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Convener
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
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By email: fpa.committee@parliament.scot

06 November 2025

Dear Kenneth,

I am writing to formally advise that I hosted meetings of the Finance: Interministerial Standing Committee (F:ISC) and Joint Exchequer Committee (JEC) in Edinburgh on Friday 17 October.

Finance: Interministerial Standing Committee

I chaired the meeting of F:ISC which was also attended by the Chief Secretary to the Treasury, Rt Hon James Murray MP, the Rt Hon Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language in the Welsh Government, and John O'Dowd MLA, Minister of Finance in the Northern Ireland Executive.

I used this meeting to set out the challenges facing the Scottish Budget and our priorities for the UK Budget, in particular the need to protect public services and to invest in infrastructure to support economic growth. I also urged the UK Government to engage with us on any changes that would impact on our devolved tax and social security systems.

I then led further discussions on options for greater fiscal flexibilities, which would enable devolved governments to better manage funding volatility, before we discussed undertaking joint work to look at ways of improving the operation of the Barnett formula.

As you will be aware, the F:ISC meetings form a part of the machinery of intergovernmental relations and are a forum to discuss economic and financial matters.

Joint Exchequer Committee

I then chaired the meeting of the Joint Exchequer Committee, where the Chief Secretary to the Treasury and I finalised arrangements to set the Block Grant Adjustment (BGA) for the Scottish Aggregates Tax (SAT), discussed VAT Assignment (VATA) and the arrangements for the work on the scope for the next Fiscal Framework Review.

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I wrote to you on 7 August 2025 outlining the bespoke arrangements that I have agreed with the CST for setting the baseline for the SAT BGA. These arrangements specify that the baseline will be set using a revenue forecast, and ultimately outturn data, for SAT revenue from the year of introduction, rather than the year prior to devolution as stipulated in the Fiscal Framework. At the JEC, we agreed that the forecast we will use to initially set the baseline will be the Scottish Fiscal Commission (SFC) forecast from June 2025 for 2026-27 which estimates SAT revenue at £37.4 million.

The SFC forecast is the only available forecast which reflects the inclusion of Scotland-specific export and import data in calculating Scotland's share of UK Aggregates Levy receipts. Consequently, we anticipate that using the SFC's June 2025 forecast for 2026-27 SAT revenues to inform the SAT BGA baseline would best reduce volatility for the Scottish Budget. Ultimately, the forecast will be reconciled to outturn.

The CST and I acknowledged the evidence taken by the Finance and Public Administration Committee and the House of Commons Scottish Affairs Committee on the feasibility of implementing VATA, noting stakeholder concerns around volatility, accuracy and accountability. Further discussions will be had between the governments on the matter.

Arrangements were discussed for agreeing a scope of the next review of the Fiscal Framework. I set out to the CST the Scottish Government's ambition for a broadly scoped review and the importance of gathering stakeholder views to input into the review process.

I have attached the agreed communiques from the meetings to this letter for your awareness. It provides an overview of the matters discussed. They are also published at [Finance: Interministerial Standing Committee – 17 October 2025 - GOV.UK](#) and [Joint Exchequer Committee meeting: communique – 17 October 2025 - gov.scot](#).

My officials will continue to liaise with the Committee clerks to ensure it is kept apprised of F:ISC, JEC and associated arrangements, and I will continue to engage with the Committee across its on-going business. I expect the next meeting of F:ISC to take place in February.

Yours sincerely

SHONA ROBISON

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COMMUNIQUÉ – FINANCE: INTERMINISTERIAL STANDING COMMITTEE

The Cabinet Secretary for Finance and Local Government (Scottish Government), Shona Robison MSP chaired a meeting of the Finance: Interministerial Standing Committee (F:ISC) on 17 October 2025 in Edinburgh.

The meeting was attended by the Rt Hon James Murray MP, Chief Secretary to the Treasury (UK Government), the Minister of Finance (Northern Ireland Executive), John O'Dowd MLA, and the Rt Hon Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language (Welsh Government).

All ministers appreciated the opportunity to discuss working collaboratively, and in view of the upcoming UK Autumn Budget, discussed the economic and fiscal context and the priorities for each of the devolved governments.

Ministers then discussed options for enhancing the fiscal flexibilities available to devolved governments, and agreed that joint work would be undertaken looking at ways of improving the operation of the Barnett formula, to report at the next F:ISC

Ministers went on to discuss a programme for future meetings, noting that the next planned meeting of F:ISC would take place early next year, to be chaired by the Northern Ireland Executive.

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COMMUNIQUÉ – JOINT EXCHEQUER COMMITTEE

Chief Secretary to the Treasury Rt Hon James Murray MP and the Scottish Government's Cabinet Secretary for Finance and Local Government Shona Robison MSP held a meeting of the Joint Exchequer Committee on 17 October 2025 in Edinburgh to discuss matters relating to Scotland's Fiscal Framework.

The Chief Secretary and the Cabinet Secretary discussed the scope for the next Fiscal Framework review. Both ministers acknowledged that agreeing a scope for the review early in the process would be beneficial, and agreed that their officials should work together on this.

Ministers also discussed next steps for VAT Assignment and finalised arrangements to set the Block Grant Adjustment for the Scottish Aggregates Tax.

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