

Finance and Public Administration Committee

7th Meeting 2021 (Session 6), Tuesday 5 October 2021

Scotland's public finances in 2022-23 and the impact of Covid-19

Purpose

1. At its meeting on 5 October, the Committee will take evidence as part of its pre-budget scrutiny on 'Scotland's public finances in 2022-23 and the impact of Covid-19' from—

- Kate Forbes MSP, Cabinet Secretary for Finance and the Economy,
- Douglas McLaren, Deputy Director, Budget, Pay and Pensions, and
- Claire McManus, Fiscal Framework Team Leader, Scottish Government.

2. This is the Committee's final evidence session before it considers its draft pre-budget scrutiny report in early November. This paper provides some background to the session. Private briefing notes from the Committee's budget adviser on key issues that have arisen during pre-budget scrutiny, and from SPICe on the Fiscal Framework Outturn Report, have also been provided and will be published after the meeting.

Background

3. The Committee issued a call for views which ran from late June until mid-August 2021 and sought responses to the following questions:

- How should the Scottish Government's Budget for 2022-23 address the need for a fair and equal recovery from the Covid crisis?
- How should the Scottish Government's Budget address the different impacts of the pandemic across age, income and education groups and across places?
- In 2022-23, it is likely that there will be reduced levels of available Covid-related financial support for the public and private sector. Given this, what should be the priorities for the Scottish Government's Budget?
- How should the Scottish Government Budget in 2022-23 address the risks arising from the level and rate of recovery from the pandemic in Scotland relative to the rest of the UK? Please consider any impact on devolved tax receipts and social security benefits in your answer.
- How has the Fiscal Framework worked in managing response to the crisis?

- How should learnings from the pandemic inform the forthcoming review of the Fiscal Framework?

4. This consultation attracted a total of 46 [written responses](#) and SPICe has produced [a summary of the written views](#) received.

5. As well as taking evidence from four panels of witnesses over two meetings on 7 and 14 September, the Committee also held sessions to inform pre-budget scrutiny with the Scottish Fiscal Commission on its [Economic and Fiscal Forecasts – August 2021](#) and the Cabinet Secretary for Finance and the Economy on 31 August, and with the Auditor General for Scotland on Audit Scotland's report: '[Tracking the implications of Covid-19 on Scotland's public finances](#)' on 28 September. Further information can be found in [the papers and official reports of these sessions](#).

Focus of the evidence session

6. At this evidence session, the Committee is invited to explore with the Cabinet Secretary the key themes and issues that have arisen during its pre-budget scrutiny, and the content of the Fiscal Framework Outturn Report (FFOR) published on 30 September

7. The annual FFOR is a key aspect of the all-year round budget process recommended by the Budget Process Review Group in its June 2017 report¹. It contains outturn and reconciliation information for Scottish Income Tax, Scottish Landfill Tax, Land and Buildings Transaction Tax and devolved Social Security benefits, as well as updates on borrowing and the Scotland Reserve.

Next steps

8. The Committee will consider a draft report in early November.

Finance and Public Administration Committee Clerks
September 2021

¹ [BPRG - Final Report 30.06.17.pdf \(parliament.scot\)](#)