



The Scottish Parliament  
Pàrlamaid na h-Alba

**Finance Committee**

Derek Mackay MSP

Cabinet Secretary for Finance and  
the Constitution (by e-mail)

Room T3.60  
The Scottish Parliament  
EDINBURGH  
EH99 1SP

Direct Tel: (0131) 348 5215

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Dear Derek,

**Draft Budget 2017/18 Timetable**

Thank you for your letters dated 23 June, 1 and 16 September in relation to the timetable for the budget process for Draft Budget 2017/18. The Committee notes that your letter dated 23 June was issued prior to the outcome of the EU referendum. The Committee does not consider that the reasons as set out in that letter would have been sufficient to justify delaying the publication of the draft budget until after the UK Autumn Statement. However, the resulting economic and fiscal uncertainty arising from the Brexit vote means that there is now an arguable case for delaying the publication of the draft budget until then.

The Committee recognises that the Scottish Government faces a significant challenge in preparing a draft budget, including proposals for the new income tax powers, while there is so much potential volatility arising from Brexit. As the recent Fraser of Allander Institute (FAI) report on Scotland's Budget pointed out, delivering these new powers in normal times would be challenging enough but "they are being delivered at a time of significant fiscal challenge and economic uncertainty."<sup>1</sup>

The FAI report includes a number of hypothetical scenarios for the resource block grant arising from the Autumn Statement. If the UK Government announces on 23 November further cuts to departmental spending relative to what it set out in March, the Scottish block grant will bear the consequential effects. One of the report's scenarios is for a further cut to the resource block grant of around £200m for 2017/18. Given spending commitments that the Scottish Government has already made, a further reduction to the block grant of £200m would imply that unprotected areas of spend would experience real terms cuts of 2.2% between 2016-17 and

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<sup>1</sup> <https://www.sbs.strath.ac.uk/feeds/news.aspx?id=1040> page iii

2017-18. The FAI report points out that an added challenge is that these areas “have borne a significant share of the burden of fiscal consolidation since 2010-11.”<sup>2</sup>

Despite these facts, the Committee remains concerned at the amount of time which will be available for parliamentary scrutiny after the draft budget is published. The Chancellor’s Autumn Statement is due to take place on 23 November and you have indicated that your aim is to publish the draft budget in the week beginning 12 December. This means that the subject committees will only have the opportunity to take evidence on the draft budget in the week before Christmas recess and then consider draft submissions to the Finance Committee in the week after Christmas recess. The outcome being that subject committees will have only two weeks to consider the draft budget. A draft timetable is attached alongside the timetable for Draft Budget 2016/17.

The Committee recognises nevertheless that a number of subject committees have already begun their budget scrutiny in advance of the draft budget being published. Indeed, as you are aware, both this Committee and our predecessor have encouraged subject committees to carry out financial scrutiny throughout the year in addition to scrutiny of the draft budget document. In particular, we have encouraged this approach as part of a move towards a more outcomes-based approach to budget scrutiny. The Committee welcomes that a number of subject committees have begun to adopt this approach. However, this approach should not be viewed as a replacement for scrutiny of the draft budget document. It is essential that subject committees should normally have sufficient time to take evidence and consult with stakeholders once the document has been published.

Given the proposed heavily truncated timetable the Finance Committee has sought to work with you in considering what level of information could reasonably be provided to support effective parliamentary scrutiny prior to the draft budget being published. In particular, you informed the Committee on 7 September that “I am willing to produce as much scenario planning information as I can.”<sup>3</sup> The committee clerks and your officials subsequently held discussions around the possibility of scenario planning.

It is, therefore, unacceptable that you have now informed the committee that you are not prepared to publish any such scenario planning information in advance of the publication of the draft budget. The Committee considers that without such information and illustrative figures it is unlikely that there will be sufficient opportunity for the subject committees to robustly scrutinise spending proposals in their respective portfolios. The Committee has agreed to lodge a Parliamentary Motion. The Motion is as follows-

The Finance Committee calls on the Parliament to debate the timetable for the Scottish Government’s 2017-18 Draft Budget.

For the future, the Committee believes that it is essential that the budget review group includes a thorough review of parliamentary scrutiny of Draft Budget 2017/18

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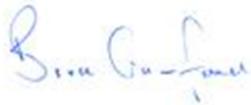
<sup>2</sup> <https://www.sbs.strath.ac.uk/feeds/news.aspx?id=1040> page 59

<sup>3</sup> Finance Committee, 7 September 2016, OR Col. 16

as part of its important work. While the Committee recognises that there is a need to maintain some flexibility in the timing of the budget process there also needs to be a recognition that sufficient time is ordinarily allowed for robust parliamentary scrutiny.

As such, the publication of the Draft Budget 2017/18 in December should not be viewed as a precedent for future years. It would be helpful if the Review Group could examine the quality and level of financial information which the Scottish Government and Scotland's public bodies can provide to support effective scrutiny.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Bruce Crawford".

**Bruce Crawford MSP**  
**Convener**

	Draft Budget 2016-17	Draft Budget 2017-18
Week 0 - Draft Budget Published	16 December 2015	Week beginning 12 December 2016
Week 1 - Subject Committees and Finance Committee take evidence	Recess	Week beginning 19 December
Weeks 2 and 3 - Recess	19 December to 4 January	24 December to 8 January
Week 4 - Subject Committees and Finance Committee take evidence	Week beginning 4 January – evidence taking	Recess
Week 5 - Subject Committees take evidence and report to Finance Committee. Finance Committee evidence.	Week beginning 11 January, subject committees consider draft reports and report to Finance Committee. Finance Committee continues to take evidence.	Week beginning 9 January, subject committees consider draft reports and report to Finance Committee. Finance Committee takes evidence on revenue proposals from the cabinet Secretary.
Week 6 – Subject committees report / Finance Committee takes evidence	Finance Committee takes evidence on expenditure in Pitlochry on Monday 18 January.	Finance Committee takes evidence on expenditure in Aberdeen on Monday 16 January.
Week 7 - Finance Committee Consideration of Draft Report	27 January	25 January
Week 7 - Finance Committee Report Published	29 January	Friday 27 January
Chamber Debate on Draft Budget Report	Same time as the Stage 1 debate	Same time as the Stage 1 debate
Budget Bill Published	28 January	Week Beginning 23 January
Stage 1	3 February	Week beginning 30 January
Stage 2	10 February	Week beginning 6 February
Stage 3	24 February	Week beginning 20 February