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Finance Committee

1. The remit of the Finance Committee is to consider and report on-
   a. any report or other document laid before the Parliament by members of the Scottish Government containing proposals for, or budgets of, public expenditure or proposals for the making of a tax-varying resolution, taking into account any report or recommendations concerning such documents made to them by any other committee with power to consider such documents or any part of them;
   b. any report made by a committee setting out proposals concerning public expenditure;
   c. Budget Bills; and
   d. any other matter relating to or affecting the expenditure of the Scottish Administration or other expenditure payable out of the Scottish Consolidated Fund.

2. The Committee may also consider and, where it sees fit, report to the Parliament on the timetable for the Stages of Budget Bills and on the handling of financial business.

3. In these Rules, “public expenditure” means expenditure of the Scottish Administration, other expenditure payable out of the Scottish Consolidated Fund and any other expenditure met out of taxes, charges and other public revenue.

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## Committee Membership

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<tr>
<th>Convener</th>
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<td>Kenneth Gibson</td>
<td>John Mason</td>
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INTRODUCTION

1. The draft budget which will be introduced by the Scottish Government in September this year will be the first to include the rates and thresholds for the non-savings and non-dividend income of Scottish taxpayers from April 2017. It is therefore essential that our successor is able to quickly establish its scrutiny role and this legacy paper is intended to support the transition process. We focus on the following key areas:
   - Additional Tax and Borrowing Powers;
   - Outcomes Based Budget Scrutiny;
   - Financial Memoranda;
   - Preventative Spending;
   - Ways of working.

ADDITIONAL TAX AND BORROWING POWERS

2. Much of our work in the current session has focused on the implementation and operation of the financial powers arising from the Scotland Act 2012. This work is ongoing and will be relevant to our successor in considering the implementation and operation of the additional financial powers arising from the Smith Commission. The devolution of further significant tax and borrowing powers means that the focus of the Finance Committee is now primarily on the revenue side of the budget whereas previously the focus was on expenditure. Figure 1 illustrates the increase in taxation powers already devolved to the Scottish Parliament and the further powers which will be devolved following the passage of the Scotland Bill 2015-16 and the agreement of the fiscal framework.
3. The draft budget for 2017-18 which is due to be published in September 2016 will include the Scottish Government’s proposals for income tax for 2017-18. The total amount of revenue raised by the Scottish Parliament will be nearly £16bn based on the Government Expenditure and Revenues Scotland (GERS) figures for 2014-15 which is 37% of the total expenditure as set out in Table 1.

Table 1

<table>
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<tr>
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<tr>
<td>Council tax</td>
<td>1,996</td>
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<tr>
<td>NDRI</td>
<td>1,915</td>
</tr>
<tr>
<td>Income tax (NSND)</td>
<td>11,196</td>
</tr>
<tr>
<td>Landfill tax</td>
<td>147</td>
</tr>
<tr>
<td>LBTT</td>
<td>478</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,732</strong></td>
</tr>
<tr>
<td>Devolved expenditure (incl HB)</td>
<td>43,038</td>
</tr>
<tr>
<td><strong>Revenues in 2017-18 as % of devolved expenditure (incl HB)</strong></td>
<td><strong>37%</strong></td>
</tr>
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Source: GERS 2014-15

4. The interaction of the Barnett formula, adjustments to the block grant and the reconciliation of forecasts and outturn figures means that financial and budget scrutiny within the Scottish Parliament will be much more complex. Areas of scrutiny work for the Finance Committee will include:

- The implementation and operation of the fiscal framework;
- Operation of the block grant adjustment mechanism for each tax;
• The implementation and operation of the Scottish taxes;
• Scottish tax receipts;
• Forecasting and the role of the SFC;
• Tax policy changes

5. The Committee also recommends that our successor may wish to consider scrutinising the totality of public borrowing and the sustainability of the public finances.

Implementation and operation of the fiscal framework

6. The Committee had the opportunity to briefly consider the agreement between the Scottish Government and the UK Government prior to dissolution and we submitted our views to the Devolution (Further Powers) Committee.¹ The Committee welcomes the publication of the technical annex to the fiscal framework which provides details for the operation and governance of the framework including the arrangements for the adjustments to the block grant.² However, given that it wasn’t published until 15 March 2016 the Committee has not had the opportunity to consider it.

7. The Committee recommends that our successor considers as a matter of priority the detail of the technical annex and closely monitors the implementation and operation of the fiscal framework. In the first instance our successor may wish to follow up the recommendations in our letter to the Devolution (Further Powers) Committee with the Scottish Government.

Operation of the block grant adjustment mechanism

8. The Committee suggests that one of the priorities for our successor will be to ensure the effective scrutiny of the operation of the block grant adjustment mechanism for each of the devolved taxes. The Committee has consistently raised concerns about the lack of transparency in relation to the adjustments to the block grant arising from the devolution of further financial powers. In particular, the final adjustment to the block grant in relation to the devolved taxes for 2016-17 has still to be agreed between the two governments.
9. The Committee recommends that our successor asks the Scottish Government to provide the following details:

- The figures and workings for the calculation of the baseline adjustments to the block grant for each tax;
- The figures and workings for the application of the indexation mechanism for each tax using both the Indexed Per Capita Method and the Comparable Method;
- The figures and workings for the adjustment to the block grant for each of the devolved taxes for 2016-17.

Implementation and Operation of the Scottish taxes

10. Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT) were devolved from 1 April 2015 and Air Passenger Duty (APD) will be devolved in April 2018. The Scottish Parliament will also have the power to set the rates and thresholds for the non-savings and non-dividend income of Scottish taxpayers from April 2017.

Income Tax

11. There will be no restrictions on the thresholds or rates the Parliament can set. All other aspects of income tax will remain reserved to the UK Parliament. The Committee recommended in our report on Draft Budget 2016-17 the need for a wide ranging debate across Scotland on taxation policy once the new financial powers arising from the Smith Commission are introduced.

12. The Committee recommends to our successor that it prioritises consideration of its own role in leading the debate on the use of the new taxation powers early in the new parliament.

LBTT

13. LBTT was introduced on 1 April 2015 and the Committee carried out a review of the initial operation of the tax including the impact of forestalling as part of its scrutiny of Draft Budget 2016-17. The Committee recommended that the Scottish Government conducts a review of the operation of the first year of the tax once outturn figures are available for the full year and that this is made public. In particular, there is a need to review the impact which the initial bands and rates are having on the higher end of the market.
14. The Committee recommends to our successor that it may wish to carry out a review of the first year of LBTT and any proposed changes to the bands and rates as part of its scrutiny of draft budget 2017-18.

15. The Committee recommends that the Scottish Fiscal Commission (SFC) prepares a commentary on the outturn figures for both residential and non-residential LBTT on an annual basis and that this is submitted to our successor by the end of May each year.

**LBTT Supplement**

16. The Scottish Government proposed a new LBTT supplement of 3% on the purchase of additional residential properties in Scotland in its draft budget for 2016-17. The supplement is intended to mirror similar proposals at a UK level which are due to be introduced on 1 April 2016. In order to allow the LBTT supplement to be introduced at the same time the Committee agreed to an expedited timetable for the legislative process. Given the relatively limited opportunity for scrutiny of the legislation the Committee recommended that the Scottish Government closely monitors the impact of the supplement on the housing market and conducts a comprehensive review once sufficient outturn data is available. The Committee also recommended that the SFC provides a commentary on the first 6 months of outturn figures for the supplement by the end of November 2016.

17. The Committee recommends to our successor that it may wish to monitor and review the impact of the LBTT supplement.

**Scottish Tax Receipts**

18. The Committee notes that one of the key areas of scrutiny for our successor will be the level of receipts against forecasts for each of the Scottish taxes. The level of outturn figures will be an important element in influencing borrowing levels and possible changes to tax rates and timeous scrutiny of this data is therefore essential. At the same time it is recognised that some outturn data has a relatively long lag. For example, the information to support accounts for tax receipts is generally reasonably complete about 12 months after the relevant tax year and accounts are produced and audited thereafter. In contrast, outturn data for LBTT has a much shorter lag and is published by Revenue Scotland on a monthly basis.

19. Estimates of tax revenues are also provided in the GERS figures which are published in March each year with a lag of 12 months. So, for example, the figures for 2014-15 were published in March 2016. HMRC have also published estimates of the taxes they collect in the four countries of the UK since 2013.
20. The Committee recommends that our successor may wish to consider the options for the systematic scrutiny of tax revenues including the GERS figures on an annual basis in May and June with a view to reporting prior to Summer recess. This would allow the Scottish Government to consider the views of the Committee on tax revenues prior to the publication of the draft budget in September. In the first instance there will need to be discussions with both HMRC and Revenue Scotland to clarify what outturn data can be provided by May each year to support this scrutiny.

Forecasting and the role of the SFC

21. The Committee has raised a number of issues in relation to forecasting and the role of the SFC arising from the devolution of the new tax powers. These can be summarised as follows:

- When the SFC will be ready to start preparing the official forecasts and what level of resource will be required;
- The process and timing for reconciliation of forecasts with outturn figures including in relation to the indexation mechanism;
- How the reconciliation process will interact with the budget process;
- What further fiscal and economic data is required to produce a Scottish forecast methodology for income tax and onshore GDP;
- How the forecasts which the SFC will be required to prepare will inform the budget process;
- Whether the Office for Budget Responsibility (OBR) will continue to prepare forecasts for the Scottish taxes.

22. The Committee recommends that our successor may wish to address these issues in more detail early in the new session of parliament.

23. The Committee also recommends that the SFC should prepare independent forecasts for the devolved taxes for 2017-18.

Tax Changes

24. One of the main lessons from the Committee’s scrutiny of the LBTT supplement legislation was the need to give further consideration to the issue of parliamentary scrutiny of tax changes. The Committee recognises that as more tax powers are devolved there is likely to be an increasing tension between the need to take swift decisions on tax matters and the consultative principle which underpins budgetary and legislative scrutiny. This applies both to extraneous events such as economic shocks and tax changes at a UK level and also to consideration of the impact of behavioural responses including forestalling.
Forestalling

25. The Committee has questioned why forestalling was taken into account when Stamp Duty Land Tax (SDLT) was devolved but will not be taken into account when income tax is devolved. For example, if the Scottish Parliament decides to change the rates and thresholds for income tax in 2017-18 then there may be a forestalling effect as a consequence of a behavioural response to income tax changes. The Scottish Government is due to announce its proposed rates and thresholds for income tax for 2017-18 in the draft budget which will be published in September 2016.

26. There are two potential risks to the Scottish budget from a change to income tax at the point of transfer of powers under the fiscal agreement. First, that there is a considerable reduction in tax due to forestalling and other behavioural responses which could increase revenue to HM Treasury in 2016-17 and reduce revenue to the Scottish Government in 2017-18. Second, the baseline adjustment to the block grant for income tax could be higher due to forestalling and other behavioural responses.

27. The Committee recommends that there needs to be a review of the budget process which should include consideration of tax changes. This is discussed in more detail at paragraph 64 below.

OUTCOMES BASED BUDGET SCRUTINY

28. The Scottish Government has adopted an outcome-based approach to its objectives since 2007. Ministers are expected to work towards the shared objectives of government and a new emphasis was placed on partnership working with the whole of the public sector expected to contribute to the delivery of national objectives as set out in the National Performance Framework (NPF). The NPF is intended to provide “a unified vision and quantifiable benchmarks against which future progress can be assessed.”

29. Despite this new performance based approach there has been little change in the nature of the budget process which has remained largely iterative and forward looking. The focus tends to be on examining the Scottish Government’s expenditure proposals for the following year. There is little if any scrutiny of budget decisions at a strategic level including whether the Scottish Government is making any progress in meeting its declared objectives.

30. The Committee has, therefore, sought to introduce a greater focus on outcomes by adopting the four principles of financial scrutiny as a framework for budget scrutiny:
• **Affordability**: the wider picture of revenue and expenditure and whether they are appropriately balanced;

• **Prioritisation**: a coherent and justifiable division between sectors and programmes;

• **Value for Money**: the extent to which public bodies are spending their allocations well and achieving outcomes; and

• **Budget processes**: integration between public service planning and performance and financial management.

31. The Committee has recommended to the subject committees that examining prioritisation and value for money should be an on-going aspect of their budget scrutiny and wider financial scrutiny. We agree with the Local Government and Regeneration Committee that one of the duties of the Parliament is “not only to hold Ministers to account, but also to follow the public pound and hold spending bodies to account.”\(^3\) This should include scrutiny of the extent to which public bodies are adopting a priority-based budgeting approach and whether they are spending their allocations well and achieving outcomes.

**Prioritisation**

32. Prioritisation is defined as a coherent and justifiable division between sectors and programmes. The Committee’s former budget adviser suggested that part “of the role of parliamentary scrutiny is to test whether the pledges and commitments made by any government are then reflected in the choices it makes in the allocation of resource within its budget setting process.”\(^4\)

33. Audit Scotland also emphasised the need for a priority-based approach to budget setting. It pointed out that the Scottish Government’s annual budget is largely developed on an incremental basis. This approach “assumes the current pattern of spending is broadly right and that activities will continue on the same basis.” While this approach is viewed as being useful when budgets are stable “it does not help prioritise spend or reduce costs in times of financial restraint.”\(^5\)

34. Audit Scotland stated that a priority-based budgeting approach focuses “on the delivery of priority outcomes and allocates money to those services or areas which make the greatest contribution to delivering those outcomes.”\(^6\) However, in a survey conducted in 2011 Audit Scotland found that few public bodies have “undertaken a structured approach to budget setting in this way.”\(^7\) However, it also acknowledged that the Scottish Government in establishing the NPF has “taken the first step in adopting a priority-based approach to budgeting.”\(^8\)
35. The Committee recommends to our successor that the subject committees and other committees are encouraged to focus on prioritisation as part of their budget scrutiny including:

- The extent to which public bodies have moved towards a priority-based budgeting approach;
- Whether spending priorities support outcomes;
- Whether current performance informs the choices about where to allocate resource;
- The extent to which the NPF influences the budget-setting process of public bodies.

Value for Money

36. Value for money is defined as the extent to which the public bodies are spending their allocations well and achieving outcomes. The Independent Budget Review which was established in the last session of the Parliament concluded that there:

> “is a need to move towards a more outcomes-based approach to public service management and to improve the quality, availability and application of evaluation, monitoring and reporting data in relation to outcomes across the public sector in order to ensure that resources are applied to full benefit. This is vital if the Scottish Parliament is to exercise an effective monitoring and scrutiny role.”

37. Audit Scotland states that without “good performance information on the activity and performance of services, it is not possible to identify what difference the spending will make.”

38. The Scottish Government states that it is committed to “embedding an open and rigorous performance culture within Scotland’s public services; ensuring greater clarity around the objectives of public organisations; and establishing clearer lines of accountability that help to bolster standards of service and improve outcomes.” It has asked all parts of the public sector to report publicly on their plans to improve the value for money achieved by public services, actions undertaken and results achieved.

39. The Committee has previously invited the subject committees to examine the contribution which public bodies are making towards the NPF. One of the advantages of this approach is there is no need to wait on the publication of the draft budget. This scrutiny can be done in advance of the publication of the draft budget and can then be used to inform consideration of the Government’s spending plans for the following year. Some committees such as the Health and
Sport Committee and the Education and Culture Committee have already begun to adopt this approach.

40. The Committee recommends to our successor that the subject committees and other committees are encouraged to focus on value for money as part of their budget scrutiny including:

- The extent to which public bodies are spending their allocations well and achieving outcomes;
- The extent to which an open and rigorous performance culture has been embedded within the public services;
- The extent to which the public services are using performance data to ensure value for money;
- The progress of public bodies in moving towards a more outcomes-based approach to public service management.

FINANCIAL MEMORANDA

41. During this session we departed from the previous three-level system of scrutiny for Financial Memoranda (FMs) whereby the level of scrutiny given to an FM was agreed when the Committee considered its approach. Instead, the Committee adopted a system where we agreed to seek written evidence on all FMs. Following receipt of written submissions consideration was then given to the need to hear oral evidence. We delegated this decision to the Convener. The Committee found that this system worked well as it is difficult to predict what issues may arise in written evidence at the approach stage.

42. The Committee recommends that its successor considers adopting the same system for its scrutiny of Financial Memoranda.

43. Having agreed its approach the Committee issued its standard questionnaire to stakeholders agreed by the Committee. This had some benefits in terms of consistency, but there were occasions where it would have been beneficial to tailor the questionnaire to the subject being addressed. For example, and as discussed elsewhere in this paper, there are likely to be occasions where it may be helpful to ask whether the Bill (and related spending as set out in the accompanying FM) contributes towards the Government’s prevention agenda or to those outcomes set out in the NPF and whether value for money is being achieved.
44. The Committee recommends that our successor considers tailoring the questions it asks on each FM as necessary depending on the subject being considered.

45. Having considered over 60 FMs during the session, the Committee wishes to highlight some key themes/issues that have arisen and which its successor may wish to monitor—

- **Consistency** of FMs and compliance with Standing Order requirements, notably in relation to the provision of “best estimates” in FMs. A number of FMs did not contain best estimates of the cost implications of at least some of the Bill’s provisions. Examples of effective scrutiny include—
  - Report on the Financial Memorandum of the Community Empowerment (Scotland) Bill
  - Report on the Financial Memorandum of the Children and Young People (Scotland) Bill
  - Report on the Financial Memorandum of the Carers (Scotland) Bill

- **Ministerial Evidence post-Stage 1**: Following publication of the reports on the Children and Young People Bill and the Carers Bill, the Committee requested that supplementary FMs containing best estimates for areas which had not been fully covered in the original be published prior to Stage 3 proceedings. In both cases, the Committee also invited the relevant minister to give oral evidence on the subject.

- **Timescales** for FM scrutiny: It was not unusual for the Committee to be faced with unrealistic timescales in which to conduct meaningful consultation, analysis and scrutiny of FMs. It is important for lead committees to involve the Committee in discussions on the timings of Stage 1 at the outset of the scrutiny process.

**Post-legislative scrutiny**

46. The Committee conducted two pieces of post legislative scrutiny of FMs during the session—
  - Flood Risk Management (Scotland) Bill
  - Local Government Finance (Unoccupied Properties etc.) (Scotland) Bill

47. Both were worthwhile exercises although some issues arose in respect of timing and in terms of availability of financial data. With regard to timing, a number of stakeholders considered it too early for full analyses of the FM’s estimates to be conducted, suggesting that it would be better to wait until the legislation had “bedded in.” Several respondents also stated that it was not possible for them to provide comprehensive figures as the relevant budgetary data had not been broken down to the levels required.
48. The Committee recommends that our successor considers undertaking post-legislative scrutiny of FMs. Should it choose to do so, care should be taken in identifying appropriate legislation which has been in place long enough for its effects to be measured. The Committee further recommends that future FM reports make clear the intention to undertake such scrutiny at the appropriate time and that the Committee expects the relevant bodies to ensure that adequate financial records are kept which can be easily produced.

PREVENTATIVE SPENDING

49. The Christie Commission on the Future Delivery of Public Services in Scotland published its [report](#) in June 2011. The Commission concluded that Scotland’s public services were in need of urgent and sustained reform and that a radical change in the design and delivery of public services was necessary to tackle deep-rooted social problems. One of the Commission’s key recommendations was the need to prioritise expenditure on the public services that can prevent negative outcomes from arising. As part of its Spending Review in 2011 the Scottish Government announced a ‘decisive shift to preventative spending’ which would deliver a step change in the way public services were funded and delivered.

50. The Committee agreed at the start of Session 4 to monitor the progress being made in delivering this shift to prevention. While the Committee notes there has been some evidence of progress over the last session it has been frustrated by the lack of evidence of any large scale shift towards prevention. In September 2015 the Committee issued a call for evidence seeking views on the progress being made in reforming Scotland’s public services and delivering the decisive shift towards prevention.

51. At its meeting on 9 March 2016 the Committee held a roundtable evidence session with stakeholders followed by an evidence session with the Deputy First Minister (DFM). On 23 March 2016 the Committee wrote to the DFM highlighting our conclusions and recommendations on the progress made in delivering the decisive shift to prevention during the current parliament.

52. The Committee recommends that our successor follows up the recommendations made in this letter and asks for a response from the Scottish Government.

53. As part of its scrutiny of Financial Memorandum accompanying Bills introduced in the Parliament the Committee has undertaken calls for evidence from
stakeholders. The call for evidence has included a set of questions to assist the Committee in its scrutiny; these are discussed earlier in this paper.

54. The Committee recommends that our successor considers prevention issues in its scrutiny of FMs.

55. On 15 March 2012 the Scottish Government and COSLA published a joint *Statement of Ambition* which states—

> “Effective community planning arrangements will be at the core of public service reform. They will drive the pace of service integration, increase the focus on prevention and secure continuous improvement in public service delivery, in order to achieve better outcomes for communities”. ¹¹

56. The Community Empowerment (Scotland) Act 2015 introduced new statutory duties for community planning. Its gives Community Planning Partnerships (CPPs) a statutory purpose of focusing on improving outcomes and requires them to produce local outcome plans. It also requires CPPs to review and report publicly on progress towards their plans.

57. Audit Scotland¹² has been assessing and reporting on the progress CPPs have been making in ensuring the major changes required are taking place.

58. The Public Bodies (Joint Working) Scotland Act 2014 introduced a significant programme of reform affecting most health and care services and over £8 billion of public money. Work has been on-going to ensure that governance and management arrangements are in place to enable the 31 Integration Authorities (IAs) to be operational by the statutory deadline of 1 April 2016.

59. Again this is an area that Audit Scotland is engaged in monitoring. Audit Scotland’s report published in December 2015¹³ identified significant risks that required to be addressed if integration was to fundamentally change the delivery of health and social care services. Audit Scotland highlighted evidence to suggest the IAs will not be in a position to make a major impact during 2016/17. Its subsequent report¹⁴ on changing models of health and social care published in March 2016 reflected that the shift to new models of care is not happening fast enough and that the Scottish Government needs to provide stronger leadership in this area.

60. The Committee recommends that our successor continues to monitor the role of CPPs in delivering the shift to prevention.

61. The Committee has previously provided guidance to the subject committees as part of the budget process, inviting them to scrutinise the contribution of public
bodies within their respective remits to CPPs, public sector reform and, in particular, the shift towards prevention.

62. The Committee recommends to our successor that the emphasis on an outcomes-based approach to budget scrutiny and the focus on prioritisation and value for money should include the progress towards prevention.

WAYS OF WORKING

Budget Adviser

63. The Committee had three budget advisers during the session, Professor David Bell, Angela Scott and Professor Gavin McEwen. All three advisers made invaluable contributions to the Committee’s work throughout the session in their different areas of expertise. Given the devolution of significant taxation powers the Committee has found expert advice in matters of taxation to be particularly helpful in recent years. The adviser’s contract states that he would be expected to work an average of four days per month although he worked slightly more days in 2015-16 (an average of 4.22 days per month).

64. The Committee recommends that our successor considers appointing a Budget Adviser with specialist tax expertise. Given the increase in tax powers consideration may be given to increasing the average number of days to six per month.

Budget Process

65. Given the significant increase in financial powers the Committee heard evidence from the DFM on the draft budget this year at two separate meetings for the first time. The first evidence session focused on revenue and the second session focused on expenditure. As more financial powers are devolved a further review of the budget process will be needed to deliver an appropriate balance between scrutiny of revenue and expenditure.

66. The Committee recommends that Scottish Parliament and Scottish Government officials work together to review the budget process in the first instance with a view to bringing forward proposals for any changes for consideration by our successor and Ministers. This should include addressing the issue of tax changes and the balance between scrutiny of revenue and expenditure.
Evidence from the Chief Secretary to the Treasury

67. The Committee has taken evidence from the Chief Secretary to the Treasury (CST) or another Treasury minister on four occasions during the session. Both the UK and Scottish governments are required to lay before the Parliament in April their annual reports on the implementation and operation of the financial powers in the Scotland Act 2012. The fiscal framework agreement requires publication of similar reports in respect of the Scotland Act 2016 and the Committee considers that this would provide a timely opportunity to take evidence from both governments.

68. The Committee recommends that our successor considers inviting both the CST and the DFM to appear, separately, before the Committee following publication of the annual implementation reports.

External meetings on the Draft Budget

69. The Committee continued its practice of holding an external meeting each year to gauge the impact of the budget on local areas. Meetings were held in Largs, Hawick, Arbroath, Arran and Pitlochry during the session. As well as the formal evidence session with the DFM the Committee has found its workshops with local organisations and schools to be extremely useful and considers this to be an essential part of the Committee’s public engagement work.

70. The Committee recommends that our successor considers continuing this practice.

Inter-parliamentary relations

71. As further financial powers are devolved there will be an increased emphasis on inter-governmental working through bodies such as the Finance Ministers’ Quadrilateral. At the same time it is therefore important that there is an appropriate degree of inter-parliamentary working. During the current session of parliament we have met with colleagues on the House of Lords Economic Affairs Select Committee, the Northern Ireland Assembly Finance and Personnel Committee and the Welsh Assembly Finance Committee.

72. The Committee recommends that our successor considers developing further links with relevant committees at Westminster and the other devolved institutions.
CONCLUSION

73. The Committee notes that our successor will have a crucial role in scrutinising the implementation and operation of the new fiscal framework including significant tax and borrowing powers. It is hoped that the work which we have done this session in scrutinising the implementation and operation of the Scotland Act 2012 financial powers will provide a useful foundation for this work.

74. At the same time it is also essential that there is effective scrutiny of the spending decisions of the Scottish Government and we would encourage our successor to continue to develop an outcomes-based approach to budget scrutiny including the progress towards prevention.

75. We wish our successor committee well.