



The Scottish Parliament  
Pàrlamaid na h-Alba

**Finance Committee**

Cabinet Secretary for Finance and  
the Constitution (by email)

Room T3.60  
The Scottish Parliament  
EDINBURGH  
EH99 1SP

Direct Tel: (0131) 348 5215

25 August 2016

Dear Derek,

Thank you for your contribution to the Committee's business planning event in Stirling. This was a helpful discussion which was welcomed by Members. We agreed that it would be useful to follow up a number of issues prior to your attendance at the Committee on 7 September. In particular, we had a good discussion on the timetable for the Draft Budget 2017/18 process. It would be helpful if you could provide a response to the issues set out in the following papers which the Committee considered in Stirling:

[http://www.scottish.parliament.uk/Budget\\_timetable\\_Paper\\_-\\_pdf](http://www.scottish.parliament.uk/Budget_timetable_Paper_-_pdf)

[http://www.scottish.parliament.uk/2016.08.17\\_SPICe\\_Comparative\\_Budget\\_processes\\_FINAL.pdf](http://www.scottish.parliament.uk/2016.08.17_SPICe_Comparative_Budget_processes_FINAL.pdf)

Specifically, it would be useful to have a response to the questions attached as Annexe A.

The Committee also welcomes your commitment to provide an update on progress in relation to the implementation and operation of the fiscal framework. Your initial responses dated 11 August 2016 indicated that there has been some progress in agreeing the process and methodology for calculating the block grant adjustment for each of the devolved taxes and income tax but that work is on-going to finalise the arrangements. It would be useful if the Committee is kept updated as agreement is reached between the two governments rather than awaiting the publication of the Draft Budget.

The Committee also welcomes the further detail you have provided in relation to the reconciliation process. There is a lot of work to be done in considering how the reconciliation process is included within the budget scrutiny process especially in

relation to timings. In the first instance this will be a matter for the budget process review group to consider.

Finally, it would also be helpful if you could set out your views on the possible impact of the recent EU referendum result on Draft Budget 2017/18. The Committee may then also wish to have an initial discussion with you on 7 September about the wider medium and long-term impact of the EU referendum on the public finances in Scotland. It would be helpful if we could receive a response by Thursday 1 September.

Yours sincerely

A handwritten signature in black ink, appearing to be 'M. Russell', written over a horizontal line.

**Michael Russell MSP,  
Convener**

To what extent has the Scottish Parliament process been taken into account in taking forward the negotiations on the fiscal framework with the UK Government?

What priority has been given to securing data sharing arrangements specifically on tax outturn data as set out in the fiscal framework?

How does the Minister intend to ensure that there is transparency in relation to the ongoing negotiations in relation to the fiscal framework?

Who will produce the in-year forecast for 2016/17 (the baseline adjustment) for income tax?

What account has been given to the timing of Draft Budget 2017/18 regarding the timing of that in-year forecast?

To what extent has the Scottish Government assessed the scale of the risk to the Scottish budget arising from the reliance on forecasts produced in March relative to forecasts produced in November?

If the Draft Budget is published after the Autumn Statement, does the Minister anticipate that there would be another forecast published at the time of the Budget Bill?

Can the Minister clarify whether it will be the Draft Budget forecast or the Budget Bill forecast which will unlock the resources available to the Scottish Government, in respect of income tax?

What assessment has the Scottish Government made of the likelihood that revisions to the forecast for Scottish income tax made at the time of the Autumn Statement would be offset by the forecast to the BGA for income tax?