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Kenneth Gibson MSP, Convener
Finance and Public Administration Committee

By email: FPA.committee@parliament.scot

6 March 2025

Dear Kenneth

STANDARDS FOR FINANCIAL MEMORANDA

In my letter dated 26 July 2024, I committed my officials to update the Bill Handbook and other relevant points you raised in your letter of 25 June 2024.

I would like to provide you with an update on that work. The finance guidance note on preparing financial memoranda (which accompanies the Scottish Public Finance Manual) has been updated and will be available online during w/c 3 March. The guidance was reviewed and updated to ensure that the Committee's recent feedback was given greater prominence. This included making updates in relation to:

- mandating the use of the GDP deflator measure of inflation;
- requirement for Bill teams to write proactively to the committee where there has been a significant change in financial memoranda beyond Stage 2;
- the preference for financial information to be set out by reference to specific provisions in a Bill to ensure all provisions are costed appropriately;
- providing margins of uncertainty, with maximum and minimum estimates (unless precise figures are available);
- the use of summary tables; and
- the desirability of avoiding unnecessary replication of text from other Bill documents.

The Bill Handbook has also been updated to reflect the Committee's feedback and this updated financial guidance.

The importance of this matter has been highlighted all ministers and Bill teams, and this message continues to be reinforced.

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Refreshed training will be given to Bill teams as part of the annual Parliament Legislation Unit (PLU) Bill Seminar Series in March, which your clerks have agreed to speak at, and Finance Business Partners have already received refreshed training to ensure they are supporting Bill teams in reflecting the updates.

JAMIE HEPBURN

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