

Finance and Public Administration Committee

13th Meeting, 2025 (Session 6), Tuesday 22 April 2025

The Budget process in practice

Introduction

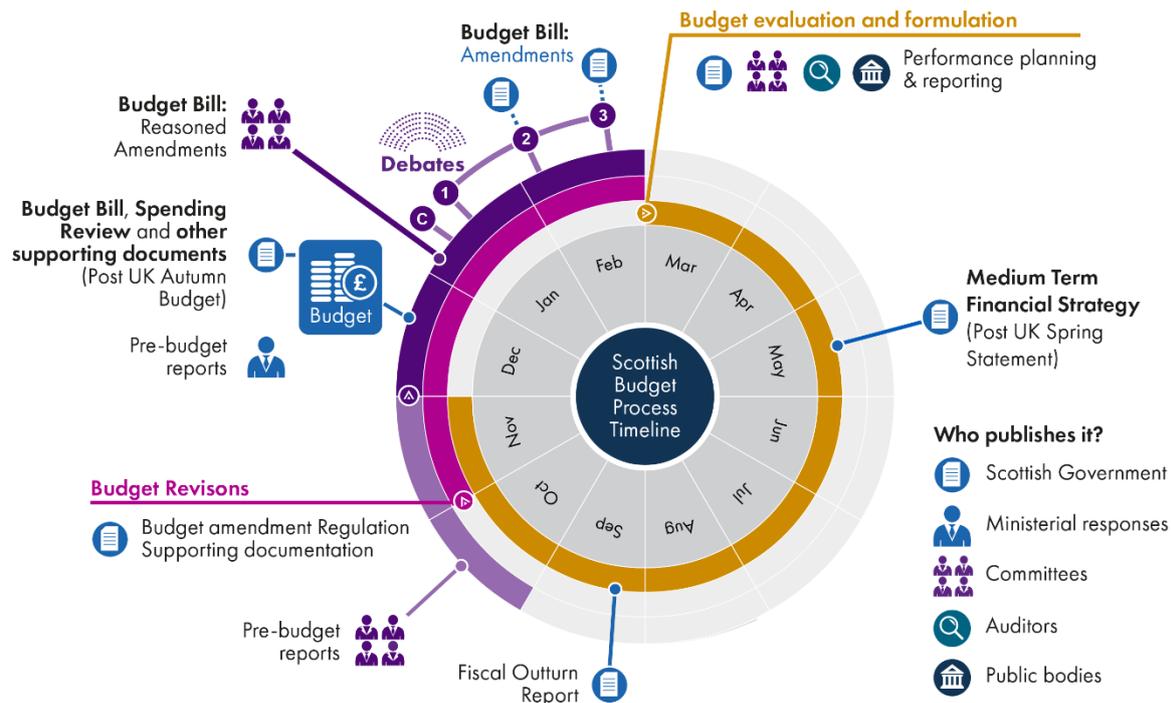
This paper set out how key aspects of the budget process have operated in practice this session.

Background

The [Budget Process Review Group \(BPRG\) published its final report in June 2017](#). It made a number of recommendations as to [how the Budget process should be changed](#) in light of new powers devolved to the Scottish Parliament in Scotland Act 2016.

On Tuesday 8 May 2018, the Scottish Parliament voted to accept a new Written Agreement between the Finance and Constitution Committee and the Scottish Government, setting out the administrative arrangements for the annual budget process and other related budgetary matters. The [Written Agreement was updated at the start of session 6](#), but “is based on the agreement between the Session 5 Finance and Constitution Committee and the Scottish Government as revised following the recommendations of the Budget Process Review Group.”

The Budget process timeline is visualised in the following chart, which sets out key publications and stages by calendar month.



Scottish Government publications to support the process

A key recommendation of the BPRG was a move to “year-round” budget scrutiny, underpinned by two key strategic documents published by the Scottish Government to inform Parliament’s pre-budget scrutiny of the Government’s budget. The first of these was the Medium-Term Financial Strategy (MTFS) (to be published annually, normally in May) and the Fiscal Framework Outturn Report (FFOR) to be published annually in September/October.

The purpose of having a pre-budget scrutiny phase was to allow Parliament, parliamentary committees and stakeholders the opportunity to influence government thinking on the budget and budgetary priorities prior to the government formally introducing its budget (usually) around December.

Since the new process came into place in 2018, the publication timings of the MTFS and the Budget have not always followed the envisaged timing, usually due to external “events”. The FFOR has, however, been published each year as planned in late September/early October. The table below sets out the timings of the MTFS and Scottish Government budget publication by budget year.

Timings of MTFS and Budget³ introduction by Budget year

Year	Document	Expected publication month	Actual publication date	Stated reason for delay/non-publication
2018	MTFS Budget 2019-20	May 2018 December 2018	31 May 2018 12 December 2018	n/a n/a
2019	MTFS Budget 2020-21	May 2019 December 2019	30 May 2019 6 February 2020	n/a UK election in December 2019
2020	MTFS Budget 2021-22	May 2020 December 2020	28 January 2021 28 January 2021	Pandemic and Brexit transition – MTFS and Budget published same day.
2021	MTFS Budget 2022-23	May 2021 December 2021	9 December 2021 9 December 2021	Scottish election n/a
2022	MTFS Budget 2023-24	May 2022 December 2022	31 May 2022 15 December 2022	n/a n/a
.2023	MTFS Budget 2024-25	May 2023 December 2023	25 May 2023 19 December 2023	n/a slightly later due to later Autumn Statement
2024	MTFS Budget 2025-26	May 2024 December 2024	Not published 4 December 2024	UK election n/a

As can be seen in the above table, in the seven years since the year-round budget process has been in operation, there have been 2 occasions (2020 and 2021) when the MTFS has not been published in May and 1 occasion (2024) when it has not been published at all. The Budget itself has been delayed on 3 occasions in 2019, 2020 and 2023, which truncated the time available for Parliamentary scrutiny of Government spending plans.

Later budget publication dates eat into the time available for scrutiny as the Budget must be passed and given Royal Assent in advance of the financial year beginning in April.

Scrutiny of multi-year plans has also been a challenge during this session. Not only because of delays to MTFS publications, but also because of the UK government only providing single year block grant allocations.

There has only been one Scottish [Spending Review published since the change to the Budget process was introduced. That was in 2022](#), and only involved plans for Resource spending. The 2022 Resource Spending Review itself was the first multi-year resource spending review since 2011. On the Capital budget side of the spending equation, as Committee has noted, there have been numerous delays to

³ The Budget document referred to in this table is the Government's main budget document. This is the document that sets out the full tax and spending proposals of government and is different to the Budget Bill itself. This document will normally be published the week before the introduction of the Budget Bill.

Scottish Government publishing infrastructure plans. This has left something of a parliamentary scrutiny gap of government capital plans.

The BPRG intended the publication of the MTFS to provide a hook for the pre-budget parliamentary scrutiny of not just the Finance Committee, but all subject committees. However, there have also been questions raised around the usefulness of the MTFS as a tool for committee scrutiny. The first MTFS document provided useful details around priorities by portfolio areas, but less detail has been provided in subsequent documents. For example, the most recent MTFS, published in 2023, contained lots of information on the scale of the challenges facing the public finances in the coming years, and a general approach to setting budget priorities, but specific details of how the Scottish Government intended to take on these challenges were missing.

The call for views by this Committee for its Budget process inquiry asked about the MTFS and its efficacy. Whilst there was widespread support in submissions received for the principle of the Scottish Government publishing medium term financial plans, there was scepticism about whether the actual publications have supported scrutiny and a more strategic government approach to financial planning. Submissions questioned the details provided by government on how it intended to address medium term fiscal challenges.

For example, Audit Scotland's submission noted that "the full year budget process relies on a robust MTFS to support parliamentary pre-budget scrutiny. [...] In the absence of this, or in a context when the figures included no longer reflect the current fiscal environment, the focus on the process is the scrutiny of the draft budget and Budget Bill. This puts pressure on the ability of the Parliament to scrutinise the budget over the course of a three month budget process".

Committee budget scrutiny

As mentioned above, the year-round scrutiny process gives all committees the opportunity to feed in views to the Scottish Government ahead of it bringing forward "draft" proposals (usually in December). SPICe has started to [track the approaches of various committees in recent years](#). When the "new" process started in 2018, 10 Committees undertook pre-budget scrutiny and in subsequent years the number of Committees undertaking budget scrutiny has generally been around 11 or 12. The number of recommendations has fluctuated over that time, but the broad themes identified within Committee reports include requests for greater transparency and strategic clarity from the Government as well as topical issues like cost of living and inflation within each committee remit. There has also been a trend in recent times for stronger language in recommendations, for example, the FPAC's recent conclusion that:

"The Committee is deeply concerned about the Scottish Government's lack of strategic approach to managing Scotland's public finances. There is little evidence that medium- and long-term financial planning is taking place, and year-on-year budgeting has also become challenging, with significant emergency controls being required in each of the last three years. While we recognise that devolved administrations have fewer flexibilities to deal with

‘shocks’, many of the issues impacting the 2024-25 Budget – such as higher than anticipated pay settlements, the council tax freeze, and increasing social security payments – could have been foreseen and mitigated when the Budget for 2024-25 was set last December.”

The Equalities, Human Rights and Civil Justice Committee also recently noted that “at this point, we are of the view that the Scottish Government does not show comprehensively how evidence is considered in decision making and that this information is not released at a point to allow meaningful participation and scrutiny before decisions are made.”

SPICe analysis also shows that there are few committee recommendations requesting more money for specific areas, probably due to a reluctance to suggest where the corresponding reductions required might fall.

The format and style of committee outputs varies. Most committee recommendations are aimed at the Scottish Government, but some are aimed at public bodies. More Committees are opting to send letters to the Government rather than full reports. The pre-budget phase culminates in a Chamber debate ahead of Stage 1 of the Budget Bill when committees (often via Conveners) are able to articulate key committee priorities and comment on the adequacy of Scottish Government responses to pre-budget reports. In [this year’s debate held on 30 January 2025](#), 12 Committees were represented, with 11 conveners speaking.

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Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area. The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot