

Inquiry into the Scottish Budget process in practice

Purpose

1. The Committee is invited to take evidence from Shona Robison MSP, Cabinet Secretary for Finance and Local Government as part of its inquiry into the Scottish Budget process in practice. The Cabinet Secretary will be accompanied by the following Scottish Government officials—
 - Alasdair Black, Deputy Director, Budget and Fiscal Coordination, and
 - Jamie MacDougall, Deputy Director, Spending and Pay Strategy.
2. This is the Committee's final evidence session for this inquiry. It is expected to publish a report of its findings in June 2025.
3. To inform the inquiry, a [summary of responses](#) was produced, along with a [SPICe briefing](#) setting out how key aspects of the budget process have operated this session, including when relevant documents were published and the time available for their scrutiny.
4. This paper outlines the main themes explored by the Committee during the oral evidence sessions that took place over April and May.

Inquiry remit and approach

5. The Committee agreed on 4 February 2025 to carry out a short, focussed [inquiry into how the Scottish budget process has worked in practice this parliamentary session](#), with the following remit—
 - to establish the extent to which the four core objectives¹ for the budget process are being met,
 - to identify any barriers to meeting these core objectives and how these might be overcome,
 - to establish how key documents aimed at supporting the full-year budget process are currently being used and where improvements might be made to support effective scrutiny,
 - to determine whether the information, guidance and support provided to committees to assist them in their budget scrutiny remains adequate and fit-for-purpose, and

¹ The four core objectives of the budget process are that it has led to: greater influence on formulation of the Scottish Government's budget proposals, improved transparency and increased public understanding and awareness of the budget, responded effectively to new fiscal and wider policy challenges, and led to better outputs and outcomes as measured against benchmarks and stated objectives

- to identify any improvements that can be made to the budget process that can be put in place for Session 7 and to inform the scope of any future wider review carried out jointly by the Scottish Parliament and Scottish Government.
6. The Committee does not intend, as part of this inquiry, to revisit the four objectives or the full-year approach of the budget process, which were recommended by the [Budget Process Review Group in its 2017 report](#) and endorsed through the [Budget Process Session 6 Agreement](#) between this Committee and the Scottish Government.²
7. The Committee ran a [call for views](#) from 12 February to 26 March 2025. It also [sought the views of other Scottish Parliamentary committees](#) on how the budget process operates from their perspective and if the support and guidance they receive could be enhanced. 32 submissions were received, including seven from committees. Witnesses providing evidence on 22 April³ also submitted written evidence in advance of that meeting which is available on the Committee's inquiry web pages.
8. Oral evidence sessions with a range of witnesses were held on [1 April](#), [22 April](#), [29 April](#) and [6 May 2025](#).

Oral evidence: themes

9. Themes explored during the Committee's evidence sessions include—

Requirement for improved transparency

- It was recognised that the Scottish Government has made some improvements in the transparency of budgetary information in recent years. The data published by the Scottish Government should however enable accurate comparisons between years. It was suggested that more transparency and consistency of presentation is needed, including in relation to regular in-year transfers. For example, the growth of 2025-26 spending plans were overestimated because they did not consider previous in-year transfers. More detailed information on pay and workforce is required given this makes up a significant proportion of the budget.
- Although it is appreciated that the Scottish Budget is complex, its accessibility could be improved if stakeholders could track the funding position of portfolios between years.
- In certain cases, it is very difficult for external parties to track if, how and where the money allocated for different initiatives is being spent. This

² Any wider review would require to be carried out jointly by a successor committee and Scottish Government.

³ The Office for Budget Responsibility, Professor Mairi Spowage, Director of the Fraser of Allander Institute, and Professor David Bell, Professor of Economics, University of Stirling.

insufficiency of publicly available data was seen to potentially jeopardise the ability to properly hold the Scottish Government to account.

- Scotland's budget process is below the OECD average in transparency and in public participation when assessed against the criteria used by the International Budget Partnership. These results are partly due to the absence of certain recommended publications such as pre-budget statements.

Measurable budget outputs and outcomes

- A recurring theme arising from the evidence sessions is that the formulation of the Scottish Budget does not provide sufficient details of the outcomes that it is trying to achieve.
- There was consensus amongst respondents that without this detail on outcomes it is very difficult for the civil society to engage in scrutiny of the Scottish Budget. The SFC also said that the fiscal framework can seem "intimidating" for the general public given its complexity.
- Without linking spending lines with desired outcomes, it is difficult to track if the Scottish Government's spending decisions are achieving their intended goals.
- Without outcome-based budgeting it is very difficult for stakeholders to propose alternative spending suggestions that may result in a more efficient use of public funds.

Medium-Term Financial Strategy (MTFS) and sustainability

- Some respondents consider the Scottish Government's spending actions to be mainly short-term and not strategic enough. This is seen as problematic given that Scotland faces future fiscal sustainability issues that require long-term planning.
- Most respondents agreed with the principles behind the MTFS. Some stakeholders viewed positively the sense of direction that the MTFS gives to public finances. Others suggested that the MTFS has not fully achieved its aims because it is too 'party political' and does not provide sufficiently detailed, granular information on spending plans, outlooks and scenarios. One witness described the MTFS as being "a tool of expectation management for Government".
- Concerns were raised that no MTFS was published in 2024. The broad consensus amongst stakeholders was that the MTFS should be published on a regular basis. Given that in any five-year cycle there will be at least one UK General Election and one Scottish Parliament election, it was felt that the Scottish Government could have planned around known political events. The Scottish Government has since delayed the 2025 MTFS from 29 May to 25 June.

- Some respondents suggested that the Scottish Government should acknowledge and better plan for its long-term fiscal sustainability challenges and provide more information on the steps that it takes to mitigate them which includes planning for different possible scenarios. It is unclear how the Fiscal Sustainability Delivery Plan will add value unless it is focused on the long-term outlook.

Other Scottish Government strategies and long-term planning

- Most witnesses said that the Scottish Government's strategies are not transparent and that there is not enough detail to ascertain how they link together. For example, it is unclear if the MTFS or the annual Scottish Budget is based on or influenced by the National Performance Framework (NPF).
- The apparent lack of interlinkage between strategies is seen to compound the challenges in understanding the already complex Scottish Budget for stakeholders and in particular for the general public. The Auditor General of Scotland suggested that the NPF, "if done properly", could be a way for the general public to gain greater understanding of the aims of the budget.
- The lack of strategic approach in the formulation of the budget inhibits exploring a whole of Government approach to spending where funds are linked to delivering specific priorities rather than to specific departments.
- Several respondents argued for more budget certainty through multi-year budgets. This was seen as a way of enabling bodies that receive government funding to develop longer term goals.
- Although it was acknowledged that Spending Reviews take up a lot of resource in Government, it was seen as essential for there to be a medium to long term plan for spending. This is particularly important for capital spending given that capital projects take longer to complete and require multi-year budget certainty. It was suggested that resource spending reviews should take place every three years and capital spending reviews every five to seven years.
- The Fraser of Allander Institute suggested that Scotland would benefit from zero-based budgeting taking place every decade or so, where departments are challenged on spending rather than "just taking baselines as a starting point".
- Key documents that inform the budget process should include details of the Scottish Government's actions in relation to public service reform, early intervention and prevention and their financial impacts.

Influence on the budget by stakeholders and Committees

- Some respondents felt that the pre-budget process has minimal impact on the formulation of the budget. There was a feeling that most important decisions are made behind closed doors, and that the public consultative process is started after key decisions have been made.
- Relevant stakeholders have very tight timelines to engage with the budget due to the usual UK and Scottish parliamentary timetables. This makes achieving effective scrutiny very difficult. This matter is further exacerbated by the delay in the publication of key strategic documents such as the MTFS. A clear medium to long term fiscal strategy published by the Scottish Government could alleviate some of these concerns as it would enable interested parties to provide feedback that is not constrained by very strict timelines.
- COSLA highlighted recent improvements in relation to engagement with the Scottish Government on the Budget but said more can be done, for example, to influence policies on teacher numbers which have a financial impact. While the Scottish Trades Union Congress argued that earlier engagement could better inform the Scottish Government's public sector pay assumptions.
- Some witnesses suggested that adding a Pre-Budget Statement into the budget process could improve its effectiveness and provide greater opportunities to influence the formulation of the budget in a more meaningful way.
- Capacity issues with MSPs, committees, and the Parliament can impact their ability to carry out impactful whole-year budget scrutiny. Some witnesses said that developing the fiscal literacy of MSPs is crucial. It was further suggested that if Committees asked questions about financial impacts when considering other policy issues throughout the year, budget scrutiny would be better informed.

Next steps

10. The Committee expects to publish its findings in relation to its inquiry into the budget process in practice in June 2025.

Committee Clerking Team
May 2025