

Cabinet Secretary for Finance and the
Constitution
Derek Mackay MSP



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Bruce Crawford MSP
Convener
Finance Committee
Scottish Parliament
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Dear Convener

BUDGET 2017-18 AND RELATED ISSUES

I welcomed the opportunity to meet the Committee on 7 September, when we discussed this year's budget process and timetable. We agreed at that meeting to give further consideration to the issues and I understand that the Committee will be discussing them again when it meets on 21 September.

I set out in my letter of 1 September the range of factors that have led me to propose publishing the Draft Budget 2017-18 after the Chancellor's Autumn Statement. It remains my view that we should take this approach and it is helpful that we now know the date of the Autumn Statement is Wednesday 23 November and are able to plan around it.

As I hope I have also made clear, I recognise the impact that this will have on the budget timetable and the time available to Parliamentary Committees to scrutinise the Draft Budget. I would like to reiterate the offer I have made to the Committee to make myself available as much as is required during the period following the publication of the Budget, to assist parliamentary scrutiny. I would also very much support any committee that chooses to meet more regularly over this period and would assure those committees that the Scottish Government will do all it can to help such an approach.

I also confirm that my intention will be to publish the Draft Budget as quickly as possible after the Autumn Statement, with a view to enabling parliamentary scrutiny to begin before the Christmas recess. Our very firm aim is to publish the Draft Budget in the week beginning 12 December. Looking further ahead, I have asked my officials to liaise with parliamentary officials to consider the options for rescheduling the introduction of the Budget Bill in January, to allow some additional time for scrutiny to take place in advance of the Bill being introduced.

The Committee has asked specifically for my views on what information the Scottish Government could provide to assist scrutiny ahead of the Draft Budget being published. Clearly subject Committees and the Finance Committee can choose to identify issues which they consider will be material to their scrutiny of the Budget. For example, I support the Finance Committee's inquiry into Land and Building Transactions Tax and look forward to giving evidence at Committee shortly. I am also aware that ahead of the publication of the Draft Budget in 2015, subject Committees invited public bodies to provide evidence on their approach to allocating budgets and achieving savings; the impact that levels of spending have had on services and staff; the consequences of any budgetary pressures in the current year for the coming financial year; and any areas where additional spending may be required or where savings could be identified.

I have also considered very carefully the Committee's request that the Scottish Government publish indicative budget figures or scenarios at the level of individual portfolios or programmes in advance of the Draft Budget to assist scrutiny. Given the uncertainty for Scottish spending power that will not be resolved until the Autumn Statement, and the close proximity to the publication of the Draft Budget itself, I think this would risk creating some confusion. It would also risk cutting across engagement with stakeholders, particularly public bodies, as we develop our forward financial plans. Given that any scenarios published ahead of the Autumn Statement would need to be speculative and would not reflect any budget decisions taken by the Scottish Government, I am not persuaded that this approach would add real value to pre-Budget scrutiny. The circumstances are unprecedented and not therefore the same as in 2011.

I very much want to support effective scrutiny, however. I would therefore be very happy to provide more strategic supporting information that committees may find helpful in preparing for the Autumn Statement and the scrutiny of the Draft Budget. This could include a high level analysis of the Scottish Government's financial position and how possible UK tax and spending scenarios arising from the Autumn Statement would impact on our available resources; updated performance reporting against the national outcomes, to help committees consider what could be key areas of focus; a breakdown of the structure of the 2016-17 Scottish Budget and information about the Scottish Government's largest spending programmes, to help target scrutiny; and an update on progress in implementing the fiscal framework. There will also be a range of information that is already in the public domain, such as the recent Fraser of Allander report, which Parliamentary Committees may find useful during their early period of budget scrutiny.

I think this information could greatly assist committees in their work over the Autumn and I would be pleased to make it available during October.

A handwritten signature in black ink, appearing to read 'Derek Mackay', written on a light-colored background.

DEREK MACKAY