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Kenneth Gibson MSP
Convener
Finance and Public Administration Committee

By email: FPA.committee@parliament.scot

26 July 2024

Dear Kenneth

FINANCIAL MEMORANDA

Thank you for your helpful and constructive letter of 25 June 2024, and for your kind words. I also look forward to working with your Committee.

I set out below my response to the issues which you raise in your letter.

Standards for Financial Memoranda

I am happy to confirm that the Scottish Government will seek to ensure there is consistent application of the Scottish Public Finance Manual (SPFM), and the relevant guidance associated with it, in relation to the development of Financial Memoranda (FMs).

I will be drawing the importance of this to the attention of lead Ministers and Bill Teams, and I will also be emphasising to them that your Committee will be paying close attention to the matter when scrutinising future FMs. My officials will also be updating the Bill Handbook and other relevant guidance to draw attention to the points raised in your letter, and my expectation that they will be given effect to. This includes the specific points you make in relation to margins of uncertainty, the GDP deflator measure of inflation, the preference for financial information to be set out by reference to specific provisions in a Bill, the use of summary tables and the desirability of avoiding unnecessary replication of text from other Bill documents.

I will be using various gateway points in the Bill process to ensure that the committee's views have been taken into account and given effect to in the development of FMs. I have asked officials within the Scottish Government who support me and the Cabinet Secretary for Finance and Local Government in delivery of the Bill programme to engage with your clerks on a regular basis so that they can jointly monitor the outcome of the commitments I have given in this letter.

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Updates and revisions to Financial Memoranda

I will also be reminding lead Ministers and Bill Teams of the need to proactively write to your Committee with any significantly revised figures (including margins of uncertainty) for Financial Memoranda during Stage 1. I note your request that the SPFM should be revised to emphasise that the Scottish Government should proactively write to the Committee as soon as it becomes aware of such information and I am happy to confirm that this will be taken forward.

Monitoring of implementation costs for framework legislation

I note your request that where the Committee has requested regular updates on expenditure on specific legislation that these updates should be presented in a co-ordinated way annually, alongside the Scottish Government's Medium-Term Financial Strategy. These will be issues for the Cabinet Secretary for Finance and Local Government and relevant lead Ministers to take forward and I will ensure your request is brought to their attention.

I am copying this to the Cabinet Secretary for Finance and Local Government and the Presiding Officer.

Your sincerely

JAMIE HEPBURN

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