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The Scottish Parliament
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Dear Kenneth

INQUIRY INTO SCOTTISH BUDGET PROCESS IN PRACTICE – COMMITTEE REPORT

Thank you for the Committee's report on the Scottish Budget Process in Practice. I have set out in the attached annex my response to the recommendations.

I look forward to continued dialogue on these issues and further engagement as part of the Committee's pre-Budget scrutiny activity for the 2026-27 Scottish Budget.

Yours sincerely

SHONA ROBISON

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Topic	Committee Recommendation	Scottish Government response
<p>Transparency and awareness – Overview</p> <p>Paras 21-22</p>	<p>The Committee again welcomes the progress being made in relation to transparency of budgetary information and the Cabinet Secretary’s willingness to continue discussions on where further improvements can be made.</p> <p>It is clear from the evidence we received that gaps in information still persist. In the first instance, the Committee asks the Scottish Government to consider and respond to each of the points raised by witnesses and parliamentary committees during this inquiry, as set out in paragraph 17.</p>	<p><i>Provide more detailed pay and workforce information</i></p> <p>The Scottish Government is committed to improving the quality of the pay and workforce data that it publishes.</p> <p>For this reason, the 2025 Medium Term Financial Strategy publication includes a Pay and Workforce Factsheet in Annex D.</p> <p>This annex provides an overview of the size of Scotland’s devolved public sector workforce, and the estimated costs associated with it. Information includes:</p> <ul style="list-style-type: none"> • The overall size of the devolved Public Sector Workforce, and the size of different workforce groups (such as Local Government, NHS, Devolved Civil Service). • The size of the overall Paybill cost of the workforce (based on 2024-25), and the breakdown between the different workforce groups. • The additional cost of the agreed pay settlements for 2025-26, over and above the 2025-26 Public Sector Pay Policy as published in December 2024. <p>The factsheet provides new information based on Scottish Government modelling, and information as set out from the quarterly published Public Sector Employment Official Statistics. The statistics are based on administrative records and surveys of individual public sector bodies carried out by the Scottish Government and the Office for National Statistics (ONS).</p> <p>The Scottish Government welcomes feedback from the committee and stakeholders on this factsheet.</p>

Topic	Committee Recommendation	Scottish Government response
<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>Greater transparency in decision-making, with the SHRC noting a disconnect between key budget documents and decision-making processes and impact assessments being carried out after decisions are made “rather than being used as an analytical tool to inform decisions at an early stage”</p>	<p>The Scottish Government supports work on an ongoing basis to improve Budget transparency and has worked closely with the SHRC to understand the results of their Open Budget Survey and the main improvement areas identified. This was considered for the 2025-26 Scottish Budget which is why a new annex was introduced in the Budget document to improve awareness and signpost the twenty-seven supporting Budget documents and associated publications. It is also why an improved approach was introduced on prior year Budget comparators.</p> <p>Impact assessments are key tools utilised by the Scottish Government to assist decision making and the government is committed to meeting its legal obligations on this. In particular, the government continues to work to ensure that equality and human rights are embedded within its budget processes, and beyond, in line with its statutory duties.</p> <p>Further improvements were made to the processes for the 2025-26 Scottish Budget. The improved integration of impact assessments within the budget process supported a Cabinet cross government workshop ahead of key decisions being taken on the Scottish Budget.</p> <p>Building on this, the government is exploring how best to make more ambitious changes for the upcoming fiscal events in 2025 and in the new parliamentary term. For example, further pilot activity on ‘gender budget tagging’ is being explored, building on the government’s work with the Organisation for Economic Co-operation and Development (OECD) last year. The government is also exploring how it can take a more strategic approach to impact assessments to ensure the focus is on high quality evidence, and informed decision-making that aligns with the government’s priorities and is more accessible to the public.</p> <p>The government will continue to engage with its stakeholders, including the Equalities and Human Rights Budget Advisory Group, as it prepares for the Scottish Spending Review, the 2026-27 Scottish Budget, and the next Parliamentary session.</p>

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<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SCVO criticisms on lack of transparency on overall government funding for the voluntary sector</p>	<p>Grant data has been a historic issue for the Scottish Government due to the dispersed nature of grant making and legacy financial systems. The adoption of Oracle Cloud (financial management system used for grant disbursement) is an opportunity to strengthen best practice in the Scottish Government’s grant making and support the understanding of the landscape of grant giving and decision-making processes in achieving value for money. This will allow the government to identify and analyse grants to third sector organisations across government, addressing the historic lack of central data on funding to the third sector. For effective analysis, a data set of an entire financial year would be required to produce meaningful insights.</p> <p>The recently established Grants Capability Team is also working to standardise the existing approach to advertising grants through the Cabinet Office ‘Find and Apply’ portal. This is the UK wide solution to advertising and managing grant applications. Adoption of these tools will provide a view of both live and proposed grants, with the ability to store successful/unsuccessful applications. This system allows competed grants schemes to be advertised via a single “front door” and managed on a single online portal ensuring consistency of approach. This includes the application of appropriate due diligence checks via “spotlight”, standard application and management processes which will also drive efficiency and ensure fair and transparent access to funding opportunities.</p>
<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SFC data needs recommendation 1 –</p> <p><i>Scottish Government to publish and regularly update a machine-readable, open-source dataset with unrounded spending plans, down to Level 3 and COFOG, for as many financial years as is reasonably feasible. It should include plans at each stage of the budget’s lifecycle for each level of the spending hierarchy and COFOG category as well as actual spent amounts (outturn) when available.</i></p>	<p>The Scottish Government already provides datasets on spending plans, including COFOG analysis, to the SFC as part of its annual budget process and in-year budget revisions.</p> <p>The government will consider how it can utilise its financial systems to provide additional data to support this request.</p>

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<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SFC data needs recommendation 2 –</p> <p><i>Scottish Government to share spending data reconciled with total discretionary funding with sufficient time ahead of setting the Budget.</i></p>	<p>The Scottish Government is committed to providing accurate final spending data to the SFC as early as is possible as part of the annual budget process.</p> <p>Provision of spending data is dependent on finalised budget allocations, which are only agreed following the finalisation of the SFC’s forecasts. A timeline for information sharing with the SFC is set out as part of the annual budget process and the Scottish Government always aims to meet the required deadlines within this timeline.</p>
<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SFC data needs recommendation 3 –</p> <p><i>Scottish Government to add unique codes to each Level 3 line when publishing the machine-readable, open-source dataset suggested in SFC recommendation 1.</i></p>	<p>As part of a continuous improvement approach to the Scottish Budget, the Scottish Government will consider how it can utilise its financial systems to support additional data requirements for the SFC.</p>
<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SFC data needs recommendation 4 –</p> <p><i>Scottish Government to publish mapping of Level 3 lines when they get merged, split, or redefined. Associated amounts should be unrounded.</i></p>	<p>The Scottish Government provides details of structural changes at each fiscal event. For example, details of any budget changes have been provided previously to the Parliament in the guides to the Autumn Budget Revision and Spring Budget Revision.</p> <p>The government understands that this information is complex and will consider what additional supporting documentation could be published as part of these updates to aid budget scrutiny.</p>

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<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SFC data needs recommendation 5 –</p> <p><i>Scottish Government to publish funding tables with unrounded amounts at Scottish Budgets, Medium-Term Financial Strategies, Budget Revisions, provisional and final outturn, in a consistent machine-readable and open source format.</i></p>	<p>This information is provided to the SFC as part of its data requests ahead of fiscal updates.</p> <p>The Scottish Government will carefully consider what further amendments it can make to supporting budget documentation to aid scrutiny.</p>
<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SFC data needs recommendation 6 –</p> <p><i>Scottish Government to introduce and publish results of its planned net zero assessment and introduce a similar methodology relating to adaptation to assess the implications of spending decisions on climate change mitigation and adaptation.</i></p>	<p>As part of the agreed actions to the Joint Budget Review with the Scottish Parliament, the Scottish Government continues to improve the information available around government spending and its climate impact.</p> <p>We are committed to embedding quantitative carbon assessment in the early stages of government policy development and spending decision-making. Following a successful pilot of the Net Zero Assessment in 2024, we are working to roll out the approach across all SG areas in 2025.</p> <p>The pilot report, and independent peer review, were both published on 20th June 2025. https://www.gov.scot/publications/net-zero-assessment-independent-review/</p> <p>In addition, we recognise, and welcome recent progress made by HMT who have developed with Defra colleagues supplementary Green Book guidance on how future climate scenarios can be brought into business case appraisal processes. This new guidance was published in April 2025, and we are considering how this can also complement our existing decision-making processes.</p>

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<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p>SFC data needs recommendation 7 –</p> <p><i>Scottish Government to include in the Climate Change Plan the effect of each policy on reducing emissions and their cost, split between public and private sectors.</i></p>	<p>The next Climate Change plan will include information on the costs and benefits of policies to reduce Greenhouse Gas Emissions. We are exploring whether information can be included on the share of costs between the public and private sectors. We are aiming to consult on the draft plan in the Autumn subject to the approval of carbon budgets by the Scottish Parliament.</p>
<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p><i>Accessibility could be improved if stakeholders were able to track the funding position of portfolios between years. Insufficient data is seen to jeopardise the ability to properly hold the Government to account for its budgetary decisions.</i></p>	<p>The 2025-26 Scottish Budget used updated comparators to help address this point. This set out by portfolio the latest funding position following the ABR for 2024-25 and outturn for 2023-24.</p> <p>The Scottish Government will consider how this information could be further improved as part of the 2026-27 Budget process.</p>
<p>Transparency and awareness –</p> <p>(Paragraph 17 points continued)</p>	<p><i>The lack of relevant, objective and timely data, especially in relation to measuring outcomes, was highlighted along with limited public understanding of the budget process, which “would be enhanced if the Scottish Government itself became involved in participatory budgeting</i></p>	<p>Participatory budgeting is a valuable engagement tool which works best at influencing spend at a local or organisational level. Local government spend is around 21% of the overall Scottish Budget and it is up to each local authority to determine how it manages its day-to-day business, budgets and decision-making processes, including how they administer participatory budgeting.</p> <p>The Scottish Government is continuing to consider how it can enhance its engagement on the Scottish Budget beyond its ‘Your Scotland your Finances’ web publication, to improve wider public understanding of the Scottish Budget, including how devolved services are funded in Scotland.</p> <p>As part of normal business, the Scottish Government has ongoing engagement with key sectors and stakeholders such as tax organisations, business organisations and COSLA. Portfolios also lead engagement at a more local level. This important engagement activity enables Scottish Ministers to understand different perspectives and helps influence government policy. The Scottish Government appreciates the points made the asks for improved outcomes information. As the Committee is aware, the review of the NPF is underway and the Scottish Government’s intent through reform, is to achieve broader alignment between policy and strategy (via the PfG), funding (via the Scottish Budget), and the National Outcomes.</p>

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<p>Consistency in presentation of figures</p> <p>Paras 28-29</p>	<p>The Committee repeats our request that regular transfers are baselined in the Scottish Budget, to allow a more sensible comparison between the latest budget position and the current in-year position from the Autumn Budget Revision. Given the Committee’s strength of feeling and that of key stakeholders, as noted, we expect this issue to be resolved in the Scottish Budget 2026-27.</p>	<p>For the last Budget the Scottish Government delivered progress in baselining transfers between portfolios as part of our wider progress with prior year comparators for the Scottish Parliament.</p> <p>Work is ongoing to identify further baselining opportunities as part of developing the 2026-27 Scottish Budget in order to further embed in year transfers within the starting budget for portfolios.</p>
	<p>The Committee also remains unclear why Public Private Partnership payments appear in some portfolios in the Scottish Budget and not in others. We therefore seek clarification of the reasons for this inconsistent presentation and assurances that this will be rectified in future Budgets.</p>	<p>The Scottish Government will review the consistency of its presentation of Public Private Partnership payments as part of its preparatory work for the 2026-27 Scottish Budget and will provide the clarification the Committee has asked for.</p>

Topic	Committee Recommendation	Scottish Government response
<p>Finance Bill Paras 35 - 36</p>	<p>The Committee welcomes the Scottish Government’s commitment in Scotland’s Tax Strategy to “renew the consideration of the case for introducing changes to the legislative processes for the fully devolved taxes”.</p> <p>In doing so, we urge the Scottish Government to carry out analysis of how finance bills work in practice in comparable jurisdictions to provide a more accurate comparison than with the UK. We look forward to receiving the outcomes of this analysis alongside the update on progress against the Tax Strategy in early 2026.</p>	<p>The Scottish Government welcomes the Committee’s support for the tax strategy action and interest in this issue. It will carefully consider how changes to tax legislation are made in other countries, and their relevance for Scotland, in progressing work on the action and will update the Committee in early 2026.</p>

Topic	Committee Recommendation	Scottish Government response
<p>Awareness and understanding of the budget process – Public</p> <p>Paras 46 - 48</p>	<p>The Committee seeks clarification from the Scottish Government regarding the status of financial education in schools, given this can provide a basis for wider interest and understanding in future years. We also request an update from the Cabinet Secretary regarding the outcomes of her consideration of the Bank of England pilot project aimed at improving the numbers of those studying economics in schools.</p>	<p>The government recognises the importance of financial education in equipping all learners with important life skills. Financial literacy is embedded in the school curriculum in areas such as numeracy and mathematics, business studies and personal and social education. As part of the Curriculum Improvement Cycle programme, Education Scotland is currently undertaking exploratory work in relation to a range of cross-cutting curriculum themes; including financial education.</p> <p>Discussion sessions have been held with education practitioners focusing on the current position of financial education in the curriculum, learning from the available research and planning how financial education can most effectively be integrated into the curriculum going forward. This work has been undertaken in partnership with the Money and Pensions Service. In addition, the Social Studies curriculum currently provides opportunities for learners to cover political or economic events. The Scottish Government is aware of the Bank of England’s new jointly funded initiative with the University of Manchester, which will offer training to existing teachers to deliver A Level economics alongside their core subject. The government will note feedback as the pilot programme progresses.</p>
	<p>The Committee notes that the Scottish Government’s commissioned external research on international best practice in tax communications has not yet appeared on the Scottish Government’s website. We therefore seek an update on when this will become available.</p>	<p>This research was published on Friday 15 August alongside our Tax Literacy communications best practice guide, which draws on the recommendations set out in the research. These are both commitments in the Scottish Government’s Tax Strategy which are aimed at making it easier for taxpayers in Scotland to understand and navigate the tax system.</p>
	<p>We ask the Scottish Government to consider how it can build on Your Scotland, Your Finances to enhance the awareness and understanding of the Scottish Budget and how it affects individuals</p>	<p>The Scottish Government also welcomes the work by external organisations to help improve understanding on the Scottish Budget. These organisations make a valuable contribution to public understanding.</p> <p>The Government will continue to consider how its publication ‘Your Scotland, Your Finances’ can improve understanding on the Scottish Budget and devolved spend in Scotland. This will be considered as part of the 2026-27 Scottish Budget process.</p>

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<p>Consistency in presentation of figures – Members of the Scottish Parliament</p> <p>Para 55</p>	<p>The Committee agrees with witnesses that enhancing the fiscal literacy of all MSPs would help to support more effective scrutiny of budgetary matters and potentially encourage a more mature wider debate around the spending and tax decisions taken by Government.</p>	<p>The Scottish Government is supportive of the recommendations for the Scottish Parliament to enhance the fiscal literacy of all MSPs, to help encourage wider debate on spending and tax decisions and support the Parliament’s scrutiny functions.</p> <p>The Scottish Government is willing to support the Scottish Parliament as it progresses this.</p>
<p>Responding to new fiscal and wider policy challenges – Fiscal Framework</p> <p>Para 61</p>	<p>The Committee restates its view that there would be merit in carrying out a wider review of how the Fiscal Framework is operating, including how adjustments based on relative growth with the rest of the UK impact on income tax revenues in Scotland.</p>	<p>The Government recognises that while the revised framework that was agreed with the previous UK Government in 2023 included some improvements, the review was relatively narrow in scope.</p> <p>The Cabinet Secretary for Finance and Local Government wrote to the Chief Secretary to the Treasury on 21 February 2025 proposing that a broader review of the Fiscal Framework be conducted earlier than the five-year review point of 2028.</p> <p>The sectoral and distributional risks that the Scottish Budget carries in the Scottish tax base, and its impact on the income tax net position through the Fiscal Framework, will likely be a priority topic for the Scottish Government in the next review. The scope of the next review requires the agreement of the UK Government.</p> <p>The Scottish and UK governments have agreed to begin preliminary work on the scope for the next review of the Fiscal Framework in the coming months. We will engage with the Committee separately on this to seek its views.</p>

Topic	Committee Recommendation	Scottish Government response
<p>Responding to new fiscal and wider policy challenges - Scottish Budget and related forecasts</p> <p>Paras 73 - 82</p>	<p>Para 73 - The Committee recognises the challenges in striking a balance between ensuring the Scottish Government and Scottish Fiscal Commission (SFC) have the time needed to develop spending and tax decisions and related forecasts and protecting sufficient time for the Scottish Parliament to scrutinise them. We also note the SFC's view that it is not only the length of time that matters; engagement with the Scottish Government on its policy choices must also be effective whatever the time available.</p> <p>Para 74 - The Committee is therefore happy to engage further with the Scottish Government and the SFC to explore whether an optimal time can be secured for both budget formulation and scrutiny. We ask that the Scottish Government builds on the early engagement approach and that it adheres to the deadlines for providing the data to the SFC needed to inform development of its forecasts.</p>	<p>The Scottish Government values its close, productive working relationship with the SFC and is committed to providing high quality information by required deadlines to support the development of the SFC's forecasts.</p> <p>The government is committed to doing this for all forecast events and supports the Committees recommendations on this.</p> <p>The government is wholly supportive of continuing to work closely with the Committee and the SFC to plan the next Scottish Budget and agrees early engagement on this is helpful.</p> <p>The government recognises the importance of securing sufficient time for the development, forecasting and scrutiny of the Budget and is keen for the UK Government to confirm its plans at an early stage for the timing of the UK Autumn Budget.</p> <p>It is essential to ensure that the planning of the date of the new Scottish Budget and its Bill supports the new legislation receiving Royal Assent by 31 March 2026.</p> <p>The timing of any February recess period in 2026 will be important for the Budget Bill and the Scottish Government looks forward to the Scottish Parliament agreeing its plans on this at an early date, recognising that the approach in 2026 may be different due to the Scottish Parliament elections.</p>

	<p>Para 78 - The Committee remains to be convinced that a pre-budget statement is required at this stage. Instead, we make recommendations in this report which aim to ensure the existing budget process better supports fiscal transparency, influence and engagement, the three areas that such a statement is intended to improve.</p>	<p>The Scottish Government supports the Committee’s position on the requirement for a pre-budget statement.</p> <p>The government considers that the new Medium-Term Financial Strategy and the Fiscal Sustainability Delivery Plan published in June, provide the strategic financial context ahead of the 2026-27 Scottish Budget.</p> <p>The government supports the delivery of improved fiscal transparency. The Committee’s recommendations on improving fiscal transparency, influence and engagement are responded to separately in this report response.</p>
	<p>Para 81 - The Committee agrees with the recommendation of the OECD that the Scottish Fiscal Commission should broaden and deepen its spending analysis beyond social security to encompass a wider range of budget areas and help inform political debate.</p> <p>Para 82 - We therefore urge the Scottish Government to discuss with the SFC how this recommendation can be implemented in time for the next Parliamentary session in May 2026. We also seek an initial update on this work by the end of September 2025.</p>	<p>The Scottish Government welcomes the independent review of the Scottish Fiscal Commission.</p> <p>The government will work with the SFC through existing structures to discuss how these recommendations should be progressed, including through updates to the SFC Corporate Plan and the Framework and Protocol agreements between the SFC and Scottish Government. The government will work with the SFC to ensure an update is provided to the Committee by the end of September.</p>

Topic	Committee Recommendation	Scottish Government response
<p>Responding to new fiscal and wider policy challenges – MTFS</p> <p>Paras 96 - 101</p>	<p>Para 96 - The Committee shares the view of the Auditor General for Scotland that “done properly [the Medium-Term Financial Strategy (MTFS)] can be an incredibly helpful and powerful tool to support committees’ programmes of work and scrutiny of Government”. We also believe that in setting out a five-year view, the MTFS should help support the Scottish Government to develop a strategic approach to financial planning. However, in its current form, the MTFS performs neither of those roles effectively.</p> <p>Para 97- The MTFS should therefore not only include the challenges and pressures the country faces over the next five years; it must also set out:</p> <ul style="list-style-type: none"> • how spending projections have been arrived at, • how medium- and longer-term financial pressures will be managed in practice, • the Scottish Government’s understanding of the risks that may materialise, and • how these risks can be mitigated. 	<p>The 2025 Medium Term Financial Strategy set out the projected fiscal gap, the drivers of spending growth, and risks to both the funding and spending position, providing the context for the scale and scope of actions that are required to ensure the sustainability of the public finances.</p> <p>The Scottish Government is committed to continuously improving the MTFS and this year provided further information on the make-up of spending projections, the potential upside and downside risks across both funding and spending, and a clear plan to improve the sustainability of the public finances as set out in the Fiscal Sustainability Delivery Plan. This reflects the points made in the Committee’s report on providing further information on these areas. We welcome further conversations with the Committee on future improvements.</p> <p>Both the MTFS and FSDP set the context and framework for the 2026-27 Scottish Budget and the forthcoming Scottish Spending Review which are expected to be published in December. These will provide more detail on where the efficiencies and productivity improvements will be achieved, and the prioritisation decisions taken.</p>

	<p>Para 98 - The inclusion of this level of detail is particularly important in these increasingly uncertain times and should help to limit the need for emergency budget controls in-year. We further urge the Scottish Government to minimise the political narrative included in the MTFS, which is unnecessary and distracts from the important issues ahead.</p>	
	<p>Para 99. It is crucial that the MTFS is published on an annual basis from now on and we therefore ask again for clarification of the steps it will take to avoid further delays in future. We also expect meaningful consultation on the timeline for publishing future MTFS.</p> <p>100. The Committee asks the Government to consider the merits of publishing an MTFS in December before the election in 2026, which the SFC suggests “would inform the debate about the election. Para 101 - We also expect an MTFS to be published at the earliest opportunity after each Parliamentary election, ideally in time to inform committees’ pre-budget scrutiny.</p>	<p>As communicated previously with the Committee, the delays experienced in the publication of the 2024 MTFS were largely out of the control of the Scottish Government. Moving the publication of the 2025 Medium-Term Financial Strategy and the Fiscal Sustainability Delivery Plan to after the UK Spending Review allowed the Scottish Government to reflect on the implications of the UK Spending Review and produce a credible strategy and delivery plan. The Cabinet Secretary wrote to the Committee and to the SFC setting out the reasons for the proposed delay and an alternative publication date was arranged very quickly. The Cabinet Secretary is attending a Committee session on 2 September to support the Committee’s consideration of the 2025 MTFS.</p> <p>The Government will consider the full detail of the Committee’s report and recommendations on the Budget process. Both the MTFS and FSDP have already set the context and framework for the 2026-27 Scottish Budget and the forthcoming Scottish Spending Review. Given that the 2026-27 Scottish Budget will be accompanied by a multi-year Spending Review and Infrastructure Pipeline, updating the MTFS in December 2025 will not add significant value.</p> <p>The interest of the Committee and Parliament in an MTFS being published in 2026 is understood and the Scottish Government will continue to work closely with the Committee on this after the Scottish Parliament elections.</p>

Topic	Committee Recommendation	Scottish Government response
<p>Responding to new fiscal and wider policy challenges - FSDP</p> <p>Paras 106 - 108</p>	<p>Para 106 - The Committee shares the view of witnesses that it is unclear why this additional document is required. We recently launched our pre-budget 2026-27 scrutiny on Responding to Long-Term Fiscal Pressures and look forward to examining the first Fiscal Sustainability Delivery Plan as part of this work.</p>	<p>The Fiscal Sustainability Delivery Plan sets out this Government’s plan to strengthen the public finances, within the overall approach that is set out in the Medium-Term Financial Strategy. In doing so it brings together and presents, in one place, the scale and scope of action underway across government, including:</p> <ul style="list-style-type: none"> • Action to increase value from the government’s spending, ensuring it continues to focus spending on the four key priorities: eradicating child poverty, growing the economy, tackling the climate emergency, and ensuring high quality and sustainable public services; • Action to drive efficiency, productivity and reform across public services; • Action to continue to strengthen the economy and increase revenues through the government’s progressive approach to taxation. <p>The FSDP is in part a response to stakeholder calls for further detail on the Government’s plans to ensure the public finances are put on a sustainable footing. It has been welcomed, with the IFS noting: "The FSDP is a welcome move by the current government to begin setting out its approach to tackling this [the fiscal gap] – information that’s previously been lacking"</p>
	<p>Para 107 - Given that the Plan will look at the next five years only, we ask that the Scottish Government produces a detailed response to the significant challenges projected in the next 50 years, as highlighted by the Scottish Fiscal Commission in its latest Fiscal Sustainability Report. This should be published in time to inform the annual Parliamentary debate on fiscal sustainability in the autumn of 2025.</p>	<p>While the scope of the FSDP is aligned with the scope of the MTFS (which is focused on the medium-term being the next 5 years) the MTFS acknowledges the drivers of spending pressures and longer-term fiscal risk. Measures cited in the FSDP set out how the government intends to address challenges beyond the medium-term. For example, a focus on increasing value from existing spending will enable the government to identify and prioritise higher impact spending, with a specific focus on those areas of spend that meet its priorities, including the climate emergency.</p> <p>Through reform of public services, the government will address medium to long-term spending growth. Through its preventative programmes the government will reduce demand for public services in the medium to longer term, and will better identify, track, and monitor preventative spend and its impact on the public finances.</p> <p>The scheduling of Parliamentary business is the responsibility of the Minister for Parliamentary Business. We recognise the importance of wider Parliamentary scrutiny on fiscal sustainability and would welcome a discussion on the frequency of Parliamentary debates.</p>

	<p>Para 108 - The Committee requests that the Scottish Government provides an update on how it will demonstrate that all its financial documents are properly aligned as a suite of documents.</p> <p>We also seek an update on the current exercise being carried out across Government portfolios to identify the number of 'live' strategies, to provide a baseline for numbers to be monitored and reduced wherever possible, which we requested be completed by the end of June 2025.</p>	<p>Both the MTFs and FSDP provide the context and set the framework for 2026-27 Scottish Budget and the forthcoming Scottish Spending Review, which will say more about where the efficiencies and productivity improvements will be achieved, and the prioritisation decisions taken.</p> <p>On the exercise to identify the number of 'live' strategies by the Scottish Government, a list was sent to the committee on 22 August which sets this out. At time of providing this the Scottish Government has 100 'live' strategies. This covers a huge span of activity across every aspect of government and reflects the need to have clear plans in these areas.</p>
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Topic	Committee Recommendation	Scottish Government response
<p>Responding to new fiscal and wider policy challenges - Scottish Spending Review</p> <p>Paras 114 - 116</p>	<p>Para 114 - The Committee is supportive of the Scottish Government carrying out a Scottish Spending Review at this time and of publishing the outcomes in December 2025 alongside the Scottish Budget 2026-27. We urge the Scottish Government to commit to this timetable as soon as possible.</p>	<p>The Scottish Government intends to publish the conclusions of a multi-year Scottish Spending Review alongside the 2026-27 Scottish Budget.</p> <p>This was confirmed in the Scottish Spending Review Framework which was published in Annex E of the Medium-Term Financial Strategy.</p>
	<p>Para 115 - We also seek assurances that Scottish Spending Reviews will be undertaken with increased regularity in future, following each UK Spending Review.</p>	<p>The Scottish Government welcomes the regular rhythm of UK Spending Reviews and the stability this represents. If this rhythm is maintained, then the conditions for regular Scottish Spending Reviews are likely to be in place.</p> <p>The Scottish Government has confirmed its intention to take forward a Scottish Spending Review this year. However, it will be for the next administration to confirm its position on the rhythm of spending reviews going forward.</p>
	<p>Para 116 - The Committee notes the Scottish Government's response to our Scottish Budget 2025-26 Report that officials will consider "the potential to pilot a 'zero-based budgeting approach' as part of the Scottish Spending Review". We therefore seek an update on the Scottish Government's consideration and trust that this pilot will be carried out as part of the Review.</p>	<p>The Scottish Government currently applies a range of zero-based budgeting principles. For example, in the 2025-26 Scottish Budget, officials reviewed every Level 4 budget line that forecast public spending and assessed its impact on the delivery of government priorities. This comprehensive exercise provided assurance that public money was effectively and efficiently deployed. The exercise was also used to identify areas where the Scottish Government could potentially increase efficiency or introduce reform.</p> <p>As the Committee noted, the key enabler for the Estonian approach was an advanced digital infrastructure. The Scottish Government is on its own journey to improve its technology and data, which should, in due course, provide a strong foundation for data intensive exercises such as zero-based budgeting. The government plans to build on its approach for the 2025-26 Scottish Budget for future Budget and Spending Review exercises. In particular, it is looking to further enhance the link between spending allocations and outcome and performance data.</p> <p>As the Committee is aware the Scottish Government is actively improving its systems and data. Our ambition is to pilot a fuller zero-based budgeting approach when we have the right enabling environment in place, ideally as part of a future spending review.</p>

Topic	Committee Recommendation	Scottish Government response
<p>Responding to new fiscal and wider policy challenges - Futures Committee</p> <p>Para 124</p>	<p>Para 124 - Given the limitations around the Scottish Government's strategic financial planning this session along with the long-term fiscal pressures facing Scotland, we are attracted to the idea of a Committee for the Future. We therefore plan to explore the issue further as part of pre-budget 2026-27 scrutiny on Responding to Longer-Term Fiscal Pressures.</p>	<p>The Committee's recommendation on the Scottish Parliament potentially creating a Committee for the Future is noted with interest.</p> <p>The Scottish Government is happy to support the work of the new Committee, if it is created by the Parliament.</p>
<p>Influencing the Scottish Budget – Effective engagement</p> <p>Paras 135 - 136</p>	<p>Para 135 - The Committee welcomes the Scottish Government's efforts to increase its engagement with stakeholders such as local government and the voluntary sector, particularly in relation to spending decisions in their areas. We note, however, that this experience is not shared by all.</p> <p>Para 136 - The Committee therefore encourages the Scottish Government to reflect on how it can further improve its engagement for future budget rounds, including ensuring that this takes place as early as possible in the process to enable all sectors to influence the budget formulation in a meaningful way.</p>	<p>The Scottish Government welcome's the recognition by the Committee of its work to increase engagement with stakeholders and appreciates that it is important to continue to improve this with future Budgets.</p> <ul style="list-style-type: none"> • The government is committed to improving its engagement with stakeholders on tax policy. In late June, the government hosted a stakeholder roundtable to consider the tax policy landscape ahead of the 2026-27 Scottish Budget. In September, the government is hosting its first tax conference, bringing together a diverse range of stakeholders to discuss tax policy and ahead of the 2026-27 Scottish Budget, the government will host its annual ministerial roundtables with stakeholders, providing an opportunity to share views directly. • The record funding settlement for Local Government in 2025-26 was the result of early and meaningful engagement between Scottish Government, COSLA and Councils. Constructive engagement between the Scottish Government and COSLA has already commenced ahead of the 2026-27 Scottish Budget and decisions on future Local Government settlements will be taken in consultation with COSLA. • The New Deal for Business programme to deliver recommendations on improving the relationship between business and government introduced a more robust process to engage with business in advance of the 2025-26 Scottish Budget. This strategic engagement programme begun in 2023 and its approach has been enhanced to include more industry bodies. This engagement will continue for the 2026-27 Scottish Budget.

Topic	Committee Recommendation	Scottish Government response
<p>Good quality and timely data</p> <p>Paras 140-141</p>	<p>Para 140- The Committee is concerned by the strength of evidence that it has received showing an information gap which inhibits effective influencing of the Scottish Budget.</p> <p>Para 141 - The Committee is therefore attracted to Professor David Bell's suggestion that there should be a broad review of Scotland's data needs and its accessibility, with the aim of enabling improved participation and influence on the Scottish Budget. We therefore ask the Scottish Government to work with a wide range of stakeholders, including academia, the public sector, voluntary organisations, and local government in developing a remit and timetable for the review. We seek an update on progress with this work alongside the Scottish Budget in early December.</p>	<p>The Scottish Government has noted the Committee's support for a broad review of data needs and will consider this in detail with relevant stakeholders.</p>

<p>Influencing the Scottish Budget – Outcomes-based scrutiny</p> <p>Paras 149 - 151</p>	<p>Para 149 - It is disappointing that such little progress has been made towards achieving against the BPRG recommendations that (1) “all new and updated policies, strategies or plans clearly set out the outcomes they are aiming to achieve and the intermediate outputs, measures and milestones that will be used to monitor progress towards this” and that (2) “it should be clear how spending on the particular policy or activity will contribute towards improving specific national outcomes in the National Performance Framework” (NPF).</p> <p>Para 150 -The Committee therefore strongly urges the Scottish Government to implement this recommendation for all new and updated policies, strategies and plans without delay</p>	<p>The government will consider this recommendation as part of our development of improved NPF implementation and guidance.</p> <p>In order to better articulate how we have delivered our ambitions and the impact achieved for the people of Scotland, we have continued to enhance our performance and delivery reporting, and our corporate governance structures and underpinning processes have been strengthened to reflect and embed the First Minister’s focus on Programme for Government (PfG) delivery.</p> <p>This process is ongoing and further developing it will ensure that all new and updated policies, strategies or plans clearly articulate at the outset the outcomes they are aiming to achieve, as well as the intermediate outputs, measures and milestones that will be used to monitor progress. Cabinet and the Executive Team meet regularly, to review progress on the government’s programme.</p> <p>The annual Consolidated Accounts, including a Performance Report, will be published in the autumn, allowing full scrutiny of the outcomes achieved by the Scottish Government in the last financial year. We continue to embed appropriate and proportionate programme and project management methodology to strengthen governance of new and updated policies. This is part of our shift to a centrally coordinated and supported approach to delivery across the Scottish Government.</p> <p>The government is considering how this can be made clearer as part of the development of improved NPF implementation and guidance.</p> <p>The Deputy First Minister’s response on 14 January 2025 to the Parliament’s inquiry into the review of the National Outcomes stated, “We agree that there is scope to achieve better alignment of budget decisions with the NPF and PfG and this will be considered within the scope of our development of a stronger and more impactful NPF.”</p> <p>The Deputy First Minister committed in January to keeping Parliament updated as the work progressed. In June, the Deputy First Minister indicated that the review is planning to schedule cross-party engagement on developing the approach to reforming the NPF after the summer. The Deputy First Minister invited FPAC members and the Parliamentary Bureau to invite representatives of the parties to a first (initial) engagement on NPF reform.</p>
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	<p>Para 151 - We also request that the Scottish Government ensures that as part of its current reform of the NPF aimed at achieving, “a more strategic and impactful framework for Scotland”, greater emphasis is placed on how the NPF can in future properly influence spending decisions</p>	<p>The Scottish Government will consider this recommendation as part of its development of improved implementation and guidance on the NPF.</p> <p>The Scottish Government’s intent through reform, is to achieve broader alignment between policy and strategy (via the PfG), funding (via the Scottish Budget), and the National Outcomes. This requires to be well understood within the government, to inform decision making, and understood out with government, to enable public understanding and accountability.</p>
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Topic	Committee Recommendation	Scottish Government response
<p>Influencing the Scottish Budget - Openness to being influenced</p> <p>Paras 163 - 165</p>	<p>Para 163 - The Committee is deeply concerned that stakeholders consider their input has minimal influence on the Scottish Budget. We therefore recommend that the Scottish Government provides more information on the areas where its decisions have been influenced by stakeholders within the documents accompanying the budget. We believe this detail would help build more confidence, and encourage more engagement, in the budget process.</p>	<p>As part of setting the Scottish Budget, Ministers proactively seek the views of stakeholders across Scotland’s communities, including the priorities of the third sector, the public sector (including Local Government) and the business sector. Ahead of the 2026/27 Scottish Budget and Spending Review, Cabinet Secretaries are undertaking specific portfolio engagement with their stakeholders. These views will be considered as part of portfolio budget prioritisation and decision-making.</p> <p>Stakeholder asks are also carefully considered through the government’s constructive engagement with opposition parties. As a minority administration, the Scottish Government undertakes ongoing engagement with opposition parties as part of the Scottish Budget. For example, with the 2025/26 Scottish Budget there was significant engagement ahead of the Budget being introduced and also throughout the Budget Bill process. The Scottish Government invites, discusses and assesses proposals from all parties as part of building Parliamentary support for the Scottish Budget.</p> <p>The Scottish Government recognises that it can only deliver progress with the support of opposition partners in Parliament and will continue to work to balance priorities in its decision-making.</p>
	<p>Para 164 - The Committee requests that the Scottish Government improves the quality of its responses to committees’ pre-budget letters and reports. It should be clear which recommendations it has accepted and provide an explanation why any recommendations are not being accepted in full. We also expect the Scottish Government to set out measurable practical steps that it is taking to implement committee recommendations. We consider this approach would lead to a more transparent and impactful process.</p>	<p>The Scottish Government agrees that its responses to Parliament’s pre-Budget scrutiny correspondence should clearly indicate where it is accepting a Committee’s recommendations and in the cases where a recommendation cannot be accepted in full or part, an explanation should be offered.</p> <p>This point will be emphasised to all portfolios and Cabinet Secretaries as part of the 2026-27 Scottish Budget process.</p> <p>The Government recognises that the pre-budget scrutiny process is an essential element of the Scottish Budget process and it offers a valued route by which Committees can seek to influence the Scottish Budget ahead of its publication.</p> <p>The Scottish Government asks that the Parliament reflect on how Committees can improve the planning of their contributions for this important part of the budget process.</p> <p>During the 2025-26 Scottish Budget, only three of the eleven Committees that offered a view, submitted pre-budget scrutiny correspondence six weeks ahead of the date of the Scottish Budget, in accordance with the Written Agreement. This increased the challenge for the Scottish Government in considering Committee recommendations ahead of the Budget being finalised.</p>

	<p>Para 165 - The Committee acknowledges efforts made by the Scottish Parliament in recent years to ensure greater cohesion in the annual parliamentary debate where Conveners set out how their committees have sought to influence the budget and Scottish Ministers respond. We believe that further improvements could be made to ensure this time in the parliamentary calendar is used to best effect. We therefore seek the Scottish Government's support, along with that of subject committees, to explore ways in which this debate can be much more impactful, including piloting new approaches.</p>	<p>The Scottish Government would be pleased to work with the Scottish Parliament to review the Committee Conveners debate within the Budget process to explore how this can be improved for future Budgets.</p>
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