



The Scottish Parliament
Pàrlamaid na h-Alba

Finance and Constitution Committee

Rt Hon Chief Secretary to the
Treasury, Stephen Barclay MP (by
e-mail)

The Scottish Parliament
EDINBURGH
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4 March 2021

Dear Chief Secretary,

Thank you for your letter dated 12 February in response to recommendations in our pre-budget report.

The Committee has now published our report on the Scottish Government's Budget 2021-22.¹

The Committee noted that this is the second consecutive year in which the Scottish Budget has been published prior to the UK Budget. The Committee recognises that this was due to the UK General Election in December 2019 and then the exceptional circumstances arising from COVID-19. In both cases this has resulted in a truncated period for parliamentary scrutiny which makes detailed consideration of the Budget very challenging. The interconnectedness of the UK Budget and the Scottish Budget exacerbates this challenge.

The Committee has therefore recommended that our successor should work with its counterpart committees in Wales, Northern Ireland and the House of Commons with a view to impressing on HM Treasury the benefits of better alignment between the devolved budget processes and UK fiscal events. The forthcoming review of the Fiscal Framework also provides an opportunity to address this issue.

The Committee reiterates our recommendation in our pre-budget report that HM Treasury gives a commitment that if the fiscal position continues to rapidly evolve in 2021-22 that the funding guarantee for COVID-19 related Barnett consequential should continue in the next financial year.

¹ <https://sp-bpr-en-prod-cdnep.azureedge.net/published/FCC/2021/2/23/c04d100c-3d3d-4af6-bf53-bd49031b49d6/FCC052021R2.pdf>


The Committee also recommends that the spill over provision arising from the impact of Personal Allowance increases on the Scottish Budget should be agreed between HM Treasury and the Scottish Government as soon as practical.

Finally, the Committee recommends that given borrowing costs are extraordinarily low, HM Treasury considers increasing the Scottish Government's capital borrowing powers as a value for money means of supporting economic recovery.

Given that the Parliament will be in a pre-election recess from 26 March it would be helpful to have a response by 19 March.

I am copying this letter to the Chairs of our counterpart committees in the House of Commons, the Senedd and the Northern Ireland Assembly.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Bruce Crawford".

Bruce Crawford MSP
Convener