



The Scottish Parliament
Pàrlamaid na h-Alba

John-Paul Marks
Permanent Secretary
The Scottish Government

By email only

Public Audit Committee
Room T3.60
The Scottish Parliament
EDINBURGH
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16 December 2022

Dear Mr Marks,

Scotland's public finances: challenges and risks

The Public Audit Committee took evidence from the Auditor General for Scotland (AGS) on his recent briefing on the challenges and risks currently facing Scotland's public finances, on [1 December 2022](#).

Following the evidence session, the Committee agreed to write to you to draw your attention to the following points.

In his briefing, the AGS states that in the face of the current financial challenges, the pace and scale of reform needs to increase, and that this will require a sense of urgency from the Scottish Government. The AGS goes on to state that if this does not happen, it will become increasingly difficult for the Scottish Government to manage the pressures on its budget.

The AGS also states in his briefing that "there remains a need for a public sector consolidated account to provide a comprehensive and transparent assessment of the state of Scotland's public finances. As you will be aware, this Committee, its predecessor Committee and the AGS have, for some considerable time, called for the Scottish Government to produce a consolidated account to cover the devolved public sector in Scotland, including total assets, investments and liabilities.

The AGS told the Committee that a public sector consolidated account for Scotland, remains to be what he describes as a "unfulfilled delivery requirement". The AGS further expressed a concern that not having a public sector consolidated account

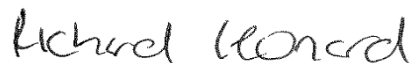
risked the public sector reform required to manage budget pressures being “...piecemeal, rather than there being a view taken across Scotland about assets and liabilities”.

It is clear that the AGS’s briefing raises serious and indeed stark warnings about the financial challenges Scotland is facing, and that the need for radical reform of the public sector is as urgent as it has ever been.

The Committee will be taking evidence from the AGS on his section 22 report, the 2021/22 audit of Scottish Government Consolidated Accounts on 19 January 2023, and it is likely that we will then wish to take evidence from you on both the section 22 report and the briefing on Scotland’s public finances.

The Committee clerks will be in touch with your office to arrange a date for the evidence session in due course.

Yours sincerely,

A handwritten signature in black ink that reads "Richard Leonard". The signature is written in a cursive, slightly slanted style.

**Richard Leonard MSP,
Convener**