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Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
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By email: FPA.committee@parliament.scot
07 November 2025

Dear Kenneth,

I am grateful to the Committee for its continued scrutiny and engagement on matters of public finance. I know that members of the Finance and Public Administration Committee are well aware of the distinction between the reporting of outturn in the Scottish Government's Consolidated Accounts and the fiscal outturn reported to HM Treasury. Given recent public commentary, however, I felt it important to provide clarity on the figures referenced and their implications.

The Consolidated Accounts recorded an underspend of around 1.7% (£1 billion) of our overall budget. It is, however, the outturn position which is reported to HM Treasury that is used to determine the Scotland Reserve. The Provisional Outturn totalled £557 million, as reported to Parliament in June, with the Final Outturn following once all relevant public sector audits are completed. We do not expect material changes between provisional and final outturn.

These differences are consistent with the guidance from HM Treasury and the Financial Reporting Manual (FReM), which govern how the accounts are prepared.

The variance between the Consolidated Accounts and Provisional Outturn are driven by:

- The £1 billion underspend in the Accounts includes non-cash budgets such as depreciation and HM Treasury ring-fenced annually managed expenditure which cannot be used on day-to-day costs or deposited in the Scotland Reserve. The Accounts are also based on different reporting boundaries (for example, they do not include NDPBs) in line with UK Government reporting rules. In total this equates to a £247 million difference between the Accounts and the Provisional Outturn.
- Changes post-Spring Budget Revision (SBR), with the Accounts being based on SBR as the last budget approved by Parliament, totalling £205 million. The changes are mainly relating to a reduction in 2024-25 capital borrowing requirements. Final borrowing decisions are always made at the end of the financial year when there is

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greater certainty on both the final funding envelope and final spending forecasts, with reduced borrowing supporting fiscal sustainability.

The Outturn underspend does not represent a loss of spending power to the Scottish Government, with the £557 million having been fully allocated to support spending in 2025–26. This funding has been carried forward within the Scotland Reserve and is being utilised as part of wider funding to bolster vital public services, including the NHS, removal of peak fares and mitigating operational pressure caused in part by the rise in employer national insurance contributions.

As set out in the Autumn Budget Revision, this carry forward has enabled us to respond to emerging pressures and deploy resources where they are most needed.

I hope this clarification is helpful in distinguishing between the technical reporting requirements and the practical fiscal management decisions that underpin our budget.

Yours sincerely,

SHONA ROBISON

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