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Kenneth Gibson MSP
Convener
Finance and Public
Administration Committee
The Scottish Parliament
Edinburgh
EH99 1SP

22 August 2025

Dear Kenneth,

Review of the Fiscal Framework – scope, and; 2023-24 income tax reconciliation

I am writing to provide an update on discussions with the UK Government regarding the next review of Scotland's Fiscal Framework and to inform the Committee of the 2023-24 final income tax reconciliation.

Fiscal Framework Review - Scope

The Scottish Government's position is that the next review of the Fiscal Framework should be broader in scope than the last. I recognise that the Committee takes the same view with regards to the breadth of scope.

I asked the UK Government to consider commencing a broad review of the fiscal framework earlier than 2028 (which the Fiscal Framework implies is the target date for the next review). I asked for earlier commencement on the basis that an earlier review would mitigate the risk of the process being interrupted or curtailed by activities in advance of the next UK General Election. I also want to ensure that any factors that may be detrimental to Scotland's position in the current arrangements do not persist any longer than absolutely necessary.

Following discussion with the Chief Secretary to the Treasury we have asked HM Treasury and Scottish government officials to begin preliminary work on the scope for the next review of the Fiscal Framework in the coming months.

I will welcome views from the Committee on what it views to be the priority topics for consideration as part of the next review. I will be in touch in due course seeking such views when it has been determined what format stakeholder engagement will take on this preliminary scoping work.

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2023-24 income tax reconciliation

I wrote to you on 10 July, informing you that the provisional reconciliation for 2023-24 income tax was positive £387 million. I noted that the reconciliation was provisional due to the intended revisions to mid-2023 population estimates by the Office for National Statistics (ONS) for England and Wales, and by the National Records of Scotland (NRS) for Scotland. These revisions have now been published – on 30th July by ONS and 14th August by NRS.

The calculation for the 2023-24 income tax reconciliation has been updated to account for these population updates and I can confirm that the final 2023-24 income tax reconciliation, which will be applied to the Scottish Budget 2026-27, is positive £406 million. Further details can be found in [this statement](#), published jointly between the Scottish and UK governments.

I hope you have found this update helpful.

Yours sincerely,

SHONA ROBISON

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