



The Scottish Parliament
Pàrlamaid na h-Alba

Finance and Constitution Committee

Room T3.60
The Scottish Parliament
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Dear Convener,

Scrutiny of Draft Budget 2017/18

Please find attached below a link to a range of material provided by the Scottish Government in advance of the publication of Draft Budget 2017/18.

<http://www.gov.scot/Resource/0050/00508203.pdf>

The draft budget is expected to be published on 15 December. The deadline for submission of subject committee reports to the Finance and Constitution Committee is Friday 13 January. It is then expected that our draft budget report will be published on Friday 27 January.

As part of its pre-budget scrutiny the Committee has begun to take evidence on possible scenarios for the Scottish budget which have been published by the Fraser of Allander Institute. The Committee will continue to undertake further scrutiny of the potential scenarios for the Scottish budget in the coming weeks. I attach below a link to the work by the Fraser of Allander Institute which your Committee may find helpful in undertaking pre-budget scrutiny.

<https://www.sbs.strath.ac.uk/economics/fraser/20160913/ScotlandsBudget-2016.pdf>

In addition, the Finance Committee's Fiscal Framework adviser also produced a paper, which I attach a link to below, on issues associated with the timing of the publication of the Scottish Government's Draft Budget which again may be helpful.

http://www.parliament.scot/Budget_timetable_Paper_-__.pdf

The Committee has agreed with the Cabinet Secretary for Finance and the Constitution that this year's budget process should not be viewed as setting a precedent for future years. We have also agreed to establish a tri-partite review group to examine the budget process following the devolution of further powers in the Scotland Act 2012 and the Scotland Act 2016. The Group has now met on two

occasions and has agreed the scope of the work of the review group. The Group has agreed that it aims to develop a process which is consistent with international best practice while recognising the unique nature of the UK constitutional arrangements and in particular the operation of the fiscal framework and the greater interdependence between the Scottish Government and the UK Government. In terms of the scope of the review, some of the key issues which the Group intends to deal with are:

- Improved public engagement;
- Greater focus on outcomes including the performance of public bodies;
- On-going budget scrutiny and more effective linkage of audit and budget functions;
- A principles based approach building on the FIAG principles; and
- The need for an effective balance between the scrutiny of revenue raising and spending decisions.

The Group has also agreed a two stage approach to its work. Stage 1 will examine the likely impact of the increased level of responsibility arising from these new powers on the effectiveness of the existing budget process. Stage 2 will involve devising a revised budget process which addresses the increased level of responsibility.

The aim of the Group is to publish a report on its findings at Stage 1 by the end of February and a report on its findings at Stage 2 by the end of May.

As part of its work the Group will review how the scrutiny of Draft Budget 2017/18 has worked. It would, therefore, be useful if your Committee could address the following issues in your submission to the Finance and Constitution Committee:

- The impact of the timing of the publication of Draft Budget 2017/18 on your scrutiny of Draft Budget 2017/18;
- The usefulness of the material which the Cabinet Secretary has provided in advance of the publication of the draft budget in informing your budget scrutiny;
- The usefulness of the performance reporting material in informing a shift towards a more outcomes based focus to budget scrutiny as set out in the guidance to subject committees.

Yours sincerely

Bruce Crawford MSP
Convener