sized businesses a real opportunity to grow and to invest in their future. We will deliver the Scheme in full by April 2010 or earlier if resources permit.

Small Business Bonus Scheme	% relief available*		
	2008-09	2009-10	2010-11
<i>Combined rateable value of all premises in Scotland</i>			
up to £8,000	50%	80%	100%
£8,001 to £10,000	25%	40%	50%
£10,001 to £15,000	12.5%	20%	25%

* subject to eligibility

Implementing the **Planning Act**³ and the **National Planning Framework** will provide stronger mechanisms for promoting development and provide businesses with greater certainty in the planning process. The introduction of **e-planning**, backed by additional investment of £6 million in 2008-09, will further improve the efficiency and accessibility of the planning system, providing considerable savings for government, businesses, community interests and the public.

A significant part of our population and our national wealth is rooted in Scotland's rural communities. The **Rural Development Programme** – a £1.6 billion package over seven years – will support improved competitiveness of agriculture and forestry, enhance Scotland's rural environment, and assist diversification of the rural economy. The Programme will also help increase the capacity of local community and business networks, stimulating skills development, local co-operation and new ideas.

We have already acted to **reinvigorate the enterprise networks**, including the creation of a **Strategic Forum**, refocusing them towards delivering increasing sustainable economic growth. More streamlined, responsive and accessible business support services will support and stimulate business competitiveness, innovation and growth across Scotland. Investment in the assets, business development and skills of **social enterprises** and other third sector organisations will unlock new opportunities for innovation and growth.

³ The Planning Etc. (Scotland) Act 2006

Outcome: We are better educated, more skilled and more successful, renowned for our research and innovation

Excellence in lifelong learning is the bedrock of a successful economy. Business needs people with a real grounding in skills for learning, skills for work and skills for life. This starts in school. The **Curriculum for Excellence** focuses on outcomes and experiences. It encourages the creativity and flexibility that will enable Scotland's young people to adapt to the demands of the 21st century workplace.

Scotland's future economic strength depends on the flow of high quality people at graduate and sub-degree level into the workforce and **maintaining the leading edge in research** which our colleges and universities provide. We will deliver **record levels of investment in our higher and further education sectors**, and we have already provided an extra £100 million capital funding package in 2007-08, so that industries in which Scotland operates at the leading edge – the life sciences, the creative industries, financial services and energy – can continue to compete favourably. We must increase the transfer of knowledge from our world-class research base into viable products and processes. We will help scientists and technologists to develop entrepreneurial and business skills so that there are more successful technology start-ups. Helping these start-ups grow into the large companies of the future will be a priority.

Scotland's highly educated and skilled workforce is one of its greatest assets. Our strong performance in international comparisons on the skills and qualifications of our workforce reflects this. This success has not yet translated into enhanced economic performance. High levels of skills and qualifications must be matched by **better use of those skills to boost productivity and economic growth**. *Skills for Scotland*,⁴ the government's new strategy for lifelong skills, describes a vision for developing workforce skills that meets everyone's needs and aspirations and equips individuals with skills that meet the needs of today and the demands of tomorrow.

If Scotland is to derive full benefit from its highly educated and skilled workforce, we also need to build on and broaden areas of comparative advantage in the global economy. This means expanding established areas of success (e.g. financial services and energy) and facilitating and accelerating emerging areas (e.g. creative industries and life sciences). To support this dynamism, we will establish a programme of activity to boost and **promote Scotland's creative industries and hubs for cultural activity**, developing Scotland's towns and cities as key drivers of cultural and economic growth. We will also launch the first ever **Saltire Prize**, with a £2 million annual fund to recognise innovation and a £10 million horizon prize – with the first challenge in 2008 focusing on renewable energy.

We acknowledge the global imperative to tackle climate change, as demonstrated by our commitment to **reduce emissions by 80 per cent by 2050** and to come forward with a Scottish Climate Change Bill (see chapter 7: A Greener Scotland). We believe that addressing climate change and moving to a low-carbon economy presents significant research and development and business opportunities.

Renewable energy presents one of the most exciting opportunities for Scotland to take the global lead and **become the green energy capital of Europe**. We will continue to support our excellent higher and further education sectors in maintaining their reputation for outstanding research and development in energy technologies. As the first stage in making Scotland the world's leading wave and tidal power nation, we will provide financial and legislative support aimed at realising ten megawatts of marine energy in Scottish waters by 2010.

4 *Skills for Scotland: A Lifelong Skills Strategy*, available at www.scotland.gov.uk/publications/2007/09/06091114/0

Outcome: We realise our full economic potential with more and better employment opportunities for our people

The global economy is increasingly integrated and more specialised, intensifying international competition. Emerging economic powers, particularly China and India, are driving these trends and using their advantages in terms of low-cost labour to capture market share in traditional industries. In addition, emerging economies are also rapidly building capacity in the application of advanced technologies and educating many more of their people to higher levels. For Scotland to remain competitive, we must continue to move up the value chain through the development of higher quality products and services, building on our comparative advantages. This will require the wider attainment of higher skills and continuing commitment to innovation and the application of knowledge in our industries.

We want to see more of Scotland's people in **higher-skilled and better-paid jobs**. This is closely linked to our continuing commitment to innovation and the application of knowledge in our industries as well as to our investment in education and skills for all of Scotland. We need to ensure that everyone has the opportunity to work, improve their skills and make a positive contribution to the nation's increasing prosperity.

Historically, a perceived lack of high quality employment opportunities in Scotland has been linked with a drift into inactivity, particularly amongst older workers, and an exodus of the nation's young and skilled talent. What is more, barriers still exist to inhibit the full participation of disabled people, women and some minority and ethnic communities. Over 600,000 people in Scotland are currently classified as economically inactive, almost 30 per cent of whom report that they want to work. Scotland's participation levels are also being held down by the number of people on Incapacity Benefit: in February 2007, 279,000 people of working age in Scotland, 9 per cent of the working age population, were on Incapacity Benefit.

The government's Workforce Plus approach, linked closely to the work of Jobcentre Plus in Scotland, will **address labour market participation**, bringing more people into the workforce, addressing persistent pockets of unemployment and helping to tackle inequality and social exclusion. To enable greater participation, we will also refresh the Adult Literacy and Numeracy Strategy and **invest in high quality provision to teach English language skills** to individuals who are speakers of other languages. We are committed to working with local authorities and others to ensure the provision of childcare, public transport and other services to enable people to access labour market and training opportunities.

A more fulfilled and purposeful workforce will be more productive. **Action to address health inequalities and mental health** will help to reduce absenteeism and increase participation in the jobs market, particularly where a joined-up approach is needed to develop co-ordinated support to help people into work.

Outcome: We live in well-designed, sustainable places where we are able to access the amenities and services we need

Developing better infrastructure and places where we can access the amenities and services we need is critical to the delivery of all of our Strategic Objectives. Enhancing Scotland's transport services and infrastructure, for example, helps commuters and businesses throughout Scotland by cutting congestion and improving reliability. Changes in travel patterns and the promotion of more sustainable modes of transport will cut emissions and improve air quality. Improved transport and telecommunications connections also help build safer and stronger communities and enhance the attractiveness of Scotland as a place to live and work.

We will target **further public investment in rail infrastructure, the road network, ferries, buses, water infrastructure, regeneration and housing**. We will, for example, fund a new rail interchange for the Edinburgh City trams to connect to Edinburgh Airport and a Glasgow Airport rail link by 2011; improve rail services and service times between our major cities; design and develop a replacement Forth crossing; and invest in the maintenance of the existing trunk road network, targeting improvements to reduce congestion and investing in new technology to improve journey reliability.

We will provide better and more equitable services for our rural communities through improved ferry services on the Clyde and Hebrides and Northern Isles routes. In addition, we will be piloting the **Road Equivalent Tariff** on one or more of the routes between the Western Isles and the mainland beginning in 2008. This involves setting ferry fares on the basis of the cost of travelling an equivalent distance by road.

Scottish Water's record investment programme will provide connections to new developments and improve the quality of water and the water environment throughout Scotland; essential for a greener and healthier Scotland. We remain committed to investing in Scottish Water as a publicly owned company and will deliver record levels of investment over the investment period to 2010.

We have launched a wide-ranging **consultation on the future of housing in Scotland** to ensure that it supports economic growth by increasing housing supply; meets the current and future needs of Scotland's population; creates sustainable, mixed communities; and provides a fair deal for first-time buyers, tenants and taxpayers. The consultation includes a challenge to Scotland's local authorities, developers and builders to increase the rate of new housing supply in Scotland to at least **35,000 homes a year** by the middle of the next decade.

Outcome: We have tackled the significant inequalities in Scottish society

Creating the conditions for improved economic growth and social cohesion is critical to Scotland's long-term prospects for sustainable and widespread prosperity. Scotland exhibits serious disparities between regions. For example, the proportion of people claiming unemployment benefit ranges from 0.8 per cent in Aberdeenshire to 5.3 per cent in Glasgow City. Rates of economic inactivity (the proportion of the working age population that is neither in employment nor looking for employment) vary even more dramatically. In Scotland's most deprived communities, 35 per cent of the working population were economically inactive in 2006.

Scotland's social deprivation is concentrated in particular areas and we will support **targeted action to regenerate the most deprived communities in Scotland**, focusing on key factors like employability and access to jobs and services. As highlighted above, almost 30 per cent of those who are currently classified as economically inactive in Scotland report that they want to work. We will work to reduce economic inactivity through the Workforce Plus agenda, thereby providing a route out of poverty, improving wellbeing and increasing participation in the labour market.

We intend to introduce a **fairer local taxation system** under which people contribute to domestic taxation according to their ability to pay and will shortly publish a consultation paper on our proposals for a local income tax to replace the council tax.

We will ensure equitable access to transport services and thus wider vital services and facilities by maintaining national travel concessions for older and disabled and young people. We will also continue to **provide support for essential air and ferry services** that enable residents of Scotland's islands and rural peninsulas to access services, contribute to Scotland's economic prosperity, and attract tourists.

Outcome: We take pride in a strong, fair and inclusive national identity

A good quality of life and a strong, fair and inclusive national identity are important if Scotland is to prosper. We will continue to raise awareness of social issues through public campaigns and to work to achieve equality of opportunity for Scotland's various communities and faith groups to share equitably in Scotland's success.

We need to tell people about our strengths, and we will work with partners across the public, private and third sectors to ensure that we position Scotland as a great place to live, learn, visit, work, do business and invest. We will take steps to attract the brightest and best international talent to Scotland and to support Scottish businesses overseas. To **reinforce Scotland's distinctive global image** of stunning natural landscapes, we will continue to work with key partners and stakeholders to promote and protect our natural assets, while investing in green tourism and renewable energy technologies. We will work with the Scottish diaspora to make the most of Scotland's reputation worldwide.

We want Scotland to be seen internationally as a truly innovative and productive nation. Through our trade and investment agency, Scottish Development International (SDI), we are continuing to support Scottish businesses that want to trade in overseas markets, helping them to develop partnerships with foreign organisations; to license their products, processes and technologies; and to make their own foreign direct investments.

Our natural and built landscapes and the activities which they support have long helped to foster the sense of local and cultural identity that is core to our sense of wellbeing and belonging. We will work with local authorities, natural and built heritage bodies and arts and culture organisations to help all of our communities explore and celebrate their local and national culture. For example, we will promote Scottish work at the Edinburgh Festivals through the Edinburgh Festivals Expo Fund. We will promote creative excellence and access to cultural opportunities like the Winter Festivals which draw on, and explore, the relationship between our communities and our unique landscapes.

Outcome: Our public services are high quality, continually improving, efficient and responsive to local people's needs

The efficiency and effectiveness of the public sector, which accounts for over 20 per cent of Scotland's GDP, has a major impact on the overall performance of the Scottish economy. We will simplify and refocus Scotland's public sector to better serve Scotland's people and businesses. The public has a right to expect public bodies to do much more to streamline the way they deliver services and also to share their services, buildings and other assets wherever possible. By delivering cash-releasing **efficiencies of 2 per cent per annum across our public services**, we will free up resources to re-invest in better services. We will also make sure that we meet our public duties on equality and take account of the environmental impact of our actions.

The Government's approach to public services will be advanced greatly through **a new relationship with local government**. This is being supported by the implementation of Single Outcome Agreements and a performance framework for local authorities to be delivered in association with Community Planning Partners (see chapter 17: Local Government).

We are committed to a smaller, simpler and more effective government, with **fewer public bodies**. We have already taken the decision to abolish Communities Scotland and we have set an ambitious target to reduce the number of public bodies by 25 per cent.

The principles of streamlining and integration will extend to rural service delivery. Activity that is currently carried out by a range of statutory bodies is being integrated in a collaboration programme that aims to increase joint working and reduce inspection visits by multiple bodies. The **Scottish Marine Management Partnership initiative** will simplify the delivery landscape on marine matters and build Scotland's capability to take on additional responsibility on fisheries and marine management, including our ambition to secure the UK lead in EU fisheries negotiations.

As well as being a significant provider of services, the public sector is a major purchaser. The programme of procurement reform will provide a structured approach to collaboration across the wider public sector. The establishment of a **National Procurement Centre of Expertise** will lead to collaborative procurement of common goods and services on behalf of the wider Scottish public sector and develop a sustainable procurement plan. We will develop intelligent commissioning processes so that service specifications are designed to provide the best outcome for service users.

We are working to improve access to public contracts for businesses, particularly small and medium-sized firms and social enterprises, by extending **e-procurement Scotland** and implementing a national advertising portal for contract opportunities. In pursuit of our environmental aims, we will ensure that the public sector in Scotland pays full regard to the environmental consequences of the goods and services it buys and provides.

We will introduce a development programme over three years for an innovative **third sector** (£19.2m/£22.2m/£22.2m), helping communities to work together better and contributing to high quality public services. A new **Scottish Investment Fund** (£4.0m/£10.0m/£16.0m) over three years will support investment in assets, business development and the skills of people working in the sector, helping it to fulfil an increasing role in providing public services.

The modern economy is increasingly complex and requires a modern legal system. We will reform the law on interest on late payments to make the system fairer and more consistent. We will work with the Scottish legal profession on reforms to explore opportunities for Scotland to lead internationally in areas such as arbitration of commercial disputes. Following on from the work of the Gill Review, we will take forward proposals to ensure the civil courts continue to offer an effective service to business.

CHAPTER 4: A SMARTER SCOTLAND

Expand opportunities for people in Scotland to succeed from nurture through to life long learning ensuring higher and more widely shared achievements.

SUMMARY

A smarter Scotland is critical to delivering the government's Purpose of achieving sustainable economic growth. By making Scotland smarter, we will lay the foundations for the future wellbeing and achievement of our children and young people, increase skill levels across the population and better channel the outputs of our universities and colleges into sustainable wealth creation.

A smarter Scotland will identify and address risks to its children, young people and families, so they can develop and flourish. A smarter Scotland will provide everyone with relevant opportunities to learn. The benefits will be realised in a society where the opportunity to succeed is within everyone's reach and where full use is made of people's skills. A smarter Scotland will drive a growing economy and will generate the kind of thinking and technologies which protect and improve health, wellbeing and the environment.

To help achieve a smarter Scotland, the Scottish Government will:

- work with local government towards improving the learning experience for children and young people by improving the fabric of schools and nurseries; as quickly as is possible, reducing class sizes in P1 to P3 to a maximum of 18 and ensuring access to a teacher for every pre-school child; and making substantial progress towards a 50 per cent increase in pre-school entitlement for 3 and 4 year olds;
- deliver a long-term early years strategy in order that everyone involved in supporting this critical stage of children's lives are signed up to a shared vision;
- work with local government and legislate to extend entitlement to nutritious free school meals to all primary and secondary school pupils of families in receipt of maximum child or working tax credit in 2009; and to allow further extension of free school meals to all P1 to P3 pupils in 2010;
- implement the Protection of Vulnerable Groups Act to improve protection for children and vulnerable adults and to reduce the bureaucratic burdens on those working with them;
- develop and work with local government to implement strategies for child protection, fostering and kinship care and youth justice, to improve support for the children, young people, families and communities most at risk. This includes providing allowances for kinship carers of looked after children;
- develop and deliver the Curriculum for Excellence, giving our children and young people an exciting, relevant learning experience which equips them for future life and work; and deliver an effective qualifications and assessment framework to underpin that learning experience;
- promote parity of esteem for vocational learning and qualifications and academic skills and work in partnership with local government, colleges, local employers and others to give more school pupils opportunities to experience vocational learning;

- work with our partners to provide more positive and engaging opportunities for all young people, allowing them to develop the enterprise and entrepreneurial skills and attitudes they need for the workplace. This will ensure that Scotland's young people have more choices and more chances to take advantage of opportunities in work, education or training;
- deliver a total investment of £5.24 billion (£1.67bn/£1.75bn/£1.81bn) in the further and higher education sectors in Scotland, with an extra £100 million capital funding package in 2007-08 to maintain the competitiveness and effectiveness of the sectors;
- deliver support for students of £1.55 billion (£509.1m/£507.7m/£538.8m), with a total of £29.0m/£30.0m/£60.0m to end the graduate endowment fees; and to phase in the transition from student loans to grants, starting with part-time students. We will also embark on a consultation on student support and graduate debt proposals in 2008;
- invest £16 million in 2008-09 for the establishment of a skills body, Skills Development Scotland Ltd, and £20 million (£3.9m/£7.9m/£7.9m) for the implementation of *Skills for Scotland* to develop smarter demand for and use of skills in the economy and to deliver high quality training and learning provision across the population;
- refresh the Adult Literacy and Numeracy strategy and work jointly with local government, Scotland's colleges and the voluntary sector to improve English for speakers of other languages (ESOL) provision;
- publish a new science strategy for Scotland, outlining how science will underpin our success as a nation; and
- improve research links between colleges, universities and business to get the best Scottish ideas from the campus to the marketplace and enhance capacity in Dundee to support life sciences in Scotland.

OUR AMBITION FOR A SMARTER SCOTLAND

A smarter Scotland will help drive wealth creation and equity by putting opportunities to succeed within everyone's reach and making full use of people's skills. Investing in and applying learning will help to generate the attitudes, ideas and technologies which protect and improve health, wellbeing and the environment. A smarter Scotland will also underpin greater social cohesion, by ensuring that education plays a key role in building stronger and more resilient families and communities.

Scotland is in a good position. We have a learning system and culture of which we can be proud. Our participation, research capacity, teacher education and curriculum developments are quite rightly regarded as world class, acting as magnets for business development and wealth creation.

However, if we are to fully realise our Purpose of sustainable economic growth and enhance our ability to compete, we need to tackle some of the significant inequalities which persist in Scotland. We know where we need to focus efforts to achieve a smarter Scotland – stark health and education inequalities emerge within the first few years of a child's life, and this is where we need to focus attention in order to redress the inequalities this leads to in later life. Coupled with this, we must intensify support for vulnerable children, young people and families, identifying and tackling risks early and building resilience for the long term.

There are too few opportunities for too many of our young people who are neither working nor learning. We will respond by providing more choices and more chances for young people to ensure that they can all take advantage of opportunities in work, education or training.

We need to protect and bolster the international reputation we enjoy for excellence in education and apply a global perspective to our approach and ambitions. We need to meet the challenge of using our knowledge and learning to ever better effect by delivering greater economic output from our research base, and we need to make full and productive use of people's skills.

Successful countries invest in the skills and potential of their people. We will work to achieve equality of opportunity for all people in Scotland to fulfil their potential and contribute to a thriving, confident nation.

This government will work with all of our partners to provide the resources and tools needed to develop the skills that individuals and the economy need.

Our focus will be developing a Scotland that is renowned as a smart, learning nation, built on firm educational foundations, and creating opportunities for all people in Scotland to contribute to the success and economic growth of our nation.

DELIVERING A SMARTER SCOTLAND

Outcome: Our children have the best start in life and are ready to succeed

Our children thrive when they have self-confidence, social skills and an awareness of their impact on others and the world around them. It is now widely accepted that investing in children's early development creates the foundations for fulfilment, good health and wellbeing and positive economic and civic engagement later in life. This government will build on this consensus by **working with our partners across the public and voluntary sector, particularly with local government, to deliver on a shared vision of nurturing children in the important early years.**

We will work with our partners in health, social work, education and childcare provision to develop an ambitious, long-term approach. The development of a **long-term early years strategy** will establish the framework in which government and its partners will work to deliver effective early years support for children and young people, allowing any problems to be identified and tackled early and more easily.

Children need care and attention to thrive, especially in the vital pre-school and early school years. Reducing class sizes means more time for each child, improved behaviour and increased motivation.⁵ With fewer pupils, teachers can devote more time to each one, giving them firm foundations for the future. **Progressive reductions in class sizes in P1 to P3, together with the right level and quality of nursery provision** will ensure that our children have the best start in life and are ready to succeed.

⁵ The Tennessee STAR project found the benefits most marked in the early stages and with children from ethnic minorities, while the impact on younger and less able children is confirmed by an English study, the Class Size and Pupil Adult Ratio project.

Our children's wellbeing relies on more than their educational experience. Fundamentally, our children's health has a major impact on their ability to succeed. Improving children's diet and levels of physical activity can make a major contribution on their health with beneficial outcomes throughout later life. That is why, in addition to **educating our young people about healthy lifestyles**, we are championing healthy eating and tackling poverty by funding pilots for P1 to P3 and working with local authorities to **extend the entitlement to free nutritious school meals**.

Most of a child's basic needs in the early years are met by parents, carers, families, and their wider social networks. It is crucial to **support parents** to develop their own skills and work with them to make best use of the strengths within the family and their social networks. This government will take **a whole-family and community approach** to the best start in the early years which will make a lasting impact on future generations.

Outcome: We have improved the life chances for children, young people and families at risk

The extent of disadvantage that some children experience from birth impacts adversely on their life chances. By the time they reach their third birthday, children from deprived backgrounds can be as much as a year behind their peers in cognitive and social development.⁶ The impact of this disadvantage can be seen throughout an individual's life, in poor health, employment and social outcomes.

This government will work with our delivery partners to **act swiftly in identifying and dealing with risks to children, young people and families in order to prevent these risks from becoming long-term problems**. We are determined to deliver a child-centred approach and we will pay particular attention to the needs of children who are at risk and who are living in vulnerable situations. Our child protection responsibilities are of paramount importance and we will focus attention and effort on ensuring that we have the right legislative and other frameworks in place to safeguard our children and young people.

Through our vision for children's services,⁷ we will ensure that the wide range of agencies **work together to get it right for Scotland's children**. Children need access to an environment that is conducive to learning and which provides the stability and experiences that may not exist in home life. Children across Scotland will benefit from our investment in effective universal services, including expanded early-years provision and smaller class sizes. When children need to be cared for away from their birth family, we are determined to support the **delivery of consistent, secure, high quality and nurturing care**, whether that is provided by the wider family, by foster carers or in residential care. We will build on the investment which we have already made in training, advice and information for foster and kinship carers and **provide allowances for kinship carers of looked after children**.

Young people embarking on adult life need positive options. We will work to ensure that their personal circumstances do not prevent them from engaging in learning or work. We will improve support and guidance at transition points and further develop a wide range of high quality learning, training and employment opportunities for them. We believe that a smarter Scotland provides fair access to education for all and will ensure that **asylum seeker children** have the same rights as other children in taking up learning opportunities.

6 Millennium Cohort Study, available at www.cls.ioe.ac.uk/studies.asp?section=000100020001

7 *Getting it Right for Scotland's Children*, available at www.scotland.gov.uk/Publications/2005/04/15161325/13269

Positive outcomes require skilled and committed professionals. We will **support and develop the workforce and leadership of public and voluntary sector bodies** so that they are well equipped for the task. We will also **work to harness the resources and enthusiasm of the private sector** to ensure that there is greater opportunity for children, young people and families at risk to achieve positive outcomes.

Across government (notably in health, housing and regeneration), we will work with local government and across agencies to build the capacity and resilience of children, young people and families. By doing this, we will create a platform of opportunity, releasing the talents of all, which will, in turn, reduce poverty, antisocial behaviour, crime, and health and other inequalities.

Outcome: Our young people are successful learners, confident individuals, effective contributors and responsible citizens

Relevant and exciting education which develops skills for learning, for work and for life has the power to transform life chances. By delivering **curriculum reform** in our schools through the Curriculum for Excellence, we will **improve literacy and numeracy and nurture better modern language skills**. We will equip pupils for their futures in a globalised society by encouraging them to develop an understanding of and passion for **science, the environment and Scotland's culture, history and heritage**.

We will improve the learning experience in school so that it can meet the needs of all children. Improving children's diet and levels of physical activity helps education attainment, achievement, health and wellbeing in childhood and in later life. We will therefore promote children's good health and an awareness of their impact on others and the environment by providing **more free, improved, nutritious school meals** and by ensuring that the outcomes for the curriculum require physical activity in schools and a greater understanding of healthy and greener lifestyles. We will protect equal access to education, consulting on proposals to introduce a **legislative presumption against the closure of rural schools**.

By cutting class sizes and enhancing quality in teaching, we will give children the individual attention they need to succeed and to contribute to a prosperous, economic, social, cultural and sustainable future for Scotland. We will achieve this through working with local government and the profession to introduce **smaller class sizes** in P1 to P3 and to develop **leadership and continuous professional development for teachers**.

Children's and young people's experiences up to the age of 16 shape their readiness for adult life and work. We believe that this readiness is best achieved by young people having the experience of both vocational and academic skills. Scotland's lifelong skills strategy, *Skills for Scotland*, outlines our ambitions for **making Scotland's skills base truly world class**. It sets out our commitment to ensuring that **vocational skills and qualifications have parity of esteem by providing quality and diversity in vocational options**. We will work with schools and colleges to exploit fully the benefits of their collaboration in delivering this high quality, diverse provision.

Skills development goes hand-in-hand with developing the enterprising and entrepreneurial attitudes that allow us to put those skills to use. Generations of Scots have demonstrated these attitudes. Working with local government and other partners, we will build on the foundations laid by Determined to Succeed to ensure our enterprise education strategy allows schools to help young people to collaborate, innovate and create ideas and then have the confidence, determination and persistence to turn those ideas into action for personal, economic and social benefit. **Scotland's employers** will continue to play a crucial part in this effort and we will continue to encourage them to **work in partnership with our schools, teachers and young people**.

We will develop ways to reflect this broad learning experience and **recognise wider achievements during school years**, in line with the Curriculum for Excellence, taking full account of the needs of employers.

This government is committed to taking a broad approach of **excellent universal provision with tailored support where that is required** to raise the achievements of the lowest performing pupils, those disengaging from learning and those who require additional support to get the most from their learning.

We will work with partners to create **a learning system which encourages young people to think about their impact on the environment, to care about being healthy, to fulfil their potential and to contribute to society and the economy**. We will support young people to be ambitious and able to contribute to Scotland's future prosperity as members of a creative workforce.

Outcome: We are better educated, more skilled and more successful, renowned for our research and innovation

With higher sustainable economic growth as our Purpose, we must invest in a globally competitive, flexible learning system. We want Scotland to be the most attractive place in Europe to do business – and we want to create a learning system that enables people to develop the skills and ideas to allow us to achieve that pre-eminence.

This government believes that learning in Scotland should stretch everyone in the pursuit of excellence. Exposing and encouraging our learners to ambitious thinking, ideas and attitudes will equip them for a lifetime of achievement. We will **improve performance and ensure value for money in the provision of training, further and higher education, and community learning and development** by working with all these sectors to respond to the demands of learners, employers and the economy.

We want people to take an enterprising attitude to investing in their own development and employers to investing in development of their workforce. We will make **progress on the ambitious agenda set out in Skills for Scotland which focuses on the demand for and supply of skills in Scotland and, importantly, their utilisation**. Through £20 million investment underpinning the strategy, we will develop learning support and opportunities for low paid/low skilled workers; work towards an effective mix of vocational skills in the economy; and work with employers in meeting their skills needs.

Over 600,000 people in Scotland are classified as economically inactive. We will work to reduce economic inactivity through the **Workforce Plus** agenda, thereby providing a route out of poverty, improving individual wellbeing and increasing participation in the labour market.

We will enable greater opportunity for individuals to participate in Scotland's economic, social and civic life by driving forward programmes for **adult literacy and numeracy**. English language skills are essential to this participation and we will upgrade publicly-funded **English for speakers of other languages** provision to encourage active citizenship in our diverse society and to support economic growth.

Maintaining the competitiveness and effectiveness of our tertiary education system in teaching, research and knowledge transfer is vital to our economic wellbeing. Knowledge creation will generate the innovation and technologies which promote and protect our health, wellbeing and environment and drive sustainable economic growth.

We will capitalise on the benefits of **collaboration between Scottish universities**, building on existing success stories, such as the world's first Translational Medicine Research collaboration between government, Scotland's universities, NHS Scotland and the pharmaceutical industry. We will work to **stimulate demand for and use of research and innovation by business**, so that we can bridge the gap between innovation and commercialisation of our best ideas. We will provide additional support for industries in which Scotland operates at the leading edge, enhancing capacity in Dundee to support life sciences in Scotland. This government will itself harness this knowledge to Scotland's advantage, putting science to work to underpin our health, wealth and wellbeing as a nation and will develop **a new science strategy for Scotland** to outline our approach.

Graduates from Scottish universities are amongst the brightest and the best in a global pool of talent and make a significant contribution to Scotland's economic growth. This government believes that **reducing graduate debt** is therefore an investment in our future, our people and our economy. The decision to abolish the graduate endowment fee has been a crucial step towards a fairer system; one that we will build on over the life of this Parliament, investing in total £29.0m/£30.0m/£60.0m to end the graduate endowment fee and to phase-in the transition from student loans to grants, starting with part-time students. We will also embark on a consultation on student support and graduate debt proposals in 2008.

Our vision of a smarter Scotland is one in which the benefits of education and learning are spread widely. This government's approach will make a tangible impact on **tackling significant inequalities in Scottish society** by empowering and enabling people to support sustainable economic growth regardless of personal circumstances, with life skills that benefit their own wellbeing and that of fellow citizens and society.

CHAPTER 5: A HEALTHIER SCOTLAND

Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care.

SUMMARY

People living in Scotland should enjoy the best physical and mental health they can, free from preventable illness and disability. Good health and wellbeing is also vital in delivering our Purpose. By making Scotland healthier through tackling health inequalities and supporting healthier lifestyles and choices, supplemented by early interventions and anticipatory, responsive services, we will increase the productivity of Scotland's workforce, reduce absenteeism, improve public sector efficiency and increase participation in the labour market by reducing the number of people on incapacity benefit.

Our aim is to support people to lead longer, healthier lives and our approach will involve a particular focus on the health and wellbeing of the areas and communities with the worst health record.

This will mean taking on the challenge of the health inequalities that currently exist in Scotland, including the gap in healthy life expectancy, to improve the life chances that are needed to support better health. It also means ensuring that services are high quality, responsive, person-centred, convenient and efficient. In response to increasing demands and expectations, Scotland's health and care services must continue to harness the most advanced technology and treatments and put these within reach of all of those who need them.

To help achieve a healthier Scotland, the Scottish Government will:

- invest over £37 million – £12.5 million each year – to strengthen primary health care in the most deprived areas;
- provide a new fund deployed by Community Planning Partnerships, to tackle poverty and deprivation and to help more people overcome barriers and get back into work, amounting to £145 million a year within the local government settlement;
- invest a total of £1.47 billion (£430.0m/£507.8m/£533.2m) in new and better housing across Scotland, including our most deprived communities;
- invest £47.4m/£53.9m/£54.9m in sport to increase participation and improve sporting performance, contributing to a range of outcomes including better physical and mental health. This includes £4.1m/£6.6m/£11.6m which will be invested in delivering a successful Commonwealth Games in Scotland in 2014;
- as part of an overall investment of over £100 million extra a year in health improvement and better public health, invest £85 million (£20.1m/£30.1m/£35.1m) to reduce the harm done by misuse of alcohol, £3 million a year for further action to reduce smoking; and an £11.5 million a year programme on diet and physical activity for health and to help prevent obesity. All of which will improve health, have a positive impact on productivity, and enhance the economic wellbeing and life chances of our population;
- invest in prevention, screening and early detection of serious illnesses, with a new immunisation programme to protect women against cervical cancer (£18.0m/£18.5m/£27.5m); a commitment of £12.0m/£21.0m/£21.0m to screen people admitted to hospital for MRSA and to help prevent the spread of infection; and a £16.3m/£14.2m/£10.8m national screening programme to detect serious illnesses early;

- invest £30 million (£10 million each year) to ensure more flexible access to primary care and £270 million (£90 million a year) to ensure that, by the end of 2011, nobody will wait longer than 18 weeks from GP referral to treatment for routine conditions;
- invest £97 million (£20.0m/£32.0m/£45.0m) to phase out prescription charges to ensure that sick people are not financially disadvantaged;
- uprate free personal and nursing care payments, ensuring that older people in care homes are not financially disadvantaged;
- invest £19.5 million (£4.5m/£6.0m/£9.0m) in better access to NHS dental services by introducing a prevention-based school service, starting in the most deprived areas, and by establishing a third dental school for Scotland in Aberdeen; and
- invest over £500 million each year to train and develop existing and future NHS staff.

OUR AMBITION FOR A HEALTHIER SCOTLAND

People living in Scotland should enjoy the best physical and mental health they can, free from preventable illness and disability. They deserve ready access to top quality services to help them keep well and to care for them when they are ill. Good health and wellbeing are vital to enable the people of Scotland to participate in a successful Scottish economy, where everyone who wants to work is able to do so and people live free from material deprivation. Good health underpins our capacity to learn and can be profoundly affected by life circumstances.

Life expectancy in Scotland for both men and women is below the Western European average. There is considerable variation in life expectancy within Scotland linked to inequalities that include environmental influences in our living and working conditions, employment status, levels of education and skills and income. We need to tackle these inequalities if we are to improve the health and wellbeing of individuals, families and communities. Just as a fairer society with less inequality promotes social cohesion and safer, stronger communities, so building opportunities for all in Scotland to share the benefits of sustainable economic growth will also help to improve everyone's life chances.

Improving health and reducing inequalities requires contributions from across government, from the NHS, local authorities and other Community Planning partners, from employment services and employers, from our universities and colleges through the medical research and training which they undertake, from the third sector and of course from individuals. Prioritising better physical and mental health will help ensure that our children have the best start in life and are ready to contribute to Scotland's success, and will improve life chances for children, young people and families at risk.

As Scotland's economy grows and strengthens, so will the expectations of its people towards their public services. For public services, the key challenge in supporting longer, healthier lives is in delivering effective services that enable all people, including the most vulnerable, to make the right decisions on their health and wellbeing, and to access and use services when they are needed.

We enjoy good health and social care services in Scotland. We want to be sure that they will continue to respond positively, sustainably and affordably to rising expectations while providing excellent clinical treatment where required. Sustainable economic growth is vital to make sure that excellent services can be provided. Our ambition for health care services in Scotland is that they will be provided, as far as possible, in the communities where people live. We will work in partnership with local government to ensure that our health and social care workforce is trained to deliver high quality person-centred care, involving integrated working across professional and organisational boundaries, that can stand comparison with services across the world.

DELIVERING A HEALTHIER SCOTLAND

By achieving our objective of a healthier Scotland, we will support people to live longer, healthier lives; we will tackle inequalities; and we will enable people to access the health and social care services they need. Excellent services with high public value come at a high cost and so they must be as efficient and productive as possible.

Outcome: We live longer, healthier lives

We will prioritise programmes aimed at supporting people to **follow healthier lifestyles**. Many of these depend on strong collaborative working between Community Planning partners, particularly local authorities and NHS Boards. The focus will be on healthy weight, improved mental wellbeing, reduced alcohol harm and smoking, less inequality in premature deaths particularly from heart disease, and better dental health – particularly in children. We will invest over £100 million extra a year on action to improve health in Scotland.

We will **promote physical activity**, because this reduces the risks of heart disease and other health problems. We will continue to promote participation and excellence in sport, which can have a positive impact on physical and mental health as well as contributing to other outcomes including improved educational attainment and stronger communities. We will create opportunities for people to take action to improve their mental wellbeing because this directly contributes to fuller, more productive lives for people and their families. We will **promote maternal and infant nutrition, including breastfeeding and immunisation programmes** along with other measures to **give our children the best possible start in life**. We will act to provide free fruit for pregnant women and pre-school children.

We will intensify efforts to **further reduce smoking levels**. We have already raised the legal age for buying tobacco from 16 to 18. Now we will fund additional measures to support people to quit smoking and cut their risk of heart disease and lung cancer. We will tackle the misuse of alcohol in Scotland as a significant challenge, because this will reduce risks of heart and liver disease, reduce cancer and help address problems in families and communities caused by alcohol misuse. Over the coming year, we will develop a long term strategy on alcohol backed by £20.1m/£30.1m/£35.1m of additional investment to **introduce a radical range of measures to reduce alcohol-related harm and encourage sensible and healthy consumption**. Again, this will allow more people to live productive lives and contribute to sustainable economic growth in Scotland.

We will **work to reduce dental disease**, especially in children, including the introduction of a prevention-based school dental service. Dental disease affects deprived people disproportionately, so we will ensure that these programmes help the most vulnerable groups. We will also take timely action to keep people well with **anticipatory care, targeted at those most at risk**. We will boost national screening programmes by introducing new measures to protect health including a new £18.0m/£18.5m/£27.5m **immunisation programme for girls to protect against cervical cancer** and £12.0m/£21.0m/£21.0m to **screen people admitted to hospital for MRSA** and to continue actions to help prevent the spread of infection. We will maintain support for better sexual health services (at a cost of £5.2 million a year) to reduce the number of unintended teenage pregnancies; sexually transmitted infections including HIV; and terminations of pregnancy. In addition, we will invest £0.5 million a year to support improved access to independent sexual health information and advice in rural as well as urban areas.

Outcome: We have tackled the significant inequalities in Scottish society

Health inequalities, poverty and economic and environmental inequalities, access to learning, early life experiences, and exposure to risks of crime and danger often go together and so reducing inequalities requires a shared endeavour across Scotland to tackle the root causes. Government actions to tackle inequalities must reinforce and complement each other across a number of areas of responsibility. For example, by improving employability, housing and communities, we will help reduce health and education inequalities. And by giving our children the best possible start in life we will help reduce inequalities later in life.

A Ministerial Task Force, bringing together a range of relevant perspectives from education and other backgrounds, will **refresh our approach to tackling health inequalities** with new action ensuring that the work of all the relevant partners and sectors is aligned.

We must work closely and collaboratively with our partners to get results. Local government has a major contribution to make in addressing housing regeneration and in delivering education and social services and tailored services for families and children. The community and voluntary sectors make a major contribution to tackling inequalities, particularly through engaging with people in difficult situations or who are hard to reach with some public services. By working with services such as Jobcentre Plus, NHS Boards must increasingly play a crucial role in helping move those who are inactive and wish to work towards the labour market and out of poverty.

Disadvantaged people tend to suffer poorer health and often have difficulty in accessing the health care they need. NHS provision must respond to the needs of the most vulnerable. Positive health interventions building on initiatives such as Keep Well and including health checks for the over 40s, will focus efforts on deprived areas and groups with £12.5 million each year to **strengthen primary health care in the most deprived areas** and provide services to those most in need of them.

We will make it easier for people to take actions and make choices that are good for their health and wellbeing, because we want to encourage everyone, including people who experience health inequalities, to take more ownership of their health. As part of this approach, we will develop services, including those addressing addictions, to provide **quicker, more effective responses and address addiction problems as a component of inequality**.

In partnership with Community Planning Partners across Scotland, we will work towards the **eradication of child poverty**, promote social inclusion and **encourage the regeneration of Scotland's most disadvantaged communities**. This will build stronger communities and help address economic inequalities as well as inequalities associated with our built environments and access to our natural environments.

Poor housing conditions undermine health and are closely associated with deprivation. As a significant outcome of our new relationship with local government we will **work in partnership with local government and other housing providers towards a Scotland where everyone will have a secure, warm house at a cost they can afford**. And, because being homeless is often caused by or leads to physical and mental ill-health, we will prevent and tackle homelessness by ensuring everyone who needs it is able to access appropriate accommodation, advice or support.

Some people experience inequalities as a result of discrimination, prejudice, harassment and abuse and this can lead to physical and mental health problems. We will tackle the causes of inequalities of this kind as well as treating the problems.

Outcome: Our public services are high quality, continually improving, efficient and responsive to local people's needs

People in Scotland expect health and social care services provided by local authorities and NHS Boards to be responsive, convenient, and of high quality. Quite justifiably, they do not expect to wait a long time to access services. They also expect services to be person-centred and to join up to support people at home or in the community, with admission to hospital taking place only when it is really necessary.

People in Scotland rely heavily on publicly-funded health and social care services. Last year, around 79.5 million prescriptions were dispensed; GPs were consulted over 15 million times; people visited hospital Accident and Emergency departments about 1.5 million times and consulted hospital specialists in hospital outpatient departments 4.4 million times; and there were about 1 million admissions to hospital for treatment. Local authorities carried out about 300,000 assessments and reviews, and provided packages of care to around 330,000 clients.

Demands on health and social care services will go on growing, even with improvements in healthy life expectancy. Most of us need more health and social care in older age. As the population ages, we need to plan approaches to health and social care that allow people to remain happy, safely and free from poverty in their own homes and communities for as long as possible, and that help carers look after family members.

The government's discussion document *Better Health, Better Care* sets out some proposals for the further development of health care services, including getting the balance right between community and hospital services. Our action plan, which we aim to publish in December, will provide details on the delivery of the actions summarised below.

We will work with local authorities and NHS Boards to develop social care services and make **further improvements both to standards of care and access to care**. The provision of responsive, person-centred integrated services maximises people's independence and quality of life so they can remain longer in their own homes. We will work with local authorities to ensure the long-term sustainability of free personal care for older people. We will invest £32 million (£2.0m/£10.0m/£20.0m) in specialist children's services including cancer care and high dependency facilities, and services for chronically ill children including cystic fibrosis patients. We also want our delivery partners to be efficient and to be accountable. In the case of NHS Boards, which report directly to the Scottish Government, we will provide rigorous performance management based on key targets and measures, and transparent reporting of progress and achievements.

We will work to **achieve the right balance of care so that as much health care as possible is delivered close to home**, at health centres and community hospitals, with increased access to diagnostics and other services. Services delivered in this way are more convenient and responsive, and people want care and treatment at or near home. We will launch an **e-Health strategy** in the spring of 2008 to enable clinicians and other care workers to collaborate more effectively and to help make services more efficient. We will also **champion the introduction of tele-care, tele-health and tele-medicine services**, because these will support people in their own homes and extend the range of services provided locally.

We will work with local authorities and NHS Boards to **improve support for unpaid carers, in particular the provision of respite care**, both to protect carers' own health and because of their essential contribution to the health and support of those they care for. We will ensure provision of services for people suffering from chronic and long-term conditions and their carers, because this will enable them to manage these conditions and stay well for longer at home. We will remove the tax on ill-health by **phasing out prescription charges** at a cost of £20.0m/£32.0m/£45.0m.

NHS Boards and local authorities will work to identify people most at risk of serious illnesses or hospital admission, and provide them with preventative care services, supported by technology. This will reduce their risk of requiring more intensive treatment or hospital admission later. As a top priority for the NHS, we will **abolish hidden waiting lists** for people needing hospital care. We will ensure that the NHS delivers on targets and introduce by the end of 2011 a maximum waiting time of 18 weeks for the period from being referred to a hospital consultant to treatment starting. We will invest £90 million each year to make this happen because long waits cause anxiety and distress. We are also committed to improving access to NHS dental services and we will continue to invest in new dental facilities. We will expand the dental workforce through the establishment of a third dental school for Scotland in Aberdeen.

Supporting mental health and wellbeing makes a vital contribution to a healthier Scotland. However, dementia is a mental health challenge that has not been sufficiently addressed in the past and so we will **prioritise improvement in the diagnosis, care and treatment of dementia sufferers**.

To produce the results we need, we will invest some £500 million each year in developing and training existing and potential health care staff, and we will design the health care workforce around patient services. This will ensure that staff can continue to provide effective, responsive, patient-centred care and at the same time will contribute to Scotland's economy by building expertise, improving the skills base, and enhancing Scotland's reputation in health care and in science and research.

CHAPTER 6: A SAFER AND STRONGER SCOTLAND

Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life.

SUMMARY

We believe that a more successful Scotland will also be a safer and stronger Scotland for our families and communities. We want communities to thrive, becoming better places to live and work. We will achieve this by focusing on improving housing and neighbourhoods, fighting crime, and reducing the fear of crime.

Safer and stronger communities have an important role to play in delivering our overall Purpose. By making our communities safer and stronger we increase the attractiveness of Scotland as a place to live and work, attract high quality businesses and talented migrants, reduce out-migration and secure the productive engagement of an even higher proportion of the population.

To help achieve a safer and stronger Scotland, the Scottish Government will:

- take targeted action to help regenerate the most disadvantaged communities and ensure that they are fully engaged in the regeneration process, including support of £145 million each year to tackle poverty and deprivation and to help more people overcome barriers and get back into work;
- invest £430.0m/£507.8m/£533.2m in new and better housing across Scotland, including in our most deprived communities;
- challenge Scotland's local authorities, developers and builders to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade, as part of our wide-ranging consultation on the future of housing in Scotland;
- invest £13.5m/£18.0m/£22.5m to make an additional 1,000 police officers available in our communities through increased recruitment, improved retention and redeployment of police officers;
- tackle organised crime through the newly-created Serious Organised Crime Taskforce;
- reform the summary justice system to make it more effective and to help reduce re-offending, helping more of us to lead full and productive lives;
- develop a coherent policy on punishment and prisons, including a shift away from short custodial sentences to tougher community penalties, backed by additional funding of £1.2m/£3.3m/£3.3m;
- invest significantly in replacing and modernising prison capacity, with extra investment of £12.8m/£21.0m/£29.2m;
- reduce drugs misuse and help lower-level offenders to break the link between addictions and crime;
- develop proposals, building on the Gill Review which is due to report in 2009, for the radical modernisation of our civil legal system, making it more efficient and improving access to justice;
- support young people in making positive choices through increased opportunities and respond quickly and effectively to problems; and
- as part of our climate change adaptation programme, introduce revised flood prevention and protection legislation to streamline and modernise our approach to protecting communities from flooding.

OUR AMBITION FOR A SAFER AND STRONGER SCOTLAND

Our people – as individuals, in their families and in their communities – want to live in a safer and stronger Scotland. We want safe physical environments with better quality housing and a sense of community. By focusing our efforts on reducing crime and the fear of crime, on improving housing and regenerating disadvantaged neighbourhoods, and on helping local communities to thrive socially and economically, we will help people to live full lives and reach their potential.

By making Scotland safer and stronger we will help to promote Scotland's good quality of life, attracting talented individuals and businesses and retaining the talent which is already based here.

Feeling safe and part of an orderly community whose members look out for one another is important to our welfare, sense of wellbeing, and success in life. It strengthens our capacity to manage our lives well without intervention from public service agencies, and to bring up children in a way that equips us to be successful learners, confident individuals, effective contributors and responsible citizens. It also helps everyone to contribute to a growing economy, lead healthier lives, and live in a more sustainable way that is better for the environment.

Most of Scotland's communities are great places to live and work. However, many of our communities remain blighted by antisocial behaviour and alcohol misuse. Some are plagued by serious crime, with many of our most disadvantaged areas hit hardest.

We know that too many in our communities are affected by violence and domestic abuse. We know also that some children and young people are at greater risk of becoming involved in offending because of the circumstances into which they are born. We will work with our delivery partners to act swiftly in identifying and dealing with risks to children, young people and families in order to prevent these risks from becoming long-term problems, to equip young people with the resilience they need to make good choices in life, and to offer positive alternatives to offending behaviour.

A strong community enjoys more than feeling safe from crime and antisocial behaviour. It is secure and welcoming, with access to high quality services and amenities, and a place where people recognise their responsibilities and their rights. It is also able to act swiftly and effectively when things go wrong, for example through fire, flooding or terrorism. We want to create a Scotland where our laws and practices respect and protect our diverse communities, promote tolerance and mutual respect, and maximise the opportunities for everybody to thrive.

DELIVERING A SAFER AND STRONGER SCOTLAND

Many public services that can influence whether communities become safer and stronger are wholly devolved. These include policing, housing and regeneration, education, the legal system, and social services, including services for children and families. Many are delivered through local authorities – often, in the case of social care services, involving private and voluntary providers as delivery partners – and they rely on substantial funding from the Scottish Government.

Outcome: We live in well-designed, sustainable places where we are able to access the amenities and services we need

We are committed to creating successful and sustainable communities across Scotland through a range of economic, physical, social and environmental improvements. We will do this by creating the right environment for public and private investment; taking targeted action in the most disadvantaged communities; and devolving power to the local level so that communities can have more influence and ownership.

Disadvantaged areas with poor quality housing and a lack of decent facilities and services can affect the life chances of the people who live there and the strength and vibrancy of the local community. So we will take joined up action to address the many problems such areas face. As part of this, our **regeneration** work will support Scotland's Pathfinder Urban Regeneration Companies in the comprehensive regeneration of their areas, backed by funding of £19.0m/£34.0m/£13.0m. These will be safe places where businesses will want to invest. Regeneration helps to improve the attractiveness of Scotland as a place to live and work, whilst good quality housing supply facilitates population retention and growth from in-migration, both of which are fundamental to the achievement of our overall Purpose.

The **provision of high quality sustainable housing** is not just an issue in our disadvantaged communities. We want to ensure that people across Scotland have the opportunity to live in a secure, warm house that they can afford, and will invest £430.0m/£507.8m/£533.2m in new and better housing across Scotland, including in our most deprived communities.

Our wide-ranging consultation on the future of housing in Scotland will help us to consider how we can free up the supply of housing to rent and buy in order to create sustainable, mixed communities and to provide a fair deal for first-time buyers, tenants and taxpayers. Our newly established Housing Supply Task Force will tackle the obstacles that are preventing the completion of new housing projects currently in the pipeline. We are also pursuing the creation of a Housing Support Fund to generate private finance to support first-time buyers.

We will increase our emphasis on preventing homelessness in the first place, while progressing delivery of homelessness legislation to ensure that homeless people are treated fairly and given the necessary support to secure and maintain a place to live.

Improving the quality, accessibility and affordability of public transport will provide better access to essential services and economic opportunities, including for communities in less accessible or remote parts of Scotland. We continue to support bus services across Scotland through the Bus Service Operators Grant, and will provide an annual subsidy of £57.2 million to the bus industry to support lower fares and encourage bus patronage. We are also providing resources to local government to support local bus services and community-based transport. Encouraging and promoting the use of greener, healthy and active ways of getting around can also improve the quality of the places we live in.

Making Scotland's roads even safer will make an important contribution. We will continue to **prioritise road safety**, including through funding for Road Safety Scotland, Safety Camera Partnerships and other initiatives. We intend to give more strategic direction to road safety and to make use of a range of organisations involved in improving road safety. We are taking action to develop a ten year Road Safety Strategy for Scotland, drawing on the experience of a number of leading road safety experts through an Advisory Expert Panel.

We are planning to amend the legislation dealing with flooding to encourage a **more sustainable approach to flood risk management** in Scotland. This will involve natural flood management processes such as wetland creation, alongside the more traditional flood alleviation schemes. We will be consulting widely on our proposals, aimed at delivering long term benefits to communities at risk from flooding. We have transferred the substantial resources for flood protection to local authorities, including the funding associated with schemes which have already been confirmed.

In addition to addressing flood risk, we are also working to address other unavoidable consequences of climate change with the development of Scotland's first climate change adaptation strategy. This strategy will identify priority action to safeguard the smooth functioning of our communities' services and infrastructure. We will also work alongside the UK Government and the other Devolved Administrations to deliver the UK Adaptation Policy Framework which will improve understanding of climate change adaptation across the UK.

Outcome: We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others

Communities that are tolerant, and where people live easily together, are likely to provide safer places to live and a better quality of life for everybody. We will take a range of actions to support the more vulnerable members of society, including action to tackle racism and sectarianism. We will take forward our manifesto commitment to extend hate crime legislation to protect disabled people and people from the lesbian, gay, bisexual and transgender communities. Our work in this area will also support a **strong, fair and inclusive national identity**.

Significant progress has been made in **tackling sectarianism**, including work based around football, marches and parades and education. We will take forward this important work by developing existing partnerships and forming new ones. In particular, we will look at how this agenda can be broadened to ensure that Scotland's people do not have to tolerate any form of religious discrimination.

In partnership with local government in Scotland, we will work to **help disabled and vulnerable people to live independently** in their communities by, for example, providing housing support services for a wide range of client groups, and by assisting homeowners who need financial support to improve their housing conditions, including through the installation of disability adaptations.

Outcome: We have tackled the significant inequalities in Scottish society

We face a serious challenge in identifying and effectively helping people and households with **multiple and complex needs**. Often the hardest to reach and hardest to help in society, people with a range of interrelated problems are also often concentrated in a relatively small number of local areas. This presents a significant challenge to public services. Patterns of severe disadvantage often repeat themselves generation after generation, and it is vital that we take effective action now to break the cycle of disadvantage.

We will work with Community Planning Partnerships and our partners in the community and the third sector to ensure that we effectively help these individuals and households address their problems. This will often involve developing systems for intervention early enough to prevent problems escalating. We will also integrate this focus on resolving problems into our policies on tackling poverty, inequality, social exclusion and regeneration.

We are committed to **strengthening support for children, young people and families** and to securing the best outcomes for all children. The Smarter Scotland chapter sets out how government will work with partners across the public and voluntary sectors to achieve effective support, greater resilience and improved life chances for children, young people and families who are in vulnerable situations.

Strong communities are, in part, founded on an accessible, fair and trusted justice system that protects people's rights and upholds their responsibilities. We will take forward a radical programme to **modernise our civil justice system**, taking account of Lord Gill's review of the civil courts, due to report in 2009. The modernisation programme will seek to broaden access to justice, use technology to deliver justice more efficiently, and promote new and more accessible ways to resolve disputes.

Outcome: We live our lives safe from crime, disorder and danger

A safer Scotland will safeguard society from harm and ensure effective justice for all. The justice system seeks to punish offenders and to deter them from re-offending, whilst protecting the rest of society.

At the moment, people in Scotland have a sense of personal security that is lower than actual levels of crime suggest that it ought to be – and perceptions are important. **More visible policing** helps to deter and detect crime and increase the public's sense of security. We will deliver an additional 1,000 police officers in our communities through increased recruitment, improved retention and redeployment. As part of that we will invest £13.5m/£18.0m/£22.5m in recruiting an additional 500 police officers by 2011.

Three years have passed since the launch of the **Antisocial Behaviour Strategy**, which sought to bring about a step change in behaviour and attitudes. We will review this strategy to see where it can be strengthened and improved and to determine how communities can be more usefully involved. We will do this in consultation with key stakeholders and draw on research evidence. The review will include examination of key aspects of the Antisocial Behaviour etc. (Scotland) Act 2004 and will seek to learn from, and build on, what is working well. We will announce recommendations by the end of 2008.

We will strengthen our response to **youth offending** through early, multi-agency intervention that nips bad behaviour in the bud. We will build on improvements to the Children's Hearing System to ensure an effective, joined up response to young people who pose a risk to themselves or others. We will strengthen the management of those young people who present the highest risk to themselves and others, for example by investing in a world-class secure estate.

We will also increase our efforts to tackle the mindless **violence** that blights many parts of Scotland. Taking robust action on knife crime, alcohol-fuelled violence and collective violence, most commonly in gangs, will be a priority, and we will support and work in partnership with the national Violence Reduction Unit to find long-lasting solutions to these problems. We will also continue our work on addressing violence against women and tackling domestic abuse.

We must break the link between **alcohol, violence and disorder**. Far too many of our town and city centres are blighted by violence and disorder which is often fuelled by the over-consumption of alcohol. We will take steps to end the culture of deep-discounting and irresponsible promotions, and we will consider the feasibility of minimum pricing. These early actions will provide a platform for a long-term alcohol strategy that will seek to change the culture of alcohol consumption in Scotland.

Tackling drug misuse is one of the major social challenges of our time, and it is time to review our approach. We will seek to develop a national consensus on how to tackle drug misuse. Our new strategy will set out clear national outcomes and a programme of action that ensures improved service delivery to promote recovery from drug addiction; early intervention to protect children; drug education that works; effective enforcement; and more appropriate court disposals. We will provide financial support of £29.5m/£32.0m/£32.8m to help tackle drug misuse.

Our clear aim is to prevent and deter crimes. At the same time, those who offend must face the consequences of their actions. We will take action to ensure a **swift and effective justice system**. We will aim to reduce offending and re-offending by bringing cases to a conclusion in the most appropriate way as quickly as possible. New direct measures will include greater use of fiscal fines and compensation offers, and making changes to legal aid and the scheduling of cases in court to ensure that criminal cases are disposed of at the earliest opportunity.

We will also ensure that communities throughout Scotland can have confidence that those who commit the most serious offences are dealt with swiftly. This will be achieved by focusing on the efficient management of business in the High Court, ensuring that cases that can be resolved without a trial are disposed of at the earliest opportunity, and bringing greater certainty to the proceedings of the High Court for the benefit of victims and witnesses.

We believe that many less serious offenders who currently get short prison sentences should be paying back their debts to society in the community – not adding to society's bill for their bed and board. **Tough community punishments** will protect the public, help offenders turn their lives around, and involve some pay-back to the communities they have harmed. We will provide additional funding of £1.2m/£3.3m/£3.3m to support this work.

Prison places should be for serious and dangerous offenders – with the public sector operating any future new prisons, including the planned prison in Bishopbriggs and the new prison which will replace prisons in Aberdeen and Peterhead. By our effective management of prisoners while in custody we will seek to reduce their risk of reoffending on release and hence reduce the risk they will pose to others. We will invest an additional £12.8m/£21.0m /£29.2m to **support the ongoing development and modernisation of the prison estate.**

Organised crime can have a serious detrimental impact on our law-abiding communities, businesses and business growth. That is why we have **created a Serious Organised Crime Taskforce** to support and help law enforcement agencies build on the good work they are already doing. We want to make life hard for organised criminals, take away their illicit profits, and make sure that they are arrested and prosecuted.

By tackling crime quickly and using a wider range of measures appropriate for specific offences, the Crown Office and Procurator Fiscal Service, working with the police and other criminal justice partners, will help to reduce crime and the fear of crime, improve the conditions which support economic development and social capital in communities, and enhance the quality of life of all Scottish people.

Contingency planning will help us prepare for the consequences of unexpected events. We will work with a wide range of partners to ensure that Scotland is well prepared to deal with the consequences of any emergency, as responder agencies plan and exercise together effectively; maintain a clear understanding of the risks; understand what capability is available locally and nationally; use resources flexibly and pragmatically; and ensure adequate training, preparation and evaluation.

We will ensure that our modern and efficient **Fire and Rescue Service** works harmoniously with other stakeholders to reduce the economic and social impact of fire and other emergencies by contributing to a reducing trend in the number of fires and fire-related fatalities, injuries and damage; a reduction in antisocial behaviour (in particular, fire-raising and attacks on firefighters); and effective response to local and national emergencies. This will be aided by our new Firelink communications system, to be funded by our additional spending on the fire service of £33.8m/£9.7m/£7.5m.

All this activity will help create a safer and stronger Scotland and provide an essential sound basis for securing growth. It will deal with the causes and effects of crime, and empower people to create a sustainable, more cohesive society where everyone can take advantage of the opportunities available and enjoy a better quality of life.

CHAPTER 7: A GREENER SCOTLAND

Improve Scotland's natural and built environment and the sustainable use and enjoyment of it.

SUMMARY

The choices and decisions we make every day as government, as businesses and as individuals impact on the environment around us. Achieving a greener Scotland depends on all of us – and will benefit us all in turn. The environment around us affects Scotland's attractiveness as a place to live and work, and our international standing and reputation. It also impacts on our health and wellbeing and our ability to access services and amenities. And, beyond Scotland, it is imperative that we play our part in tackling the global threat posed by climate change. Indeed, we intend to go further and to show the world a lead through our ambition to become a low-carbon economy.

A greener Scotland is vital to our Purpose. By making Scotland greener we will protect and enhance the natural and built environment that is so highly valued by those living, working and visiting Scotland and which underpins many of our important businesses and sectors.

With our wealth of natural resources and our excellent research base we have the potential to become one of the world's leading nations in managing our environmental impact. This represents an unparalleled opportunity to boost our economy and enhance our environment and quality of life for decades to come.

To help achieve a greener Scotland, the Scottish Government will:

- ensure that public spending across portfolios contributes to the action needed to help mitigate climate change so that we meet the measurable statutory targets to be set through a Scottish Climate Change Bill;
- fund initiatives by farmers and other stakeholders in the rural community to reduce climate change emissions from land management practices and to manage our rural environment more effectively, through the £1.6 billion Rural Development Programme;
- fund a new £2 million annual Saltire Prize to inspire further innovation and a £10 million horizon prize;
- support the delivery of ten megawatts of marine energy from our waters by 2010, helping to make Scotland the world leader in wave and tidal power; and triple the funding for community renewables and microgeneration to reach £13.5 million a year by 2010-11;
- support local authorities as they reduce the amount of biodegradable municipal waste sent to landfill in line with EU requirements;
- deliver increasingly high standards of environmental performance and design as we refurbish the public sector estate, including schools, hospitals and prisons, and require the same of all new buildings and investments drawing on public funds;
- improve sustainable procurement, for example, urging all public bodies in Scotland to specify fresh, locally available, seasonal produce;
- reduce pollution through record levels of investment in Scottish Water's £2.5 billion infrastructure programme and through providing additional funding for the Scottish Environmental Protection Agency's (SEPA) programmes addressing pollution;

- support new Waste Management projects as part of our zero waste strategy;
- introduce a sustainable development and climate change resource to identify new exemplar projects;
- invest in public transport, providing £840.0m/£917.0m/£897.0m on rail and tram services and projects in Scotland, £3 million a year on travel information, £57.2 million a year to support bus services and £11 million a year on direct support for sustainable and active travel. This, along with support to local authorities will support sustainable places by reducing car dependency and increasing the proportion of people walking and cycling;
- allocate resources from Historic Scotland's £50 million budget to undertake historic building conservation projects that will allow future generations to enjoy our historic assets too; and
- ensure new and effective marine management arrangements in Scotland help support our marine-based industries and protect and enhance our coasts and seas through a Scottish Marine Bill.

OUR AMBITION FOR A GREENER SCOTLAND

Scotland faces increasing environmental pressures, from the global impacts of climate change to our increasing levels of consumption. We also face increasing competition for natural resources – fossil fuels, air, timber, water and land – which are already under pressure.

As a nation, we need to reduce our global and local environmental impacts. We need to take advantage of Scotland's assets – our world-renowned landscapes, renewable natural resources – and new technologies and markets, such as those for renewable energy. Our choices in addressing environmental pressures will be critical to shaping a modern, successful and sustainable Scotland, and to maintaining a quality of life which retains and attracts talented people.

That is why we will ensure that our policies and initiatives across all portfolios take full account of our ambitions for a greener Scotland, as we have in our new *Government Economic Strategy*, our consultation on a new housing strategy, and our commitment to introduce carbon impact assessments for policy options.

Achieving a greener Scotland will require wide public understanding. This understanding in turn needs to be translated into changes in everyday actions by us all – businesses, public sector, voluntary and community groups and individuals. Government and non-government partners will need to work together in communicating and achieving the goal, so that everyone understands how the principles of sustainable development should shape tomorrow's world and Scotland's part in it.

DELIVERING A GREENER SCOTLAND

Outcome: We reduce the local and global environmental impact of our consumption and production

We want Scotland to be a leading nation in developing a sustainable way of life, reducing the impact we have on our local and global environment. That means making much greater use of our substantial renewable energy resource. It means we want to reduce the emissions from transport, housing, business, land management and other sources. And we want to improve Scotland's record on waste management and recycling. It means the whole nation becoming wiser consumers. It also requires us to continue research in our universities and colleges into ways of improving our performance in each of these areas.

We are committed to playing our part in the global effort to reduce greenhouse gas emissions. We will work towards **an ambitious target: to reduce Scotland's emissions by 80 per cent by 2050** from 1990 levels. We will research the most promising options and the economic opportunities they will present for Scotland. We will **consult on legislation to establish mandatory targets and monitoring arrangements**, providing a long-term statutory framework in which Scottish industries can invest with confidence in world-beating, low-carbon technologies and services.

From the start, we will reduce emissions by 2011 in line with the pathway towards reducing emissions by 80 per cent by 2050, as determined by the forthcoming Scottish Climate Change Bill. Our planned outcome agreements will look for local authorities to contribute to this proposed statutory target, both by 2011 and by 2050.

Our drive to reduce the impact of climate change will create economic opportunities in renewable energies, from world-leading technology export and manufacturing opportunities in marine energy and deep-water offshore wind to rural jobs in biomass and renewable heat. A capital and revenue grant scheme for wave and tidal device prototypes is already in place. We will **support the development of Scotland's renewable energy resources**, investing in science, research, innovation and infrastructure, and identify effective incentives to encourage investment in this area. In addition, we will triple spending for **community renewables and microgeneration** to £13.5 million a year and encourage the recovery of woodfuel from waste, which can then be used to replace non-renewable fuels.

We also need to address the main sources of climate change emissions. For example, reducing the energy used in buildings could make a major contribution to the climate change programme – without the need for a major lifestyle change. Our **consultation on a new housing strategy** includes higher environmental standards for all new homes. We will build on the recommendations of the Low Carbon Building Standards Strategy and set out a **clear route to our goal of zero-carbon buildings**, progressively tightening the energy efficiency standards in our building regulations. The government will be the first to commit to these new standards, and we will ensure that every new building and refurbishment of a public building to which the government contributes financially, delivers high standards of environmental performance.

We must also **improve energy efficiency in existing buildings**. The Warm Deal/Central Heating programmes can improve the energy efficiency of homes across Scotland, as well as helping to provide warmer homes and lower fuel bills for those on low incomes.

Transport is a major source of climate change emissions, mainly through road use and now increasingly also through aviation and shipping. We will continue to **support a shift in modes of transportation, including freight**. We will address the environmental impacts of transport through a package of measures that promote more **sustainable travel** through the provision of high quality public transport, improved facilities for walking and cycling, and a range of targeted Smarter Choices and vehicle efficiency campaigns.

Scotland's soils and forests store a great deal of carbon, and managing this resource has major economic and environmental benefits. We will ensure that the Forestry Commission is able to invest £15 million a year in new woodlands as the first step in **increasing forest cover to 25 per cent**. We are supporting research on land use strategies to enhance the health of Scotland's soils and using funds from the £1.6 billion available to the Scotland Rural Development Programme (between 2007 and 2013) to **make farming more carbon neutral and sustainable**.

In recognition of the increased level of effort required within and outwith government to deliver our greener Scotland commitments, including our ambitious climate change targets, we will provide increased resources (£8.7m/£10.8m/£11.0m) for a range of sustainable development and climate change initiatives, including a new Climate Challenge Fund.

To underpin these specific funding measures we will introduce **a system of cross-compliance** to ensure that spending decisions use available techniques and information to assess the carbon impact of policy options during the appraisal process. In that way, decisions are based on choosing the most effective, climate change sensitive, sustainable and feasible option. We are clear that the public sector should take the lead, working to develop the market, demonstrating feasibility to the private sector and helping emerging markets to mature. The outcome agreements with local authorities will reflect this approach, so that the whole public sector starts to reduce emissions, as this will be required as a matter of law by the Scottish Climate Change Bill, once enacted.

Emissions are not the only way in which we impact on our environment – we should also **minimise the materials and energy we waste, moving towards a 'zero-waste' society**. We are supporting local authorities in developing a strategy for increasing recycling, and we are taking forward measures aimed at preventing waste. Local authorities will also deliver our EU obligations to **reduce the amount of biodegradable municipal waste sent to landfill**.

Sustainable procurement and consumption has an important role to play in reducing waste. For example, our food strategy will place **a new emphasis on healthy, sustainable local food**. As part of this work, we will create a **greater awareness of the environmental efficiency of the food supply chain** so that consumers know how far their food has travelled and where it comes from before reaching the shelves. And we will work with producers to **reduce unnecessary food and packaging waste**.

In many markets, the public sector is a substantial purchaser in its own right. We can help influence markets, encourage the development of greener goods and services, and demonstrate our commitment by ensuring that the public sector in Scotland pays full and appropriate regard to the environmental consequences of the goods and services it buys and provides.

Outcome: We live in well-designed, sustainable places where we are able to access the amenities and services we need

Sustainable places support people in greener, more active lives. They are places where homes and workplaces are conveniently located, reducing the need to travel by car and helping to make walking, cycling and outdoor recreation realistic and attractive options. They are places which harness new technologies, such as lower carbon buildings and they are attractive, well-designed places – urban and rural – which support physical and mental health and wellbeing by encouraging physical activity and providing ease of access.

In our Housing Green Paper we set out proposals for a Scottish Sustainable Communities Initiative to encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment. Our work on building standards will contribute to this, **ensuring that new developments adopt better environmental standards**.

High quality new buildings, such as housing, schools and workplaces, will be added in ways that enhance the existing historic environment. Our programmes to improve the quality of Scotland's housing stock and the successful regeneration of Scotland's most deprived communities will contribute to creating sustainable communities as well as being greener. And we will challenge the public and private sectors and communities themselves to **drive up standards for planning and the design and maintenance of the built and natural environment**. The goal is good quality, energy-efficient building set in well-managed, accessible green and open space – urban design good enough for future generations to thank us for delivering the conservation areas of the future.

We will **promote the expansion of environmental volunteering across Scotland**, to involve people more in improving their own communities, and we will work with local authorities to maximise the opportunities for everyone to be more active in safe, appealing environments in their own communities.

Sustainable places also contribute to sustainable economic growth: Scotland's reputation for the quality of its urban and rural environments is an important factor in attracting and retaining people with the skills and talent we need to build a successful Scotland. Our **investment in public transport, and the higher building standards** we will introduce, will help us reduce carbon emissions and congestion, ensuring that businesses can keep operating and moving goods in sustainable ways. Our investments in the green economy, including renewable energy, are central to the future prosperity of our rural areas.

Outcome: We value and enjoy our built and natural environment and protect it and enhance it for future generations

Scotland's environment is a major asset to us all. We depend on our natural resources and our natural and built environments for creating wealth and economic opportunity – for example in our fishing, farming, forestry, aquaculture and tourism industries. We depend on the quality of the environment to support and protect public health and wellbeing, through the quality of our air, water and soils. We also depend on the built and natural environments as our core infrastructure, providing the places we live and work in and the connections between them.

Scotland's environment is a rich blend of biodiversity, geology, historic and cultural heritage. Our landscapes are not living museums – they need careful management to ensure that they can continue to be places where people live, work and prosper, and places that people enjoy.

Rural development contracts under Scotland's Rural Development Programme will help farmers, crofters and others to conserve, enhance and manage our rural environment. We will respect the distinctive nature of more remote Scottish communities by tailoring future regulation and public support for crofting more closely to the wider benefits of its unique contribution to the wellbeing and social cohesion of rural Scotland.

Scottish marine and water environments are priceless assets and vital rural industries are dependent on them. Scotland has one of the longest coastlines in Europe and some of the richest and most productive fishing grounds in the world. This considerable natural resource helps provide food and green energy – and other benefits like high-value tourism. **We will introduce Scottish marine legislation, to ensure the sustainable management of our seas and coasts and to balance the competing interests for use and protection of the sea.** Scottish Water's record level of investment of £2.5 billion is essential to securing critical improvements in the water quality of rivers and lochs throughout Scotland. SEPA has a key role in **ensuring protection of the environment** through its regulatory and advisory work linked to legislation on air and water quality, industrial pollution and the control of radioactive materials.

We will also **implement the Scottish Biodiversity Strategy**, moving towards a wider ecosystem approach to nature conservation and working to reduce the risks and impacts of invasive, non-native species in Scotland. Our investment in increasing and managing Scotland's forest and woodland resources will contribute to this.

We **will raise awareness and understanding of our natural environment** through projects like the Forest Education Initiative, and we will continue to deliver work on the UN Decade of Education for Sustainable Development with a particular emphasis on further and higher education. Our schools can help produce the environmentally-conscious citizens of the future – through the curriculum, initiatives such as the Eco Schools programme, and the ways in which they use their buildings and land as teaching resources.

Our built environment has an impressive heritage, and we will work with our built and natural heritage partners to preserve this as part of the future fabric of Scottish towns and cities. **Protecting and managing the environment** in this way will **ensure that people in Scotland can enjoy our historical, built and natural landscapes now and in the future.** We will promote the responsible use and enjoyment of this asset, encouraging greater public access to and involvement in Scotland's natural and built environments.

Outcome: We take pride in a strong, fair and inclusive national identity

Our work to protect and enhance our environment is vital in giving Scotland a sense of itself, and the world a sense of Scotland. Landscapes and cityscapes are at the heart of the Scottish identity, symbolising how Scots feel about their country and how others view Scotland. To reinforce Scotland's distinctive global image of stunning landscapes and iconic buildings, we will **promote our natural and historic built environments and develop Scotland as a green tourism destination.** This, in turn, will create increased economic opportunities in some of our more remote and rural communities.

Events that draw on our landscapes and heritage, such as Burns' Night and the Edinburgh Festivals, have long helped to foster the sense of cultural identity that is core to our wellbeing and belonging. We will continue to fund VisitScotland and the other cultural bodies maintaining our distinctive national monuments and collections, arts and landscape.

We will **support Scotland's diverse communities in exploring and celebrating their cultural identity and heritage** and we will look to maximise access to cultural opportunities which draw on the relationship between our communities and our unique land and cityscapes. We will make constant and **clear links between environmental sustainability and our cultural health** and encourage an understanding of and involvement in our environment through the celebration of our culture and heritage.

CHAPTER 8: A NATIONAL PERFORMANCE FRAMEWORK

The preceding chapters set out the Scottish Government's ambitious agenda to make Scotland a more successful country. This chapter sets out the new national performance framework, fully integrated into the Spending Review, which will underpin delivery against the government's agenda.

This framework is designed to be clear, logical and easy to understand. It replaces a proliferation of competing priorities, set by the previous administration, providing a unified vision and quantifiable benchmarks against which future progress can be assessed. In developing the national performance framework we have drawn on the successful outcomes-based model of the Commonwealth of Virginia, USA. We believe it will allow us more clearly and openly to demonstrate our performance as a government and sharpen the focus of all those responsible for public services on the delivery of Scotland's priorities.

Each part of the performance framework, as Figure 8.01 shows, is directed towards, and contributes to, a single overarching Purpose.

Our Purpose

To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing economic sustainable growth

Figure 8.01: National performance framework



As part of the *Government Economic Strategy*, we have identified a set of high level **Purpose targets** that include specific benchmarks for sustainable economic growth and to ensure that growth is shared by all of Scotland. There is no doubt that if we are to match the economic performance of the UK as a whole, and the Arc of Prosperity countries that surround us, we will need to focus on:

- improving our **productivity** and **competitiveness**;
- increasing our labour market **participation**; and
- stimulating **population** growth.

Together, these targets help define the characteristics of the economic growth that we want to see – a growth that is **sustainable, cohesive** and which builds **solidarity** in all of Scotland's regions. They also set a whole new level of ambition for economic performance, not only over the lifetime of this term of the Parliament, but for the long term.

Five **Strategic Objectives** support delivery of the Purpose and, in turn, these are supported by 15 **national outcomes** which describe in more detail what the government wants to achieve over a ten year period. Progress on these outcomes will be measured through 45 **national indicators and targets**. We acknowledge the need for government to take a more strategic approach to target setting. We have, therefore, set targets where we judge that it will be an incentive to delivery. Elsewhere, we have established the direction of travel in which we expect indicators to move in the Spending Review period.

Purpose Targets

INDICATOR	TARGET
Economic Growth (GDP)	<ul style="list-style-type: none"> • To raise the GDP growth rate to the UK level by 2011 • To match the growth rate of small independent EU countries by 2017
Productivity	<ul style="list-style-type: none"> • To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017
Participation	<ul style="list-style-type: none"> • To maintain our position on labour market participation as the top performing country in the UK and to close the gap with the top five OECD economies by 2017
Population	<ul style="list-style-type: none"> • To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy in Scotland over this period
Solidarity	<ul style="list-style-type: none"> • To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017
Cohesion	<ul style="list-style-type: none"> • To narrow the gap in participation between Scotland's best and worst performing regions by 2017
Sustainability	<ul style="list-style-type: none"> • To reduce emissions over the period to 2011 • To reduce emissions by 80 per cent by 2050

NEW APPROACH TO GOVERNMENT

We are moving the whole of government to an outcomes-focused approach to performance. This means that we will be judged – as we should be – on the results that we achieve; results which reflect real and meaningful improvements in public services and quality of life for people in Scotland.

Our approach focuses government on the key long term challenges for Scotland and will enable, and encourage, more effective partnership working right across the public sector and with stakeholders. The whole of the public sector will, for the first time, be expected to contribute to one overarching Purpose and all performance management systems will therefore be aligned to a single, clear and consistent set of priorities.

The transition to an outcomes-based approach with delivery partners, including local government, will leave the detailed management of services to those who can best understand and tailor their resources and activities in line with local priorities. The Scottish Government will concentrate on providing leadership and direction, and focus on strategic priorities. The proposed approach for Single Outcome Agreements with local government is covered in more detail in chapter 17.

NATIONAL PERFORMANCE FRAMEWORK

THE GOVERNMENT'S PURPOSE

TO FOCUS GOVERNMENT AND PUBLIC SERVICES ON CREATING A MORE SUCCESSFUL COUNTRY, WITH OPPORTUNITIES FOR ALL OF SCOTLAND TO FLOURISH, THROUGH INCREASING SUSTAINABLE ECONOMIC GROWTH

HIGH LEVEL TARGETS RELATING TO THE PURPOSE

GROWTH PRODUCTIVITY PARTICIPATION POPULATION SOLIDARITY COHESION SUSTAINABILITY

STRATEGIC OBJECTIVES

WEALTHIER & FAIRER

SMARTER

HEALTHIER

SAFER & STRONGER

GREENER

NATIONAL OUTCOMES

- We live in a Scotland that is the most attractive place for doing business in Europe
- We realise our full economic potential with more and better employment opportunities for our people
- We are better educated, more skilled and more successful, renowned for our research and innovation
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens
- Our children have the best start in life and are ready to succeed
- We live longer, healthier lives
- We have tackled the significant inequalities in Scottish society
- We have improved the life chances for children, young people and families at risk
- We live our lives safe from crime, disorder and danger
- We live in well-designed, sustainable places where we are able to access the amenities and services we need
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others
- We value and enjoy our built and natural environment and protect it and enhance it for future generations
- We take pride in a strong, fair and inclusive national identity
- We reduce the local and global environmental impact of our consumption and production
- Our public services are high quality, continually improving, efficient and responsive to local people's needs

NATIONAL INDICATORS AND TARGETS

At least halve the gap in total **research and development spending** compared with EU average by 2011

Increase the **business start-up** rate

Grow **exports** at a faster average rate than GDP

Improve **public sector efficiency** through the generation of 2% cash releasing efficiency savings per annum

Improve people's perceptions of the **quality of public services delivered**

Reduce the number of Scottish **public bodies** by 25% by 2011

Reduce the proportion of driver journeys delayed due to **traffic congestion**

Increase the percentage of Scottish domiciled **graduates** from Scottish Higher Education Institutions in positive destinations

Improve knowledge transfer from **research activity** in universities

Increase the proportion of **school leavers** (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training)

Increase the proportion of **schools** receiving positive inspection reports

Reduce number of working age people with severe **literacy and numeracy** problems

Increase the overall proportion of **area child protection committees** receiving positive inspection reports

Decrease the proportion of **individuals living in poverty**

60% of school children in primary 1 will have no signs of **dental disease** by 2010

Improve the **quality of healthcare experience**

Increase the proportion of **pre-school centres** receiving positive inspection reports

Increase the **social economy turnover**

Reduce the rate of increase in the proportion of children with their **Body Mass Index** outwith a healthy range by 2018

Increase the average score of adults on the Warwick-Edinburgh **Mental Wellbeing** Scale by 2011

Increase **healthy life expectancy** at birth in the most deprived areas

Reduce the percentage of the **adult population who smoke** to 22% by 2010

Reduce **alcohol related hospital admissions** by 2011

Achieve annual milestones for reducing **inpatient or day case waiting times** culminating in delivery of an 18 week referral to treatment time from December 2011

Reduce the proportion of people aged 65 and over admitted as **emergency inpatients** two or more times in a single year

Reduce mortality from **coronary heart disease** among the under 75s in deprived areas

Increase the percentage of people aged 65 and over with high levels of care needs who are **cared for at home**

All unintentionally **homeless households** will be entitled to settled accommodation by 2012

Reduce overall **reconviction rates** by 2 percentage points by 2011

Reduce overall **crime victimisation** rates by 2 percentage points by 2011

Increase the percentage of **criminal cases** dealt with within 26 weeks by 3 percentage points by 2011

Increase the rate of **new house building**

Increase the percentage of adults who rate their **neighbourhood** as a good place to live

Decrease the estimated number of problem **drug users** in Scotland by 2011

Increase positive public perception of the general **crime rate** in the local area

Reduce overall **ecological footprint**

Increase to 95% the proportion of **protected nature sites** in favourable condition

Improve the state of Scotland's **Historic Buildings, monuments and environment**

Biodiversity: increase the index of abundance of terrestrial breeding birds

Increase the proportion of **journeys to work** made by public or active transport

Increase the proportion of adults making one or more **visits to the outdoors** per week

50% of electricity generated in Scotland to come from **renewable sources** by 2020 (interim target of 31% by 2011)

Reduce to 1.32 million tonnes of **waste** sent to landfill by 2010

Increase to 70% key **commercial fish stocks** at full reproductive capacity and harvested sustainably by 2015

Improve people's perceptions, attitudes and awareness of **Scotland's reputation**

NATIONAL INDICATORS AND TARGETS

DELIVERY, ACCOUNTABILITY: PARTNERS' CONTRIBUTIONS ACROSS THE PURPOSE AND ALL STRATEGIC OBJECTIVES - MEASURED BY PERFORMANCE MANAGEMENT REGIMES

SECTION 2 PORTFOLIO SPENDING PLANS

2

As indicated in chapter 1, this section provides the individual portfolio spending plans for 2008-09 to 2010-11. Here, we set out the responsibilities for each portfolio and the spending priorities and plans for the next three years.

CHAPTER 9: THE FIRST MINISTER

PORTFOLIO RESPONSIBILITIES

The First Minister's portfolio is responsible for:

- policy on Europe and external affairs, including the relationship between the Scottish and UK Governments, where the primary aim is to promote Scotland's interests and identity at home and abroad;
- maximising opportunities for, and participation in, high quality cultural events and the promotion of Gaelic;
- communicating our message to the people of Scotland and developing the evidence base for strategic policy decisions by supporting research, analytical and statistical services;
- promoting and protecting Scotland's historic environment; and
- preserving and making available Scotland's national archives.

Along with our work on constitutional and parliamentary issues, the First Minister's portfolio supports business units across the Scottish Government in delivering the five Strategic Objectives.

Historic Scotland and the National Archives of Scotland are Executive Agencies of the portfolio.

SUMMARY OF KEY SPENDING PRIORITIES FOR THE FIRST MINISTER'S PORTFOLIO

The priorities for the First Minister's portfolio from 2008-09 to 2010-11 are to continue delivery of the responsibilities set out above, in particular by:

- increasing our International Aid Budget by £3.0m/£3.0m/£6.0m, ensuring that the 2010-11 budget is double that of 2007-08;
- increasing the support provided for St Andrew's Day celebrations across Scotland by £0.3m/£0.3m/£0.3m to help promote our distinctive national identity and attract tourists;
- providing £2.0m/£2.0m/£2.0m for the creation of an Edinburgh Festival Expo Fund to promote Scottish work at the Festivals;
- providing £11.6 million to complete the Royal Museum Project;
- supporting the national conversation with the people of Scotland about how Scotland is governed, launched with the publication of *Choosing Scotland's Future*. This will largely be met from existing budgets; and
- supporting the establishment of Creative Scotland and ensuring the ongoing success of the range of cultural bodies critical to delivering our priorities for culture, including the national collections.

More detail is set out below and in the spending plans in table 9.01 and in chapter 19.

Table 9.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Europe and External Affairs	15.2	15.2	18.2
Culture and Gaelic	189.1	204.2	211.2
Corporate and Central Budgets	14.4	14.5	15.0
Historic Scotland	51.7	49.3	50.3
National Archives of Scotland	10.3	10.3	10.5
Total	280.7	293.5	305.2

CHAPTER 10: FINANCE AND SUSTAINABLE GROWTH

PORTFOLIO RESPONSIBILITIES

The Finance and Sustainable Growth portfolio is responsible for managing Scotland's budget effectively and delivering the right mix of policies to ensure increasing, sustainable growth in the Scottish economy.

It contributes substantively to our Purpose – to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth – and is a critical driver of our wealthier and fairer Strategic Objective – to enable businesses and people to increase their wealth and more people to share fairly in that wealth. A fairer Scotland will, in turn, help reduce inequalities in areas such as educational attainment and health, helping Scotland become smarter and healthier. By investing to increase growth in Scotland's high-potential renewable energy sector, the portfolio also contributes to a greener Scotland.

The Finance and Sustainable Growth portfolio has responsibility for:

- delivering better value in the Scottish budget to ensure we get the best possible return for frontline public services and taxpayers;
- supporting public service reform to deliver better quality, user-focused services and smaller, simpler and more efficient government;
- delivering and maintaining the right infrastructure for business success – through investment in transport, investment in Scottish Water and modernising the planning system;
- refocusing the enterprise networks towards a shared goal of delivering increasing, sustainable economic growth and promoting Scotland's tourism industry;
- contributing to tackling climate change and improving energy efficiency; and
- further developing an innovative, sustainable and inclusive third sector.

SUMMARY OF KEY SPENDING PRIORITIES FOR THE FINANCE AND SUSTAINABLE GROWTH PORTFOLIO

The Finance and Sustainable Growth portfolio is responsible for public spending of around £6 billion annually (excluding local government).

Chapters 17 and 27 set out the local government responsibilities for delivering national priorities and services relevant to this portfolio through an expanding role in driving local economic development, including the business gateway and, in particular:

- freezing council tax rates in each local authority at 2007-08 levels; and
- reducing or removing business rates for small businesses.

Excluding local government, the biggest spending element within the portfolio is Transport – investing in Scotland’s railways, ferries, air services and maintaining and improving Scotland’s motorways and trunk roads as well as providing free travel to over one million people on the bus network. There are significant funds for Scottish Enterprise and Highlands and Islands Enterprise to generate new investment and innovation in Scottish business – enhanced by investment in lower business rates, and to ensure record levels of investment in Scottish Water are committed. Given the importance of addressing climate change in achieving the government’s overall Purpose of sustainable economic growth, measures are to be introduced to ensure that investment across government is used to achieve emission reductions (see chapter 7 for more detail).

For the period 2008-09 to 2010-11, the priorities for the Finance and Sustainable Growth portfolio are briefly described below. More detail about spending plans is given in table 10.01 and in chapter 20.

Getting better value from the Scottish budget

Integral to our spending proposals for 2008-11 is the clear commitment to manage public sector resources more effectively and efficiently. Programmes and projects within the Finance and Sustainable Growth portfolio aimed at delivering this include:

- Efficient Government, for which the portfolio leads on behalf of the Scottish Government. The spending proposals set out in this document take account of a requirement for each portfolio to deliver 2 per cent, cash-releasing efficiencies per annum; and
- establishing a National Procurement Centre of Expertise to lead collaborative procurement of common goods and services on behalf of the wider Scottish public sector; extending e-procurement; and continuing and accelerating procurement reform in Scotland.

Supporting public service reform

Closely linked to managing public sector resources more effectively and efficiently is reforming our public services. Programmes and projects within the Finance and Sustainable Growth portfolio aimed at delivering this include:

- simplifying the public service landscape, to achieve a simpler, smaller, more focused and more efficient and effective government in Scotland; and
- developing a new relationship with local government supported by the implementation of Single Outcome Agreements and a performance measurement framework for local authorities to be delivered in association with Community Planning Partners.

Putting the right infrastructure in place

Scotland needs the right infrastructure to allow the economy more effectively to compete and succeed. Our programmes and policies, which are designed to meet the strategic needs of Scotland’s wealth creators as well as improving the quality of life of Scotland’s people, include:

- investing £0.7 billion annually in rail infrastructure through Network Rail and rail services through the rail franchise, including investing in expansion and improvements to services through our major projects programme;

- delivering a motorway and trunk road network that supports the economy and the people of Scotland by enabling safe and reliable journeys (£932.6m/£1,063.7m/£1,181.4m);
- investing in the design and development of a replacement Forth crossing (£20.0m/£25.0m/£30.0m);
- removing tolls on the Forth and Tay Road Bridges;
- providing the resources to deliver high quality ferry services (£92.4m/£105.1m/£111.0m);
- providing a substantial resource and capital grant to Highlands and Islands Airports Limited (HIAL) to sustain the network of ten airports in the Highlands and Islands and take responsibility for Dundee Airport; providing substantially discounted fares to residents of the islands and remote highlands;
- supporting lower bus fares across Scotland through the Bus Services Operators Grant;
- supporting British Waterways Scotland to help maintain a thriving canal network as a major regenerator and driver of economic investment in the communities which it serves;
- providing free travel to over one million people on the bus network (£181.4m/£187.4m/£189.4m) improving quality of life through greater access to vital health and community services, employment and education and leisure facilities;
- delivering record levels of investment by Scottish Water to improve water quality and ensure connections to the public networks necessary for new developments throughout Scotland (an annual investment of £182 million); and
- completing the e-enablement of Scotland's planning system with benefits for all users of the system – and put in place a programme to support planning modernisation.

Refocusing the enterprise network and promoting Scotland's tourism industry

As the principal vehicle for enterprise development in Scotland, the enterprise networks play a crucial role in generating new investment and innovation in Scottish businesses. We have already acted to reinvigorate the enterprise networks – refocusing them towards a shared goal of delivering increased and sustainable economic growth. As part of the reforms, responsibility for managing the Business Gateway contracts and for local regeneration activity will transfer to local government. Responsibility for national training and skills programmes will be moved to a new body. The appropriate funding will be transferred when agreement has been reached as to the precise nature of activity to be transferred and, in the case of skills and training, once the new skills body is in place. Tourism is included within the Finance and Sustainable Growth portfolio – alongside enterprise and infrastructure – so that policy as a whole can reflect the needs and interests of the tourism industry. Our programmes and policies are designed to refocus the enterprise networks and promote our tourism industry:

- Scottish Enterprise will have a grant of £448.6m/£433.8m/£431.4m annually before the transfers outlined above are made. It will now concentrate on supporting innovation and investment in regionally and nationally significant and high potential companies and key sectors (including through providing risk capital), in major economic development projects to ensure Scotland is an attractive place to locate, and to increase trade internationally;
- innovation and investment through Regional Selective Assistance (RSA), SMART:Scotland and other direct government innovation support will have a combined budget of £60 million annually; RSA and SMART:Scotland with a combined annual budget of £52 million will be delivered within Scottish Enterprise as a joint venture with the Scottish Government;

- Highlands and Islands Enterprise will spend £91.8m/£88.8m/£88.3m on supporting innovation and investment across the area to ensure the Highlands and Islands is an attractive place to locate businesses and has strong communities; and
- the annual £47 million funding to VisitScotland triggers another £25 million of funding from the private sector and local authorities. There will also be a £2 million a year addition to the current £25 million marketing budget to be devoted to costs associated with making a success of bringing the Ryder Cup to Scotland in 2014.

Contributing to tackling climate change and improving energy efficiency

Our Purpose focuses on increasing sustainable economic growth – economic growth which is not at the expense of future generations. To help facilitate this we have ensured that responsibility for tackling climate change and energy efficiency lies within the same portfolio as economic growth, transport and planning – reinforced by strong linkages to other portfolios. The programmes and policies within the Finance and Sustainable Growth portfolio which contribute to tackling climate change and improving energy efficiency include:

- putting in place a statutory framework through the introduction of a Scottish Climate Change Bill setting a long term target to cut emissions by 80 per cent by 2050; more immediately, reducing emissions in the period to 2011 in line with the pathway towards the longer term target; and preparing a programme of actions across all portfolios to deliver both targets;¹
- supporting the European Commission to ensure that the EU carbon price continues to be the primary instrument to deliver climate change emission reduction objectives. The EU Emissions Trading Scheme is the central plank of our policy, reducing emissions at least cost;
- implementing the Carbon Reduction Commitment, a decision on which will be announced before the end of the year;
- increasing spending on energy and climate change to an annual spend of £33 million by 2010-11. This will provide support for renewable energy, energy efficiency and climate change, allow the budget for microgeneration to triple; and will complement spending in tackling climate change in other portfolios, particularly Rural Affairs and the Environment; and
- launching the first ever Saltire Prize with a £2 million annual fund to recognise innovation and a £10 million horizon prize – with the first challenge in 2008 focusing on renewable energy.

Developing an innovative, sustainable and inclusive third sector

The third sector has an important part to play in securing sustainable economic growth. We will seek to secure the development of an innovative, sustainable and inclusive third sector, supporting communities to be more cohesive and contributing to high quality public services and increased economic growth. Our programmes and policies include:

- supporting an enterprising third sector with a development programme of £19.2m/£22.2m/£22.2m and the Scottish Investment Fund (£4.0m/£10.0m/£16.0m) to encourage greater investment in assets, business development and the skills of people working in the sector; and
- developing strategic partnerships with key national and regional intermediaries to ensure effective infrastructure for the third sector.

¹ The exact basis of both targets, including whether they will be based on a basket of greenhouse gases or CO₂ emissions alone, will be decided after the public consultation on the proposals for the Bill.

Table 10.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Public Pensions Agency	2,661.8	2,659.1	2,660.1
Committees, Commissions and Other Expenditure	32.3	34.7	57.2
Rail Services in Scotland	689.2	672.9	667.1
Concessionary Fares	187.5	189.5	191.5
Other Transport Agency Programmes	180.9	287.1	256.9
Motorways and Trunk Roads	932.6	1,063.7	1,181.4
Ferry Services in Scotland	92.4	105.1	111.0
Air Services in Scotland	38.2	38.1	38.0
Bus Services in Scotland	57.2	57.2	57.2
Other Transport Directorate Programmes	79.6	69.9	58.7
European Social Fund – 2000-06 Programmes	–	–	–
European Regional Development Fund – 2000-06 Programmes	–	–	–
European Social Fund – 2007-13 Programmes	–	–	–
European Regional Development Fund – 2007-13 Programmes	–	–	–
Planning	11.8	5.3	5.6
Enterprise, Energy and Tourism	687.2	666.9	674.0
Water and Climate Change	311.8	311.8	311.8
Third Sector	23.2	32.2	38.2
General Register Office for Scotland	11.6	15.5	22.1
Registers of Scotland	–	–	–
Total	5,997.3	6,209.0	6,330.8

CHAPTER 11: HEALTH AND WELLBEING

PORTFOLIO RESPONSIBILITIES

The Health and Wellbeing portfolio is responsible for developing and running effective policies and programmes that:

- protect and improve the health of people in Scotland;
- tackle health inequalities;
- promote equality, and tackle discrimination, prejudice and disadvantage;
- provide high quality health care and social care services, person-centred and close to home;
- promote social inclusion and reduce poverty;
- increase the supply of good quality, affordable housing and prevent and tackle homelessness;
- regenerate communities; and
- promote physical activity and participation and success in sport.

These policies and programmes support the achievement of our objective for a healthier Scotland, promoting greater wellbeing among all those living in Scotland. They also underpin the delivery of other programmes across portfolios to promote equality and to tackle poverty, disadvantage, discrimination and prejudice.

SUMMARY OF KEY SPENDING PRIORITIES FOR HEALTH AND WELLBEING PORTFOLIO

The Health and Wellbeing portfolio is responsible for public spending totalling £11.2 billion in 2008-09. This represents £2,200 for every person living in Scotland. The cost of running the NHS for 2008-09 will be approximately £10.6 billion. Around 70 per cent of this goes on staff salaries – the NHS employs 150,000 people and is the biggest single employer in the country. A further 12 per cent goes on prescription drugs, covering products dispensed in community pharmacies and hospitals. The remainder of the NHS budget goes into buildings and associated running costs, medical equipment and supplies, and IT. As well as treating patients, this spending on the NHS also supports people to improve their health and prevent illness, and so contributes to reducing inequalities.

The Health and Wellbeing portfolio will also improve the supply of good quality, affordable housing and help create successful and sustainable communities across Scotland.

Portfolio investment to reduce health inequalities includes the Keep Well programme to: help strengthen primary care services in the most deprived areas; promote equality and tackle discrimination; promote sport and sporting success; regenerate communities; and promote social inclusion. These are very important in terms of achieving our Strategic Objectives overall, and so these policies influence priorities within other programmes and add value over and above what is achieved through direct spending.

Chapters 17 and 27 set out the local government responsibilities for delivering national priorities and services relating to the Health and Wellbeing portfolio, through tackling inequalities, providing support for the elderly and tailored services for families and children; and supporting healthier, more active lives, including in particular:

- improving outcomes for frail older people and family carers by investing in care home quality, increasing free personal care payments and significantly extending respite and other carer support.

We have commissioned Lord Sutherland, who chaired the original Royal Commission on the Long-term Care of Older People, to undertake an independent review of funding provided to local government to implement the Free Personal and Nursing Care policy. Lord Sutherland's review is due to report in March 2008 and we will consider the findings in detail.

Our priorities for the Health and Wellbeing portfolio from 2008-09 to 2010-11 are briefly described below. More detail about spending plans is given in table 11.01 and in chapter 21.

Improving health and better public health

We attach high priority to actions to improve health and prevent illness, as part of the outcome of increasing people's healthy life expectancy. This is reflected in our spending plans for a number of programmes aimed at:

- reducing the harm done by misuse of alcohol (£20.1m/£30.1m/£35.1m);
- introducing immunisation to reduce the risk of cervical cancer (£18.0m/£18.5m/£27.5m);
- enhancing national screening programmes to help detect potentially serious illness early and to target anticipatory treatment (£16.3m/£14.2m/£10.8m);
- reducing smoking (£3.0m/£3.0m/£3.0m);
- actions to help people, especially children, tackle obesity in support of our diet and physical activity strategies (£11.5m/£11.5m/£11.5m); and
- improved access to independent sexual health information and advice in rural as well as urban areas (£0.5m/£0.5m/£0.5m).

Reducing inequalities and tackling disadvantage

Reducing health inequalities is critical to meeting the government's objective of a healthier Scotland. Resources will be targeted to those communities most at risk of poor health. There is a range of programmes and projects that target inequalities and aim to improve life chances for the most disadvantaged, such as those that address:

- increasing the supply of good quality sustainable housing (£430.0m/£507.8m/£533.2m);
- poverty and deprivation through Community Planning Partnerships to help more people overcome barriers and get back into work – resources are included in the local government settlement;
- violence against women and hate crimes;
- the promotion of equality and the reduction of discrimination and prejudice;
- cross-cutting and innovative approaches to tackle poverty and disadvantage (£8.5m/£9.0m/£11.0m);
- the strengthening of primary health care services in the most deprived areas of Scotland, identifying people at particular risk of preventable, serious ill health (£12.5m/£12.5m/£12.5m);
- early years support with targeted help for those most in need (£1.0m/£3.0m/£3.0m) with additional resources to extend school-based health services for this group; and
- sporting opportunities, including planning and delivering programmes to attract and retain non-participants with particular focus on hard to reach groups.

In addition, NHS Boards, local authorities, and their Community Planning Partners, including the third sector spend money to provide a wide range of programmes and projects that help improve health, provide opportunities for people to keep healthy, help reduce inequalities, and promote social inclusion. This expenditure is not always separately identifiable. We expect NHS Boards, local authorities and other partners to work closely together – through Community Planning Partnerships – to maximise the health improvement impact of all their activity and to give priority to reducing poverty and inequalities and regenerating our most deprived communities.

Our commitment to progressing equality and tackling discrimination, as well as our programmes for housing, regeneration and social inclusion, are key to achieving a healthier Scotland as well as our other Strategic Objectives.

Accessible, responsive and person-centred services

As explained in chapter 5, people expect health and social care services and related services, such as early years and employability services provided by local authorities, NHS Boards and their Community Planning Partners, to be responsive and to offer high quality. They do not expect to wait a long time to access services and they expect them to be person-centred. This means services that are available as quickly as possible, at times that suit service users as well as those providing the services, and in a manner that responds to the needs of all users, including the most vulnerable. It also means reducing financial and other barriers to accessing services. NHS Boards will continue to work to shift the balance of healthcare into communities to improve accessibility and to ensure that the right balance is achieved. Further work on getting this right will flow from our consultation on *Better Health, Better Care*, which ended on 12 November 2007.

Programmes and projects aimed at improving accessibility and responding better to the life circumstances of all users include:

- supporting the NHS to achieve a maximum wait of 18 weeks from being referred to a hospital consultant until treatment begins for routine patients, by the end of 2011 (£90.0m/£90.0m/£90.0m);
- flexible access to primary care to help make services more accessible, especially to working people so that they do not need to take time off work to see their GP (£10.0m/£10.0m/£10.0m);
- a new screening programme to detect MRSA in hospital patients at admission, and a continuation of work to prevent the spread of infection, reduce serious illness, and release hospital resources for use by other patients (£12.0m/£21.0m/£21.0m);
- investment in specialist children's services including cancer care and high dependency facilities, and services for chronically ill children including cystic fibrosis patients (£2.0m/£10.0m/£20.0m);
- phasing out prescription charges for those who still pay them (£20.0m/£32.0m/£45.0m) and providing free eye tests for everyone (£27.0m/£29.0m/£31.0m);
- improving wheelchair and seating services (£4.0m/£6.0m/£6.0m);
- developing a one stop shop for social care information – improving access by helping people understand their options (£0.5m/£0.3m/£0.3m); and
- offering the right support to people who want to enter, remain in or re-enter employment, working with Community Planning Partners and supported by the unified fund to tackle poverty and deprivation.

People also expect health and social care services to be modern, convenient, effective, and to anticipate changes in demands – for example as the number of older people increases. Programmes and projects aimed at supporting local authorities, NHS Boards and their Community Planning Partners to achieve this include:

- preparing for a flu pandemic by building up the pandemic flu vaccine stockpile;
- better access to NHS Dental Services, particularly for children, through the introduction of a prevention-based school dental service, starting in the most deprived areas, and an expansion of the dental work force through the establishment of a third dental school for Scotland in Aberdeen (£4.5m/£6.0m/£9.0m);
- continuing to invest over £500 million annually in the training and development of existing and potential NHS staff;
- expanding support for carers, including carer training and local carer centres (£1.0m/£3.0m/£5.0m); and
- providing over £0.5 billion a year to fund major new developments including:
 - the new children’s hospital and development of the new Southern Hospital in Glasgow;
 - improvements at existing hospitals across Scotland including Aberdeen Royal Infirmary, Borders General Hospital, Raigmore in Inverness and Dumfries and Galloway Royal Infirmary;
 - improvements in mental health services, including the redevelopment of the State Hospital and re-provision of services currently provided at the Royal Edinburgh Hospital, as well as the development of new acute and community-based services in Dumfries and Galloway;
 - replacement of medical equipment;
 - the eHealth programme, which will improve patient safety and clinical outcomes, ensuring that systems are designed to reflect the needs of patients, clinicians, managers and other users; and
 - primary care and dental infrastructure.

Sport and the Commonwealth Games

Funding from the Health and Wellbeing portfolio will support delivery of our priority goals for sport in Scotland: increasing participation; improving sporting performance; and creating a legacy through major events such as the Olympic and Paralympic Games and Commonwealth Games. Funding for sport in Scotland will be £47.4m/£53.9m/£54.9m.

Following Glasgow’s successful bid to host the Commonwealth Games in 2014, the Scottish Government is working in partnership with Glasgow City Council and the Commonwealth Games Council for Scotland to turn the 2014 Games into a resounding success. Funding for successful delivery of the Commonwealth Games up to 2010-11 is £4.1m/£6.6m/£11.6m.

Table 11.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Health	10,649.2	11,061.1	11,521.6
Housing and Regeneration	475.3	568.1	572.5
Wellbeing	38.3	39.8	41.4
Sport	47.4	53.9	54.9
Food Standards Agency	10.6	11.0	11.4
Total	11,220.8	11,733.9	12,201.8

CHAPTER 12: EDUCATION AND LIFELONG LEARNING

PORTFOLIO RESPONSIBILITIES

The Education and Lifelong Learning portfolio is responsible for government policy for further and higher education, community and adult learning and development, skills and training, and for schools, children, young people and social care. The portfolio contributes substantively to all our Strategic Objectives and is the principal driver of our smarter Strategic Objective.

The portfolio resources further and higher education through the Scottish Further and Higher Education Funding Council and the Student Awards Agency for Scotland and is responsible for policy relating to all aspects of lifelong learning, including science, skills, community and adult learning, and literacy and numeracy.

Our responsibility for the provision of school education and community learning and development is shared with local authorities, individual schools and Community Planning Partnerships, and is to:

- work with local authorities, providing direction on priorities and measuring progress against those priorities;
- support and encourage local authorities and schools through guidance, advice, benchmarking of information and specific support for developments, including workforce planning; and
- provide guidance on the curriculum, the assessment system, the national qualifications framework and quality assurance through national inspection.

Responsibility for the provision of children's services and social care is also shared, both with other portfolios and with a range of service providers. The central Scottish Government budget supports workforce development and broader improvement in social services and the development of a range of policies and services for children and young people, particularly the most vulnerable. This involves working with, and through, local authorities and health boards as well as the voluntary and independent sectors that are largely responsible for the delivery of services. Our role is to assist service users and service providers by providing a policy and legislative framework, giving strategic direction and guidance and providing quality assurance through inspection and national standards.

SUMMARY OF KEY SPENDING PRIORITIES FOR THE EDUCATION AND LIFELONG LEARNING PORTFOLIO

A significant proportion of Scottish Government funding is allocated to local authorities and used to deliver local education and lifelong learning services – such as schools, nurseries and social care. Indeed the majority of the funding for schools, children, young people and social care is held and administered by local authorities. Chapters 17 and 27 set out the local government responsibilities for delivering national priorities and services relevant to the portfolio through improving the learning experience and expanding and improving early years provision, in particular:

- joint working to improve the learning experience for children and young people by improving the fabric of schools and nurseries and developing and delivering *A Curriculum for Excellence*;
- as quickly as is possible, reducing class sizes in P1 to P3 to a maximum of 18 and ensuring access to a teacher for every pre-school child, and making substantial progress towards a 50 per cent increase in pre-school entitlement for 3 and 4 year olds;

- legislating to extend entitlement to nutritious free school meals to all primary and secondary school pupils of families in receipt of maximum child or working tax credit in 2009 and to allow further extension of free school meals to all P1 to P3 pupils in 2010;
- giving more school pupils opportunities to experience vocational learning; and
- improving support for children, young people and families at risk including providing allowances for kinship carers of looked after children.

Most of the portfolio's resources go to the tertiary education system through the Scottish Further and Higher Education Funding Council and the Student Awards Agency for Scotland.

Spending priorities for the Education and Lifelong Learning portfolio for 2008-09 to 2010-11 are briefly described below. More detail about portfolio spending is given in table 12.01 and in chapter 22.

Improving life chances

- Ensure all children and young people have the best start in life and promote early intervention to protect vulnerable children and families at risk (£103.4m/£105.5m/£102.8m) by developing policy focused on improving children's services and users of social care.

Successful learners, confident individuals, effective contributors and responsible citizens

- Focus classroom practice upon the child and around the four capacities of education by investing £133.2m/£136.1m/£140.8m to develop a range of policies with local authorities and schools, notably the Curriculum for Excellence.

More skilled, successful and innovative

- Spend £3.9m/£7.9m/£7.9m to implement *Skills for Scotland* and increase funding to develop the capacity of the community learning and development (including adult literacy and numeracy) workforce;
- support students with funding of £509.1m/£507.7m/£533.8m, with a total of £29.0m/£30.0m/£60.0m for a phased transition from student loans to grants, starting with part-time students; and
- invest £1.49bn/£1.56bn/£1.61bn in further and higher education institutions in Scotland, recognising their central role in supporting our overall Purpose and Strategic Objectives; and in addition, increase capital investment to £176.7m/£191.6m/£192.7m. Taking account of Spending Review increases and the £100 million capital addition in 2007-08, the total planned capital investment from 2007-08 to 2010-11 will increase by 20 per cent from £692 million (if the original 2007-08 budget of £172.9 million had continued) to £834 million (£272.9m/£176.8m/£191.5m/£192.7m).

Table 12.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Schools	133.2	136.1	140.8
Children, Young People and Social Care	103.4	105.5	102.8
Student Awards Agency for Scotland (SAAS)	509.1	507.7	533.8
Scottish Further and Higher Education Funding Council	1,673.3	1,755.1	1,812.8
Other Lifelong Learning	113.0	104.4	108.8
Total	2,532.0	2,608.8	2,699.0
Student Loans Subsidy to Banks (outside TME)	4.5	4.5	4.5

CHAPTER 13: JUSTICE

PORTFOLIO RESPONSIBILITIES

The Justice portfolio plays a key role in supporting the achievement of our objective for a safer and stronger Scotland – helping local communities to flourish and to become stronger, safer places to live that offer improved opportunities and a better quality of life. It also contributes to our work to tackle disadvantage, prejudice and discrimination. The justice system seeks to punish offenders and discourage them from re-offending while protecting the rest of society.

The Justice portfolio has responsibility for:

- the development of civil and criminal laws which protect society, promote mutual respect and help us all to thrive;
- the administration of an effective, fair and efficient justice system, supported by an independent and valued legal profession;
- ensuring public safety through police, fire and community justice services, and co-ordinating preparation for potential civil emergencies;
- securing access to justice; and
- the effective and proportionate regulation of charities.

The Scottish Prison Service, Scottish Court Service and Accountant in Bankruptcy are Executive Agencies of the portfolio and central to delivering our priorities.

SUMMARY OF KEY SPENDING PRIORITIES FOR JUSTICE PORTFOLIO

The Justice portfolio is responsible for public spending totalling over £1 billion a year to safeguard society from harm and to ensure effective justice for all. This total includes several large blocks of expenditure that support the Police, Prison Service, Fire and Rescue Services, Legal Aid, the Court Service and charities regulation.

Chapters 17 and 27 set out the local government responsibilities for delivering national priorities and services relevant to the Justice portfolio through building communities, and tackling crime and antisocial behaviour including, in particular:

- making an additional 1,000 police officers available in our communities through increased recruitment, improved retention and redeployment – as part of that, we will invest £13.5m/£18.0m/£22.5m in recruiting an additional 500 police officers by 2011.

The key priorities for the portfolio for 2008-09 to 2010-11 are briefly described below. More detail about spending plans is given in table 13.01 and in chapter 23.

Putting the right facilities and equipment in place

- An additional £12.8m/£21.0m/£29.2m for capital investment to support the ongoing development and modernisation of the Scottish Prison Service – this includes the eradication of the practice of slopping-out by replacing HMP Peterhead and HMP Aberdeen with a new prison; a new prison at Bishopbriggs; and replacement of prisons and facilities which are unfit for purpose;

- an additional £33.8m/£9.7m/£7.5m to deliver Firelink, a modern digital radio communication system for our fire and rescue services. Firelink will provide enhanced resilience and better communication between individual fire and rescue services and will help our blue light services work together better; and
- providing funds to the courts to create fit-for-purpose facilities for court users, improve service delivery and increase access to justice.

Improving services to protect and serve the public

- £29.5m/£32.0m/£32.8m to deliver better drug treatment and support services to reduce harm and promote recovery from drug addiction;
- £167.2m/£170.7m/£173.0m for legal aid, which, alongside substantial efficiency savings, will maintain access to justice in the context of a projected increase in serious criminal cases; and
- £138.5m/£162.6m/£165.2m for the police (direct funding from central government in addition to funding through local authorities included within the local government settlement) to provide funding for:
 - the development of better support services for the police;
 - support for specific services, including Safety Camera Partnerships, and for the staff and support costs of the Scottish Police Federation, Association of Chief Police Officers in Scotland and Association of Scottish Police Superintendents;
 - other specific payments to police authorities, including for various security measures;
 - payments for services provided on a GB basis (e.g. National Police Improvement Agency and Serious and Organised Crime Agency); and
 - the work of the Scottish Police Services Authority in areas such as training, IT development and criminal records.

Improving public confidence in a flourishing charity sector

- £3.6m/£3.7m/£3.7m for the Office of the Charity Regulator (OSCR), whose responsibilities include increasing public confidence in charities and improving their transparency and public accountability; and working with others to reduce the burden of regulation on charities.

Table 13.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Community Justice Services	21.1	23.2	23.2
Courts Group	44.3	46.3	48.1
Criminal Injuries Compensation	28.5	28.5	28.5
Fire Central Government	41.3	17.2	15.0
Legal Aid	167.2	170.7	173.0
Police Central Government	138.5	162.6	165.2
Safer Communities	32.3	34.8	35.6
Accountant in Bankruptcy	6.9	7.0	7.0
Scottish Court Service	81.3	92.9	95.3
Scottish Prison Service	443.3	464.7	480.8
Office of the Scottish Charity Regulator	3.6	3.7	3.7
Miscellaneous	33.0	34.2	34.9
Total	1,041.3	1,085.8	1,110.3

CHAPTER 14: RURAL AFFAIRS AND THE ENVIRONMENT

PORTFOLIO RESPONSIBILITIES

The Rural Affairs and Environment portfolio is responsible for government policy, development and delivery of programmes addressing rural, marine, food and environmental issues.

The Rural Affairs and the Environment portfolio has responsibility for:

- maintaining clean air and safe drinking water;
- protecting communities from flooding, climate change and other environmental challenges;
- minimising the amount of waste produced by society, maximising recycling and ensuring the proper disposal of what remains;
- keeping rivers, lochs and beaches pollution free to acceptable levels;
- securing for the future well managed landscapes and biodiversity which people can enjoy and businesses can capitalise on;
- underpinning competitive agriculture, fisheries and forestry businesses, and encouraging other rural development that is essential for the health and wealth of local economies and communities; and
- ensuring that all domestic and farm animals in Scotland are well treated and healthy, and that contingency plans are in place for the effective management in Scotland of animal disease outbreaks.

These programmes will ensure that our natural resources are used and managed for current and future generations as a valuable asset – a natural infrastructure that Scotland’s farming, fishing and forestry businesses can thrive in and which underpins tourism, recreation and food industries.

Our processes to secure proper waste management, clean air and safe drinking water are important for a healthier Scotland, as is our investment in access to the countryside and greenspace in our communities.

Through our sponsored bodies and main research providers, our investment in regulatory science and strategic research makes a significant contribution to a smarter Scotland.

SUMMARY OF KEY SPENDING PRIORITIES FOR RURAL AFFAIRS AND THE ENVIRONMENT PORTFOLIO

The Rural Affairs and Environment portfolio is responsible for over £600 million of public spending a year and is also responsible for acting as the conduit for over £400 million from the EU, mainly under the Common Agricultural Policy, in the shape of payments to Scotland’s 25,000 farmers and 8,000 active crofters.

From 2008-09 to 2010-11 the priorities for the Rural Affairs and the Environment portfolio are briefly described below. More detail about spending plans is given in table 14.01 and chapter 24. Chapters 17 and 27 set out the local government responsibilities for delivering national priorities and services relating to the portfolio, for example flood prevention and waste management.

Supporting rural development

£182.4m/£191.1m/£192.7m to deliver the Scotland Rural Development Programme (SRDP). This is the Scottish Government's main programme for supporting rural development. It is worth £1.6 billion over 2007-13,² taking European Union money into account. The key targets for the programme are aligned with the national policy objectives of a wealthier and fairer, smarter, healthier, safer and stronger, and greener Scotland, reflecting regional and local needs.

The SRDP's focus is on improving rural business viability and competitiveness, water quality, climate change, landscape and biodiversity and encouraging thriving rural communities. This will be achieved through:

- improving the competitiveness of the agriculture and forestry sectors through investment in businesses, increasing the sustainability of local, rural economies;
- maintaining and improving the quality of the environment and countryside through investment in land management including afforestation, supporting agri-environment projects and upgrading rural heritage;
- broadening the economic base of the countryside and reducing dependence on farm subsidies through diversification of rural businesses; and
- encouraging community led activity through funding community based economic, environmental and diversification projects.

Consistency and coherence in delivery of the programme will be achieved through improving integration in the service delivery of the main partners – Scottish Natural Heritage, Forestry Commission, Scottish Environment Protection Agency and the Scottish Government.

- £455 million annually of EU support to farmers and crofters is also delivered through Single Farm Payment under the EU Common Agricultural Policy (CAP). This level of support is likely to come under increasing pressure as time goes on and reform of EU finances, and of the CAP, becomes more of an issue. The SRDP will assist the transition as Scotland adjusts to a reformed world for the CAP;
- £81.3m/£84.2m/£86.4m for Scottish Natural Heritage, the National Park Authorities and the Deer Commission for Scotland to support rural development through sustainable management, access to, and enjoyment of our natural resources and countryside;
- £7.3m/£7.4m/£7.5m of specific support for crofting, including through the Crofters Commission; and
- the Scottish Government will also continue to promote rural development through activities relating to animal health and welfare, and through veterinary and advisory services.

Forestry

Our priorities are to:

- provide additional funding for increased afforestation and increased quality of woodlands in the private sector through Rural Development Contracts, as part of the SRDP;
- increase the economic contribution from Scotland's timber and forest resource;
- increase forestry's contribution to urban regeneration and community development;

² The £1.6 billion figure is tied to match-funding from the European Union, and therefore relates to a longer period of time than the Spending Review.

- raise an additional £15 million a year from strategic sales of the national forest estate to reinvest in woodland creation; and
- bring designated woodland sites, habitats and species into favourable condition.

Improving environmental quality

On environmental quality we are looking to establish a new partnership with local authorities and other delivery bodies to improve waste management, meet our European obligations and move Scotland towards a zero waste society. We want to see Scotland achieve recycling levels of other European countries that have made most progress to date. We estimate that 40 per cent of municipal waste will need to be recycled to meet our landfill diversion target for 2010. We will also take initiatives to minimise both domestic and commercial waste.

Working towards this goal, we will provide an extra £13.1m/£2.8m/£3.9m to enable the Scottish Environment Protection Agency to deliver a cleaner land, water and air environment through its pollution programmes, including support in 2008-09 for new premises in Aberdeen and for a new flood warning system.

We will deal responsibly with the radioactive waste produced in Scotland, giving due regard to the protection of people and the environment and the views of communities.

We will support the development of a flood warning system. We are developing a vision for river basin management planning, in line with European Union requirements. This will provide for an integrated ecosystem approach to how we handle the water resources for the good of people and wildlife within the major water catchment zones in Scotland. We will strive to improve on the very high standard of drinking water by ensuring that the regulatory regime provides for appropriate monitoring of water quality. We will also continue to improve the standards of our bathing waters around the coasts of Scotland.

Protecting our marine environment

£11.3m/£16.7m/£16.5m of new money will be made available for the fisheries research and protection agencies to support the management arrangements for Scotland's marine environment. The funding will also ensure that the new fish health laboratory facilities in Aberdeen are completed.

We are committed to Scottish marine legislation to achieve better protection for the marine environment and more streamlined regulation of the use of the sea. We will also streamline the marine delivery bodies, through the establishment of a Scottish Marine Management Partnership, to ensure joint working of existing marine related organisations.

We will further improve the implementation of fisheries and marine management to ensure continued improvement in our fish stocks, by:

- securing a stronger voice for Scotland in international fisheries negotiations to help our industry be sustainable, profitable and well managed;
- securing an improved EU Cod Recovery Plan, to achieve recovery in cod stocks for our long-term benefit, whilst maintaining our mixed fisheries in the short term;
- improving the management of Scotland's inshore fisheries and developing a Scottish quota management system;
- developing and implementing a Scottish Food Policy to increase the consumption of affordable, nutritious, local Scottish food;

- helping Scotland's aquaculture industry to develop business opportunities, and streamlining environmental regulations; and
- implementing a new Strategy for Scotland's Freshwater Fisheries, leading to new legislation in the medium term.

Rural and environmental research and analysis

We will provide approximately £70 million per year for strategic and immediate research to underpin the work of environmental and rural policymakers and practitioners.

In research and science, we will:

- invest on average nearly £9 million each year in capital projects to support rural environment and food research education; and
- spend an additional £2 million a year by 2010-11 in enhancing research on adaptation to climate change.

Table 14.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
EU CAP support for farmers	7.4	6.5	5.7
Rural Development and other services	146.1	145.5	145.8
Research, analysis and other services	112.0	116.3	119.1
Marine and fisheries	65.6	71.0	70.8
Natural Heritage	81.3	84.2	86.4
Environment Protection, Sustainable Development and Climate Change	103.9	111.3	117.5
Water Quality	9.3	8.6	8.6
Forestry Commission Scotland	64.3	67.6	70.3
Forest Enterprise Scotland	26.0	26.2	26.3
Total	615.9	637.2	650.5

CHAPTER 15: ADMINISTRATION

PORTFOLIO RESPONSIBILITIES

The Administration Budget covers the costs of running the core administration of the Scottish Government to help it deliver its Purpose and Strategic Objectives.

The costs involved are mainly staffing and associated costs such as accommodation, information technology and training. The capital budget provides resources for IT projects and facilities and estate services.

Delivering an effective administration

Expenditure on the Scottish Government's core administration will increase by an amount just below inflation. These funds will be used in a way which gives priority to delivery of our Strategic Objectives.

To deliver this priority we will:

- continue to implement Technology Refresh across our existing network to meet business requirements. This will deliver improvements in internal efficiency and identify opportunities for expanding the scope of the network to enhance further sharing of services with other public sector organisations. Our spending will enhance desktop access to telephony, conferencing and multimedia and enable web-based remote access to all key corporate applications, facilitating the sharing of services and information;
- continue to reduce emissions, both from the Scottish Government Estate and from business travel;
- support the development, monitoring and evaluation of policies – as well as the development of a robust evidence base for government;
- ensure that the information we provide is accurate and accessible by further improving on our performance in responding to Parliamentary Questions and Ministerial Correspondence;
- continue to ensure that we meet our Freedom of Information (Scotland) Act obligations, and remain committed to operating within that legislative framework; and
- accelerate our progress towards becoming an employer of choice, one that broadly represents the communities that we serve and that sets an example to others. We will do this, in part, by working hard to increase the percentage of staff with disabilities, staff from minority ethnic and interest communities and women in senior positions in the workforce. We remain committed to being an exemplar in the field of diversity and equality.

SUMMARY OF KEY SPENDING PRIORITIES FOR THE ADMINISTRATION PORTFOLIO

The Administration portfolio's priorities are:

- to support the delivery of the Scottish Government's contribution to the Purpose and five Strategic Objectives;
- improving value for money and releasing resources by delivering efficiency savings in administration costs of 2 per cent per annum;
- ensuring that the percentage of total expenditure devoted to administration costs, across the core government and our agencies, remains at least 25 per cent below the comparable percentage for the UK Government; and
- to ensure that the organisation is diverse and a recognised leader in promoting equality.

Table 15.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Administration Operating	237.0	242.1	247.4
Administration Capital	8.7	8.3	8.4
Total	245.7	250.4	255.8

Further detail on spend is provided in chapter 25.

CHAPTER 16: CROWN OFFICE AND PROCURATOR FISCAL SERVICE

PORTFOLIO RESPONSIBILITIES

The overarching responsibility of the Crown Office and Procurator Fiscal Service (COPFS) is to serve the public interest, prosecuting cases independently, fairly and effectively.

The key aims of COPFS are to:

- secure the confidence of Scotland's diverse communities by improving the delivery of justice through the timely, efficient and effective prosecution of crime;
- give priority to prosecution of serious crime, including drugs trafficking and persistent offenders;
- provide services that meet the information needs of victims, witnesses and next of kin, in co-operation with other agencies; and
- ensure that all deaths reported to the Procurator Fiscal are investigated appropriately and speedily.

In this way, COPFS contributes to a safer and stronger Scotland by ensuring that cases are brought to a conclusion in the most appropriate way as quickly as possible. By tackling crime quickly and using a wider range of measures appropriate for specific offences, the COPFS portfolio will help to reduce crime and the fear of crime, improve the conditions which support economic development and social capital in communities, and enhance the quality of life of all Scottish people.

SUMMARY OF KEY SPENDING PRIORITIES FOR THE CROWN OFFICE AND PROCURATOR FISCAL SERVICE PORTFOLIO

The spending priorities for COPFS for 2008-09 to 2010-11 are briefly described below. More detail about spending plans is given in table 16.01 and in chapter 26.

- £46.1m/£52.7m/£52.6m for the prosecution of serious, complex and organised crime, whether in the High Court or before a Sheriff and jury, including the prosecution of terrorism, murder, serious assaults, sexual offences, drug and people trafficking, fraud and organised crime and the confiscation of proceeds of crime;
- £34.3m/£34.2m/£34.6m for the efficient and timely prosecution of summary casework, which comprises in numerical terms the large majority of the 330,000 crime reports submitted each year, including less serious offences and antisocial behaviour, prosecuted in the district, stipendiary and Sheriff courts, without a jury;
- £5.0m/£4.3m/£4.3m for the investigation of deaths, which includes discharging the public function in investigating relevant categories of deaths promptly, appropriately and with sensitivity to the needs of the next of kin;

- £2.7m/£3.1m/£3.8m for Victim Information and Advice, supporting victims of crime and vulnerable witnesses involved in the resolution of cases; and
- capital expenditure of £5.9m/£6.7m/£7.2m, which will complete the modernisation of the COPFS estate and improve the ICT system and increase case-processing efficiency.

Table 16.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
COPFS Operating	104.3	112.0	113.3
COPFS Capital	5.9	6.7	7.2
Total	110.2	118.7	120.5

CHAPTER 17: LOCAL GOVERNMENT

PORTFOLIO RESPONSIBILITIES

Local government, which delivers a range of key public services, holds a unique position in the governance of Scotland and is a major contributor to our overarching Purpose of increasing sustainable economic growth. Local government will be expected to contribute to the achievement of all of the Scottish Government's Strategic Objectives and the successful delivery of the national outcomes. This includes both the core activities of local government and those that are led by local government in its important role in promoting and leading Community Planning.

In recognition of local government's vital role, the Scottish Government is seeking **a new and much more productive relationship** with local government, where we work in partnership to deliver agreed national outcomes and local priorities which give the best outcomes for people right across Scotland as well as the communities in which they live.

This Spending Review signals our intention to establish a new relationship, based on mutual respect and partnership.

Under the terms of this new partnership, the Scottish Government will set the direction of policy and the over-arching outcomes that the public sector in Scotland will be expected to achieve. Where local authorities and their partners, including the third sector, show they can deliver, the Scottish Government will stand back from micro-managing that delivery, thus reducing bureaucracy and freeing up local authorities and their partners to get on with the job.

As part of the new relationship, local government will be expected to contribute to the delivery of the national Strategic Objectives, outcomes, indicators and targets, and in this way to support the Scottish Government in the delivery of its overarching Purpose.

The new relationship recognises and respects the vital role local government plays in making Scotland:

Wealthier and Fairer:	through an expanding role in driving local economic development, including the Business Gateway;
Smarter:	through improving the learning experience and expanding and improving early years provision;
Healthier:	through tackling inequalities; providing support for the elderly and tailored services for families and children; and supporting healthier, more active lives;
Safer and Stronger:	through building communities, tackling crime and antisocial behaviour; and
Greener:	through our shared commitment to action on climate change and waste management.

As indicated in chapter 1, we are working with local government to develop Single Outcome Agreements (SOAs), which will be a key part of the new relationship described above. Each local authority will be invited to enter into a Single Outcome Agreement (SOA) with the Scottish Government, which will:

- include the contribution which the local authority will make to delivering the high level targets, the national Strategic Objectives, outcomes and indicators;
- cover all existing outcome agreements and planned policy within the Single Outcome Agreement framework;
- include local priorities within the national outcomes, in terms of local outcomes and indicators, and how these will be delivered; and
- include details of how local authorities will work in partnership with their Community Planning Partners in the prioritisation and delivery of both national and local outcomes.

As a fundamental part of the SOAs and the associated performance framework, the Scottish Government expects that all local authorities will apply the greater freedoms they will have in a way that accords with the principles of Best Value. Local authorities will be held accountable to the Scottish Government for their performance against the set of national indicators and related targets, and to their local communities in respect of their performance against all indicators and targets – both national and local.

SUMMARY OF SPENDING PRIORITIES

As part of its contribution to a new relationship with the Scottish Government, local government will be expected to contribute directly to the delivery of key government policies and programmes including:

- reducing or removing business rates for small businesses;
- freezing the council tax rates in each local authority at 2007-08 levels;
- improving the learning experience for children and young people by improving the fabric of schools and nurseries and developing and delivering *A Curriculum for Excellence*;
- reducing class sizes in P1 to P3 as quickly as possible to a maximum of 18;
- improving early years provision with access to a teacher for every pre-school child and making substantial progress towards a 50 per cent increase in pre-school entitlement for 3 and 4 year olds;
- legislating to extend entitlement to nutritious free school meals to all primary and secondary school pupils of families in receipt of maximum child or working tax credit in 2009 and to allow further extension of free school meals to all P1 to P3 pupils in 2010;
- giving more school pupils opportunities to experience vocational learning;
- improving support for children, young people and families at risk including providing allowances for kinship carers of looked after children;
- making an additional 1,000 police officers available in our communities through increased recruitment, improved retention and redeployment;
- improving outcomes for frail older people and family carers by investing in care home quality, increasing free personal care payments and significantly extending respite and other carer support; and
- investing £3 billion over the period 2008-09 to 2010-11 in capital expenditure to secure investment in local government infrastructure such as schools, flood prevention measures, waste management, roads, and the Police estate and that of the Fire and Rescue Services.

In return for local government committing to deliver across these outcomes, and as part of the package being offered under this new partnership, the Scottish Government will be prepared to:

- (i) work with local government to implement **SOAs** with each local authority;
- (ii) reduce levels of **ring-fencing** along with the associated regulation from £2.7 billion in 2007-08 to a possible £0.9 billion in 2010-11;
- (iii) bring forward recommendations from the Crerar review where improvements in performance management and self assessment will ensure a proportionate **inspection regime** applies to local government;
- (iv) work with local government on a new **performance reporting system** which over time will replace the myriad of existing systems, and will provide regular, timely and transparent reporting to the Scottish Government on progress against national outcomes and indicators, and to local communities on progress against local outcomes and indicators;
- (v) allow local authorities to retain their **efficiency savings** in full to re-deploy as they see fit; and
- (vi) make available a total **funding** of £11.1 billion rising to £12.0 billion over the period 2008-09 to 2010-11.

In doing all of the above, there will be over-riding obligations to deliver value for money across all activities and to deliver the full range of quality services that can be reasonably expected by our citizens, wherever they live in Scotland. That will include paying distinctive attention to the needs of remote rural as well as deprived urban areas. In order to ensure these obligations are met, local government will have systems which ensure our public services are high quality, continually improving, efficient and responsive to local people's needs.

It will be the responsibility of each local authority to allocate the total resources available to it to ensure that it delivers its SOAs and, in this way, contributes to the national Strategic Objectives and Purpose. This should be achieved by each local authority taking into account the relevant outcome agreement, its statutory obligations, and its local needs and priorities.

The funding on offer, set out in table 17.01 below, as part of the overall package will enable local authorities to deliver across all their various functions including: education, social work, police, fire, civil protection, roads, waste collection and disposal, environmental health, housing, leisure and recreation, libraries, museums, burial grounds and crematoria, planning, consumer protection, registration of births, marriages and deaths, and money advice. It brings together virtually all the funding that will be provided to local government and, in previous spending documents, would have been included under different portfolio headings. Once local authorities accept the package on offer, it will be possible to provide a detailed list of the amounts of those specific grants that remain. All other grants currently paid out separately from the local government settlement would at that stage be incorporated into the settlement total. A list of those specific grant schemes that are expected to continue in 2008-09, with the prospect that the list may reduce further by 2010-11, and those that will be incorporated into the settlement total is provided in table 17.02 below.

There are some further pockets of funding that will also go to local government, in addition to those included within table 17.02 below. These include, for example, a significant contribution to the Edinburgh tram project; some funding still to be allocated for Police Grant; funding that is provided through European grants which are channelled through the Scottish Government; and some transfers from the enterprise budget in respect of the Business Gateway function and local regeneration functions following further consultation with local government and the assignment of contracts.

Table 17.01 Spending Plans 2008-11

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Local Government DEL Resource and AME	10,162.3	10,607.4	10,998.6
Local Government Capital	975.0	993.0	994.0
Total	11,137.3	11,600.4	11,992.6

Table 17.02 Specific Grant and Funding incorporated into the Settlement 2008-09

RING-FENCED IN 2008-09
<p>Justice Police Criminal Justice Social Work Fire Capital Grant</p>
<p>Health and Wellbeing Community Regeneration Fund (1) Community Voices Programme (on behalf of Community Planning Partnerships) (1) Working for Families (1) Housing Support Grant Hostels Grant Vacant and Derelict Land Fund Private Sector Housing Grant Transfer of the Management of Development Funding Assistance to Owners affected by Glasgow Stock Transfer</p>
<p>Education and Lifelong Learning Determined to Succeed</p>
<p>Finance and Sustainable Growth Regional Transport Partnership Capital Grant Cycling, Walking and Safer Routes</p>
<p>Rural Affairs and the Environment None</p>
<p>First Minister Gaelic</p>

ROLLED UP INTO SETTLEMENT IN 2008-09**Justice**

Antisocial Behaviour Funding
 Community Safety Partnership
 Police Capital Grant

Health and wellbeing

Mental Health
 Children's Services - Women's Aid Fund
 Homelessness Task Force (2)
 Furniture Grant Resource (2)
 Glasgow Hostels Decommissioning (2)
 Private Landlord Registration
 Supporting People Grant
 Violence Against Women Fund
 Delayed Discharge
 National Accommodation for Sex Offenders

Education and lifelong learning

National Priorities Action Fund
 Social Work Training
 European Languages Grant
 Educational Attainment for Looked After Children
 Changing Childrens Services Fund
 Teacher Induction Scheme
 Specialist Provision Programme - Centres of Excellence
 Children's Legal Representation Grant Scheme
 School Estate / PPP
 Early Years and Childcare Workforce Development Fund
 Improving Fostering Services
 Adoption
 Youthwork for Local Delivery
 Schools Fund

Finance and sustainable growth

Demand Responsive Transport Grant
 Rural Public Passenger Grant
 Bus Route Development Grant
 School Travel Coordinators
 Efficiency and Reform Fund
 Cities Growth Fund
 Supported Borrowing
 Efficiency Reform Fund
 Piers and Harbours Grant
 Public Transport Fund & Integrated Transport Fund

Rural affairs and the environment

Strategic Waste Fund
 Antisocial Behaviour Noise Grant Scheme
 Air Quality Monitoring
 Flood Prevention & Coast Protection Grant
 Contaminated Land Grant
 Strategic Waste Fund

Note: Those marked (1) are to be rolled up in a new Fund deployed by Community Planning Partnerships.
 Those marked (2) have been amalgamated from 2007-08 into the Tackling and Preventing Homelessness Fund.

SECTION 3 THE DRAFT BUDGET FOR 2008-09

3

CHAPTER 18: INTRODUCTION

This third section on the Draft Budget 2008-09 provides greater detail of the spending plans for 2008-09 and the following two years, for each portfolio as set out in Section 2. The spending plans for 2008-09 will, subject to Parliamentary consideration, form the basis for the Budget Bill for 2008-09 which will be laid before Parliament in January 2008.

More detail on how these resources will be used – and their contribution towards the Scottish Government’s Purpose and Strategic Objectives – is set out in Section 1. Further detail on how each portfolio will prioritise these resources is set out in Section 2.

2008-09 Spending Plans

The Scottish Government’s Total Managed Expenditure (TME) amounts to £33.2 billion in 2008-09. The Departmental Expenditure Limit (DEL) of £27.9 billion in 2008-09 includes funding on the basis of the Barnett Formula, an agreed element of drawdown of money held at UK Treasury (£300 million) and a prudent level of over-allocation (£100 million) to help minimise future underspends.

Table 18.01 Total proposed budget for 2008-09

2008-09 DRAFT BUDGET	DEL resource £m	DEL capital £m	DEL total £m	AME and Other £m	Total £m
The First Minister	257.3	23.4	280.7	–	280.7
Finance and Sustainable Growth	1,776.4	1,026.5	2,802.9	3,194.4	5,997.3
Health and Wellbeing	10,415.0	805.8	11,220.8	–	11,220.8
Education and Lifelong Learning	2,223.7	184.0	2,407.7	124.3	2,532.0
Justice	891.2	150.1	1,041.3	–	1,041.3
Rural Affairs and Environment	535.2	80.7	615.9	–	615.9
Administration	237.0	8.7	245.7	–	245.7
Crown Office and Procurator Fiscal Service	104.3	5.9	110.2	–	110.2
Local Government	8,191.5	975.0	9,166.5	1,970.8	11,137.3
The Scottish Government	24,631.6	3,260.1	27,891.7	5,289.5	33,181.2
Scottish Parliament and Audit Scotland	106.7	3.3	110.0	–	110.0
Total	24,738.3	3,263.4	28,001.7	5,289.5	33,291.2

All figures are in cash terms and presented on a full resource basis and so include depreciation and cost of capital charges where appropriate.

In order to aid comparison with previously published spending plans, Annex A sets out the original draft budget for 2007-08 and how that is now reflected within the revised portfolio structure. The 2007-08 budget detailed in this section reflects the Draft Budget provision updated to include the latest forecasts of AME expenditure on items such as teachers’ and NHS pensions.

Scottish Variable Rate

In accordance with the agreement between the Scottish Government and the Parliament's Finance Committee on the budget process, the Scottish Government confirms that it will not use the existing tax-varying powers in 2008-09.

Introduction of International Financial Reporting Standards

It was announced as part of the 2007 budget that from 2008-09 the annual accounts for all UK Government departments (including Devolved Administrations) and other public sector bodies would be prepared using International Financial Reporting Standards (IFRS), adapted as necessary for the public sector. UK Treasury is developing an IFRS-based Government Financial Reporting Manual for the UK public sector and considering how best to manage the transition. There are some areas where accounting and budgeting guidance has not been available prior to developing the Scottish Government's spending plans for the next three years and, therefore, subsequent revision may be necessary.

CHAPTER 19: THE FIRST MINISTER

Table 19.01 Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Europe and External Affairs	13.8	15.2	15.2	18.2
Culture and Gaelic	181.7	189.1	204.2	211.2
Corporate and Central Budgets	14.1	14.4	14.5	15.0
Historic Scotland	47.7	51.7	49.3	50.3
National Archives of Scotland	9.0	10.3	10.3	10.5
Total	266.3	280.7	293.5	305.2

EUROPE AND EXTERNAL AFFAIRS

Table 19.02 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Major Events and Themed Years	4.3	3.2	3.2	3.2
International Relations	9.5	12.0	12.0	15.0
Total	13.8	15.2	15.2	18.2

What the budget does

The Europe and External Affairs budget supports the promotion of Scotland, and Scotland's interests and identity both at home and abroad. It contributes towards the promotion of Scotland as a nation and to the advancement of Scotland's place in Europe and the wider world. The budget assists in maximising Scotland's influence within the European Union, and building mutually beneficial links with other countries including the USA and China. The budget supports activities to attract more people to live, study and work in Scotland. The budget also supports our contribution to international development, promoting Scotland as a responsible nation in the world.

Budget changes

- An increase in the international aid budget of £3.0m/£3.0m/£6.0m; and
- an increase of £0.3m/£0.3m/£0.3m of support provided for St Andrew's Day celebrations across Scotland to help promote our distinctive national identity and attract tourists.

CULTURE AND GAELIC

Table 19.03 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Creative Scotland	49.0	50.2	55.1	57.5
Cultural Collections	85.8	88.6	98.9	100.5
National Performing Companies	23.9	25.4	24.9	27.4
Gaelic	14.4	20.7	18.7	18.7
Architecture	1.6	1.9	1.8	1.8
Other Arts	7.0	2.3	4.8	5.3
Total	181.7	189.1	204.2	211.2

What the budget does

The Culture budget contributes towards enhancing the quality of life of Scotland's communities through maximising participation in high quality cultural events and opportunities, supporting a wide range of manifesto commitments relating to culture and Gaelic. The budget also includes provision for architecture. The quality of Scotland's built environment and architecture is an important factor in quality of life, cultural identity and the perception of the country as an outstanding place.

Budget changes

The Culture budget includes additional capital investment of £1.7m/£4.9m/£6.8m.

CORPORATE AND CENTRAL BUDGETS

Table 19.04 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Advertising and Marketing	10.8	10.8	10.8	10.8
Lord High Commissioner Expenses	0.2	0.3	0.3	0.3
Crown Office and Procurator Fiscal Service Inspectorate	0.3	0.3	0.3	0.3
Civic Participation	0.2	0.2	0.2	0.2
Office of the Chief Statistician	2.0	2.0	2.0	2.0
Office of the Chief Researcher	0.4	0.4	0.4	0.4
Strategic Research and Analysis	–	0.2	0.3	0.8
Office of the Chief Economic Adviser	0.2	0.2	0.2	0.2
Total	14.1	14.4	14.5	15.0

What the budget does

Corporate and Central budgets include, among others, Advertising and Marketing, Office of the Chief Statistician (OCS) and Crown Office and Procurator Fiscal Service Inspectorate (COPFSI).

The Advertising budget covers the cost of communicating a range of issues determined by the First Minister and Scottish Cabinet Secretaries to various audiences. They range from calls to action, to communications aimed at changing behaviour and attitudes over the long term. The Marketing Development budget allows campaigns to be supported through the provision of public relations, sponsored broadcasting and editorial content, web design and hosting, consultancy costs and the provision of support materials such as leaflets and posters.

The OCS budget aims to develop a wide range of data and related analysis at the smallest geographical level possible to support decision-making and monitoring in all programmes.

The COPFSI reports to the Lord Advocate and is answerable directly to her. It is fully independent of the Crown Office and Procurator Fiscal Service.

Budget changes

There are no significant changes to this budget.

HISTORIC SCOTLAND

Table 19.05 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Staff Costs	24.6	25.6	26.9	27.8
Other Running Costs	6.2	6.3	6.4	6.4
Programme	32.0	32.0	32.3	32.3
Heritage Capital (Resource Budget)	4.1	4.1	5.1	6.1
Capital Charges	3.6	3.6	3.6	3.6
Capital Expenditure	1.0	4.7	1.0	1.0
<i>Less Income</i>	-23.8	-24.6	-26.0	-26.9
Total	47.7	51.7	49.3	50.3

What the budget does

The Historic Scotland budget supports work to protect and promote Scotland's historic environment. As the largest operator of paid visitor attractions in the country, Historic Scotland employs over 1,000 staff throughout the whole of Scotland helping to maintain our position as a world-class visitor destination. Working with VisitScotland and VisitBritain, it is a key player in supporting tourism in Scotland.

This budget will help support cultural identity and community regeneration through educational programmes and the Historic Environment Grants programme. This programme contributes funding for the repair of Scotland's most important historic buildings, the regeneration of historic areas and the enhancement of the quality of Scotland's historic city centres.

Budget changes

An additional £3.7 million capital investment in 2008-09 will be used for the provision of new accommodation for the Conservation Unit.

NATIONAL ARCHIVES OF SCOTLAND

Table 19.06 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Staff Costs	4.9	4.9	4.9	4.9
Accommodation Costs	1.6	1.6	1.3	1.3
Other Running Costs	0.5	0.5	0.6	0.6
Capital Charges	1.2	1.3	1.4	1.5
Capital Expenditure	1.6	2.7	2.7	2.7
<i>Less Income</i>	<i>-0.8</i>	<i>-0.7</i>	<i>-0.6</i>	<i>-0.5</i>
Total	9.0	10.3	10.3	10.5

What the budget does

The National Archives of Scotland (NAS) budget will support its work to select, preserve, and make available the national archives of Scotland in whatever medium, to the highest standards; to promote the growth and maintenance of proper archive provision throughout the country; and to lead the development of archival practice in Scotland.

This budget will allow NAS to provide legal customers with improved access to the public registers and records in order to support Scotland's property market, and to develop the Scotland's People service for family history in order to encourage inbound tourism. It will also allow NAS to improve access to the nation's records and help it to enhance the advice it gives to Scottish public authorities on the creation and management of their records. This, in turn, will promote streamlined and more effective government.

Budget changes

There are no significant changes to this budget.

CHAPTER 20: FINANCE AND SUSTAINABLE GROWTH

Table 20.01 Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Public Pensions Agency	2,661.1	2,661.8	2,659.1	2,660.1
Committees, Commissions and Other Expenditure	28.5	32.3	34.7	57.2
Rail Services in Scotland	638.1	689.2	672.9	667.1
Concessionary Fares	192.4	187.5	189.5	191.5
Other Transport Agency Programmes	291.7	180.9	287.1	256.9
Motorways and Trunk Roads	878.4	932.6	1,063.7	1,181.4
Ferry Services in Scotland	74.4	92.4	105.1	111.0
Air Services in Scotland	42.1	38.2	38.1	38.0
Bus Services in Scotland	57.3	57.2	57.2	57.2
Other Transport Directorate Programmes	67.0	79.6	69.9	58.7
European Social Fund – 2000-06 Programmes	–	–	–	–
European Regional Development Fund – 2000-06 Programmes	–	–	–	–
European Social Fund – 2007-13 Programmes	–	–	–	–
European Regional Development Fund – 2007-13 Programmes	–	–	–	–
Planning	2.5	11.8	5.3	5.6
Enterprise, Energy and Tourism	690.3	687.2	666.9	674.0
Water	181.8	311.8	311.8	311.8
Third Sector	15.1	23.2	32.2	38.2
General Register Office for Scotland	10.3	11.6	15.5	22.1
Registers of Scotland	–	–	–	–
Total	5,831.0	5,997.3	6,209.0	6,330.8

SCOTTISH PUBLIC PENSIONS AGENCY

Table 20.02 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Agency Administration	13.2	13.9	11.2	12.2
Scottish Teachers Pension Scheme	1,161.5	1,161.5	1,161.5	1,161.5
NHS in Scotland Pension Scheme	1,486.4	1,486.4	1,486.4	1,486.4
Total	2,661.1	2,661.8	2,659.1	2,660.1

What the budget does

The Scottish Public Pensions Agency's (SPPA) principal role is to administer the pensions, premature retirement and injury benefits schemes for employees of the National Health Service in Scotland and for members of the Scottish Teachers' Pension Scheme.

The Agency also has responsibility for developing the regulations covering the National Health Service in Scotland Pension Scheme, Scottish Teachers' Pension Scheme, local government, police and fire pensions schemes in Scotland; for determining appeals made by members of these schemes; and for providing a pension calculation service for the Scottish Parliamentary Pension Scheme and the Legal Aid Board for Scotland. This budget allows the Agency to manage anticipated caseload increases of up to 20 per cent by 2010-11 and to continue to improve the range, quality and efficiency of its customer services.

The pension scheme funding represents the cost of pensions accrued in that year plus notional interest on current liabilities less income received. Pension scheme funding is all Annually Managed Expenditure (AME).

Budget changes

The minor changes in the Agency Administration budget reflect the continuing cost of implementing the new pensions casework IT systems into 2008-09, which falls off in subsequent years once the implementation process is completed, and the cost of implementing a new payroll system in 2010-11.

COMMITTEES, COMMISSIONS AND OTHER EXPENDITURE

Table 20.03 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Public Service Reform and Efficiency	17.6	17.2	17.2	39.5
Commissions	0.9	1.1	1.1	1.1
Procurement	10.0	13.6	16.0	16.2
Council of Economic Advisers	–	0.4	0.4	0.4
Total	28.5	32.3	34.7	57.2

What the budget does

The Public Service Reform and Efficiency budget provides support for a range of public bodies and reform programmes. The Efficiency and Reform programmes aim to accelerate significant strategic programmes of work to drive efficiencies, reform and productivity in public services in Scotland. The aim is Scotland-wide solutions for smaller, simpler government and improved service to customers. This budget also includes funding for shared services and asset management and other work on efficiency and reform. It includes in 2010-11 a provision of £20 million for preparatory and set-up arrangements in connection with the introduction of a local income tax.

The Commissions budget covers the Standards Commission and Local Government Boundary Commission. The Procurement programme aims to deliver significant value for money savings across the wider public sector as well as the development of a structured and co-ordinated approach to procurement activity, in line with the recommendations of the McClelland report, and consistent with the shared services agenda. The Council of Economic Advisers directly advises the First Minister on tackling Scottish economic underperformance and raising Scotland's economic growth rate.

Budget changes

The increased funding in the Public Service Reform and Efficiency budget in 2010-11 includes additional provision in connection with the proposed introduction of local income tax.

The increases in the Procurement budget of £3.6m/£6.0m/£6.2m will support development of national and central government centres of Procurement Expertise, ongoing roll out of the eProcurement Scotland programme, the Procurement Reform Board and reform programme, the National Management Information project (providing detailed management information on Scottish public sector procurement expenditure) and development of a national advertising portal.

RAIL SERVICES IN SCOTLAND

Table 20.04 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Rail Franchise in Scotland	289.2	312.3	321.0	315.2
Rail Infrastructure in Scotland	348.0	366.0	331.0	331.0
Rail Development	0.9	0.9	0.9	0.9
Rail Small Programmes	–	10.0	20.0	20.0
Total	638.1	689.2	672.9	667.1

What the budget does

The budget supports the delivery of ScotRail passenger rail services in Scotland and required rail infrastructure. The rail infrastructure costs relating to rail services are set by the Rail Regulator.

Budget changes

The Rail Infrastructure budget for 2008-09 increases in line with the settlement for the current control period as determined by the Rail Regulator. For 2009-10 and 2010-11 we expect efficiency gains to be made by Network Rail following the Periodic Review conducted by the Rail Regulator. The franchise budget increases each year with inflation and with funding of targeted service improvements, offset by increasing passenger revenue as a result of these improvements.

Funding has been introduced from 2008-09 onwards to deliver a programme of minor rail improvements, including new and improved stations and interchanges, as well as rolling stock improvements.

CONCESSIONARY FARES

Table 20.05 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Smartcard Programme	3.0	6.1	2.1	2.1
Concessionary Fares	189.4	181.4	187.4	189.4
Total	192.4	187.5	189.5	191.5

What the budget does

The budget provides support for the development and delivery of concessionary travel schemes for older, disabled and young people. The funding provides for bus infrastructure systems to recognise Smartcards. Access to national concessionary travel will be through Smartcards issued as part of the Scottish Citizens' National Entitlement Card project.

Budget changes

The increase in Smartcard funding in 2008-09 is required to roll out delivery of electronic ticketing machinery to bus operators. Once operational, efficiency savings will be achieved in the form of improved validation of bus operator claims.

Concessionary Fares budget reduces in 2008-09 due to lower than anticipated uptake of the Younger Persons scheme.

OTHER TRANSPORT AGENCY PROGRAMMES

Table 20.06 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Transport Information	2.9	2.9	2.9	2.9
Agency Administration Costs	14.5	16.0	16.0	16.0
Strategic Transport Projects Review	2.3	4.3	5.3	7.3
Major Public Transport Projects	272.0	157.7	262.9	230.7
Total	291.7	180.9	287.1	256.9

What the budget does

The Transport Information budget funds the provision of impartial travel information services such as Traveline and Transport Direct.

The Agency Administration budget funds the running costs of Transport Scotland, an agency established to support the delivery of the Scottish Government's £2 billion annual investment in maintaining and improving rail and road networks and concessionary travel schemes in Scotland.

The Strategic Transport Projects Review is the multi-modal assessment of investment needed in land-based transport infrastructure from 2012 to 2022. From 2008-09, detailed design and development of the preferred options will be taken forward.

Funding is provided for Major Public Transport Projects, to proceed with the delivery of major rail public transport projects (e.g. Airdrie to Bathgate, Borders Railway and Glasgow Airport Rail Link) and to contribute to the City of Edinburgh Council's tram project.

Budget changes

The Strategic Transport Projects Review budget increases from 2008-09 onwards to support the detailed design and development stage work of the preferred options identified at that stage.

The Major Public Transport Projects budget reduces in 2008-09 due to the replacement of Edinburgh Airport Rail Link with the cheaper alternative of a surface-level Edinburgh Airport station at Gogar. The budget increases from 2009-10 to support the Edinburgh to Glasgow service enhancements, journey time and emission reductions and improvements in quality, accessibility and affordability as set out in *Scotland's Railways*.

MOTORWAYS AND TRUNK ROADS

Table 20.07 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Structural Repairs	26.4	26.4	26.4	26.4
Network Strengthening and Improvements	34.0	41.0	41.0	41.0
DBFO Payments	42.0	46.0	48.0	48.0
Routine and Winter Maintenance	51.9	53.0	56.0	59.4
Other Current Expenditure including Surplus Land Valuation Adjustment	5.6	5.6	5.6	5.6
Roads Improvements	40.3	54.1	56.1	58.1
Cost of Capital	0.1	0.1	0.1	0.1
Capital Land	2.1	2.1	2.1	2.1
Capital Works	123.7	86.8	156.9	210.6
Forth Crossing	–	20.0	25.0	30.0
Roads Depreciation	51.0	51.0	51.0	51.0
Roads' Cost of Capital	501.3	546.5	595.5	649.1
Total	878.4	932.6	1,063.7	1,181.4

What the budget does

The budget will allow further progress to be made on the maintenance and enhancement of the trunk road infrastructure. Major influences on spending are the need to maintain the network in good condition and deliver improvements to safety and traffic flows. It will secure value for money in the delivery of routine, cyclical and winter maintenance to maintain the safety, environment and amenity of the trunk road network, and improve the operation of the trunk road network and the provision of information for road travellers.

The budget will reduce serious and fatal accidents through delivery of road safety improvement programmes and reduce pollution and improve air quality by removing traffic congestion through more efficient traffic movement.

It will allow work to continue on completion of the Central Scotland Motorway Network (M8, M80, and M74), the A90 Aberdeen Western Peripheral Route and improvement schemes on the A68, A75, A77, A9 and A96. It will allow continuing expenditure on the A876 Kincardine Bridge, A68 Dalkeith bypass, A75 (three schemes), A830 Arisaig to Loch nan Uamh and A9 Ballinluig. It will build and enhance transport services infrastructure and networks to maximise their efficiency; and support the continuing maintenance for two inherited Design, Build, Finance, Operate (DBFO) contracts with 30 km of new motorway constructed on the A74(M) and 15 km of the M77 south of Glasgow.

Budget changes

Excluding the Roads' Cost of Capital, which is classified as Annually Managed Expenditure (AME), the increases in the budget are £9.0m/£91.1m/£155.2m.

These budget changes will take forward various road improvement works which include the provision of a new traffic control centre and replacement and expansion of existing equipment that will improve information for road travellers.

Capital works expenditure in 2008-09 reflects the current timing of the major roads improvement programme. We remain committed to delivering the planned programme of road capital projects.

We will take forward the design and preparation (e.g. environmental impact assessment, ground investigation, environmental, topographical and traffic surveys) for the replacement Forth Crossing.

FERRY SERVICES IN SCOTLAND

Table 20.08 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Support for Ferry Services	65.2	80.9	83.2	86.2
Vessels and Piers	9.2	6.5	14.4	14.8
Road Equivalent Tariff	–	5.0	7.5	10.0
Total	74.4	92.4	105.1	111.0

What the budget does

The Ferry Services budget covers the subsidy paid for the lifeline ferry services on the Clyde and to the Hebridean and Northern Isles.

The Vessels and Piers budget will allow a major new vessel to be ordered to serve on the routes between the Scottish mainland and Islay and provide support for piers and harbours projects at Largs, Kennacraig, Port Ellen and Rothesay.

The budget for Road Equivalent Tariff will fund the pilot of this approach to ferry fare setting.

Budget changes

The increase in the Support for Ferry Services budget reflects the impact of service enhancements, cost pressures and provision for a new service (Campbeltown to Ballycastle). The budget allocated to vessels and piers reflects the anticipated spending profile associated with planned projects. The Road Equivalent Tariff budget is a new spending line reflecting our commitment to test this new approach to setting ferry fares.

AIR SERVICES IN SCOTLAND

Table 20.09 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Highlands and Islands Airports Limited	24.1	27.1	27.1	27.1
Support for Air Services	18.0	11.1	11.0	10.9
Total	42.1	38.2	38.1	38.0

What the budget does

The budget supports Highlands and Islands Airports Limited which operates 10 airports in the Highlands and Islands. It will sustain the continued operation of airport services throughout the Highlands and Islands. Its operations support the economic and social development of remote and island communities. Resources will be available for residual contractual expenditure for the previous Air Route Development Fund. The budget supports the Air Discount Scheme, providing discounted fares on eligible routes to people whose main residence is in Orkney, Shetland, the Western Isles, Islay and Jura, Caithness and North-West Sutherland. Eligible persons qualify for a discount of 40 per cent of the core fares on scheduled air services between airports within the eligible areas and Glasgow, Edinburgh, Aberdeen and Inverness.

In addition, the budget supports lifeline air services between Glasgow and Barra, and between Campbeltown and Tiree, which cannot be provided commercially.

Budget changes

The Highlands and Islands Airports Limited budget includes resources for capital expenditure required by the regulatory authorities and resources required to operate Dundee Airport which is scheduled to be operated by the company from 1 December 2007. Further resource is provided for the lifeline Public Service Organisation (PSO) air services which are subject to contractual arrangements due for renewal from 1 April 2009. Support for Air Services is lower because the cost of the Air Route Development Fund is being managed down.

BUS SERVICES IN SCOTLAND

Table 20.10 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Support for Bus Services	57.3	57.2	57.2	57.2
Total	57.3	57.2	57.2	57.2

What the budget does

Bus Service Operators Grant provides support to the bus industry across Scotland by refunding part of the costs of fuel duty which would otherwise result in increased fares. It helps sustain the economy and reduce the environmental impact of increased car travel and reduces the cost to local authorities of supporting non-commercial socially necessary services.

OTHER TRANSPORT DIRECTORATE PROGRAMMES

Table 20.11 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Forth and Tay Road Bridge Authorities	5.8	29.4	20.6	10.7
Support for the Freight Industry	14.7	14.9	14.9	14.9
British Waterways Scotland	11.4	11.6	11.8	12.0
Support for Sustainable and Active Travel	6.6	11.0	11.0	11.0
Transport Strategy and Innovation	26.5	9.7	8.6	7.1
Road Safety	2.0	3.0	3.0	3.0
Total	67.0	79.6	69.9	58.7

What the budget does

The Forth and Tay Road Bridge Authorities budget is to replace toll income following the abolition of bridge tolls in Scotland.

The budget to support the freight industry will fund grants designed to encourage the transport of freight by rail or water rather than road, and allow further progress in delivering the Freight Action Plan.

The grant to British Waterways Scotland will allow it to maintain Scotland's canals in good condition and contribute to the process of economic regeneration.

The budget for Sustainable and Active Travel promotes alternatives to car use and more active forms of travel, particularly cycling and walking, by supporting projects which raise awareness or facilitate sustainable travel choices.

The budget for Transport Strategy and Innovation provides running cost support for regional transport partnerships, the Mobility and Access Committee for Scotland (MACS), Passengers' View Scotland and support for innovative transport solutions.

The budget funds our strategy policies on road safety, including the development of a ten year road safety strategy.

Budget changes

The budget changes mainly reflect our commitment to end tolls on the Forth and Tay Road Bridges but also reflects increases in a number of other areas including: increased support for British Waterways to maintain the canal network in good condition; increased support for the freight industry to take forward the Freight Action Plan; increased provision for sustainable and active travel to promote alternatives to car use and active travel, particularly cycling and walking; and an increase in road safety to allow delivery of a new road safety strategy.

The reduction in the Transport Strategy and Innovation budget reflects the completion of the 20mph homezones scheme that has achieved its objectives, with some of that provision reallocated to increase sustainable and active travel and to allow provision for supporting innovative transport projects.

EUROPEAN SOCIAL FUND – 2000-06 PROGRAMMES

Table 20.12 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Grants to Local Authorities	14.6	15.8	–	–
Central Government Spend	38.9	47.4	–	–
<i>Grants to Local Authorities – EU Income</i>	<i>-14.6</i>	<i>-15.8</i>	–	–
<i>Central Government – EU Income</i>	<i>-38.9</i>	<i>-47.4</i>	–	–
Total*	–	–	–	–

*These figures net to zero because of matching receipts from the European Union.

EUROPEAN REGIONAL DEVELOPMENT FUND – 2000-06 PROGRAMMES

Table 20.13 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Grants to Local Authorities	37.6	21.4	–	–
Central Government Spend	47.6	64.4	–	–
<i>Grants to Local Authorities – EU Income</i>	<i>-37.6</i>	<i>-21.4</i>	–	–
<i>Central Government – EU Income</i>	<i>-47.6</i>	<i>-64.4</i>	–	–
Total*	–	–	–	–

*These figures net to zero because of matching receipts from the European Union.

EUROPEAN SOCIAL FUND – 2007-13 PROGRAMMES

Table 20.14 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Grants to Local Authorities	6.7	6.6	8.6	8.4
Central Government Spend	17.9	19.7	25.8	25.3
<i>Grants to Local Authorities – EU Income</i>	<i>-6.7</i>	<i>-6.6</i>	<i>-8.6</i>	<i>-8.4</i>
<i>Central Government – EU Income</i>	<i>-17.9</i>	<i>-19.7</i>	<i>-25.8</i>	<i>-25.3</i>
Total*	–	–	–	–

*These figures net to zero because of matching receipts from the European Union.

EUROPEAN REGIONAL DEVELOPMENT FUND – 2007-13 PROGRAMMES

Table 20.15 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Grants to Local Authorities	17.3	10.8	13.9	13.3
Central Government Spend	25.9	32.3	41.6	40.0
<i>Grants to Local Authorities – EU Income</i>	<i>-17.3</i>	<i>-10.8</i>	<i>-13.9</i>	<i>-13.3</i>
<i>Central Government – EU Income</i>	<i>-25.9</i>	<i>-32.3</i>	<i>-41.6</i>	<i>-40.0</i>
Total*	–	–	–	–

*These figures net to zero because of matching receipts from the European Union

What the budget does

We have responsibility for implementing the 2007-13 European Structural Funds programmes in Scotland, principally through the European Regional Development Fund and the European Social Fund, as well as other cross-border and transitional programmes. These contribute to the improvement in Scotland's economic competitiveness through support for business research and innovation, skills improvement and the promotion of lifelong learning across a wide range of sectors. The 2007-13 programmes are administered by two intermediate administrative bodies under three year contracts to the Scottish Government. The 2000-06 programmes end on 31 December 2008.

Budget changes

The amounts included for European Structural Funds relate to the new 2007-13 programmes and are based on the estimated spend likely to be required. The grants for this expenditure are matched by receipts from the European Union.

PLANNING

Table 20.16 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Building Standards Agency	1.3	2.4	2.6	2.7
Planning	1.2	9.4	2.7	2.9
Total	2.5	11.8	5.3	5.6

What the budget does

Planning covers the funding of the Scottish Building Standards Agency which is responsible for securing the health, safety, welfare and convenience of people in and around buildings; furthering the conservation of fuel and power; and furthering the achievement of sustainable development.

It also covers the programme of modernising the Scottish planning system, following the passage of the Planning etc. (Scotland) Act 2006. Key elements of the planning modernisation programme include: the conclusion of the e-planning project, which will transform access to the planning system and secure substantial savings for users of the system; start-up support for the new Strategic Development Planning Authorities; support for community engagement, principally through funding to Planning Aid for Scotland; and the Planning Development Programme which is designed to ensure the planning services have the skills and competences required to make the system work effectively.

Budget changes

The Planning budget increases by £9.3m/£2.8m/£3.1m. The significant increase for 2008-09 is mainly due to a one-off increase of £6 million in the capital budget for that year for the IT investment in e-planning. The other increases for Planning and Scottish Building Standards Agency reflect the cost of delivering the planning modernisation and enhanced buildings standards priorities described above.

ENTERPRISE, ENERGY AND TOURISM

Table 20.17 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Enterprise	465.1	448.6	433.8	431.4
Highlands and Islands Enterprise	103.0	91.8	88.8	88.3
Innovation and Investment Grants (including Regional Selective Assistance)	52.0	52.0	52.0	52.0
Knowledge Exchange and Innovation Policy	5.3	8.0	8.0	8.0
Energy and Climate Change	19.9	33.5	33.0	33.0
Saltire and Horizon Prizes	–	2.0	2.0	12.0
Business Gateway International Trade	0.7	1.7	0.7	0.7
VisitScotland	43.8	47.8	46.8	46.8
European Programme Administration and Consultancies	0.3	1.6	1.6	1.6
Miscellaneous	0.2	0.2	0.2	0.2
Total	690.3	687.2	666.9	674.0

What the budget does

The allocations for the enterprise networks reflect the much tighter operational focus as a result of the reforms announced on 26 September 2007. The figures are stated on a like-for-like basis to allow comparison with previous years. They will subsequently be adjusted by transfer to local government. This will happen once arrangements are put in place for the transfer of responsibility for the Business Gateway delivery and agreement has been reached on the transfer of local regeneration activity. There will also be a transfer of training and skills and Careers Scotland funding when the arrangements for a new skills body have been put in place.

The Innovation and Investment Grants budget includes the SMART:Scotland programme which is the foremost policy instrument to support near-market research and development projects by small and medium enterprises. Regional Selective Assistance, which is the main national scheme of financial assistance to industry, helps to create and safeguard jobs in selected areas of Scotland and accounts for the bulk of this spend. The budget covers commitments made in previous years which are paid in instalments as projects reach milestones. Both grants will in future be delivered by Scottish Enterprise under joint venture arrangements with the government.

The Energy and Climate Change budget provides advice to householders and businesses on energy efficiency, with the objective of reduced energy consumption, carbon savings and the promotion of renewable energy, including microgeneration. This budget also provides grant support for development and deployment of renewable technologies (marine, biomass and hydrogen) and for encouraging the adoption of microgeneration technologies by householders and communities. This has the joint objectives of carbon reduction and the promotion of economic growth.

The Energy and Climate Change budget also includes our contribution to the costs of the UK Committee on Climate Change. This expert advisory committee will advise all UK administrations in relation to statutory emissions reduction targets. It includes research into how best to reduce emissions to help us on the path to a low carbon economy, and to adapt to climate change. It also covers the costs in 2008-09 of the consultation for the Scottish Climate Change Bill.

The Knowledge Exchange and Innovation Policy budget funds a range of innovation activities and provides funding for the Innovators Counselling and Advisory Service for Scotland scheme and the Intellectual Asset Centre. It also supports innovation policy activities carried out under the 1965 Science and Technology Act.

The VisitScotland budget spends £25 million on marketing which directly drives additional tourism revenues of £975 million, plus business tourism and e-business benefits. The remainder of the VisitScotland budget is used to provide information to visitors once they are in Scotland (through over 100 tourism information centres) and to help 20,000 Scottish tourism businesses. Total tourism revenues are worth £4.2 billion a year to the Scottish economy.

Budget changes

The most significant changes for Scottish Enterprise and Highlands and Islands Enterprise reflect their restructuring plans which will reduce running and salary costs over the period. They also include a cut in direct capital funding in line with the enterprise networks' increasing ability to fund capital projects through receipts from asset sales and collaboration with the private sector. Scottish businesses will benefit from the reduction in business rates and this is reflected in the local government settlement.

Significant additional expenditure for Energy includes:

- the Saltire Prize;
- tripling spend on community and household renewables;
- instituting a Scottish Energy Efficiency Award; and
- a new budget line for Climate Change following the planned establishment of the Committee on Climate Change in 2008-09.

Significant additional expenditure for VisitScotland includes:

- promotion of the Ryder Cup; and
- maintenance of their capital estate.

The new expenditure for the European Structural Fund Programme is for programme administration and consultancies and represents, in part, the new arrangements required by the European Commission to fund the administration of the programmes.

WATER

Table 20.18 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Support for Scottish Water Borrowing	181.8	181.8	181.8	181.8
Cost of Capital Charges (net)	–	130.0	130.0	130.0
Total	181.8	311.8	311.8	311.8

What the budget does

The support for the Scottish Water borrowing budget covers the sums to be lent to Scottish Water by Scottish Ministers in support of its capital investment programme. The investment programme for 2006-10 will deliver significant improvements to drinking water quality and the environment.

Budget changes

The borrowing requirements for Scottish Water are determined by the Water Industry Commission, Scottish Water's economic regulator. The borrowing is set at levels which require Scottish Water to deliver services and the investment programme at the lowest overall reasonable cost. Whilst "flat spend" is shown, some variations between one year and the next will occur and will reflect annual variances in the delivery of the capital programme. Borrowing requirements for 2010-11 will be determined in the next Determination of Charges by the Water Industry Commission.

The new budget of £130 million a year for cost of capital charges reflects the move to a full weighted average cost of capital calculation, in line with UK-wide practice.

THIRD SECTOR

Table 20.19 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Third Sector Development	15.1	19.2	22.2	22.2
Scottish Investment Fund	–	4.0	10.0	16.0
Total	15.1	23.2	32.2	38.2

What the budget does

The third sector budget will seek to secure the development of an innovative, sustainable and inclusive third sector, supporting communities to be more cohesive and contributing to high-quality public services and raised economic growth. This will be achieved through a new Scottish Investment Fund which will support enterprise in the third sector by investing in assets, business development and the skills of people working in the sector. The budget will also support volunteering and a series of strategic partnerships with national third sector organisations aimed at building third sector capacity.

Budget changes

The budget increases largely reflect the establishment of the new Scottish Investment Fund.

GENERAL REGISTER OFFICE FOR SCOTLAND

Table 20.20 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Administration Costs	13.1	14.7	18.6	25.1
Capital Charges	1.3	1.3	1.3	1.3
Capital Expenditure	0.6	0.7	0.7	0.8
<i>Less Income</i>	-4.7	-5.1	-5.1	-5.1
Total	10.3	11.6	15.5	22.1

What the budget does

The budget for 2007-08 largely funds the ongoing statutory functions of the Registrar General, which are to conduct censuses and prepare and publish demographic and other statistics; to administer civil registration of vital events (births and deaths, marriages, divorces and adoptions), and the statutes relating to the formalities of marriage and the conduct of civil marriage; to maintain the National Health Service Central Register of patients in Scotland for the Scottish Government; to make available public records about individuals to customers (e.g. genealogists).

The 2007-08 budget also funds an additional objective to open a new joined-up Scottish Family History Research Service on the Register House campus with our partners, the National Archives of Scotland and the Court of the Lord Lyon.

Budget changes

The budget increases from 2008-09 onwards provide the Registrar General with the additional funds necessary to plan, develop and undertake the 2011 Census, in parallel with other censuses in the other parts of the UK.

REGISTERS OF SCOTLAND

What the budget does

The Registers of Scotland Executive Agency is a trading fund and is self-financing from fees (so does not receive direct funding from government). The agency maintains and supplies information from a range of public registers. The main two registers, the Land Register and the General Register of Sasines, are concerned with the ownership of land and property. The public registers play a key role in underpinning the economic and social stability of Scotland. The agency's primary purpose is to provide the people and institutions of Scotland with the social and economic benefits that flow from a publicly-guaranteed system of rights in land and property.

CHAPTER 21: HEALTH AND WELLBEING

Table 21.01 Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Health	10,214.9	10,649.2	11,061.1	11,521.6
Housing and Regeneration	480.6	475.3	568.1	572.5
Wellbeing	36.7	38.3	39.8	41.4
Sport	34.3	47.4	53.9	54.9
Food Standards Agency	10.4	10.6	11.0	11.4
Total	10,776.9	11,220.8	11,733.9	12,201.8

Table 21.02 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
NHS and Special Health Boards	7,846.0	8,096.3	8,355.2	8,623.0
Capital Investment	528.1	557.6	640.4	608.4
Education and Training				
Workforce	21.0	34.4	36.9	39.3
Nursing	147.1	150.6	154.7	158.8
Primary and Community Care Services				
General Medical Services ¹	671.3	671.3	671.3	671.3
Pharmaceutical Services Contractors' Remuneration ¹	146.7	146.7	146.7	146.7
General Dental Services ¹	354.3	354.3	354.3	354.3
General Ophthalmic Services ¹	55.5	55.5	55.5	55.5
eHealth	100.3	77.5	92.5	140.0
Scottish Commission for the Regulation of Care	16.3	16.7	17.2	17.6
Improving Health and Better Public Health				
Health Improvement and Health Inequalities	27.9	43.6	48.5	52.8
Hepatitis C Action Plan Implementation	–	6.0	18.2	21.1
Pandemic Flu Preparedness	–	9.0	6.0	16.0
Cervical Cancer Vaccination	–	18.0	18.5	27.5
Health Screening	0.9	17.2	15.1	11.7
Tobacco Control	11.3	13.8	13.8	13.8
Alcohol Misuse	12.3	32.4	42.4	47.4
Health Protection ²	25.9	38.8	39.6	37.4
Mental Wellbeing	6.3	6.3	6.3	6.3
Healthy Start ³	11.4	11.4	11.4	11.4
Mental Health Legislation and Services	21.1	21.1	21.1	21.1
Specialist Children's Services	–	2.0	10.0	20.0
General Services				
Research	62.6	65.9	67.8	71.3
Distinction Awards	23.9	26.0	28.0	30.0
Access Support for the NHS ⁴	65.0	155.0	155.0	155.0
Improvement and Support of the NHS ⁵	23.6	22.1	21.5	20.3
Clean Hospitals/MRSA Screening Programme	5.0	12.0	21.0	21.0
Miscellaneous Other Services	152.2	132.7	200.5	259.2
Income				
Revenue	-109.0	-112.6	-116.2	-119.9
Capital	-12.1	-32.4	-92.1	-16.7
Total	10,214.9	10,649.2	11,061.1	11,521.6

Notes:

1. Individual allocations for 2008-09 to 2010-11 for demand-led services are still to be decided and are subject to pay negotiations with the professional groups concerned.
2. Previously known as Public Health and Workplace Health.
3. Previously known as Welfare Foods.
4. Previously known as the Waiting Times Coordination Unit.
5. Previously known as Centre for Change and Innovation.

What the budget does

The budget supports services and initiatives designed to help people in Scotland to live longer and healthier lives with reduced inequalities; and to provide more sustainable, high quality and continually improving healthcare services close to home. These are explained in more detail in chapters 5 and 11.

Budget changes

Because reductions in alcohol and tobacco abuse lead to healthier lifestyles, particularly amongst people with the poorest health, they are key spending priorities for the Scottish Government. Spending priority is also being given to measures that support everyone in Scotland to achieve better health. Additional resources are targeted on further improvements in quality and speed of access to healthcare services.

We will support health improvement and reducing health inequalities by focusing resources as follows:

- reducing the harm done by misuse of alcohol (£20.1m/£30.1m/£35.1m);
- introducing immunisation to reduce the risk of cervical cancer (£18.0m/£18.5m/£27.5m);
- adding to the existing national screening programmes to help detect potentially serious illness early (£16.3m/£14.2m/£10.8m);
- reducing smoking (£3.0m/£3.0m/£3.0m);
- actions to help people, particularly children, tackle obesity in support of our diet and physical activity programmes (£11.5m/£11.5m/£11.5m); and
- actions to strengthen primary care services in the most deprived areas of Scotland, identifying people at particular risk of preventable, serious ill health (£12.5m/£12.5m/£12.5m).

To ensure that people receive high-quality services when they need them, budget changes include:

- funding to ensure that by the end of 2011 nobody will wait longer than 18 weeks from GP referral to treatment for routine conditions (£90.0m/£90.0m/£90.0m);
- a new screening programme to detect MRSA in hospital patients at admission, and continuation of work to prevent the spread of infection, reduce serious illness, and release hospital resources for use by other patients (£12.0m/£21.0m/£21.0m);
- phasing out prescriptions charges for those who still pay them (£20.0m/£32.0m/£45.0m); and
- free eye tests for everyone (£27.0m/£29.0/£31.0m).

We are also prioritising treatment and care for patient groups with particular needs:

- specialist children's services (£2.0m/£10.0m/£20.0m); and
- improvement of wheelchair and seating services (£4.0m/£6.0m/£6.0m).

Gross capital investment in health over the Spending Review period will amount to £557.6m/£640.4m/£608.4m. This will fund major new developments including:

- the new children's hospital and the development of the new Southern Hospital in Glasgow;
- improvements at existing hospitals across Scotland including Aberdeen Royal Infirmary, Borders General Hospital, Raigmore Hospital in Inverness and Dumfries and Galloway Royal Infirmary;
- improvements in mental health services including the redevelopment of the State Hospital at Carstairs and re-provision of services currently provided at the Royal Edinburgh Hospital, as well as the development of new acute and community based services in Dumfries and Galloway;
- replacement of medical equipment;
- pandemic flu vaccine stockpile;
- the eHealth programme, which will improve patient safety and clinical outcomes, ensuring that systems are designed to reflect the needs of patients, clinicians, managers and other users;
- primary care and dental services; and
- improved energy efficiency and a reduction in emissions across the NHS Scotland estate.

HOUSING AND REGENERATION

Table 21.03 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Affordable Housing Investment Programme ¹	387.2	373.9	446.7	472.1
Modernising Private Sector Housing	10.2	10.2	15.2	15.2
Housing Markets and Supply Policy/Research and Analytical Services	2.8	2.8	2.8	2.8
Running Costs (Communities Scotland and Post Abolition Arrangements) ²	25.1	25.1	25.1	25.1
Tackling and Preventing Homelessness	0.6	0.6	0.6	0.6
Central Heating Initiative/Warm Deal	45.9	45.9	45.9	45.9
Housing Voluntary Sector Grant Scheme	2.4	2.4	2.4	2.4
Wider Role	12.0	12.0	12.0	12.0
Community Engagement	3.4	3.4	3.4	3.4
Regeneration Programmes	18.0	26.0	41.0	20.0
Capital Charges	3.0	3.0	3.0	3.0
<i>Less Income</i>	<i>-30.0</i>	<i>-30.0</i>	<i>-30.0</i>	<i>-30.0</i>
Total	480.6	475.3	568.1	572.5

Notes:

1. The 2007-08 budget is in addition to funding transferred to local government.
2. Ministers announced on 31 October 2007 the abolition of Communities Scotland. Decisions on the allocation of these resources between funding for ongoing regulatory support and the Scottish Government's running costs will be made in due course.

What the budget does

The housing and regeneration programmes contribute to our Purpose and Strategic Objectives by increasing the supply of good quality, sustainable housing and regenerating Scotland's communities.

A wide-ranging consultation on the future of housing in Scotland has been launched. This will consider how (together with local government, developers and builders) to free-up the supply of housing to buy and to rent, in order to create sustainable, mixed communities and provide a fair deal for first-time buyers, tenants and taxpayers. We will work together with local government to improve the condition of private sector housing; and with local government and third sector partners to prevent and tackle homelessness and to provide housing support services to vulnerable people to enable them to continue to live independently in their own homes. On regeneration, we are supporting large-scale projects to achieve the comprehensive regeneration of targeted areas through a range of initiatives to improve their physical, economic, environmental and social circumstances. We will work with local government and Community Planning Partnerships to provide targeted regeneration action to tackle poverty in the most disadvantaged communities.

Budget changes

The budget will help to deliver our objectives to:

- increase the supply of good quality, sustainable housing (£430.0m/£507.8m/£533.2m); and
- support key strategic regeneration initiatives, particularly pathfinder Urban Regeneration Companies (£19.0m/£34.0m/£13.0m).

WELLBEING

Table 21.04 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Promoting Social Inclusion	22.3	19.5	19.0	20.0
Promoting Equality	14.4	18.8	20.8	21.4
Total	36.7	38.3	39.8	41.4

What the budget does

The social inclusion budget supports wellbeing through cross-cutting work to tackle poverty and disadvantage in Scotland. It is used to lever activity in policies across government, for example employability. It also supports action on financial inclusion, the rollout of activity established through the Working for Families programme, interventions to help people with multiple and complex needs, and a range of smaller scale pilot activity to help lift people out of poverty and maintain them free from poverty, as well as providing support for national statistical surveys; national research; and key stakeholder organisations.

The equality budget is used to promote equality of opportunity and fair treatment for the wellbeing of people in Scotland. It funds activities which challenge discrimination, prejudice and disadvantage and helps develop the capacity of people who experience barriers because of their race, gender, disability, faith or sexual orientation. It supports and levers activity in other policy areas across government to mainstream equality into the delivery of their outcomes. The budget provides services support for women and children affected by domestic abuse and those affected by the broader issues of violence against women. It enables demonstration work to be undertaken and equality data and research to be developed.

Budget changes

The reduction in the Promoting Social Inclusion budget reflects the fact that much of this budget has been redirected into a new fund to be deployed by Community Planning Partnerships, to tackle poverty and deprivation (resources are included in the local government settlement).

SPORT

Table 21.05 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Sportscotland	34.3	43.3	47.3	43.3
Glasgow 2014: Delivery of Commonwealth Games	–			
Resource	–	3.5	3.8	3.6
Capital	–	0.6	2.8	8.0
Total	34.3	47.4	53.9	54.9

What the budget does and budget changes

The budget will support delivery of our priority goals for sport in Scotland: increasing participation, improving sporting performance and creating a legacy through major events such as the Olympic and Paralympic Games and Commonwealth Games. Funding for sport in Scotland will be £47.4m/£53.9m/£54.9m.

The Scottish Government is working in partnership with Glasgow City Council and the Commonwealth Games Council for Scotland to turn the 2014 Games into a success for Scotland. The Bid decision was taken on 9 November in Sri Lanka. Funding for successful delivery of the Commonwealth Games up to 2010-11 is £4.1m/£6.6m/£11.6m.

FOOD STANDARDS AGENCY

Table 21.06 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Food Safety	6.8	7.0	7.4	7.8
Eating for Health	2.0	2.0	2.0	2.0
Choice (making it easier for consumers to make informed choices)	1.6	1.6	1.6	1.6
Total	10.4	10.6	11.0	11.4

What the budget does

The Food Standards Agency Scotland is integral to supporting the agreed Food and Health priorities of the Scottish Government and there is a strong partnership working across this shared agenda.

The Food Standards Agency's aim is to improve diet and nutrition, and to help shift the balance from knowledge to lifestyle change. In particular, the Agency in Scotland will continue to provide essential support to the delivery of improved nutritional standards of food across the public sector and to achieving clear, consumer-focused labelling to help people to make healthy choices when purchasing food.

The Food Standards Agency safeguards consumers' interests in food matters based on sound evidence and proportionality of action, with consumer safety as its overriding priority. It works closely with the government and stakeholder interests to ensure that particular Scottish circumstances are fully considered in development of policies and actions.

CHAPTER 22: EDUCATION AND LIFELONG LEARNING

Table 22.01 Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Schools	136.1	133.2	136.1	140.8
Children, Young People and Social Care	115.6	103.4	105.5	102.8
Student Awards Agency for Scotland (SAAS)	539.1	509.1	507.7	533.8
Scottish Further and Higher Education Funding Council	1,633.9	1,673.3	1,755.1	1,812.8
Other Lifelong Learning	94.0	113.0	104.4	108.8
Total	2,518.7	2,532.0	2,608.8	2,699.0
Student Loans Subsidy to Banks (outside TME)	13.2	4.5	4.5	4.5

SCHOOLS

Table 22.02 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Teachers ¹	28.0	27.9	30.5	37.8
Schools ¹	17.1	17.5	16.1	11.5
Support for Learning ²	17.2	16.1	15.4	15.2
Qualifications, Assessment and Skills ^{2, 3}	29.3	32.1	32.5	35.6
Curriculum ³	29.4	23.8	25.8	24.7
HM Inspectorate of Education	15.1	15.8	15.8	16.0
Total	136.1	133.2	136.1	140.8

Notes:

1. This budget has been reduced by transferring all local authority funding for Schools to local government (chapters 17 and 27).
2. These figures take account of restructuring within the portfolio, whereby Pupil Support and Inclusion funding was distributed between Support for Learning and Qualifications and Skills.
3. These figures take account of restructuring within the portfolio, whereby New Educational Developments and Curriculum combined to form Curriculum.

What the budget does

The budget supports policy and workforce development relating to all aspects of education in schools. This involves working with and through local authorities and others. It also supports the inspection programme of HM Inspectorate of Education and the activities of other public bodies such as Learning and Teaching Scotland and the Scottish Qualifications Authority.

The budget represents only a fraction of total public sector spend on education, with the main spend being channelled through local authorities.

Budget changes

Significant new or increased expenditure includes an extra £0.0m/£3.0m/£11.0m to fund further teacher training and facilitate the reduction of class sizes in P1, P2 and P3, as well as an additional £2.0m/£5.0m/£8.0m for the new National Qualifications Framework.

CHILDREN, YOUNG PEOPLE AND SOCIAL CARE

Table 22.03 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Workforce and Capacity ¹	70.9	58.7	63.5	61.0
Care and Justice ¹	14.4	9.8	9.7	9.8
Prevention ¹	10.0	15.9	13.8	12.9
Positive Futures ¹	3.8	3.0	3.0	3.3
Organisation ¹	8.6	8.5	7.9	7.7
Information and Analytical Services ¹	3.6	3.2	3.2	3.5
Social Work Inspection Agency	4.3	4.3	4.4	4.6
Total¹	115.6	103.4	105.5	102.8

Note:

1. This budget has been reduced by transferring all local authority funding for Children and Young People to local government (chapters 17 and 27).

What the budget does

The budget supports workforce development and broader improvement in social services and the policy development and provision of a range of services for children, young people and families, particularly the most vulnerable. This involves working with and through local authorities and health boards as well as the voluntary and independent sectors. It also funds the Scottish Social Services Council and the Scottish Children's Reporters' Administration, provides grants to voluntary organisations and funds research initiatives. The budget also supports the inspection programme of the Social Work Inspection Agency.

This represents only a fraction of total public sector spend on services for children, young people and families, with the main spend being channelled through local authorities and health boards.

Budget changes

From 2008, the total budget has been reduced as projects come to an end. Significant new or increased expenditure includes £0.2m/£0.4m/£0.7m for the development and implementation of a flexible early years development teaching degree. £5.0m/£3.0m/£2.0m will also be allocated towards work on the response to and prevention of domestic abuse and the development of a National Action Plan.

The Prevention budget is boosted by an additional £1.4m/£4.4m/£4.4m which will be used to develop and support interventions to ensure that all young people (especially those at risk) have positive opportunities. The profile of investment in Scottish Children's Reporters' Administration capital projects (£2.5m/£7.5m/£4.6m) contributes to the uneven expenditure pattern set out above.

STUDENT AWARDS AGENCY FOR SCOTLAND

Table 22.04 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
SAAS Running Costs	6.5	6.7	6.4	6.6
SAAS Capital Charges	1.2	1.2	1.2	1.3
Fees, Grants and Bursaries	274.7	281.2	279.5	305.2
Student Loans Company Administration	5.2	5.3	5.5	5.6
Unwinding of Debt Sale Subsidy Provision	7.0	4.0	4.0	4.0
Cost of Student Loans	74.4	74.4	74.4	74.4
Unwinding of Discounts on Write-off Provision	9.0	12.0	12.0	12.0
Student Loans New Lending (AME) ¹	161.1	124.3	124.7	124.7
Total	539.1	509.1	507.7	533.8
Student Loan Interest Subsidy to Banks (outside TME)	13.2	4.5	4.5	4.5

Notes:

1. The reduction between 2007-08 and 2008-09 onwards is due to three factors: the abolition of the Graduate Endowment means that Graduate Endowment loans of £14 million are no longer required from 2008-09 onwards; from 2007-08 student loans will be paid each month rather than each term, increasing figures on a one-off basis in 2007-08 and a reduction in subsequent years of £12 million; and an increase in anticipated student loan repayment income in 2008-09 onwards of £10 million due to new cohorts of students paying student loans.

What the budget does

The agency provides financial support and advice to Scottish domiciled students undertaking courses of higher education in the UK and abroad and to EU students studying in Scotland. Levels of spending are demand-led but capped by the overall control maintained on the numbers of students for which Scottish Further and Higher Education Funding Council funds institutions (see below).

The agency administers schemes covering undergraduate and postgraduate students, and has administered the Graduate Endowment scheme (due to be abolished in 2008). The agency also deals with bursaries for nursing and midwifery students and runs the Individual Learning Accounts Scotland scheme in partnership with learndirect scotland.

Budget changes

The total package for student support reform is valued at £29.0m/£30.0m/£60.0m. This will resource the first step of a phased transition from student loans to grants, starting with part-time students.

The settlement also includes new support for part-time students to be introduced from autumn enrolment 2008 at a cost of £12.0m/£13.0m/£13.0m. Research shows that fee costs can be a financial barrier for many students considering part-time study and this new funding will be a major boost for large numbers of part-time students in higher education. This will help relieve pressures on existing part-time students on low incomes and will reduce barriers and open up new opportunities for people contemplating part-time study to retrain. Consultation on student support and graduate debt proposals will be undertaken in 2008.

SCOTTISH FURTHER AND HIGHER EDUCATION FUNDING COUNCIL (SFHEFC)

Table 22.05 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Current Funding for Further Education Colleges	526.6	539.5	567.5	580.0
Capital Grants for Further Education Colleges	87.9	89.3	96.9	97.5
Current Funding for Higher Education Institutions	925.1	948.3	987.1	1,030.9
Capital Grants for Higher Education Institutions	85.0	87.4	94.7	95.2
SFHEFC Administration	9.3	8.8	8.9	9.2
Total	1,633.9	1,673.3	1,755.1	1,812.8

What the budget does

The Funding Council budget supports the teaching and learning, research and wider technology transfer activities of 19 higher education institutions (including the Open University) and Scotland's 43 colleges.

Budget changes

The Spending Review settlement provides an increase to the tertiary education system from £1.63 billion in 2007-08 to £1.81 billion in 2010-11. The investment in further and higher education fits clearly with the wider economic strategy of delivering skills for Scotland's people and an economy with a competitive edge. It will support enhanced teaching and learning, research, vocational learning and skills, and school-college partnerships.

This settlement prioritises capital investment in Scotland's colleges and universities and in new buildings which are flexible, fit for purpose and attractive to students and staff. Over the period of the Spending Review, capital investment in colleges and universities will rise to £193 million by 2010-11. Taking account of Spending Review increases and the £100 million capital addition in 2007-08, the total of planned capital investment from 2007-08 to 2010-11 will increase by 20 per cent from £692 million (if the original 2007-08 budget of £172.9 million had continued) to £834 million (£272.9m/£176.8m/£191.5m/£192.7m).

OTHER LIFELONG LEARNING

Table 22.06 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Learning Connections ¹	2.9	2.9	3.9	5.8
Education Maintenance Allowances	44.6	36.7	36.5	36.1
Fellowships administered by the Royal Society of Edinburgh	0.7	1.2	1.7	2.3
Individual Learning Accounts Scotland	19.3	10.5	11.5	12.0
Life Sciences	–	2.0	3.0	5.0
International Lifelong Learning Strategy	–	2.0	2.0	2.0
Scottish Qualification Authority, Vocational Qualification and Skills	1.5	1.7	1.7	1.8
Scottish Credit and Qualifications Framework	0.6	0.6	0.6	0.6
Union Learning	0.8	1.4	1.4	1.4
Skills for Business Network (formerly Sector Skills Council)	0.7	1.0	1.0	1.0
Skills Strategy	–	3.9	7.9	7.9
HQ and Training Grants (Adult learning)	0.7	0.7	0.7	0.7
Determined to Succeed ¹	2.8	2.8	2.8	2.8
Young People Who Need More Choices and Chances	2.9	6.4	6.4	6.3
Activity Agreement and Learning Agreement Pilots	–	3.0	3.0	3.0
Research (Analytical Services)	1.3	1.4	1.3	1.1
Scottish University for Industry (formerly learndirect scotland)	9.5	9.5	9.5	9.5
Workforce Plus – National Development Work	–	1.9	1.9	1.7
Skills Development Scotland Ltd	–	16.0	–	–
Careers Scotland Support for Schools – Colleges	–	1.2	1.2	1.2
Science-related Programmes delivered by the Office of the Chief Scientific Adviser	4.3	4.9	5.1	5.3
Miscellaneous	1.4	1.3	1.3	1.3
Total²	94.0	113.0	104.4	108.8

Notes:

1. Learning Connections has moved to Other Lifelong Learning from Communities Scotland (within the Health and Wellbeing portfolio).
2. Part of this budget has been transferred to local government but will continue to support the same policy objectives and front line activity. The resources local government has available to commit to delivering enterprise education (Determined to Succeed) features in the overall local government allocation in chapters 17 and 27.

What the budget does

This budget supports policy initiatives and development relating to all other aspects of lifelong learning, including science, skills, community and adult learning, Determined to Succeed, Educational Maintenance Allowances and grants for fellowships administered by the Royal Society of Edinburgh. This involves working with and through local authorities and other delivery partners, including the Scottish Science Centres. The budget also includes £2.8 million which the Scottish Government will continue to use to support strategic delivery of Determined to Succeed, adding value to local delivery. The remaining £19.2 million of Determined to Succeed resource has transferred to local government and is ring fenced for specific deployment on the same policy objectives and activities.

Budget changes

Significant new or additional expenditure includes:

- £16 million in 2008-09 to support the establishment of a new skills body – Skills Development Scotland Ltd;
- £3.9m/£7.9m/£7.9m linked to the developing skills strategy – this will provide additional support to low paid/low skilled workers through a combination of more money through Individual Learning Accounts Scotland and increased support through learndirect scotland;
- £0.0m/£1.0m/£3.0m for developing the capacity of the community learning and development (including adult literacy and numeracy) workforce;
- £2.0m/£2.0m/£2.0m for the implementation of the International Lifelong Learning Strategy, through greater input to UK-wide initiatives and development of new Scottish initiatives such as matched funding to support greater collaboration between institutions on international activities;
- £3.0m/£3.0m/£3.0m to pilot activity to encourage young people to stay in formal or informal learning; and
- £2.0m/£3.0m/£5.0m to enhance life sciences in Scotland.

CHAPTER 23: JUSTICE

Table 23.01 Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Community Justice Services	16.8	21.1	23.2	23.2
Courts Group	41.8	44.3	46.3	48.1
Criminal Injuries Compensation	28.5	28.5	28.5	28.5
Fire Central Government	7.0	41.3	17.2	15.0
Legal Aid	168.4	167.2	170.7	173.0
Police Central Government	128.5	138.5	162.6	165.2
Safer Communities	34.5	32.3	34.8	35.6
Accountant in Bankruptcy	6.6	6.9	7.0	7.0
Scottish Court Service	79.4	81.3	92.9	95.3
Scottish Prison Service	427.3	443.3	464.7	480.8
Office of the Scottish Charity Regulator	3.6	3.6	3.7	3.7
Miscellaneous	36.7	33.0	34.2	34.9
Total	979.1	1,041.3	1,085.8	1,110.3

COMMUNITY JUSTICE SERVICES

Table 23.02 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Offender services	10.3	14.6	16.7	16.7
Victim/witness support	5.7	5.7	5.7	5.7
Miscellaneous	0.8	0.8	0.8	0.8
Total	16.8	21.1	23.2	23.2

What the budget does

This programme provides funding for: electronic monitoring provisions by private sector contractors including Restriction of Liberty Orders across Scotland; non-local government spend on Drug and Youth Courts; implementing the provisions in the Management of Offenders etc. (Scotland) Act 2005 to set up multi-agency public protection arrangements in relation to sex offenders; covering the running costs of Community Justice Authorities; section 10 funding of voluntary organisations operating in the criminal justice social work field; implementation of measures that assist victims of crime; implementation of the Vulnerable Witnesses Act and associated projects that help meet the needs of child and vulnerable witnesses; and Victim Support Scotland (for headquarter costs and for local victim support and witness services). These resources are in addition to resources for the support of community justice services provided by local authorities, which are now included within the local government settlement.

In 2008-09, we will focus our resources on:

- continuing to improve the range and quality of the community penalties available to the courts;
- supporting initiatives to tackle the problems of youth crime, drug-related crime and women offenders; and
- improving the quality and targeting of support for victims and vulnerable witnesses.

Budget changes

The figures for 2008-09 and beyond take account of the following transfers relative to 2007-08: £2 million from Miscellaneous for Community Justice Authorities; £2 million from Safer Communities for Drug Initiatives; and £1 million to the Scottish Court Service for Youth Courts.

Additional funding of £1.2m/£3.3m/£3.3m will support investment in community penalties, enabling the rollout of proposals in the Review of Community Penalties to improve their operation and allow them to be used in a wider range of appropriate cases.

COURTS GROUP

Table 23.03 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Courts Group ¹	14.3	15.9	17.1	18.1
Judicial Salaries ²	27.5	28.4	29.2	30.0
Total	41.8	44.3	46.3	48.1

Notes:

1. This spending provides for the Scottish Government contribution to the superannuation costs of the judiciary, for the fees to part-time judiciary, for the running costs of a number of small departments and other judicial expenses (training and travel, etc.).
2. This is non-voted spending which is met from the Scottish Consolidated Fund but is also part of the Departmental spending limit.

What the budget does

Courts Group has overall responsibility for financing the cost of the judiciary. In 2008-09, we will focus our resources on tackling the backlog of work in the Appeal Court.

Budget changes

The figures given above for 2008-09 and beyond take account of the following transfers relative to the figures given for 2007-08: £0.3 million was transferred from Legal Aid non-cash resource for cost of capital charges; £0.4 million transferred from the Lay Justice Fund (Miscellaneous) for judicial appointments and studies; and £0.2 million transferred to Scottish Court Service for the judicial car service.

Additional funding of £2.0m/£4.0m/£5.8m will support Senior Salaries Review Body pay recommendations.

CRIMINAL INJURIES COMPENSATION (CIC)

Table 23.04 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Administration Costs	3.0	3.0	3.0	3.0
CIC Scheme	25.5	25.5	25.5	25.5
Total	28.5	28.5	28.5	28.5

What the budget does

The Criminal Injuries Compensation Scheme provides compensation for personal injuries attributable to crimes of violence. The demand-led scheme is administered by two cross-border public authorities: the Criminal Injuries Compensation Authority (CICA) and the Criminal Injuries Compensation Appeals Panel (CICAP). This programme funds the Scottish Government contribution to the scheme which is determined by a Memorandum of Understanding with the Ministry of Justice. The current Scottish contribution is 11 per cent. Since 1 April 2006, CICAP has been administered as part of the Tribunals Service, an Executive Agency of the Ministry of Justice.

FIRE CENTRAL GOVERNMENT

Table 23.05 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Fire Services College	4.6	4.6	4.7	4.7
Miscellaneous	2.4	36.7	12.5	10.3
Total	7.0	41.3	17.2	15.0

What the budget does

The main element of spending on this programme is the provision of training for fire service personnel, including the purchase of progression and specialist training from the Fire Service College in England; and delivery and development of foundation and other training, particularly the Integrated Personal Development System (IPDS) for Scottish Fire and Rescue Services and the maintenance of training facilities at the Scottish Fire Services College (SFSC).

In 2008-09, we will focus our resources on:

- implementing in full the Firelink communications project;
- continuing to meet the training needs of the fire service; and
- work with brigades to promote Community Fire Safety through the production of CFS literature and related materials.

Budget changes

The figures given above for 2008-09 and beyond take account of the transfer of £0.5 million from Legal Aid non-cash resource for cost of capital charges.

Additional funding of £33.8m/£9.7m/£7.5m will enable the Firelink communications project in those years to be met in full, together with a small increase in running costs for the SFSC.

LEGAL AID

Table 23.06 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Administration	12.7	12.7	12.7	12.7
Legal Aid Fund	155.7	154.5	158.0	160.3
Total	168.4	167.2	170.7	173.0

What the budget does

The Scottish Legal Aid Board (a Non-Departmental Public Body that derives its general powers and functions from the Legal Aid (Scotland) Act 1986) administers legal aid in Scotland. The Board has responsibility for the granting of legal aid in all cases, except solemn criminal cases for which the courts decide (although provisions in the Legal Profession and Legal Aid (Scotland) Act 2007 which are scheduled to be commenced in 2008 will transfer this power to the Board for almost all solemn cases), some children's legal aid, and advice and assistance which is granted by solicitors. The Board employs solicitors under Part V of the 1986 Act to provide civil legal advice to other organisations and, in limited circumstances, to the public, and to provide criminal legal advice and representation to accused persons through the Public Defence Solicitors Office network. The Board also has responsibility for the settlement of all accounts.

In 2008-09 we will focus our resources on continuing to modernise the legal aid system to ensure that it develops and delivers appropriate access to quality legal assistance for those eligible, including direct provision of advice where necessary to meet gaps in provision in particular subject or geographical areas, and operates in an efficient and effective manner, especially in underpinning the summary justice reforms.

Budget changes

The 2007-08 figure is not directly comparable with later years because it includes £3.7 million of non-cash resource which was transferred to Police Central Government, Fire Central Government, Courts Group and Accountant in Bankruptcy.

The funding increase of £2.5m/£6.0m/£8.3m takes account of on-going pressures on the Legal Aid Fund due to increased numbers of cases, particularly in solemn criminal work, set against prospective savings from reforms which will be implemented over the Spending Review period.

POLICE CENTRAL GOVERNMENT

Table 23.07 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Support Services	81.8	84.5	98.6	96.0
Information and Communications Technology	27.6	31.1	39.4	42.0
Police Other	11.3	13.4	14.6	16.7
Special Grants	7.8	9.5	10.0	10.5
Total	128.5	138.5	162.6	165.2

What the budget does

General spending by police forces is met through the local authority settlement. This programme covers spending on:

- centrally-provided costs for the Scottish Police Services Authority which provides common police services such as training, IT development and criminal records;
- centrally-provided costs for the Scottish Crime and Drug Enforcement Agency;
- support for specific services, including Safety Camera Partnerships, and the staff and support costs of the Scottish Police Federation, Association of Chief Police Officers in Scotland and Association of Scottish Police Superintendents;
- the Police Complaints Commissioner for Scotland;
- other specific payments to police authorities, including for various security measures; and
- miscellaneous expenditure, including payments to the Home Office for services provided on a GB basis (e.g. National Police Improvement Agency and Serious and Organised Crime Agency).

Budget changes

The figures given above for 2008-09 and beyond take account of the following changes relative to those for 2007-08: £2.6 million from Legal Aid non-cash resource for cost of capital charges; £0.3 million to the local government settlement for marches and parades; and £0.5 million to the Miscellaneous programme for the Integration of Scottish Criminal Justice Information Systems.

As from 2008-09, £1.1 million was transferred from the Crown Office for forensic services and £8.6 million from HM Treasury to compensate for the ending of hypothecation of fine revenue from safety cameras.

Additional funding in 2009-10 and 2010-11 of £22.7 million and £25.3 million will meet a variety of pressures including the Scottish Police Services Authority development, pump-priming of efficiency projects, contribution to UK-wide facilities and counter terrorism.

SAFER COMMUNITIES

Table 23.08 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Antisocial Behaviour	2.8	2.8	2.8	2.8
Drug Misuse ¹	31.7	29.5	32.0	32.8
Total	34.5	32.3	34.8	35.6

Note:

1. The 2007-08 budget figure is not directly comparable as £3 million has been transferred to the Health and Wellbeing Portfolio and Community Justice Services for drugs-related services.

What the budget does

It funds a number of national initiatives promoting joint action against crime and antisocial behaviour. It also provides resources to Drug Action Teams, through Health Boards, to tackle drug misuse at a local level.

In 2008-09, we will:

- fund a number of national initiatives, including Neighbourhood Watch and Crime Stoppers, which support communities to combat crime and antisocial behaviour; and
- continue to provide financial support to increase access, capacity and quality of drug treatment and rehabilitation services.

Budget changes

The figures given above for 2008-09 and beyond take account of the following changes relative to those for 2007-08: £1 million transferred to the Health and Wellbeing portfolio for core NHS Health Scotland funding and £2 million transferred to Community Justice Services for drug initiatives.

The additional investment of £0.8m/£3.3m/£4.1m is to increase the availability of effective drug rehabilitation and other initiatives.

ACCOUNTANT IN BANKRUPTCY

Table 23.09 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Operating Expenditure	6.6	6.9	7.0	7.0
Total	6.6	6.9	7.0	7.0

What the budget does

The Agency supervises the process of personal insolvency in Scotland, investigates complaints against trustees in bankruptcy and acts as trustee in bankruptcy when appointed by the court. The Agency also maintains the public register of bankruptcies, protected trust deeds and company insolvencies. Functions under the Debt Arrangement and Attachment (Scotland) Act 2002 to act as the administrator for the Debt Arrangement Scheme were delegated to the Agency in November 2004. This includes approving money advisers, payment distributors and debtors' debt payment programmes. The Agency provides advice to Ministers on the development of policy in relation to bankruptcy, corporate insolvency, the Debt Arrangement Scheme and diligence.

In 2008-09, we will focus our resources on:

- further improving the delivery of our frontline public services to customers and improving our engagement with stakeholders;
- helping to deliver an effective and cost-efficient service by further enabling online access to services and encouraging electronic communication; and
- reviewing our contract with insolvency practitioners for the administration of cases, our operating model and our cost-recovery model to limit the impact on, and ensure the most efficient use of, public funds.

Budget changes

The figures given above for 2008-09 and beyond take account of £0.3 million transferred from Legal Aid non-cash resource for cost of capital charges.

SCOTTISH COURT SERVICE

Table 23.10 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Operating Expenditure	69.1	71.0	74.2	75.0
Capital Expenditure	10.3	10.3	18.7	20.3
Total	79.4	81.3	92.9	95.3

What the budget does

Scottish Court Service (SCS) provides the staff, accommodation and administrative infrastructure for the Court of Session, High Court of Justiciary and the 49 Sheriff Courts across Scotland. It also operates the Office of the Public Guardian, and Office of the Accountant of Court.

The budget for the SCS covers the running costs of operating these courts, excluding judicial salaries. A major part of the budget is devoted to maintaining and improving the court estate that includes many listed buildings.

In 2008-09, we will focus our resources on:

- taking on responsibility for running district courts in the Lothian and Borders Sheriffdom and the Grampian, Highland and Islands Sheriffdom and planning for the implementation of other provisions contained in the Criminal Proceedings etc. (Reform) (Scotland) Act 2007 (part of the summary justice reform programme);
- improving service delivery in the courts and accommodating increases in court business, especially solemn criminal business; and
- delivering an estate that is fit for purpose and which addresses the diverse needs of all who use our buildings: this will include a major project to improve the Court of Session facilities at Parliament House in Edinburgh; creating a renewed Sheriff Court facility at Dumbarton; improving the buildings inherited through the changes to summary justice; and creating better facilities for people with disabilities, vulnerable witnesses and those in custody.

Budget changes

The figures given above for 2008-09 and beyond take account of the transfer of £1 million from Community Justice Services for Youth Courts and £0.2 million transferred from Courts Group for judicial car services.

Additional funding of £0.8m/£12.4m/£14.8m will be used to meet pressures on Parliament House and on summary justice reform.

SCOTTISH PRISON SERVICE

Table 23.11 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Direct Running Costs ¹	257.8	260.3	270.6	276.8
Other Current Spending ²	71.9	72.6	75.5	77.2
Capital Expenditure	97.6	110.4	118.6	126.8
Total	427.3	443.3	464.7	480.8

Notes:

1. Consists of staffing and other prison running costs (which include maintenance, rent and rates, telecommunications, etc.).
2. Covers prisoner-related costs such as medical/dental services, food, clothing and bedding, and industries-related costs such as workshop materials and prisoner earnings.

What the budget does

The Scottish Prison Service (SPS) was set up as an Executive Agency in April 1993. It is funded by the Scottish Government and is answerable to the Cabinet Secretary for Justice.

In 2008-09, we will focus our resources on making Scotland a safer place by:

- holding securely and in good order the offenders sent by the courts, caring for offenders with humanity and providing them with appropriate opportunities;
- delivering offender management services, programmes and activities which address the causes of offending and re-offending and working to improve the outcomes for prisoners;
- investing to create an estate which is fit for purpose;
- supporting prison staff to deliver their difficult work for society with professionalism and skill; and
- working in partnership with other organisations in the public, private and voluntary sectors that deliver services to offenders and playing a full role in the integration of offender management services.

Budget changes

Additional funding of £12.8m/£21.0m/£29.2m will support the ongoing development and modernisation of the prison estate.

OFFICE OF THE SCOTTISH CHARITY REGULATOR

Table 23.12 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Operating Expenditure	3.6	3.6	3.7	3.7
Total	3.6	3.6	3.7	3.7

What the budget does

The Office of the Scottish Charity Regulator (OSCR) is the independent registrar and regulator for Scottish Charities. It has a statutory function to determine the charitable status of bodies, keep the public register of charities (the definitive on-line register contains details of over 23,000 charities), to encourage, facilitate and monitor compliance by charities and to identify and investigate apparent misconduct in the administration of charities, taking remedial or protective action as appropriate. OSCR also has a duty to give information and advice Scottish Ministers on matters relating to OSCR's functions. OSCR is a Non-Ministerial Department and was created in April 2006 in accordance with the requirement of the Charities and Trustee Investment (Scotland) Act 2005.

In 2008-09, we will focus our resources on delivering our corporate objectives to:

- increase public confidence in charities through effective regulation;
- increase transparency and public accountability of charities;
- increase charity trustees' awareness and observance of their statutory responsibilities;
- establish and maintaining OSCR as a trusted, effective and innovative regulator; and
- reduce the burden of regulation on charities wherever possible, with particular emphasis on reducing multiple reporting.

MISCELLANEOUS

Table 23.13 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Civil Defence and Emergency Planning	2.8	4.0	4.5	4.8
Residential Accommodation for Children	3.5	3.5	3.5	3.5
Other Miscellaneous	30.4	25.5	26.2	26.6
Total	36.7	33.0	34.2	34.9

What the budget does

Under the Civil Contingencies Act 2004 the eight emergency Strategic Co-ordinating Groups (based on police and fire areas) have responsibility to work together to plan for, and respond to, emergencies in their area. The civil contingencies budget will be used to support implementation of the Civil Contingencies Act and promote co-ordination between local responders within and between the co-ordinating groups in Scotland. This budget promotes central and local government preparations for emergencies of any kind, taking account of the new emphasis on contingency planning against known threats.

The budget also covers a wide range of smaller justice-related spending areas such as residential accommodation for children, the Parole Board for Scotland, the Scottish Prisons Complaints Commission, Scottish Criminal Cases Review Commission and the Risk Management Authority.

In 2008-09, we will focus our resources on:

- supporting the implementation of the Civil Contingencies Act, local training and exercising and communication systems for emergencies; and
- covering the costs for children who are ordered to be detained in secure accommodation by the courts under sections 205(2) and 208 of the Criminal Procedure (Scotland) Act 1995.

Budget changes

The figures given above for 2008-09 and beyond take account of the following transfers relative to those for 2007-08: £0.4 million transferred to Judicial Appointments and studies; £1 million to the Scottish Parliament in respect of the Scottish Human Rights Commission; £2 million to Community Justice Services for Community Justice Authorities; £1.5 million to Education for National Family Support bodies and £0.5 million from Police Central Government to cover the costs of the Integration of Scottish Criminal Justice Information System (ISCJIS). From 2008-09, the Reducing Re-offending level 2 budget line will be incorporated into the Miscellaneous programme.

Additional funding of £0.7m/£1.9m/£2.6m will support civil contingencies investment.

CHAPTER 24: RURAL AFFAIRS AND THE ENVIRONMENT

Table 24.01 Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
EU CAP Support for Farmers	–	7.4	6.5	5.7
Rural Development and Other Services	144.1	146.1	145.5	145.8
Research, Analysis and Other Services	111.7	112.0	116.3	119.1
Marine and Fisheries	54.3	65.6	71.0	70.8
Natural Heritage	82.1	81.3	84.2	86.4
Environment Protection, Sustainable Development and Climate Change	44.1	103.9	111.3	117.5
Water Quality	9.3	9.3	8.6	8.6
Forestry Commission Scotland	56.3	64.3	67.6	70.3
Forest Enterprise Scotland	27.7	26.0	26.2	26.3
Total¹	529.6	615.9	637.2	650.5

Notes:

1 The baseline total shown for 2007-08 is depressed by adjustments between the RAE and local government portfolios.

EUROPEAN UNION COMMON AGRICULTURAL POLICY SUPPORT FOR FARMERS

Table 24.02 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Single Farm Payment Scheme	433.6	433.6	433.6	433.6
Scottish Beef Cattle Scheme	21.0	21.0	21.0	21.0
Energy Crop Area Payments	0.1	0.1	0.1	0.1
Proteins Premium Area Payments	0.3	0.3	0.3	0.3
Payments and Inspections Administration Costs ¹	–	7.4	6.5	5.7
<i>EU Income</i>	<i>-455.0</i>	<i>-455.0</i>	<i>-455.0</i>	<i>-455.0</i>
Total²	0	7.4	6.5	5.7

Notes:

1. Following the establishment of the Rural Payments and Inspections Directorate (RPID) £23.9 million a year of Administration Budget resources will be transferred to the RAE Portfolio from 2008-09.

2. Budgets shown do not reflect the sums which will be paid to beneficiaries which will be subject to deductions for EU and National modulation of CAP payments.

What the budget does

The EU Common Agricultural Policy (CAP) Support resources provide the main means of supporting the contribution made by agriculture businesses to local economies. Spending is funded entirely from the European Guarantee Fund (EGF). Under EU rules, spending in each Member State is subject to fixed ceilings denominated in Euros. The actual level of spending in the UK and Scotland in any year is influenced by movements in the sterling/euro exchange rate. The Rural Payments and Inspections Directorate (RPID) performs the functions of the accredited European Union (EU) Paying Agency responsible for all EU Farm Support spending in Scotland.

Budget changes

The budget (previously titled CAP Support) includes provision for RPID costs of administering the schemes for which a transfer of £23.9 million a year will be made in due course from the Administration budget. The additional allocations made here from 2008-09 make up for the previous shortfall in provision for these costs, which has been made up each year since 2005-06 by in-year savings from other portfolio spending.

RURAL DEVELOPMENT

Table 24.03 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Less Favoured Areas Support Scheme*	61.0	61.0	61.0	61.0
Rural Development Contracts* ¹	74.7	99.4	107.2	108.2
Food Processing and Marketing and Co-operation* ²	10.2	10.2	10.8	10.9
Revitalising Rural Communities* ³	5.7	5.2	5.8	6.1
Skills Development*	1.0	2.6	3.0	3.2
Technical Assistance* ⁴	0.4	1.0	0.3	0.3
Crofting Counties Agricultural Grant Scheme*	3.2	3.0	3.0	3.0
Rural Cohesion	1.0	0.8	0.9	0.9
Crofters Commission	3.1	3.5	3.6	3.7
Croft House Grants Scheme ⁵	2.7	0.8	0.8	0.8
Farm Business Advice	1.0	1.5	1.5	1.5
Public Good Advice	3.0	3.3	3.0	3.0
Veterinary Surveillance	4.0	4.6	4.7	4.8
Animal Health, Livestock and Veterinary Services	1.5	3.1	2.4	2.4
Crops and Plant Health	0.3	0.3	0.3	0.3
Other ⁶	1.5	2.1	2.1	2.1
<i>EU Income and funding receipts from the DEFRA Rural Payments Agency</i>	<i>-30.2</i>	<i>-56.3</i>	<i>-64.9</i>	<i>-66.4</i>
Total	144.1	146.1	145.5	145.8

Notes:

1. Rural Development Contracts consists of new Land Managers' Options and associated measures, Rural Priorities and associated measures. It also includes legacy payments under the previous Land Management Contract, Rural Stewardship and Organic Aid Schemes and those under the Farm and Agriculture Business Development Schemes, Environmentally Sensitive Area Schemes, the Countryside Premium Scheme, the Habitats Scheme, Farm Woodland Premium Scheme, the Farm Woodland Scheme and the Scottish Forestry Grants Scheme/Farmland Premium.
2. Food Processing and Marketing and Co-operation Scheme includes payments to be made under the new SRDP, as well as remaining payments under the now closed Highland and Islands and Lowland Marketing schemes.
3. Revitalising Rural Communities provides the LEADER component of the new SRDP.
4. Technical Assistance provides the budget for development of Rural Gateway, monitoring and evaluation.
5. Expected outturn in 2007-08 is £1.2 million and includes loans under the Crofters, etc, Building Grants and Loans Scheme, which closed to applications on 31 December 2004.
6. Other includes expenditure on the domestic Marketing Development Scheme, Support for the Scottish Agricultural Organisation Society, Publicity and Support for Agricultural Training.

* These items are co-funded by the EU directly or from the modulation of EU Farm payments and are part of the Scottish Rural Development Programme (SRDP). EU Income and funding receipts from the DEFRA Rural Payments Agency include the component of European funding from the European Fund for Rural Development (including proceeds from EU compulsory modulation of CAP Farm payments) and National modulation. The plans assume funding from rates of National modulation of 5% in 2007, 8% in 2008, 8.5% in 2009 and 9% from 2010.

What the budget does

The Rural Development resources support the contribution of agriculture and forestry businesses to local economies and the unique needs of those living and farming in Crofting areas. Spending assists the agriculture industry in responding to changes resulting from CAP reform, largely through measures which form part of the EU Scotland Rural Development Programme (SRDP) submitted to the European Commission for approval in June.

The SRDP includes significant continuing support for livestock producers in Scotland's remote hills, through the Less Favoured Areas Support Scheme (LFASS). Support also continues for a range of measures to sustain farming communities in crofting areas; for improved advice to farm businesses and to build or improve crofter housing; and for rural community initiatives.

Budget changes

Net DEL spending on SRDP measures is maintained at previously planned levels while growth in gross spending is made possible by the planned increases in rates of National modulation.

RESEARCH, ANALYSIS AND OTHER SERVICES

Table 24.04 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Agricultural College	14.5	17.0	21.6	17.8
Scottish Agricultural and Biological Research Institutes	44.3	53.1	55.3	60.6
Royal Botanic Garden, Edinburgh	11.9	16.7	12.0	12.3
Contract Research Fund	6.3	7.4	8.4	8.4
Pensions ¹	23.7	6.7	7.6	8.5
Scottish Agricultural Science Agency (SASA)	9.4	9.4	9.7	9.8
Economic and Other Surveys	1.4	1.5	1.5	1.5
Other	0.3	0.3	0.3	0.3
<i>EU Income</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>
Total	111.7	112.0	116.3	119.1

Notes:

1. Reduced budget from 2008-09 reflects the transfer of pension liabilities to the UK Research Council's Pension Scheme.

What the budget does

The Research, Analysis and Other Services (previously titled Agricultural and Biological Science and Other Agricultural Services) resources fund programmes of research from the portfolio's main research providers – the four Scottish Agricultural and Biological Research Institutes (SABRIs) and the Scottish Agricultural College (SAC). The resources also support the SAC in respect of a range of education courses.

The Royal Botanic Garden, Edinburgh (RBGE) maintains and carries out research on a national reference collection of living and preserved plant material and a major library of botanical works, as well as providing public amenity at its main and satellite gardens.

The Contract Research Fund (previously titled the Flexible Fund for Research) commissions research contracts which address our specific policy requirements or which encourage collaboration between research establishments and between the Directorate and other funding bodies.

The Scottish Agricultural Science Agency (SASA) discharges a wide range of our statutory and regulatory functions in relation to national, EU and other international legislation and agreements on plant health, variety registration, crop improvement, genetically modified organisms and the protection of crops, food and the environment.

The balance of resources here includes pensions-related provision for SAC/SABRI staff.

Budget changes

With its Budget for 2008-09 the portfolio will continue to sponsor the RBGE and the education function of the SAC, and commission programmes of research from its main research providers. The budget will also fund additional research on the environment and climate change. Exceptional provision is included for Capital investments by both SAC and the SABRIs and for the completion of the new Gateway Visitor Facility at the RBGE.

MARINE AND FISHERIES

Table 24.05 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Fisheries Research Services	26.4	29.5	33.7	32.3
Scottish Fisheries Protection Agency	21.8	24.4	24.7	25.0
Fisheries Processing and Marketing Grants	11.5	10.6	9.8	11.1
Fisheries Harbour Grants	0.4	0.4	0.4	0.4
Marine Management	–	7.0	7.9	8.7
Other	0.3	1.1	1.0	1.0
<i>EU Income</i>	-6.1	-7.4	-6.5	-7.7
Total	54.3	65.6	71.0	70.8

What the budget does

The Marine and Fisheries (previously titled Fisheries) resources support fisheries and marine management, contributing to local economies and the conservation of marine resources. The marine aspects of the portfolio are underpinned by high-quality science from the Fisheries Research Services (FRS), and enforced by the Scottish Fisheries Protection Agency (SFPA).

Support is also provided, through a range of measures, for the fisheries and aquaculture sectors and in support of wider marine policies. Provision is made for remaining spending under the now closed EU Financial Instrument for Fisheries Guidance (FIFG) Programme and for new spending under the successor European Fisheries Fund, as well as related domestic back-up grant schemes. These schemes support investments in the fishing fleet, fisheries marketing and processing, port facilities and aquaculture projects. Provision is made also for grant assistance for fisheries harbour improvements.

Budget changes

The funding for 2008-09 will continue to support the work of FRS and the SFPA. FRS provides scientific advice on marine and freshwater fisheries, aquaculture and protection of the aquatic environment and its wildlife. The additional funds will ensure the continuation of the FRS collaborations with a number of Scottish universities, and the Science/industry Partnership.

SFPA enforces UK, EU and other international fisheries legislation in Scottish fishing waters and in ports around Scotland. The additional funding for SFPA will ensure a continued high level of fisheries enforcement, based on the substantially upgraded marine and air capability in recent years.

The European Fisheries Fund is due to open for applications in 2008-09, which will be a transition year. While the overall level of funding from Europe will be lower than for the previous programme, the Fund will continue to support fisheries, aquaculture and processors in Scotland.

Scotland has an enviable maritime heritage and a world-class marine environment. We are committed to Scottish marine legislation to achieve better protection for the marine environment and more streamlined regulation of the use of the sea. Substantial additional funds are available to support the new legislation and to put in place new planning arrangements for our seas. The funding will also support the Scottish Marine Management Partnership in developing systems to implement the new legislation, and to support projects and management arrangements ahead of the Bill under existing legislation.

The additional marine funds will also support the implementation of the Scottish Freshwater Fisheries Strategy, and a renewed Aquaculture strategy.

NATURAL HERITAGE

Table 24.06 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Natural Heritage	68.2	67.2	69.7	71.4
National Parks	12.1	12.3	12.7	13.1
Deer Commission for Scotland ¹	1.8	1.8	1.8	1.9
Total	82.1	81.3	84.2	86.4

Notes:

1. Provision for the Deer Commission for Scotland was previously included in the Agricultural and Biological Science and Other – now Research, Analysis and Other Services – budget.

What the budget does

The Natural Heritage budget supports the commitment to conserve and promote our valuable landscapes and habitats. The work to strike a balance between conservation and improvement of the natural heritage on the one hand, and promotion of its enjoyment on the other, is achieved by: Scottish Natural Heritage (SNH) in biodiversity, conservation and the promotion of access; by the National Park Authorities (NPAs) in delivering the National Park aims in their areas; by local authorities through the planning of core path networks; and by the Deer Commission for Scotland (DCS) in the conservation, control and sustainable management of deer in Scotland.

SNH's primary focus will be on delivering Scotland's contribution to the EU Gothenburg Commitment to halt biodiversity loss by 2010, increasing the proportion of protected nature sites in favourable condition and increasing the proportion of the population accessing the countryside. Funding during 2008-09 will support SNH's work on the delivery of our biodiversity targets, the promotion of access and the promotion of sustainability in planning of economic activities.

SNH's funding also includes £2 million which will be allocated to the Scottish Rural Development Programme to support viable farming and other land-based businesses, and rural communities. It also includes Scotland's contribution to the Joint Nature Conservation Committee (JNCC) which advises all UK administrations and nature conservation bodies on common issues.

Funding for the National Park Authorities will enable them to take forward the National Park Plans which were approved in early 2007.

Funding for the Deer Commission for Scotland will enable it to support the protection of designated sites of national and international importance, supporting the delivery of our biodiversity targets through promotion of effective and sustainable deer management throughout Scotland. Forestry Commission Scotland (FCS) also makes important contributions to both nature conservation and access targets.

Budget changes

Reprioritisation by SNH will allow a modest reallocation to cover additional National Parks Authority non cash resource costs.

ENVIRONMENT PROTECTION, SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE

Table 24.07 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Environment Protection Agency	36.4	49.5	39.2	40.3
Zero Waste ¹	–	41.1	54.4	58.7
Flood Prevention and Coast Protection	1.7	1.7	1.7	1.7
Water Environment	0.8	0.8	0.8	0.8
Noise and Air Quality Action	1.0	2.1	4.4	5.0
Sustainable Development and Climate Change	4.2	8.7	10.8	11.0
Total^{2,3}	44.1	103.9	111.3	117.5

Notes:

1. Zero Waste now includes provision for the Strategic Waste Fund, Keep Scotland Beautiful and Waste Initiatives.
2. This Level 2 combines the previous Environmental Protection and Research and Sustainable Action Level 2s. Provision for environmental research, previously held in the latter of these, is now held in the Rural and Environmental Research and Analysis Level 2.
3. For comparative purposes, the figures shown for 2007-08 exclude provision for: the Strategic Waste Fund; Flood Prevention and Coast Protection; Contaminated Land; and Noise and Air Quality which will be transferred to the local government budget in 2008-09.

What the budget does

The Environment Protection, Sustainable Development and Climate Change budget supports actions to deliver cleaner air and rivers, reduction in and more sensible disposal of waste and protection from other environmental hazards, and supports delivery of our greener Strategic Objective, including action on climate change.

Provision is made to enable the Scottish Environment Protection Agency (SEPA) to carry out its regulatory functions and to continue to safeguard Scotland's environment and human health through effective control of harmful pollution. SEPA's spending is largely determined by the need to implement and enforce regulatory regimes required by national and EU legislation. Resources also allow it to monitor the quality of Scotland's environment and to implement provisions of the Water Environment and Water Services (Scotland) Act. Provision for SEPA includes support for the development of a flood warning system.

Provision is made to assist implementation of the National Waste Plan. This includes support for programmes to develop markets for recycle, waste minimisation, waste awareness, support for community recycling groups and for Keep Scotland Beautiful, which carries out anti-litter and anti-fly tipping campaigns and promotes environmental education. This provision is complementary to the funding transferred to local authorities' budgets for the diversion of waste from landfill.

The funding provided for flood prevention and coast protection supports initiatives on flood risk management and research to assist policy development in these areas.

The Sustainable Development and Climate Change (previously Research and Sustainable Action) budget supports demonstration projects and delivery on Greener programmes including sustainable places, consumption and production, enjoyment and protection of our environment, communication and learning, capacity building and public sector as exemplars and a Climate Challenge Fund.

Budget changes

Recycling services currently funded by the Strategic Waste Fund will in future be supported through the local government settlement. The Waste provision remaining in the RAE portfolio will ensure continued growth in spending in support of our waste targets.

Additional provision has been made to allow SEPA to deliver the Water Framework Directive, to implement an EU bathing waters quality prediction system and deliver other statutory requirements. Exceptional provision has been made in 2008-09 to build a new office for SEPA in Aberdeen and provision is also made to allow development and new flood awareness schemes. The additional resources will enable the continued roll-out of the EU Environmental Noise Directive and a support for Vehicle Emissions Testing and Air Quality Monitoring.

WATER QUALITY

Table 24.08 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Private Water	9.0	9.0	8.2	8.2
Drinking Water Quality Regulator	0.3	0.3	0.4	0.4
Total	9.3	9.3	8.6	8.6

Note:

Provision for Scottish Water borrowing is now included within the Finance and Sustainable Growth portfolio.

What the budget does

The Water Quality (previously Water) budget supports actions to sustain and improve the health of the people of Scotland through the provision of good safe drinking water.

Provision is made to protect the quality of private drinking water supplies through the preparation of information and advice aimed at improving public understanding of how to protect and maintain such supplies. This is supported by the Private Water Supply Grant Scheme, which provides financial assistance to users of private water supplies towards the upgrade of these supplies.

Provision is also made to support the Drinking Water Quality Regulator for Scotland (DWQR) in carrying out their duties under the Water Industry (Scotland) Act 2002.

Budget changes

Provision is made for improved co-ordination of data gathering by scrutiny organisations, in order to reduce the burden on local authorities. This will be achieved by developing the DWQR's existing data warehouse to provide a central resource containing information on all drinking water abstractions and supplies across Scotland. This information will be made available to other scrutiny organisations thereby reducing overall requests and eliminating duplicate requests to local authorities for data.

From January 2008, DWQR will impose a new event reporting system on Scottish Water. This will make the drinking water quality event reporting process more efficient, thereby reducing the resource required by DWQR to manage events and incidents affecting the quality of public drinking water supplies in Scotland. This efficiency saving will allow the development of a quality management system for DWQR.

FORESTRY COMMISSION SCOTLAND

Table 24.09 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Woodland Grants ¹	21.0	21.0	21.0	21.0
Policy, Regulation and Administration ¹	7.8	8.6	8.8	9.2
Programme Costs	10.4	17.6	19.2	20.6
Net Capital Expenditure	2.0	2.0	3.5	4.4
Capital Charges ¹	15.1	15.1	15.1	15.1
Total	56.3	64.3	67.6	70.3

Notes:

1. £21 million is part of the EU SRDP DEL funding total of £149 million per year and is net of EU co-financing.

What the budget does

The Forestry Commission Scotland regulates and supports the private forestry sector, promotes the expansion and sustainable management of Scotland's woodlands, supports projects which reduce the impact of timber transport operations on public roads and on communities, contributes to the Scottish Climate Change Programme, and increases the contribution of woodlands to the quality of our towns and cities through the Woodlands In And Around Towns (WIAT) initiative.

Budget changes

The additions to the Programme Costs budget delivers increased activity on climate change, new work to enable the development of short-rotation coppice crops for biofuel and new spend on rural management contracts.

FOREST ENTERPRISE SCOTLAND

Table 24.10 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Operating Costs	23.4	21.7	21.7	21.7
Net Capital Expenditure	1.3	1.3	1.3	1.3
Capital Charges	3.0	3.0	3.2	3.3
Total	27.7	26.0	26.2	26.3

What the budget does

The Forest Enterprise Scotland (FES) budget supports the sustainable management of the national forest estate, maintains effective planning and consultation systems, maximises the value to the Scottish economy of the estate's timber resource, other forest products and estate assets, conserves and enhances the biological diversity and cultural heritage values of the estate, improves the appearance of the estate, and increases the opportunities for everyone to enjoy and benefit from visits to the estate.

Budget changes

Efficiency savings will enable the Commission to reduce operating costs.

CHAPTER 25: ADMINISTRATION

Table 25.01 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Scottish Government Staff	159.4	160.8	161.6	165.0
Accommodation	19.9	20.1	20.3	20.6
Other Office Overheads ¹	30.4	32.0	34.4	35.5
Training	3.0	3.3	5.0	5.5
Office of the Queen's Printer for Scotland	–	0.1	0.1	0.1
Capital Charges	20.0	20.7	20.7	20.7
Capital ICT Projects	5.9	5.9	5.5	5.6
Other Capital Expenditure	2.8	2.8	2.8	2.8
Total	241.4	245.7	250.4	255.8

Notes:

1. Includes ICT projects and minor non-pay items, e.g. travel, transport, stationery, hospitality, etc.

What the budget does

The Administration budget is focused on ensuring that as an organisation the Scottish Government continues to be both efficient and effective. The budget covers the costs of running the core administration of the Scottish Government, which are mainly staffing and associated costs such as accommodation, information technology and training. The spending supports the delivery of the Government's contribution to all of the strategic objectives set out in this document for all the Ministerial portfolios.

Budget changes

Over the Spending Review period expenditure on the Scottish Government's core administration will increase by an amount just below inflation, giving a reduction in real terms. This reduction will be met from efficiency savings over the period from 2008-09 to 2010-11. The breakdown of spending plans for 2008-09 onwards is subject to change as we seek to reduce overhead costs in favour of minimising the reduction necessary in the number of staff available for deployment to support existing and new priority activities.

CHAPTER 26: CROWN OFFICE AND PROCURATOR FISCAL SERVICE

Table 26.01 Detailed Spending Plans 2008-11

	2007-08 Budget £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Solemn ¹	38.6	46.1	52.7	52.6
Summary ²	35.8	34.3	34.2	34.6
Victim Information and Advice	1.7	2.7	3.1	3.8
Investigation of Deaths	4.0	5.0	4.3	4.3
Complaints Against Police	0.4	0.4	0.4	0.4
Non-court	14.3	15.8	17.3	17.6
Capital Expenditure	6.0	5.9	6.7	7.2
Total	100.8	110.2	118.7	120.5

Notes:

1. The prosecution of serious crime before a jury in the sheriff and High Courts.
2. The prosecution of less serious offences in the district, stipendiary and sheriff courts, without a jury.

What the budget does

The Crown Office and Procurator Fiscal Service (COPFS) provides Scotland's independent public prosecution and deaths investigation service. The Lord Advocate's position as head of the systems of criminal prosecution and investigation of deaths is enshrined in the Scotland Act.

COPFS is the sole public prosecution authority in Scotland. It is responsible for making decisions about and bringing prosecutions for all criminal offences. COPFS also has the duty to investigate all sudden, suspicious or unexplained deaths and is responsible for deciding whether criminal proceedings or a Fatal Accident Inquiry should be held and for conducting such proceedings and inquiries. Responsibility for investigating complaints against the police, involving allegations of criminal conduct, rests with the Area Procurators Fiscal. Prosecution of police officers is undertaken on the instruction of Crown Counsel. COPFS Financial Crime Unit and Civil Recovery Unit investigate and recover proceeds of drug trafficking and other serious crime. COPFS also provides a Victim Information and Advice Service across Scotland.

COPFS works closely with its criminal justice partners to help make Scotland a safer place and plays a pivotal role within the criminal justice system in maintaining the security and confidence of all communities of Scotland in the prosecution system, making the justice system more accessible and responsive. The core values of COPFS are impartiality, integrity, sensitivity, respect and professionalism.

Budget changes

The increases over the next three years will allow COPFS to take forward the full range of activities covered by the budget.

CHAPTER 27: LOCAL GOVERNMENT

Table 27.01 Detailed Spending Plans 2008-11¹

	2007-08 Budget ¹ £m	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
Resource Grants ²	7,923.5	8,191.5	8,580.3	8,976.6
Non-Domestic Rates (NDR) and Other AME Grants ³	1,867.2	1,970.8	2,027.1	2,022.0
Support for Capital ²	860.4	975.0	993.0	994.0
Total Support	10,651.1	11,137.3	11,600.4	11,992.6

Notes:

1. The budget figures for 2007-08 do not appear in one location in the 2007-08 Draft Budget as expenditure was spread over most portfolios. The 2007-08 local government resource and capital figures include all the baselined, ongoing, ring-fenced grants previously administered and included in the relevant portfolio chapters within the previous Draft Budget documents.
2. Some funding streams within the total support provided to local government will continue as Specific Resource or Capital Grants. A full breakdown of these will be provided following the conclusion of further consultation with local government.
3. The NDR figures are estimates. Firmer figures for each year will be confirmed when the poundage rates are available. Any change in the level of NDR income will not impact on the overall level of support local authorities will receive, which is confirmed. This figure also includes £8 million annually for central government support to local authority housing.

What the budget does

Local authorities have a key role in delivering frontline public services, including education, social work, police, fire, civil protection, roads, waste collection and disposal, environmental health, leisure and recreation, libraries, museums, burial grounds and crematoria, planning, consumer protection, registration of births, marriages and deaths, and money advice. These all contribute towards achieving the Scottish Government's Purpose and the five Strategic Objectives. The funding provided to local government will contribute to improving the delivery of public services, including workforce development. It also promotes local democracy.

We will continue to take forward an efficiency programme with local government, as with all other areas of the public sector across Scotland, to help deliver improved frontline services for everyone working and living in Scotland. We will also ensure that local government makes arrangements to provide Best Value in the effective management and delivery of services.

In 2008-09, the total package of funding of £11,137.3 million will be focused on contributing to delivering the Scottish Government's Purpose and five Strategic Objectives, and in particular progress towards the outcomes and objectives set out previously. This package consists of:

- a general Capital Grant which is provided to Scotland's local authorities as a block grant;
- a general Resource Grant which is provided to Scotland's local authorities as a block grant;
- the Specific Resource and Capital Grants that will continue; and
- Non-Domestic Rate Income, collected by local authorities, paid into a central pool and redistributed to each local authority in proportion to its population.

The Scottish Government guarantees the combined General Resource Grant/Non-Domestic Rate Income figure, approved by Parliament, to each local authority. A drop in Non-Domestic Rate Income is compensated for by an increase in General Resource Grant and vice versa.

Budget changes

The local government resource and capital budget now represents the total funding provided by the Scottish Government to local government. The 2008-09 budget represents an increase of £371.6 million in resource and £114.6 million in capital over the comparable figures for 2007-08. This increased funding will help fund the Scottish Government's key priorities for local government in 2008-09.

The key change in the local government budget is the inclusion in table 27.01 above, for the first time, of all specific revenue and capital grants that were previously recorded separately from the core local government finance settlement. As part of a move to outcome agreements, it is expected that the levels of ring-fenced specific grant funding streams and regulation will be substantially reduced. The sums released will be provided as general resource and capital grant. This, in turn, provides local authorities with much more flexibility in allocating resources to frontline services taking into account local circumstances and priorities. Further details of the resource and capital funding streams that will continue as specific grants will be confirmed following further consultation with local government.

In addition, funding will be transferred from the Enterprise Networks budgets in respect of their Business Gateway and local regeneration functions following further consultation with local government and the assignment of contracts.

SECTION 4 ANNEXES

4

ANNEX A: RESTRUCTURING

This table provides a reconciliation between the allocation of 2007-08 budget of the portfolios of the previous administration (Table 0.01 of Draft Budget 2007-08) and the portfolios of the Scottish Government.

2007-08 DRAFT BUDGET		Total	First Minister	Finance and Sustainable Growth	Health and Wellbeing	Education and Lifelong Learning	Rural Affairs and Environment	Justice	Admin	LG	Total
Total Managed Expenditure		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Environment and Rural Affairs	915.0	181.8					529.6			203.6	915.0
Communities	1,327.9	19.2		516.9	2.4			3.6		785.8	1,327.9
Education	641.9	1.9			247.9					392.1	641.9
Tourism, Culture & Sport	310.9	232.8		43.8	34.3						310.9
Enterprise and Lifelong Learning	2,937.4	647.1			2,264.1					26.2	2,937.4
Transport	2,335.3	2,216.6				4.3				118.7	2,335.3
Finance and Public Service Reform	10,942.9	2,060.6								8,855.4	10,942.9
Health	10,258.0			10,225.7						32.3	10,258.0
Justice	1,132.1							975.5		156.6	1,132.1
Administration	261.2		9.0	10.8					241.4		261.2
Crown Office and Procurator Fiscal	100.8										100.8
Scottish Parliament and Audit	106.9										106.9
Total Scottish Executive	31,270.3	5,179.9	266.3	10,776.9	2,518.7	2,518.7	529.6	979.1	241.4	10,570.7	31,270.3
Updated forecasts for AME pensions and NDRI		651.1								80.4	731.5
NEW PORTFOLIO STRUCTURE	Total	Total	Main Transfers								£m
The First Minister	266.3		The First Minister	Culture from Tourism, Culture and Sport							232.8
Finance and Sustainable Growth	5,831.0		Finance and Sustainable Growth	Transport from Transport							2,216.6
Health and Wellbeing	10,776.9			Enterprise from Enterprise and Lifelong Learning							647.1
Education and Lifelong Learning	2,518.7			Scottish Water from Environment and Rural Affairs							181.8
Rural Affairs and Environment	529.6										
Justice	979.1		Health and Wellbeing	Housing, Regeneration and Closing the Opportunity Gap from Communities							516.9
Total Core Portfolios	20,901.6										
Administration	241.4		Education and Lifelong Learning	Lifelong Learning form Enterprise and Lifelong Learning							2,264.1
Crown Office and Procurator Fiscal	100.8		Local Government	Local Government revenue and capital from Finance and Public Service Reform							8,855.4
Local Government	10,651.1										
Scottish Parliament and Audit	106.9										
Total Scottish Government	32,001.8										

Note:

Draft Budget total has been reduced by £13.2m from £31,283.5m to £31,270.3m to exclude 'student loans subsidy to banks' which is correctly shown as outside TME

ANNEX B: COMPARISON 2002-03 TO 2010-11

	2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11	
	Outturn	£m	Outturn	£m	Outturn	£m	Outturn	£m	Est. Outturn	£m	Budget	£m	Draft Budget	£m	Plans	£m	Plans	£m
Europe and External Affairs	0.4	0.8	0.8	3.6	8.8	10.1	13.8	15.2	18.2	18.2	15.2	15.2	15.2	15.2	18.2	18.2		
Culture and Gaelic	103.1	128.5	142.7	148.0	169.6	181.7	189.1	189.1	204.2	211.2	204.2	204.2	204.2	204.2	211.2	211.2		
Corporate and Central Budgets	1.0	11.3	11.7	13.5	14.4	14.1	14.4	14.4	14.5	15.0	14.5	14.5	14.5	14.5	15.0	15.0		
Historic Scotland	39.1	37.7	36.9	41.3	44.0	47.7	51.7	51.7	49.3	50.3	49.3	49.3	49.3	49.3	50.3	50.3		
National Archives of Scotland	10.1	10.3	8.0	8.7	14.4	9.0	10.3	10.3	10.3	10.5	10.3	10.3	10.3	10.3	10.5	10.5		
Total First Minister	153.7	188.6	202.9	220.3	251.4	266.3	280.7	280.7	293.5	305.2	293.5	293.5	293.5	293.5	305.2	305.2		
Scottish Public Pensions Agency	211.0	1,052.3	1,341.0	1,782.0	1,925.3	2,661.1	2,661.8	2,661.8	2,659.1	2,660.1	2,661.1	2,661.8	2,661.8	2,659.1	2,660.1	2,660.1		
Committees, commissions and other expenditure	2.2	3.5	2.2	6.0	17.2	28.5	32.3	32.3	34.7	37.2	34.7	34.7	34.7	34.7	37.2	37.2		
Rail Services in Scotland	115.3	188.5	180.8	188.3	651.2	638.1	689.2	689.2	672.9	667.1	672.9	672.9	672.9	672.9	667.1	667.1		
Concessionary Fares	-	13.2	29.2	36.1	160.4	192.4	187.5	187.5	189.5	191.5	189.5	189.5	189.5	189.5	191.5	191.5		
Other Transport Agency Programmes	-2.0	30.8	14.6	59.1	192.2	291.7	180.9	180.9	287.1	256.9	287.1	287.1	287.1	287.1	256.9	256.9		
Motorways and Trunk Roads	855.0	700.2	745.9	729.1	915.3	878.4	932.6	932.6	1,063.7	1,181.4	1,063.7	1,063.7	1,063.7	1,063.7	1,181.4	1,181.4		
Ferry Services in Scotland	32.5	56.2	59.3	76.8	91.2	74.4	92.4	92.4	105.1	111.0	105.1	105.1	105.1	105.1	111.0	111.0		
Air Services in Scotland	30.4	24.8	23.2	59.8	33.6	42.1	38.2	38.2	38.1	38.0	38.2	38.2	38.2	38.1	38.0	38.0		
Bus Services in Scotland	49.6	52.7	56.1	56.3	58.3	57.3	57.2	57.2	57.2	57.2	57.2	57.2	57.2	57.2	57.2	57.2		
Other Transport Directorate Programmes	12.6	21.8	25.1	25.6	60.4	67.0	79.6	79.6	69.9	58.7	69.9	69.9	69.9	69.9	58.7	58.7		
European Structural Funds – local authorities 2000-2006	4.5	44.3	44.7	46.0	-	-	-	-	-	-	-	-	-	-	-	-		
European Structural Funds – central government 2000-2006	95.5	145.3	132.6	118.1	-	-	-	-	-	-	-	-	-	-	-	-		
European Structural Funds – local authorities 2007-2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
European Structural Funds – central government 2007-2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Planning	-	-	-	-	1.5	3.1	11.8	11.8	5.3	5.6	5.3	5.3	5.3	5.3	5.6	5.6		
Enterprise, Energy and Tourism	582.8	668.8	645.9	697.9	785.0	690.3	687.2	687.2	666.9	674.0	666.9	666.9	666.9	666.9	674.0	674.0		
Scottish Water and Climate Change	170.9	42.7	82.0	162.8	0.5	181.8	311.8	311.8	311.8	311.8	311.8	311.8	311.8	311.8	311.8	311.8		
Third Sector and Social Economy	9.7	10.5	19.4	17.9	24.4	15.1	23.2	23.2	32.2	38.2	32.2	32.2	32.2	32.2	38.2	38.2		
General Register Office of Scotland	7.2	7.4	6.4	8.2	7.4	10.3	11.6	11.6	11.5	22.1	11.5	11.5	11.5	11.5	22.1	22.1		
Registers of Scotland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Finance and Sustainable Growth	2,177.2	3,063.0	3,408.4	4,071.5	4,925.5	5,831.0	5,997.3	5,997.3	6,209.0	6,330.8	6,209.0	6,209.0	6,209.0	6,209.0	6,330.8	6,330.8		
Health	6,785.4	7,169.2	8,177.5	8,868.4	9,401.2	10,214.9	10,649.2	10,649.2	11,061.1	11,521.6	11,061.1	11,061.1	11,061.1	11,061.1	11,521.6	11,521.6		
Housing and Regeneration	510.1	618.9	533.0	423.7	607.4	480.6	475.3	475.3	568.1	572.5	568.1	568.1	568.1	568.1	572.5	572.5		
Wellbeing	8.0	4.5	15.5	18.1	20.2	36.7	38.3	38.3	39.8	41.4	39.8	39.8	39.8	39.8	41.4	41.4		
Sport	17.2	14.8	23.3	26.0	31.6	34.3	47.4	47.4	53.9	54.9	53.9	53.9	53.9	53.9	54.9	54.9		
Food Standards Agency	4.6	6.3	7.7	10.5	9.8	10.4	10.6	10.6	11.0	11.4	11.0	11.0	11.0	11.0	11.4	11.4		
Total Health and Wellbeing	7,325.3	7,813.7	8,757.0	9,346.7	10,070.2	10,776.9	11,220.8	11,220.8	11,733.9	12,201.8	11,733.9	11,733.9	11,733.9	11,733.9	12,201.8	12,201.8		
Schools	117.0	130.4	120.9	124.5	135.1	136.1	133.2	133.2	136.1	140.8	136.1	136.1	136.1	136.1	140.8	140.8		
Children, Young People and Social Care	56.8	65.0	74.4	101.7	108.8	115.6	103.4	103.4	105.5	102.8	105.5	105.5	105.5	105.5	102.8	102.8		
Student Awards Agency for Scotland	346.8	337.1	338.8	335.2	491.6	539.1	509.1	509.1	507.7	533.8	507.7	507.7	507.7	507.7	533.8	533.8		

COMPARISON 2002-03 TO 2010-11 (continued)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Est. Outturn	Budget	Draft Budget	Plans	Plans
	£m								
Scottish Higher Education Funding Council	733.8	749.2	826.2	868.6	-	-	-	-	-
Scottish Further Education Funding Council	453.9	439.4	483.5	521.5	-	-	-	-	-
Scottish Further and Higher Education Funding Council	-	-	-	-	1,715.1	1,633.9	1,673.3	1,755.1	1,812.8
Other ELL	40.3	33.3	42.7	46.0	64.6	94.0	113.0	104.4	108.8
Total Education and Lifelong Learning	1,748.6	1,754.4	1,886.5	1,997.5	2,515.2	2,518.7	2,532.0	2,608.8	2,699.0
Community Justice Services	60.8	67.9	78.2	90.5	93.6	16.8	21.1	23.2	23.2
Courts Group	25.1	35.0	27.3	40.1	42.7	41.8	44.3	46.3	48.1
Criminal Injuries Compensation	30.9	25.8	21.5	21.1	22.4	28.5	28.5	28.5	28.5
Fire Central Government	6.4	11.1	8.5	10.0	12.1	7.0	41.3	17.2	15.0
Legal Aid	145.4	157.5	164.8	158.9	165.4	168.4	167.2	170.7	173.0
Miscellaneous	25.8	6.1	21.1	9.5	14.6	36.7	33.0	34.2	34.9
Police Central Government	76.5	88.8	109.4	159.6	110.9	128.5	138.5	162.6	165.2
Safer Communities	-	-	-	-	-	34.5	32.3	34.8	35.6
Accountant in Bankruptcy	3.1	3.8	3.7	7.5	7.3	6.6	6.9	7.0	7.0
Scottish Court Service	74.7	73.2	69.6	71.1	74.8	79.4	81.3	92.9	95.3
Scottish Prison Service	267.9	293.7	341.5	349.7	362.7	427.3	443.3	464.7	480.8
Office of the Scottish Charity Regulator	-	-	-	-	2.6	3.6	3.6	3.7	3.7
Total Justice	716.6	762.9	845.6	918.0	909.1	979.1	1,041.3	1,085.8	1,110.3
EU Support for Farmers ¹	352.8	389.6	418.9	407.1	-	-	7.4	6.5	5.7
Rural Development	126.5	132.1	126.6	133.2	106.9	144.1	146.1	145.5	145.8
Research, Analysis and Other Services	114.8	84.9	96.0	109.5	84.6	111.7	112.0	116.3	119.1
Marine and Fisheries	68.1	87.2	55.5	61.7	66.1	54.3	65.6	71.0	70.8
Natural Heritage	57.2	128.9	73.0	82.3	104.0	82.1	81.3	84.2	86.4
Environment Protection and Greener Scotland	35.6	47.6	50.4	66.5	59.4	44.1	103.9	111.3	117.5
Water Quality	11.0	7.3	7.1	7.8	3.1	9.3	9.3	8.6	8.6
Forestry Commission Scotland	38.5	24.3	35.5	44.0	54.2	56.3	64.3	67.6	70.3
Forest Enterprise Scotland	70.6	44.7	28.2	30.7	35.8	27.7	26.0	26.2	26.3
Total Rural Affairs and the Environment	875.1	946.6	891.2	942.8	514.1	529.6	615.9	637.2	650.5
Administration	206.0	225.1	245.8	260.8	250.4	241.4	245.7	250.4	255.8
Total Administration	206.0	225.1	245.8	260.8	250.4	241.4	245.7	250.4	255.8
Crown Office and Procurator Fiscal Service	81.3	86.3	87.9	91.4	101.7	100.8	110.2	118.7	120.5
Total Crown Office and Procurator Fiscal Service	81.3	86.3	87.9	91.4	101.7	100.8	110.2	118.7	120.5
Local Government	7,687.1	8,600.4	9,378.0	9,856.8	10,141.2	10,651.1	11,137.3	11,600.4	11,992.6
Total Local Government	7,687.1	8,600.4	9,378.0	9,856.8	10,141.2	10,651.1	11,137.3	11,600.4	11,992.6
Total Scottish Government Budget²	20,970.9	23,441.0	25,703.3	27,705.8	29,678.8	31,894.9	33,181.2	34,537.7	35,666.5

Notes:

1. CAP payments are entirely funded by Brussels. Until 2005-06 plans showed the gross spending which was classed as Annually Managed Expenditure (AME). From 2006-07 the spending was reclassified as DEL. Gross spending is expected to continue at over £400 million a year but is shown here in future years net of related matching EU funding. The small sums shown for the three years beginning 2008-09 reflect the additional costs of administration of CAP measures following the planned transfer of the budget for these costs from the Administration Budget in 2008-09. Such costs are not met by the EU.
2. Outturn figures from 2002-03 to 2006-07 have been restated to reflect the new portfolio structure as accurately as possible but should be treated with caution, as it has been necessary to make a number of assumptions about elements of support to local government which were not previously separately identified.

ANNEX C: TOTAL MANAGED EXPENDITURE BY PORTFOLIO (AT 2007-08 PRICES USING GDP DEFLATOR OF 2.7%)

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
The First Minister	273.3	278.5	282.3
Finance and Sustainable Growth	5,839.6	5,890.9	5,856.4
Health and Wellbeing	10,925.8	11,132.7	11,287.5
Education and Lifelong Learning	2,465.4	2,475.1	2,496.8
Justice	1,013.9	1,030.2	1,027.1
Rural Affairs and the Environment	599.7	604.6	601.8
Administration	239.2	237.6	236.6
Crown Office and Procurator Fiscal	107.3	112.6	111.5
Local Government	10,844.5	11,006.1	11,094.0
Scottish Parliament and Audit Scotland	107.1	107.6	107.9
Total	32,415.8	32,875.9	33,101.9

ANNEX D: DEPARTMENTAL EXPENDITURE LIMIT RESOURCE BY PORTFOLIO

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
The First Minister	257.3	266.9	276.7
Finance and Sustainable Growth	1,776.4	1,806.5	1,847.6
Health and Wellbeing	10,415.0	10,809.0	11,238.9
Education and Lifelong Learning	2,223.7	2,281.2	2,373.2
Justice	891.2	919.4	929.1
Rural Affairs and the Environment	535.2	549.7	561.6
Administration	237.0	242.1	247.4
Crown Office and Procurator Fiscal	104.3	112.0	113.3
Local Government	8,191.5	8,580.3	8,976.6
Scottish Parliament and Audit Scotland	106.7	110.0	113.1
Total	24,738.3	25,677.1	26,677.5

ANNEX E: DEPARTMENTAL EXPENDITURE LIMIT CAPITAL BY PORTFOLIO

	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
The First Minister	23.4	26.6	28.5
Finance and Sustainable Growth	1,026.5	1,159.1	1,186.2
Health and Wellbeing	805.8	924.9	962.9
Education and Lifelong Learning	184.0	202.9	201.1
Justice	150.1	166.4	181.2
Rural Affairs and the Environment	80.7	87.5	88.9
Administration	8.7	8.3	8.4
Crown Office and Procurator Fiscal	5.9	6.7	7.2
Local Government	975.0	993.0	994.0
Scottish Parliament and Audit Scotland	3.3	3.4	3.5
Total	3,263.4	3,578.8	3,661.9

ANNEX F: GLOSSARY

Aggregate External Finance (AEF)

Aggregate External Finance is the name given to the total funding which is centrally distributed to local government. It includes the Revenue Support Grant, specific grants to local government and income from non-domestic rates.

Annually Managed Expenditure (AME)

Annually Managed Expenditure is set each year and contains those elements of expenditure that are not readily predictable, for example, NHS and teachers' pensions.

Audit Scotland

Audit Scotland was set up in April 2000 to audit the accounts of the Scottish Government and other public sector bodies in Scotland, and to ensure that public funds are used properly, efficiently and effectively.

Barnett Formula

The Barnett Formula allocates Scotland a population share of changes in comparable spending programmes in England. For comparable expenditure, Scotland gets exactly the same £ per head increase as in England. Comparability is the extent to which services delivered by Whitehall departments correspond to services delivered by the devolved administrations. Barnett only applies to expenditure classified within Departmental Expenditure Limits – about 85 per cent of Scotland's total budget.

Best Value

Best Value is about continuous improvement, seeking to change what we do in a way that transforms and sustains the delivery of quality public services in Scotland.

Common Agricultural Policy (CAP)

The CAP was set up by the European Union to increase agricultural production, provide a fair standard of living for farmers and make sure that food is available at reasonable prices. CAP accounts for more than 40 per cent of EU spending.

Cost of Capital

A cost of capital charge is a notional non-cash item which reflects the cost of holding assets and liabilities. The theory is that if the asset were sold, overall public sector borrowing would be lower by the value of the asset, so the cost of keeping the asset is the same as the interest paid on this higher level of borrowing. Cost of capital charges are currently calculated as being 3.5 per cent of net asset and liability value.

Cross-border public authorities

Cross-border public authorities are government departments and agencies that operate in Scotland and other parts of the UK, such as HM Revenue and Customs and the Forestry Commission.

Departmental Expenditure Limit (DEL)

The Departmental Expenditure Limit forms the majority of the Scottish Government's budget and is made up of operating and capital expenditure. DEL is set for three years during the Spending Review process, and the annual DEL spend is subject to End Year Flexibility.

Depreciation

A depreciation charge is a non-cash item which measures the wearing out, consumption or other reduction in useful life of a fixed asset.

End Year Flexibility (EYF)

End Year Flexibility is the mechanism that allows the Scottish Government to carry forward any DEL underspends for use in future financial years.

European Structural Funds

European Structural Funds are the second largest item of EU spending and include the European Regional Development Fund (ERDF), European Social Fund (ESF), European Agricultural Guidance and Guarantee Fund (EAGGF) and Financial Instrument for Fisheries Guidance (FIFG). They are targeted at three main objectives: Objective 1 to promote the development of regions lagging behind the EU average; Objective 2 to support the economic and social conversion of areas facing structural difficulties; and Objective 3 to support education, training and employment. The Executive is the 'managing authority' for the Funds in Scotland.

Executive Agency

Semi-autonomous executive agencies operate within a framework set by the responsible Minister, which specifies policies, objectives, and available resources. All agencies are set annual performance targets by their Minister, and the Minister accounts to Parliament for the work of the agency.

Non-Departmental Public Body (NDPB)

A non-departmental public body (NDPB or 'quango') operates independently of Ministers, although Ministers have ultimate responsibility. There are two main types of NDPB: executive NDPBs, which carry out administrative, regulatory, executive or commercial functions; and advisory NDPBs, which provide independent, expert advice to Ministers.

Prudential Regime

The prudential regime for local authority capital expenditure took full effect on 1 April 2004. It allows local authorities to make their own decisions about how much to borrow or spend, but they are under a duty to determine how much they can afford and to keep that under review.

Total Managed Expenditure (TME)

Total Managed Expenditure comprises the Departmental Expenditure Limit and Annually Managed Expenditure.



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RR Donnelley B53225 11/07

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ISBN 978-0-7559-5544-2



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