



What you need to know about the draft Scottish Budget 2022/23

Introduction

The Scottish Government's [draft budget for 2022/23](#) was published on 9 December 2022. It is the first SNP budget delivered in partnership with the Green Party reflecting the [Co-operation Agreement](#) published in August.

In her announcement, Kate Forbes MSP, Cabinet Secretary for Finance and the Economy, set out three priorities for the budget – tackling the climate emergency, supporting economic recovery and tackling inequalities.

Summary of the draft budget

Housing Supply - The 2022/23 budget provides overall funding of £831m for affordable housing to support the target to deliver 110,000 affordable homes by 2032. This maintains the funding allocated over the 2020/21 period.

The £831m comprises £605m capital funding, £92m Transfer of Management of Development Funding (TMDF) and £134m Financial Transactions (FTs).

Homelessness - An allocation of £23.5m is made to homeless support (Former Temporary Accommodation) in the 2022/23 budget.

A total of £10 million is being invested to take forward the Ending Homelessness Together action plan, focusing on a shift towards a national Housing First approach.

Fuel poverty and energy efficiency - £194.3 million is allocated for fuel poverty and energy efficiency to support programmes such as Home Energy Efficiency Programmes for Scotland (HEEPS). This is a 3.4 percent increase on last year's budget.

The draft budget also refers to £60m for large scale heat decarbonization projects and repeats the commitment to decarbonise the heating of one million homes by 2030.

Social security - Support for low-income families includes £41m for the Scottish Welfare Fund (SWF) including £5.5m to cover administration costs, equal to last year's budget. £80.2m has been allocated for Discretionary Housing Payments (DHPs), a reduction of 3.5 percent compared to last year. As in previous years, DHP funding includes financial mitigation for the 'bedroom tax'.

Additionally, there will be £197.4m allocated to Scottish Child Payments, an increase from £68m last year, bringing forward the Scottish Government's commitment to double the amount from £10 to £20 per week per child.

Local government settlement - The draft budget document pledges almost £12.5 billion for local government representing a real terms increase of 4.5 percent. This increase will have to cover existing commitments to deliver additional teachers, enhance social care provision, extend free school meals and enhance flood protection. However, full flexibility will be given to local authorities to set Council Tax rates to help fund local priorities.

Other - Land and Buildings Transaction Tax (LBTT) will remain at existing levels meaning it will again be payable starting at 2 percent for properties over £145k, with an exemption for first time buyers.

No changes were made to the LBTT Additional Dwelling Supplement (ADS). However, the Scottish Government will shortly launch a call for evidence on ADS which may allow for an anomaly to be addressed which currently requires local authorities to pay ADS when purchasing homes on the market for affordable housing rather than being exempt as is the case for housing associations.

Reaction from CIH

We are pleased to see the increase against projected affordable housing budget for this year. However, this is still not enough to meet the ambitious target to build 110,000 affordable, energy efficient homes over the next decade and deliver on both our net-zero ambitions and keep rents affordable.

We also welcome the support being offered to those least able to pay for home energy improvements, however, this again is likely to be insufficient to allow everyone the opportunity to live in a home that is truly energy efficient while also tackling fuel poverty.