

Deputy First Minister and Cabinet Secretary for Finance
and Local Government
Leas-Phrìomh Mhinistear agus Rùnaire a' Chaibineit
airson Ionmhas agus Riaghaltas Ionadail
Jenny Gilruth MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: scottish.ministers@gov.scot

Clare Haughey MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
EH99 1SP
By email: fpa.committee@parliament.scot

30 September 2026

Dear Convenor,

I am writing to provide an update on important developments ahead of my appearance at Committee on 30 September.

Fiscal Statement and Fiscal Sustainability Delivery Plan

As you know, the Scottish Government is currently preparing the Budget against an extremely challenging fiscal backdrop. At the start of this Parliamentary session our focus has been on setting out a clear Programme for the next five years and the priorities that our funding will need to deliver.

The Scottish Fiscal Commission's Fiscal Update at the end of August provides an important evidence base for our shared understanding of the economic and fiscal context ahead of the Budget. From this, Parliament will be well aware that the Scottish Government is entering the 2027-28 Budget process facing a combination of pressures and challenges.

I will set out the key fiscal challenges facing the Scottish Budget in more detail at my appearance before the Committee on 30 September, and the parliamentary debate on the asks of the UK Government Budget, on the first of October.

I also recognise the Committee's interest in ensuring transparency of the progress made towards addressing the fiscal gap set out in the 2025 Medium-Term Financial Strategy, including the contribution of efficiencies and reform. I am currently considering the supporting publications that will accompany the 2027-28 Budget and will consider the Committee's suggestions as I finalise decisions on this.

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Fiscal Framework Outturn Report and Scotland Act Implementation Report

I am pleased to advise that the ninth annual [Fiscal Framework Outturn Report](#) and the tenth annual [Scotland Act Implementation Report](#) were published today (accessible via these web links) and have been laid in Parliament.

The Fiscal Framework Outturn Report contains information on outturn and reconciliations and is produced in accordance with the Written Agreement between the Scottish Government and Scottish Parliament, with the intention of supporting pre-Budget scrutiny.

The Scotland Act Implementation Report outlines the work that has been conducted in relation to the implementation of fiscal provisions set out in the Scotland Act 2016 across the 2025-26 financial year. The UK Government will also lay its version of the report in the Scottish and UK Parliaments today.

Finance: Interministerial Standing Committee

I am also pleased to advise that I attended a meeting of the Finance: Interministerial Standing Committee (F:ISC) in Cardiff on Thursday 17 September. The meeting was chaired by Rt Hon Elin Jones MS, Cabinet Minister for Finance in the Welsh Government, with the Chief Secretary to the Treasury, Rt Hon Emma Reynolds MP, and John O'Dowd MLA, Minister of Finance in the Northern Ireland Executive, in attendance.

This was the first meeting of F:ISC for Ms Jones, Ms Reynolds and myself, and provided a useful forum for discussion between the devolved governments and HM Treasury.

We discussed the latest economic outlook in the context of the conflict in the Middle East and wider cost of living concerns. I highlighted our recently published Programme for Government, particularly the measures aimed at tackling child poverty and supporting those struggling with rising costs, and pressed the Chief Secretary to the Treasury on what further action the UK Government intends to take.

Ahead of the UK's Autumn Budget, I emphasised our priorities for Scotland, highlighting the forecast real-terms reduction in our block grant funding and the need to reverse this. I also called on the UK Government to address its damaging policies that continue to drive people into poverty and which the Scottish Government is spending money to mitigate, including the bedroom tax, the benefit cap, and the young parent penalty in Universal Credit. I also called for the freeze on Local Housing Allowance rates. I further highlighted the need for the Energy Profits Levy to be replaced with a fairer system, and support for the clean energy transition.

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I attach the [agreed communique from the meeting](#) for your awareness, which provides an overview of the matters discussed.

I trust that the Committee will find this information helpful. Please let me know if you require any further information ahead of Wednesday's evidence session.

Yours sincerely,



JENNY GILRUTH

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