

**Letter to Members of the Ministerial Advisory Group (MAG)**

22 October 2010

Dear Colleague

Following the UK Government's Comprehensive Spending Review (CSR) announcement on Wednesday, I am writing to you to explain its implications for the Scottish Government's budget, and to describe our next steps.

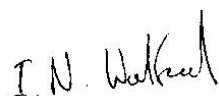
The CSR confirmed the budget limits for the Scottish Budget for 4 years from 2011-12 to 2014-15. On a like for like basis\*, the Scottish Government's revenue budget ("Resource DEL") will fall by £500 million and its capital budget will fall by £800 million in 2011-12 compared to 2010-11. In total, the Scottish Budget will therefore be reduced by £1.3 billion in 2011-12.

Taking into account inflation, this means that in real terms Scottish Government spending power will fall by £1.8 billion in 2011-12, compared with 2010-11.

The cuts in the Scottish Budget in 2012-13, 2013-14 and 2014-15 are slightly smaller than the cuts forecast in the Independent Budget Review report on Resource, by £200-300 million per annum, but are bigger than forecast on Capital, again by around £200-300 million per annum. In total, over the period 2010-11 to 2014-15, the Scottish Government budget will fall by around 11.3% in real terms.

The outcome of the CSR will have a significant impact on the Justice sector in Scotland. We will continue to consider the detailed implications of yesterday's announcement, and will publish the Scottish Government's spending plans on 17 or 18 November.

Yours sincerely



**IAN WALFORD**

Head of Scottish Resilience