



The Scottish Parliament
Pàrlamaid na h-Alba

Economy and Fair Work Committee

Kenneth Gibson
Convener
Finance and Public Administration Committee

24 March 2025

Dear Kenneth,

Inquiry into the Scottish budget process

Thank you for your letter of 26 February highlighting your committee's short inquiry into how the Scottish budget process has worked in practice this session.

It is recognised that budget scrutiny is a year-round process, and in-year publications and ongoing scrutiny work informs pre-budget input in the Autumn. Meaningful scrutiny happens when committees have the information they need, at the level required, at the appropriate time.

Over the course of this session, this committee has commented on (1) a lack of obvious links between the Scottish Government's planned spend and published plans and strategies, and an apparent lack of cohesion across different policy areas. The Committee notes that better information on how budget lines relate to strategic priorities and line by line carbon budgeting would be helpful. (2) difficulties when comparing spend year-on-year, and (3) a lack of disaggregated data, for example in relation to business support provided during the pandemic by sector and generally in relation to women's business activity, support and procurement. Some progress has been made.

This year, following the Deputy First Minister's attendance at committee, we received a letter setting out spending plans in her portfolio, how they have evolved over the last two years, providing detail of in-year transfers and latest outturn figures. This information was helpful, but the Committee was disappointed that it had not been provided earlier. The Committee has asked for future years that this detail is now provided alongside the budget.

The main strategy underpinning the Scottish Government's stated priority of economic growth is the national strategy for economic transformation (NSET). This Committee, your committee and the Public Audit Committee have all previously highlighted the concerns raised by Audit Scotland about a "gap in political leadership", a lack of information on how much investment is needed to deliver NSET, and whether directorates are working together to agree funding priorities. This Committee believes there should be a clearer link between NSET and the budget,

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with NSET driving budget decisions across Government departments and achieving more coherence across portfolios.

In summary, much information is available to committees, but transparency and accountability could be improved by the Scottish Government, providing clearer and more disaggregated information on the links between and across policies, spend and desired outcomes. The Committee notes the recent recommendation from the OECD about training for members on fiscal matters. The Committee supports this but recognises the responsibility on members themselves to build their financial understanding and knowledge base.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Col Smyth', written in a cursive style.

Colin Smyth MSP
Convener