

Budget Process 2027-28: Guidance for Committees

Purpose

1. This Guidance aims to support parliamentary committees in relation to their scrutiny of the Scottish Government's Budget 2027-28. It should be read in conjunction with the [SPICe Guide to the Scottish budget process](#), which provides further background on the process itself.
2. The Finance and Public Administration (FPA) Committee updates this Guidance annually and keeps its contents under review to ensure it remains responsive to Committees' needs.¹ Should your Committee have any feedback on other content that may be useful to include in future iterations please contact the clerks at fpa.committee@parliament.scot.

Process

3. The budget process, as recommended by the [Budget Process Review Group \(BPRG\) in its 2017 report](#), is centred around four core objectives:
 - to have greater influence on the formulation of the Scottish Government's budget proposals,
 - to improve transparency and raise public understanding and awareness of the budget,
 - to respond effectively to new fiscal and wider policy challenges, and
 - to lead to better outputs and outcomes, as measured against benchmarks and stated objectives.
4. The process involves taking a strategic year-round approach to budget scrutiny, allowing parliamentary committees to build up an evidence base over time on the impact of spending in their portfolio areas. This approach enables committees to spread their work on budget scrutiny more evenly throughout the year, as part of their existing work programmes, and ensures more meaningful and informed scrutiny.
5. Crucially, this process allows committees to have real influence on the spending proposals in the Scottish Budget, with committees reporting their views on what it should contain (including priorities and reprioritisation) as it's being developed by the Scottish Government, rather than once it's published.
6. **While many committees use the Scottish Government's Medium-Term Financial Strategy (MTFS) published in late May/June as a prompt to begin their pre-budget scrutiny, committees can begin their pre-budget scrutiny at any time under the year-round process.**

¹ In its [Scottish Budget Process in Practice report](#) (June 2025), the Committee welcomed the positive evidence received about the Guidance for committees on the budget process and therefore made no recommendations for substantive changes.

Scrutiny approaches

7. Committees are, of course, free to adopt approaches to pre-budget scrutiny that suit their work programmes and working practices, taking account of the BPRG report, this guidance, and other background documents including SPICe briefings. The BPRG report recommends that committees, in their final reports/letters, include views on the delivery and funding of existing policy priorities, any proposed changes and how these should be funded, and the impact of spending on the delivery of outcomes.
8. The Session 6 Standards, Procedures and Public Appointments Committee, in its [report 'Strengthening committees' effectiveness'](#) noted that it “heard evidence about the importance of committees taking the time to evaluate their performance and, in particular, to systematically assess the extent to which recommendations in their reports have been implemented.”
9. The budget process presents an opportunity for committees to consider the impact of their scrutiny throughout Session 7, through tracking the implementation of recommendations and whether progress is being made against priority areas.
- 10. Possible considerations for committees to examine when deciding on their respective approaches to pre-budget scrutiny are included towards the end of this Guidance.**

Pre-budget reports, responses and debate

11. Committees are expected to report their findings to their respective Ministers by letter or report, at least six weeks before the Scottish Budget is published. Assuming an early to mid-December publication date for the Scottish Budget, pre-budget letters and reports should be published towards the end of October 2026. There is no requirement for pre-budget letters/reports to be copied to the FPA Committee.
12. The Scottish Government thereafter includes within its Budget document (usually published in December) a summary of how parliamentary committees have influenced the formulation of the Budget. Ministers provide a more detailed response to individual committees within five sitting days of the Budget being published. Each committee then has an opportunity to invite oral evidence from their respective Ministers on the detailed response received.
13. The Scottish Parliament’s Standing Orders (Rule 5.8) requires the Parliamentary Bureau to schedule time for committee pre-budget reports to be debated. This takes place before the Stage 1 debate on the Budget Bill. The Session 6 Committee recommended that different structures and formats for this debate be piloted² and in January 2026 efforts were made to ensure the debate was more joined-up, to support a discussion of common themes and more time for interventions. To support this approach, SPICe has in recent

² Inquiry report on the Scottish Budget Process in Practice.

years produced briefings identifying common themes across the committees which clerks have then reflected in Convener speaking notes.

14. **The FPA Committee will continue to engage with other committees on further improvements to the format and structure of the pre-budget debate.**
15. Other than the FPA Committee, which scrutinises the Bill at Stage 2, there is no formal role for other committees beyond Stage 1.

First Minister's priorities

16. The First Minister, on being elected in May 2024, set out his four strategic priorities for the Scottish Government:
 - growing the economy,
 - eradicating child poverty,
 - tackling the climate emergency, and
 - ensuring high quality and sustainable public services.
17. On being nominated as First Minister in May 2026, Mr Swinney outlined his ambitions to tackle the cost of living, improve the NHS and grow the economy to create opportunity across Scotland.³
18. **The Scottish Government usually announces its Programme for Government in early September when committees can expect more detailed information on its priorities to inform their pre-budget scrutiny.**

Key financial documents

19. This section of the guidance signposts committees to key financial documents that can inform their pre-budget scrutiny. Many of these documents were published prior to the election however remain relevant in setting out a picture of Scotland's public finances.
20. Audit Scotland's performance reports, public body reports and Scottish Government strategies and plans relevant to your committees' remits may also be of interest, should committees wish to build up a fuller picture of how areas of their portfolios are performing against objectives.

Public service reform strategy (June 2025)

21. The [Scottish Government's first public service reform strategy](#) published in June 2025 builds on the key principles of reform developed in response to the Christie Commission: prevention, place, partnership, people and performance. The Strategy is based around the three pillars of prevention, joined up services, and efficient services and aims to identify barriers to reform and "set out practical actions to overcome those barriers".

³ [Parliament nominates John Swinney as First Minister - gov.scot](#)

22. The Strategy contains 15 workstreams, ranging from leadership and cultural change, ensuring the right delivery landscape, and data sharing and data usage. The Scottish Government has confirmed in relation to workstream 6 on preventative budgeting, that—

“The preventative spend budget tagging approach is currently being developed as part of a pilot process across Scottish Government portfolios and wider public sector partners. The pilot process is expected to conclude in Q2 2026, after which a methodology will be agreed with partners that can be used as part of a wider approach across the full Scottish Budget. In piloting this approach, we will consider where possible available evaluation evidence that can be used to support the classification of preventative activities.”

23. The Scottish Spending Review and Fiscal Sustainability Delivery Plan published in January 2026 (see below) set out more details of specific efficiencies and reforms affecting the public sector, including in relation to workforce reductions.
24. The Scottish Government currently provides six-monthly updates on progress in delivering its public service reform to the FPA Committee. Relevant committees will be advised once a timescale for the new update has been confirmed.

Medium-Term Financial Strategy and Fiscal Sustainability Delivery Plan (June 2025)

25. The Scottish Government’s Medium-Term Financial Strategy (MTFS) sets out its expectations and broad financial plans and projections for at least five years ahead on a rolling basis. The MTFS is informed by the Scottish Fiscal Commission’s (SFC’s) Economic and Fiscal Forecasts, which are usually published at the same time, in May/June each year. Both documents are intended to inform committees’ pre-budget scrutiny.
26. However, due to the Scottish Parliamentary election, the MTFS and SFC Forecasts are not being published before summer recess as normal. **The FPA Committee and the Scottish Government will begin discussions shortly on a potential publication date for the 2026 MTFS.**
27. In the meantime, committees may wish to refer to the [latest MTFS](#) and related [FSDP](#), published in June 2025.
28. The MTFS states that “the fiscal and economic environment poses considerable challenges to Scotland’s public finances”.² It goes on to say that:

“Day-to-day government spending [...] continues to face pressures from growing demand for public services and the cost of achieving statutory net zero and child poverty targets. The devolved public sector wage bill is also a significant driver of projected costs, recognising the proportionately larger

and better paid public sector in Scotland. This is due to investment that Scottish Government has made in our workforces over many years, however, the wage bill needs to be more sustainable going forward. Spending pressures in health and social care are particularly acute. Measures to achieve efficiency savings and reforms [...] will be essential to constrain this growth in spending to affordable levels while protecting the public services and social security this Government provides.”

29. According to the MTFS, by 2029-30 the capital fiscal gap is expected to be £2.146 billion, and the resource fiscal gap to be £2.624 billion (a cumulative gap of £4.77 billion). The MTFS further commits to making significant savings through reductions to the public sector workforce, and public service reforms and efficiencies. The Institute for Government has warned that “the Scottish Government faces a fiscal reckoning – with spending cuts or tax rises on the way”. It goes on to say that “with five years ahead and a particularly tricky budget looming for 2027–28, new ministers should waste no time in identifying their most important priorities – and putting in place a strategy to deliver them”.⁴
30. The FSDP brings together “the key actions the Scottish Government is taking to deliver the fiscal strategy over the next five years, from now until financial year 2029-2030”.⁵ This includes reducing the public sector workforce by an average of 0.5% per year until 2030 through reforms to public services set out in its public service reform strategy (June 2025), through natural attrition and recruitment controls. The FSDP indicates that frontline services will remain protected as this is taken forward.⁶
31. One of the key actions identified in the FSDP is ‘controlling the public sector paybill’. This is particularly important as public sector pay accounts for [55 per cent of the entire resource budget in 2025-26](#). In late 2024 the Scottish Government set a multi-year pay framework covering 2025-26 to 2027-28. This envisaged a maximum of 9% increase in public sector pay over this period, with flexibility for employers to agree the profile of annual awards. A [SPICe blog in December 2025 noted that recent pay awards have not met with the expectations of the multi-year framework](#), and that the risk of inflation protection clauses being triggered means pay is likely to increase further.
32. Updates on progress in delivering the actions set out in the FSDP are to be provided on an annual basis, as part of the MTFS.
33. Detailed information on the June 2025 MTFS and FSDP can be found in the SPICe briefing: [Balancing the Scottish budget: the challenges ahead](#)

Scottish Spending Review, January 2026

⁴ [The Scottish Government faces a fiscal reckoning – with spending cuts or tax rises on the way | Institute for Fiscal Studies](#) (27 May 2026)

⁵ The FSDP covers the same five-year period as the MTFS.

⁶ [Fiscal Sustainability Delivery Plan](#).

34. The [SSR](#) (SSR) published alongside the Scottish Budget 2026-27 in January 2026 sets out the Scottish Government's indicative spending plans up to 2028-29 for resource, and up to 2029-30 for capital. This is the first full spending review in Scotland since 2011.
35. In her foreword to the SSR, the then Cabinet Secretary for Finance stated that—

“With continued focus on our key priorities and the commitments set out in the Programme for Government, the SSR delivers cumulative real terms resource spending growth of 2.8% up to 2028-29. While Scotland's capital funding will reduce in real terms by 0.3% by 2029-30, as a result of UK Government decisions, we are nevertheless using all funding levers at our disposal to sustain an impactful capital programme.”
36. The SSR included portfolio efficiency and reform plans setting out actions “to deliver cumulative, recurring savings of £1.5 billion over the [three-year] spending review period”. The plans cover workforce savings, efficiencies in corporate functions and wider service reforms. SPICe has suggested that the health and social care portfolio is “expected to do the heavy lifting in terms of savings plans”.⁷ Annual savings plans range from £384 million for health and social care in 2026-27 to £1 million for the Crown Office and Procurator Fiscal Service in the same period.
37. Annex A of the SSR also includes a Summary of Portfolio Spending Plans. The document notes that these plans “are focused on delivering our priority outcomes for the people of Scotland [... and] it represents an important step forward in progressing our work on fiscal sustainability and providing a funding framework for our partner organisations to plan effectively and strategically”.
38. The SSR states that while the review is based on robust funding assumptions, “plans should be viewed as indicative and subject to substantial change”, given the wider risks and uncertainties set out in the MTFS. **However, the spending assumptions in the SSR may provide committees with an indication of the direction of travel for spending in their portfolio areas over the medium term to inform their pre-budget scrutiny.**
39. Further information on the SSR can be found in the [SPICe briefing on the Scottish Budget 2026-27](#).

Infrastructure Delivery Pipeline 2026 and Consultation on Infrastructure Strategy 2027-2037

40. The Scottish Government's [Infrastructure Delivery Pipeline 2026](#) was published on 13 January 2026 alongside the Scottish Budget 2026-27 and the SSR 2026. According to the Scottish Government, “this new IDP gives the construction sector and the public clarity on the major projects and programmes we will be investing in over the next four years”.

⁷ [Key Issues for Session 7](#)

41. The IDP sets out the infrastructure projects and programmes the Scottish Government plans to fund over the next four financial years, “underpinned by over £30 billion of capital funding set out in the SSR”. It includes “specific investment plans totalling £11.1bn, as well as our plans to develop new revenue-financed programmes of investment”.
42. The IDP contains “projects over £5 million and programmes over £20 million” and a Future Pipeline setting out projects that are being explored to determine if there is a case for investment. The Scottish Government expects that “more projects will move into the Pipeline as business cases are approved over the Spending Review period”.
43. Planned investments in the IDP include—
 - supporting the delivery of 36,000 affordable homes, • targeted investment across the NHS estate, aimed at improving resilience and enabling modernisation of both property and services,
 - £1.2 billion in renewing Scotland’s rail fleet and ferry vessels and associated enabling works,
 - progressing work to dual the A9 between Perth and Inverness, • supporting justice and prisoner welfare through investing over £700 million in HMP Glasgow and HMP Highland,
 - investing in Scotland’s natural infrastructure, with nearly £300 million in peatland restoration and woodland creation, and
 - investing £519m to deliver rail electrification in Fife and the Borders over the course of the Spending Review period.
44. **The above planned investments and further detail and costings provided [in this accompanying excel spreadsheet](#) may be of interest to committees should they wish to examine planned capital spending in their portfolio areas as part of pre-budget scrutiny.**
45. Alongside the IDP, the Scottish Government launched a [Consultation on a 10-year Infrastructure Strategy 2027-2037](#) “to guide infrastructure planning, investment, and delivery across Scotland”.
46. The draft Strategy’s vision is that “our infrastructure supports resilience, net zero and inclusive growth”, with the three enablers of public assets, private investment and place-making. The consultation document states that “the draft Strategy is intended as a consultation document and therefore focuses on high level priorities and principles rather than detailed portfolio plans”. However, the final iteration of the Strategy “will provide greater detail on public assets, sector specific investment priorities, and portfolio level strategies to guide implementation”.
47. The consultation closed in early May 2026, with the final Strategy due to be published in the Autumn 2026.

48. Further details of the Pipeline and the consultation can be found in this March 2026 [SPICe briefing](#).

Scottish Fiscal Commission – fiscal sustainability reports and papers

49. In addition to producing its Economic and Fiscal Forecasts twice a year, the Scottish Fiscal Commission (SFC) also publishes fiscal sustainability reports and papers looking ahead 50 years, which can provide committees with a broader longer-term context for their pre-budget scrutiny. Issues covered include climate change and demographic challenges.
50. On demographic trends, the SFC highlighted that “the Scottish Government will face significant challenges funding devolved public services in the future, particularly over the next twenty-five years [...] because the population in Scotland will age earlier than in the rest of the UK”. This could lead to more spending pressures on certain areas of the Scottish Budget like health and social care, while less on schools and early learning and childcare if there is less demand.⁸
51. On climate change, the SFC argued that “Governments will ... need to encourage private investment in mitigation by using taxation and regulation as levers for change”, noting that while the Scottish Government has fewer levers overall than the UK Government to reduce emissions, it does have the ability to introduce some environmental taxes which can effect behavioural change. It further recommends data improvements to inform its future work on fiscal sustainability and to improve transparency and accountability.⁹
52. Its latest briefing [Fiscal Sustainability Perspectives: what Scotland’s finances mean for the next parliament – February 2026](#) may be of particular interest to committees. It suggests that the Scottish Government will face difficult choices in managing a wide range of structural and policy pressures affecting Scotland’s public finances this parliamentary session—
- Structural issues include the impact of an ageing population on the public finances, an increase in the rates of disability across the whole of the UK and ongoing slow growth in living standards.
 - Policy issues include the cost of responding to climate change and meeting child poverty targets.³
53. The SFC further notes that “alongside financial pressures, there is some evidence that Scottish public services – such as the NHS and local government services – are performing less well than they did before the pandemic”.
54. The SFC publishes an annual Fiscal Update towards the end of August each year which considers the implications for the Scottish Government’s fiscal outlook of new information that becomes available since its last Economic and Fiscal Forecasts (published in January 2026) and looks ahead to upcoming

⁸ [Fiscal Sustainability Report - Corrected Summary - December 2025](#)

⁹ [Fiscal Sustainability Perspectives: Climate Change | Scottish Fiscal Commission](#)

fiscal events. **The SFC's next Fiscal Update is due to be published on 25 August 2026 which committees are encouraged to look out for, to provide the latest fiscal outlook before taking evidence on pre-budget scrutiny in September/October 2026.**

National Performance Framework: national outcomes

55. According to the Scottish Government, the National Performance Framework (NPF), introduced in 2007, “describes our ambitions, providing a vision for national wellbeing across a range of economic, social and environmental factors”. It sets out the “strategic outcomes which collectively describe the kind of Scotland in which people would like to live and guides the decisions and actions of national and local government”. The 2007 NPF is centred around 11 national outcomes, which are measured for progress against 81 national indicators.
56. The BPRG recommended that the NPF “is used more widely by Parliament and its committees in evaluating the impact of previous budgets” and in particular that subject committees should revisit budget documents and assess the extent to which previous spending plans are delivering the national outcomes”.
57. Following a statutory review of the national outcomes in 2024, in which several committees were involved, the Deputy First Minister announced that a comprehensive review would be carried out of the NPF.¹⁰ The Scottish Government published an engagement document in February 2026 setting out “a refreshed model and refocussed vision for the future of the NPF”.
58. The expectation is that the reformed NPF will be the subject of a debate in Parliament after summer recess “to help cement its role in how we do government and public service reform”. Committees may therefore wish to keep an eye on developments with the NPF to inform future pre-budget scrutiny.¹¹

Financial transparency

59. One of the BPRG's core objectives for the budget process is to improve transparency. The Session 6 FPA Committee secured a number of key improvements to the transparency of budgetary information and financial transparency has also been a key focus of other committees' pre-budget scrutiny.
60. The Scottish Government is, for example, now publishing analysis by Classification of Functions of Government (COFOG) alongside the Scottish Budget, an internationally approved and consistent way of identifying spending under set definitions, for example, health, education, housing, economy, etc. This information provides parliamentary committees with improved transparency in terms of budget information by area of government rather than

¹⁰ On 8 January 2025.

¹¹ [Letter from the Deputy First Minister and Cabinet Secretary for Economy and Gaelic to the Convener of 16 February 2026](#)

by Ministerial portfolios, which often change at the start of, and at times also during, a parliamentary session.

61. The Scottish Government is also now publishing in the Scottish Budget document details of its budgetary proposals alongside actual spending in the current year up to the Autumn Budget Revision, providing more accurate comparisons.
62. The Session 6FPA Committee had called for all routine transfers to be reflected in the Budget for greater transparency and while the Scottish Government has made significant progress in this area, some routine transfers remain as in-year changes.

Possible approaches for pre-budget scrutiny

63. As noted above, it is for committees to decide their respective approaches to pre-budget scrutiny, taking account of their own work programmes and work priorities. Possible approaches below are therefore only options for consideration.

Selecting specific area/s of scrutiny

The FPA Committee recognises that it is not possible for committees to undertake detailed budget scrutiny in every area within their remits. In fact, we want to ensure that committees have maximum flexibility in their approach to budget scrutiny. Committees may for example prefer to agree a particular focus each year, either on a specific policy area, or indeed budget areas that have seen significant changes.

Where additional spend should come from

The FPA Committee has traditionally taken the approach of asking witnesses when they propose additional spend in certain areas, to also say from which budget lines or tax increases these funds should come from. Other committees may be interested in taking a similar approach, particularly given the significant constraints on Scotland's public finances.

Economic fiscal constraints

Given the economic and fiscal context, one option would be for committees to concentrate their pre-budget 2027-28 scrutiny on where the Scottish Government should allocate its spending to make most impact in delivering its priorities in the short- and medium-term.

Inflationary pressures

The recent rise in energy prices due to the Iran conflict is expected to lead to higher inflation in the UK.⁵ Inflation is now expected to be around 1.4 percentage points higher during 2026 than prior to the conflict.¹² While inflationary pressures can have a detrimental effect on the cost of living, they can also conversely lead to improved public sector pay deals, higher earnings and increased income tax revenue.

One option would be for committees to consider the extent to which inflationary pressures are impacting the Scottish Government's delivery of its priorities in relevant portfolios and the actions the Scottish Government is taking in response.

Public service reform

Drawing on the Scottish Spending Review, Fiscal Sustainability Delivery Plan and Public Service Reform Strategy, some committees may wish to examine the extent to which the reform plans in their portfolios are achievable within the timescales proposed. They could also look at the potential impact of these reforms on the delivery of services with their portfolios and how outcomes will be measured.

Longer-term structural and policy challenges

Another option would be for committees to consider the structural issues affecting Scotland's public finances relevant to their portfolios, including the impact of an ageing population, an increase in disability rates, and ongoing slow growth in living standards. Or alternatively, they could look at the policy issues which are expected to require significant resources to address, including responding to climate change and child poverty.

Medium-term assumptions

An option would be for committees to establish the extent to which the Scottish Government's medium-term assumptions within their portfolios take account of domestic and international risks and uncertainties.

¹² [Monetary Policy Report - April 2026 | Bank of England](#)

Tackling inequalities

Committees may wish to explore in more detail the adequacy of spending allocated to delivering the Scottish Government's priorities relating to tackling inequalities, including potential impacts on particular groups of society.

Transparency

Committees may wish to build in questions to their budget scrutiny around the ability to track funding and spending, to hold the Scottish Government to account on its commitments around transparency and to explore whether fiscal transparency has improved from previous Budget documentation. SPICe is also able to help support committees to start asking the Scottish Government questions about comparative COFOG and other information, as part of their budget scrutiny.

Scottish Government responses

Committees are encouraged to take a view on whether they are content with how the Scottish Government has responded to their pre-budget letter or report, based on the Budget document, the formal Ministerial response, and any oral evidence with the relevant Cabinet Secretary/Minister.

If any committee is unhappy with how the Scottish Government has responded, it has the option of proposing alternative revenue and spending proposals by lodging a reasoned amendment to the Scottish Government motion on the general principles of the Bill (Stage 1).

Ongoing support

64. Committees may also wish to consult the [SPICe briefing on Key Issues for Session 7](#), published in May 2026 when considering potential issues for pre-budget scrutiny.
65. FPA Committee Clerks and SPICe colleagues are happy to work with committee teams in helping to shape approaches that best suit individual committee priorities.

Finance and Public Administration Committee
June 2026