

Rùnaire a' Chaibneit airson Ionmhas agus na h-
Eaconamaidh
Cabinet Secretary for Finance and Economy
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The Scottish Parliament
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By email: fpa.committee@parliament.scot

4 March 2022

Dear Kenny,

Thank you for your letter dated 23rd February 2022 outlining the Committee's findings on its review of the Medium-Term Financial Strategy (MTFS)

First and foremost, I want to thank the Committee for undertaking this review and to those parties who responded to the Committee's call for evidence. I recognise the time constraints you have faced, with work to scrutinise the 2022-23 Budget being conducted alongside this. The review provides pertinent recommendations for the Scottish Government to now consider.

The view of the Scottish Government is that the MTFS should be a means of focusing on the medium-term sustainability of Scotland's public finances, as context for decisions made in budget processes and shaped in periodic spending reviews, which in turn take detailed account of the link to outcomes. I am committed to continuously improving the MTFS, implementing previous improvements recommended by Scottish Parliament Committees and the Auditor General, such as setting out high-level fiscal risks that need to be considered in the scrutiny of the Budget and outlining current approaches to principles and policies that would apply in managing borrowing powers.

On the specific improvements recommended by the review, the Scottish Government will now consider each of these in detail as we develop the 2022 MTFS, however some recommendations may be best addressed in 2023 following the publication of the Resource Spending Review.

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I note that my officials have ongoing and regular discussions planned with Committee clerks and will continue to engage throughout the drafting process. I will write again to the Committee alongside the publication of the MTFS in May/June outlining how we have taken account of the Committee's recommendations and what we will look at ahead to incorporate in future publications.

I recognise the importance of the MTFS having a distinct role that does not replicate what would normally be delivered through the Scottish Budget or a Spending Review. I also recognise that the future development of the MTFS should not be looked at in isolation. We therefore also welcome the commitment for a more in-depth examination of the MTFS as part of a wider review of the budget process in due course.

Yours sincerely,

KATE FORBES

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