

Deputy First Minister and Cabinet Secretary for Finance
Leas Phrìomh Mhinistear agus Rùnaire a' Chaibineit
airson Ionmhas

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Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament

By email to: FPA.committee@parliament.scot

14 September 2023

Dear Kenneth,

Timing of the 2024-25 Scottish Budget

Thank you for your letter of 5 September communicating your Committee's views on the timing of the Scottish Budget.

As I set out clearly in my [letter to the Committee of 30 June](#), the complexity and risks now embedded in developing the Scottish Budget and its forecasts are such that I consider that a three week period is an insufficient gap between the publication of the UK Government's Autumn Statement and the Scottish Budget.

The reasons for this are that it is essential that the Scottish Fiscal Commission (SFC) has sufficient time to conduct its forecasts and analysis of Scottish Government policy options following publication of the Autumn Statement and the accompanying forecasts from Office of Budget Responsibility (OBR). It is also vital for Scottish Ministers to have sufficient time to consider the analysis provided by the SFC in order to make informed decisions on the Scottish Budget. Three weeks does not allow enough time for this as Ministers need time to develop policy options in the light of the Autumn Statement, consider the results of the SFC's analysis of those options, and make final decisions on taxation and spending measures to be included in the Budget. The [OECD's review of the SFC](#) commented that having "as little as three weeks" to develop a draft Budget "puts pressure on the Scottish Government's budget planning and may impede the ability of the SFC to deliver good quality and accurate forecasts."

Therefore, with the UK Autumn Statement now confirmed to be on 22 November, a Scottish Budget date of 14 December is no longer realistic. Last year's Autumn Statement was on 17 November and we agreed on a budget date of 15 December. Even with a four week gap, the work required to set out the budget was extremely challenging.

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However, I am keen to deliver a December budget, partly as I know that this is the preference of the Committee and the Parliament. I therefore intend to publish the Scottish Budget on Tuesday 19 December 2023. My officials have discussed this date with the SFC.

Moving the budget date from 14 to 19 December loses only one sitting day of Parliament and I believe allows sufficient time, once Parliament returns from recess, for effective scrutiny and passage of the Budget bill. I will make myself available to engage fully with Parliament as part of this scrutiny process.

You also refer to the recent agreement between the Scottish Government and the UK Government on changes to the Scottish Fiscal Framework. I understand the Committee's disappointment at not having the opportunity to contribute views directly as part of the review process. In May of this year Scottish Government officials met with the Committee's clerks to test views on how best to engage with the Committee in the context of discussions with the UK Government intensifying as we headed into recess. Shortly after, I also met with John Mason in his capacity as interim convener of the Committee to discuss the review.

Following accelerated discussions with HM Treasury a short window of opportunity opened to conclude an agreement that addressed issues that both the Scottish Government and the Committee had identified as requiring change. There was a strong impetus to conclude a deal quickly so that increased borrowing capacity could be implemented next year. I also judged it likely that UK Ministers would become less engaged as a UK general election nears, and with that the opportunity to reach agreement might recede.

Although the process surrounding the review of the framework was narrower than previously envisioned, when the opportunity arose to secure: i) the Indexed Per Capita methodology as the basis for calculating Block Grant Adjustments; ii) increased borrowing & reserve capacity; and iii) indexation of borrowing and reserve thresholds to inflation, I judged it was right to reach agreement and 'lock-in' these improvements.

I look forward to meeting with the Committee on 3 October as part of the pre-Budget scrutiny process and answering any questions that members may have. I would also be happy to attend your Committee on 21 November to discuss the Fiscal Framework Review in more detail.

I trust that the Committee will support a Scottish Budget date of 19 December to enable the necessary preparatory work to commence.

I have copied this letter to the Scottish Fiscal Commission for information.

Yours sincerely,

SHONA ROBISON

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