Dear Mr Crawford

FINANCE AND CONSTITUTION COMMITTEE REPORT ON DRAFT BUDGET 2017-18


2. Your letter covers a number of recommendations from the report relating to HM Treasury. I will respond to each of these in turn.

3. In regards to paragraph 15, the operation of the fiscal framework is set out in both the fiscal framework agreement, published on 23rd February 2016, and the further annex detailing the operation and governance of the fiscal framework published on 15th March 2016.

4. As the Committee will be aware, the government is required to publish an annual report on the Scotland Act 2016 and the fiscal framework. This must be published by 1 May 2016. While this report is laid at Westminster, I would be happy to discuss its contents with the Committee, including the interaction with the operation of the Barnett formula as set out in the Statement of Funding Policy. I will ask my officials to make contact separately to identify a mutually convenient date.

5. Paragraph 34 recommends that both governments make the operation of the Block Grant Adjustment as transparent as possible. The aforementioned report
is one response to this. We will consider this issue further and will update the Committee when it is appropriate to do so.

6. Your letter also asks two specific questions in relation to paragraph 114 and the UK government’s decision to move to a single fiscal event each autumn. The government has regular contact with the devolved administrations through a number of forums to discuss a wide variety of matters. The Finance Ministers’ Quadrilateral is one such forum. It met in Edinburgh on 14th February where the timing of the Autumn Budget and the move to a single event was discussed.

7. The date of the Autumn Budget will be set out in due course.

8. I am copying this letter to the Secretary of State for Scotland.

DAVID GAUKE