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Bruce Crawford MSP  
Convener  
Finance and Constitution Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

1 November 2016

*Dear Bruce,*

At the Finance and Constitution Committee evidence session on the Autumn Budget Revision on 26 October, I agreed to write to the Committee to clarify the following matters raised by James Kelly, MSP and Murdo Fraser, MSP.

Mr Kelly asked for a breakdown of the sources of income that made up the £151.8m in additional funding which was deployed to portfolios in the Autumn Budget Revision (ABR).

The main elements that make up the additional £151.8m are, £25.5m of Barnett consequentials which were announced in the UK Budget in March 2016, £23m available from the Land and Buildings Transactions Tax Additional Dwelling Supplement tax receipts and the balance is made up of a combination of other smaller budget additions and from an initial draw down from the £154.4m (that I announced in June 2016) that is available through Budget Exchange that is being carried forward from 2015-16.

A forecast of expected revenues from the Additional Dwelling Supplement was set out in the Draft Budget 2016-17, but these revenues were not allocated in support of spending at that point, because doing so would have pre-empted Parliament's approval of the relevant legislation. The ABR is now adding these revenues into the overall budget totals.

Mr Fraser asked about the Strategic Forum transfers.

Since 2012-13, we have challenged the bodies included in the Strategic Forum (Scottish Enterprise, Highlands and Islands Enterprise, VisitScotland, Skills Development Scotland and the Scottish Funding Council) to work together, and with other public bodies, to achieve efficiency savings through greater collaboration and alignment.



This challenge continued for 2016-17, and we set a savings target for each of the 5 bodies before the start of the budget year. This was reflected in the Draft Budget 2016-17, where a budget of -£40m was set for the Strategic Forum, to reflect this year's savings target – the transfers that are taking place at the ABR are simply transferring the individual body's savings contributions to offset the original -£40m budget.

An opportunity arose for the Scottish Funding Council to use their £11.7m planned contribution to the Strategic Forum for 2016-17 as match funding to secure additional grants for our Universities from UK Research Councils. I therefore agreed to fund the SFC planned contribution to the Strategic Forum from central resources. This forms part of the "Additional Funding" (of £151.8m) in the Autumn Budget Revision Supporting document.

There is a need for public bodies to continually look for ways to deliver high quality services whilst achieving efficiencies, which is why the Strategic Forum savings remain in place for 2016-17.

I will write again shortly about issues raised in relation to the Land and Buildings Transaction Tax session also on 26 October.

I hope this assists the Committee.

A handwritten signature in black ink, appearing to read 'Derek Mackay', written in a cursive style.

**DEREK MACKAY**