Funding Change with Fairness at its Heart
Manifesto Costings Summary 2026

The Scottish Liberal Democrats manifesto is a realistic, honest and costed plan to get things done. And we will pay for it fairly too. We won't overpromise and underdeliver.

We refer to the Scottish Spending Review 2026 which sets out the Scottish Government's indicative spending plans up for 2028-29 for resource, and up to 2029-30 for capital.

We have provided spending and revenue/savings through to 2028-29. This accounts for the fact some of our policies involve one-off immediate interventions, for instance to assist with the cost of living, inject more money into social care to bring down delayed discharges, or to compensate island and coastal communities for the SNP's ferries fiasco. In other cases, it will require time for our policies to take effect, including the training and hiring of staff where necessary, or time to identify savings for instance from within the quango landscape, meaning these changes will take effect in the middle of the Parliament. These papers show that the spending commitments in the manifesto fit within the envelope of resources available.

The best way to address the funding gaps identified by organisations including The Scottish Fiscal Commission, Auditor General for Scotland and Fraser of Allander, is to create more better paid jobs and help people take up work. It is why we have a package of policies targeted towards helping people who are economically inactive, underemployed, need help to move into better paid employment, and removing the barriers that are preventing some people from fulfilling their potential and which mean their talent is being passed over (for instance because of poor health, inadequate childcare, disability and neurodiversity). There is analysis showing the value of this:

- The Scottish Fiscal Commission (SFC) produced an employment ready reckoner as part of their Economic and Fiscal Forecasts. This indicates that the impact of a 0.1% increase in employment in 2026-27 could increase Scottish Income Tax revenues by around £17 million in the same year, rising to around £21 million by the end of the forecast.
- The SFC estimates that each 0.1 percentage point of earnings growth generates £46m in revenues as of 2026-27, rising to £56m by 2030-31.
- The Scottish Government's own analysis of the potential impacts of increasing economic participation indicated that an increase of 0.25 percentage points in the economic activity rate could increase GDP in the long-term by around 0.1%, or around £180 million in 2024-25 prices.

Getting more people into better paid work will also address the rising cost of devolved social security. As we are successful in getting people back to work and off benefits, the money that would otherwise be spent on their benefits, and the money that comes from their tax receipts, will go to other portfolios rather than be reinvested in social security.

In addition, our policies are geared towards improving the value for money achieved for taxpayers, with a special focus on prevention and early intervention.

Our annual budgets will allocate resources to pay for the outcome of agreements on pay, conditions and career progression.

Changes to income tax and the expansion of childcare for working families will take place when funding allows. We have set out our principles and our priorities in relation to these.

At this stage, it is not possible to determine whether the January 2026 Warm Homes announcement by the UK Government (covering solar panels, batteries, heat pumps and insulation) will result in new funding for Scotland. This is because it is not yet clear how much of the UK Government's announcement represents genuinely new spending, as opposed to funding that has been repurposed or reallocated within existing UK departmental budgets. The UK Government's announcement stated the £15bn to lift a million families across the UK out of fuel poverty by 2030 was "including allocations for devolved governments in Scotland…". Once this is known, we will incorporate this into our approach to the Fairer Heating Bill and the associated devolved schemes.

Councils will benefit from our empowerment agenda, new freedoms to innovate, and spending on areas including social care and education which will assist their services.

We will use the 2026/27 consequentials from the Chancellor's Spring Statement to fund immediate interventions and one-off policies, use the scope to switch budget from resource to capital, and shift underspends against the 2026/27 consequentials into 2027/28.

CAPITAL

We will invest in public assets to boost growth and improve our public services.

We will assess all capital programme budget lines and the existing Infrastructure Delivery Pipeline 2026 and make changes to align them with our stated manifesto priorities.

Many transport projects including transport projects such as the A9 and Rest and Be Thankful, health projects such as the Edinburgh Eye Hospital, Belford Hospital and replacement of radiotherapy equipment, are already contained in this document. Others including such as tunnels for Shetland, the Gilbert Bain Hospital and a new health and care centre in East Dunbartonshire will be added or elevated. Others such as the smartcard programme, will be amended. Others such as a fixed link between Mull and the Scottish mainland and GP walk-in centres will be removed.

Some of our proposals for capital spending on health will also be incorporated into the whole system infrastructure plan (WSIP) currently in development between the Scottish Government and health boards, which is intended to identify investment priorities across NHS Scotland rather than individual Health Boards developing business cases for future projects in isolation.

Some small capital spending is also accounted for within the costings table, using money transferred from resource to capital.

We will make use of innovative ways of raising capital to invest in infrastructure where appropriate, such as the Mutual Investment Model which utilises private sector borrowing to boost capital investment, but only in exceptional circumstances where there are a sufficiently large number of investments with high enough returns to justify the additional cost, and where cheaper direct borrowing has already been maximised.

We will also use our expectation that we will improve the relationship between the Scottish and UK Government to constructively discuss the borrowing limits agreed under the fiscal framework.

WIDER CONTEXT

Throughout the manifesto, we outline our support for relevant UK-wide Liberal Democrat policies. There is a UK General Election due by 2029.

We will also make it official Scottish Government policy to support a new bespoke customs union between the UK and EU – the single biggest change that could be made to fix trade, boost growth, help with the cost of living and improve government finances. Previous independent analysis has found that close alignment with the EU on goods and services could boost UK GDP by 2.2%. The House of Commons Library has estimated that if GDP was 2.2% higher, this could boost annual tax revenues by roughly £25 billion. Reporting can be found here: https://www.theguardian.com/politics/2025/may/17/lib-dems-claim-deeper-trade-deal-with-eu-would-raise-25bn-of-tax-revenue