

202300338350 – DOCUMENTS FOR RELEASE

BRIEFING - DFM call with CST - 27 OCTOBER 1100

Wed 26/10/2022 16:58

From: [REDACTED]

To: Deputy First Minister and Cabinet Secretary for Covid Recovery [REDACTED]

CC: [REDACTED] DG Scottish Exchequer Mailbox, Director for Budget and Public Spending

PS/DFM

Please see attached briefing for the call tomorrow with CST.

We have just received a response from the CST to the letter that the devolved governments sent to the previous Chancellor on 30 September, and this is attached.

I have also attached the letter DFM sent to the Chancellor last week.

The briefing references the letter from the FM plans to the PM, but this has not yet issued. We can add that once it issues.

Thanks

[REDACTED]

What	Introductory call with the Chief Secretary to the Treasury
Where	Microsoft Teams
When	Thursday 27 October 2022. 11.00 – 11.30
Who	<ul style="list-style-type: none">• John Glen MP, Chief Secretary to the Treasury
Objective	An introductory meeting and opportunity to highlight key issues facing the Scottish budget
Recent SG engagement	<ul style="list-style-type: none">• Thursday 20 October, Finance: Interministerial Standing Committee (F:ISC) with the previous CST (meeting interrupted by the PM resignation)• Monday 17 October quadrilateral meeting following Chancellor's statement with the previous Chief Secretary to the Treasury and Ms Evans (Mr Murphy was unable to attend).
Official Support	[REDACTED]

Background

This is an introductory meeting with the new Chief Secretary to the Treasury, who was appointed on 25 October. We have just received a letter from him in response to the joint devolved governments letter to the previous Chancellor sent on 30 September. This is attached.

You met with the previous CST at the F:ISC meeting on 20 October, which was interrupted by the previous Prime Minister's resignation. Prior to that you had a call with the previous CST following the Chancellor's statement on 17 October.

You wrote to the Chancellor on 19 October and the First Minister wrote to the Prime Minister on 26 October. You also wrote to the previous CST on 20 October relating to financial transactions and some points on this are included on this below.

Points to raise

Working relationship

- [REDACTED]

Current year issues

- [REDACTED]

Autumn statement and Scottish budget

- [REDACTED]

Impact of the mini-budget and spending cuts

- [REDACTED]

Cost crisis

- [REDACTED].

Fiscal framework

- [REDACTED]

Future F:ISC meetings

- The F:ISC meeting last Thursday but was cut short by Liz Truss' resignation.
- Since then, you have come into post and it would make sense to re-schedule that meeting. Hopefully we will be able to agree a date soon as some items on the agenda are time sensitive.

Financial transactions (FTs)

- [REDACTED]

Biography – John Glen MP (from gov.uk)

John Glen MP was appointed Chief Secretary to the Treasury on 25 October 2022.

He was Minister of State (Economic Secretary) to the Treasury between 17 September 2021 and 6 July 2022.

He was also City Minister between 9 January 2018 and 6 July 2022.

He was Economic Secretary to the Treasury between 9 January 2018 and 16 September 2021.

He was Parliamentary Under Secretary of State for the Department for Culture, Media and Sport from 14 June 2017 to 8 January 2018.

He was Parliamentary Private Secretary to Philip Hammond from July 2016 until June 2017.

Political career

John Glen MP was first elected to Parliament as the Conservative MP for Salisbury in 2010.

He previously worked for the Eric Pickles and Sajid Javid as a Parliamentary Private Secretary.

ANNEX - LETTER TO CHANCELLOR – 19 OCTOBER 2022

Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

19 October 2022

Dear Jeremy

Congratulations on your appointment as Chancellor of the Exchequer.

I spoke with your colleague the Chief Secretary to the Treasury on 17 October and emphasised the seriousness of the current economic situation. I highlighted the significant impact this is having on the Scottish Government's budget and in turn on vital public services.

In view of the extremely serious situation that we now face, I would welcome the opportunity for an early meeting to discuss a number of priority issues, some of which are outlined below.

I have written to both of your predecessors in the past few months setting out the impact of the cost crisis on households, businesses and our public finances. The situation has become increasingly serious and has been exacerbated by the UK Government paying an additional risk premium on its borrowing costs at a time when interest rates are already rising globally. This has added billions in additional unnecessary debt interest payments and undermined the UK's fiscal credibility.

While I welcome your decision to reverse the majority of the unfunded tax cuts, and your focus on restoring fiscal stability, much of the damage has already been done. Households and businesses across the country are struggling to meet higher mortgage costs and higher costs for a wide range of goods and services.

In previous letters I have called for further targeted support to help households and businesses that are struggling most in the current crisis, funded by taxing the windfall gains in the energy sector. Your announcement of changes to the Energy Price Guarantee will only increase uncertainty for hard-pressed households and businesses and we now need clarity on how support will continue for households, businesses, and other non-domestic properties beyond April 2023. A strengthened windfall tax should be an important source of funding for this support, rather than borrowing and public spending cuts.

The increase in inflation has significantly eroded the Scottish Government's budget, which we calculate is worth £1.7 billion less than when it was set last year. Coupled with the need to support people through the cost crisis, provide fair public sector pay uplifts and support our public services, this places the Scottish budget under an intolerable pressure. I have already had to take difficult decisions to help balance our budget and will announce the results of our Emergency Budget Review later this month. However, I reiterate the call for additional funding to deal with these pressures. Our ability to intervene is severely constrained by both the limitations on the Scottish Government's fiscal powers, which means that our budget is largely determined by UK Government decisions, and the lack of in-year flexibility and borrowing powers to respond to a crisis like the one we now face.

In your statement on 17 October, you made clear that you would be taking "eye-wateringly" difficult decisions on tax and public spending at the next fiscal event on 31 October. With the fiscal hole in the UK's public finances reportedly reaching more than £70 billion, significant spending cuts can be expected despite the £32 billion of savings announced yesterday.

Clearly reductions in UK departmental spending of such a scale would have severe knock-on impact on the Scottish Government's budget and vital public services. The prospect of a new era of austerity is extremely concerning as Scotland has already suffered a decade of austerity that has disproportionately hurt the poorest and most vulnerable in society and resulted in under-investment in crucial public services. It would be unacceptable for people in Scotland to pay the price for recent events and decisions taken by the UK Government.

I look forward to working constructively with you and the Chief Secretary to the Treasury in the best interests of Scotland and would welcome a meeting with you to discuss these issues further.

I am copying this letter to the Chief Secretary to the Treasury, Rt Hon Edward Argar MP, Rebecca Evans MS, Minister for Finance and Local Government in the Welsh Government and Conor Murphy MLA, Minister of Finance in the Northern Ireland Executive.

JOHN SWINNEY

From: [REDACTED] **On Behalf Of** Deputy First Minister and Cabinet Secretary for Covid Recovery

Sent: 26 October 2022 14:49

To: [REDACTED]

Cc: [REDACTED] Deputy First Minister and Cabinet Secretary for Covid Recovery [REDACTED], Director of Tax and Revenues, Director of Budget and Public Spending

Subject: RE: Advice on reconvening F:ISC

Hi [REDACTED]

Thanks for this note. Copying in colleagues who attended the last CST call (17th October), noting [REDACTED] is available to attend.

Grateful if the light briefing for this meeting can be with Private Office by close of play this evening?

Many thanks,

[REDACTED]

Assistant Private Secretary (Diary) to the Deputy First Minister and Cabinet Secretary for Covid Recovery – John Swinney

The Scottish Government | St Andrew's House, Regent Road, Edinburgh, EH1 3DG
[REDACTED]



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Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: [REDACTED]
Sent: 26 October 2022 14:14
To: Deputy First Minister and Cabinet Secretary for Covid Recovery [REDACTED]
Cc: [REDACTED]
Subject: RE: Advice on reconvening F:ISC

Thanks [REDACTED]

We will provide some light briefing for this. When would you need that by?

[REDACTED]

From: [REDACTED]> **On Behalf Of** Deputy First Minister and Cabinet Secretary for Covid Recovery
Sent: 26 October 2022 13:58
To: [REDACTED] Deputy First Minister and Cabinet Secretary for Covid Recovery
Cc: Director of Budget and Public Spending [REDACTED]
Subject: RE: Advice on reconvening F:ISC

Hi [REDACTED]

For awareness, CST's office have been in touch requesting an introductory meeting with Mr Glen tomorrow – this is confirmed for 11:00.

Thanks,

[REDACTED]

[REDACTED]

Deputy Private Secretary to Deputy First Minister and Cabinet Secretary for Covid Recovery – John Swinney
The Scottish Government | St Andrew's House, Regent Road, Edinburgh, EH1 3DG
M:[REDACTED]

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