

FOI 202300381859 – FINAL DOCUMENTS FOR RELEASE

Item 1 - Meeting between DFM and Chief Secretary to the Treasury - 23 September 2022

BRIEFING: DEPUTY FIRST MINISTER CALL WITH NEW CHIEF SECRETARY TO THE TREASURY (CST) CHRIS PHILP MP

23 September 2022

Background

- This call is in advance of the 23 September fiscal event, officials expect the CST to provide you with an insight into the content of the upcoming announcement.
- CST asked for a call after the fiscal event but you pressed for this to be in advance, as is normal practice with fiscal events.
- You and the other devolved administrations issued a joint letter to the Chancellor on 16 September setting out shared concerns and requests ahead of the UK fiscal event on 23 September and seeking a meeting with the CST.
- You wrote individually to the new Chancellor on 6 September.
- You and the other devolved administrations also wrote to the previous Chancellor on 15 July.

Points to raise

Constructive working

You may wish to:

- Welcome the CST to his role and say that you are **keen to work constructively**.
- Refer to the **joint letter** issued on Friday.
- Refer to your meeting with the Chancellor of the Duchy of Lancaster last week.

UK fiscal event

You may wish to invite the CST to share what information he can about the forthcoming fiscal event.

- **What can we expect to be included** in the announcement?
- What measures will be targeted at helping **low income households**?
- What impact does he expect this statement to have on **devolved government budgets**?
- Will the Treasury publish **forecasts from the OBR**?

Joint letter to the Chancellor on the cost crisis

You may wish to highlight the key points from the joint letter to the Chancellor:

- The cap on household energy bills is welcome but should be funded by an enhanced **windfall tax** on energy companies rather than by borrowing.
- Even with the cap, prices are still double what they were last year. More **targeted support for households** is needed.
- **Businesses and third sector** need further certainty and support. The 21 September announcement only provides temporary (6 months) respite. Many businesses and organisations are very concerned and potentially face closure.
- The crisis also means a **major squeeze on our public finances**. We are dealing with increased costs and wage pressures.
- Devolved governments now need **additional funding** to help deal with these cost pressures.

You may wish to add:

- Inflation means that Scottish Government funding settlement now **worth £1.7 billion less** than when announced last December.
- Scottish Government has already identified **£500 million of cuts**, which I announced to Parliament on 7 September.
- Devolved governments are required to **balance their budgets**. We do not have the borrowing powers or flexibilities that the UK Government has to deal with this crisis.
- Scottish Government has called for the UKG to **uprate all Social Security benefits** to support low income households through the winter and provide a £25 uplift to Universal Credit and extend this to legacy benefits.

Finance: Interministerial Standing Committee (F:ISC)

We have been pressing CST's office to **commit to a date for the next F:ISC**, which you will host in Edinburgh, with a proposed date of 5 October. CST has not yet confirmed. You may wish to personally invite the CST to the next F:ISC and press him to confirm the date soon.

Budget, Pay and Pensions Division, September 2022

Item 2 - DFM meeting with CST - 27 OCTOBER 2022

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	Andrew Scott, [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

- Hope we can build a constructive working relationship. First Minister made clear to the Prime Minister that she and the Scottish Government would do everything possible to establish such a relationship, but stressed that the main

obstacle to it to date has been the UK Government's lack of respect for the powers and responsibilities of the devolved governments.

- Important that we have meaningful engagement ahead of UK fiscal events. We had no engagement prior to the 23 September mini-budget.
- Your predecessor indicated that the Chancellor would engage with us ahead of the fiscal statement, which will now be on 17 November.

Current year issues

- Inflation has already eroded our budget by £1.7 billion compared to when it was set last December.
- As our budget is fixed, I have already had to make difficult spending decisions and there will be more to come.
- There is a need for additional funding to deal with inflationary pressures and to deliver fair and sustainable public sector pay awards. [REDACTED]
- Our borrowing powers are very constrained so we are having to meet these pressures from within existing budgets, which are already very stretched.

Autumn statement and Scottish budget

- Welcome clarity on the date of the autumn statement. However, the changed date means that we will not see the OBR forecasts for another three weeks.
- OBR forecasts are essential to preparing our own budget, which we have agreed with the Scottish Parliament will be on 15 December.
- The uncertainty surrounding UK Government fiscal events has hampered our budgetary planning purposes. Working without the official forecasts from the OBR makes it more challenging for our teams.
- Can you provide any further detail on what we can expect from this statement?

Impact of the mini-budget and spending cuts

- The disastrous mini-budget has caused real turmoil on people's lives, in terms of higher mortgage payments and prices. It has also undermined the UK's fiscal credibility.
- I welcome the reversal of tax cuts but I am concerned the damage has already been done and there will be a further price to pay in terms of spending cuts.
- The Chancellor has already indicated that there will be significant public spending cuts, which will impact on devolved budgets and in turn on public services and infrastructure investment.
- Scotland has already suffered a decade of austerity that has disproportionately hurt the poorest and most vulnerable in society. It is vital that this does not happen again. The First Minister made this clear in her letter to the Prime Minister.

Cost crisis

- I have raised in letters to the previous Chancellors, the impact of the cost crisis on people and businesses, and called for *further targeted support to help those who are struggling most in the current crisis.*

- The announcement of changes to the Energy Price Guarantee will cause further uncertainty and households and businesses will need clarity beyond April 2023.
- We have called for an enhanced windfall tax to help fund further support.
- I am keen to know more about how the Treasury review of the energy support schemes will be conducted and how devolved governments may be involved.

Fiscal framework

- The current fiscal powers are being eroded by inflation over time.
[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)

You wrote to the previous CST on 20 October. [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.

Item 3 - Prime Minister and Heads of Devolved Government Council – 10 November 2022

Public sector pay

- We have had to respond to the cost-of-living crisis and worsening position on inflation. Paying higher wages is one of the biggest contributions we can make to helping families with soaring costs. Given the financial restrictions of devolution, however, we are having to do so from within our fixed budget. This means that difficult decisions are having to be taken to reduce public spending to enable us to afford increased pay offers. Public sector pay deals are, so far, costing over £700 million more than we budgeted for.

Devolved funding

- The continuing changes in UK financial policy have made it extremely challenging for us to plan sensibly at a time when inflation has already eroded the value of our budget by £1.7 billion. The spending cuts signalled by the Chancellor on 17 October will put significant and further pressure on the Scottish Budget.
- Our budget is largely fixed, and we have no ability to borrow to increase our day-to-day spending, our reserve funding is fully utilised, and our income tax powers do not allow changes to be made during the financial year.
- Last week, we announced our Emergency Budget Review. It would have been preferable to have sight of the UK Government's medium term fiscal plans and OBR forecasts, but we could no longer wait any further. The Emergency Budget Review included £615 million of further savings across the Scottish Budget for 2022-23, in addition to the £560 million already announced in September. We have reached the absolute limit of what can be done in terms of re-prioritisation.
- We have called for additional funding to reflect the extraordinary situation with inflation and help support Scotland's people and businesses through the cost-of-living crisis, and provide fair public sector pay awards. However, we have received no further funding.

The Deputy First Minister wrote to the Chief Secretary to the Treasury to make the case for further flexibility to deal with these unprecedented demands on our budget

and the fiscal constraints of devolution on 7 November.

**Prime Minister and Heads of Devolved Governments Council Extended
Communiqué
10 November 2022**

The Prime Minister for UK Government (Chair) - Rt Hon Rishi Sunak MP, the Chancellor of the Exchequer - Rt Hon Jeremy Hunt MP, the Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations - Rt Hon Michael Gove MP, the First Minister for Scotland - Rt Hon Nicola Sturgeon MSP and the First Minister for Wales - Rt Hon Mark Drakeford MS met at the inaugural meeting of the Prime Minister and Heads of Devolved Governments Council on 10 November in Blackpool.

The Chancellor of the Exchequer the Rt Hon Jeremy Hunt MP and the Rt Hon First Minister of Wales Mark Drakeford MS joined virtually. In the current absence of a First and deputy First Minister of the Northern Ireland Executive, officials from the Northern Ireland Civil Service attended the meeting in an observational capacity.

The focus of the meeting was to discuss the economic outlook, and how the governments should work together to address the challenges from rising inflation affecting all citizens of the UK. Ministers acknowledged the challenging economic context, and that there were difficult decisions to take. Fairness, opportunity and ensuring that the most vulnerable remain supported would be at the heart of decision making. All ministers welcomed the Council as a frank and open forum where dialogue and engagement can take place even when views may differ.

In particular ministers discussed pressures on the NHS across the UK, agreeing that it was the number one public service priority and required longer-term thinking, but that the immediate focus was the pressure on NHS through winter. Ministers outlined common challenges across the UK, and noted the opportunity for collaboration. Ministers committed that respective Health and Social Care departments should work together on shared issues and consider how to address NHS pressures. The Scottish Government committed to share initial thinking to aid future discussions.

Ministers also discussed economic inactivity, agreeing that it is a UK-wide issue with often different drivers which would require a multifaceted response. There is an opportunity across the administrations to develop an active strategy to increase the workforce, helping individuals get back into the job market and combatting labour shortages. There was a commitment for the governments to take forward work looking at how to approach addressing economic inactivity.

There was a discussion on a number of other specific measures which would look to help the most vulnerable, such as looking to help those on prepayment meters,

measures to avoid individuals seeking out damaging and costly forms of credit, and on supporting families at risk of homelessness to remain in their homes.

All governments committed to ongoing work on these key issues, and working together to tackle shared challenges across the UK.

Item 4 - IGR Ministerial Working Group – 15 November 2022 (Scottish Government Internal Meeting)

You may wish to reflect on recent IGR developments and:

- note **your engagement with Chief Secretary to the Treasury** in advance of Thursday's Autumn Statement;
[REDACTED]

Item 5 – Interministerial Standing Committee – 1 February 2023

Interministerial Standing Committee Communique 1 February 2023

The Interministerial Standing Committee met for the third time on 1 February 2023 via video conference. The meeting was chaired by the Counsel General and Minister for the Constitution in the Welsh Government, Mick Antoniw MS.

The other attending Ministers were:

From the Scottish Government: Deputy First Minister and Cabinet Secretary for Covid Recovery John Swinney MSP.

From the UK Government: Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations – Rt Hon Michael Gove MP; Parliamentary Under Secretary of State (Housing and Homelessness), Felicity Buchan MP; Secretary of State for Wales, the Rt Hon David TC Davies MP; and the Secretary of State for Scotland, the Rt Hon Alister Jack MP.

In the current absence of a First and deputy First Minister of the Northern Ireland Executive, officials from the Northern Ireland Civil Service attended the meeting in an observational capacity.

The Committee progressed the discussion on current UK Parliament legislative programme including the Retained EU Law Bill; Sewel Convention; and Common Frameworks.

Ministers agreed the importance of reporting to both the IMSC and legislatures on the operation of Common Frameworks, once they are fully implemented and that

officials should carry out an assessment, including on the impact of emerging issues on the programme.

The IMSC has commissioned a working group to coordinate work between the UK and devolved governments in response to cost of living pressures, and agree next steps and ministerial engagement.

Ministers noted the progress on establishing Interministerial Groups (IMGs) to date. The next IMSC is to be held in spring and will be chaired by the UK Government, in line with rotating chair arrangements.

Item 6 – Meeting between DFM and CST – 15 March 2023

What	Pre-budget call with the Chief Secretary to the Treasury
Where	Microsoft Teams Join on your computer, mobile app or room device [REDACTED]
When	Wednesday 15 March 2023. 09.15 – 09.25
Who	<ul style="list-style-type: none"> John Glen MP, Chief Secretary to the Treasury (CST)
Objective	An opportunity for CST to provide advance notice of elements of the UK Government’s Spring Statement (scheduled to start about 12.30).
Recent SG engagement	<ul style="list-style-type: none"> You hosted the Finance: Interministerial Standing Committee (F:ISC) in Edinburgh on 9 February and met the CST bi-laterally. You have written to the Chancellor to the Exchequer, copying CST, to outline your asks ahead of the UK Government’s Spring Statement
Official Support	Jackie McAllister, Alison Cumming, [REDACTED]

Background

1. [REDACTED] The Chancellor for the Exchequer is expected to present the Spring Statement at around 12.30.

[REDACTED]

2. You have written to the Chancellor of the Exchequer, copying in CST, in advance of the Spring Statement. This letter is attached at Annex A.

[REDACTED]

3. If any further briefing is required please contact [REDACTED]

Annex A

Letter to the Chancellor of the Exchequer

Dear Jeremy

UK Government Spring Budget

I fully recognise the challenging economic context that we both wrestle with, and the continuing pressures caused by inflation, the impact of Brexit and Russia's illegal war in Ukraine. However, cost of living rises are putting a huge strain on households, many of whom are struggling to cope, and the outlook remains very concerning. The [Resolution Foundation](#) estimates that typical incomes among non-pensioner households will fall by 4% in 2023-24 in real terms, compared to 3% in 2022-23.

The Scottish Government is doing what it can with its limited powers to ensure people receive the help they need. However, given the constraints of devolution, it is vital that the UK Government uses its full range of reserved powers to address these economic challenges and support people and businesses through this difficult time.

When I met with the Chief Secretary to the Treasury in Edinburgh last month I raised some of our expectations for the UK Budget. I am setting these out in more detail here and would urge you to act on them.

Overall budget settlement and continuing inflationary pressures

In your Autumn Statement, you announced Barnett funding increases in 2023-24 and 2024-25. While welcome, these are not sufficient for Scotland's needs and are likely to be offset completely by lower projected Barnett funding in 2025-26 and 2026-27. At the end of this period, the Scottish block grant is expected to be lower in real terms than it was in 2021-22. This is an extremely challenging fiscal situation. I have had to take difficult decisions in order to help to those most impacted by the cost of living crisis while tackling budget pressures caused by rising inflation and economic uncertainty, but significant pressures remain in the year ahead. It is vital that the Spring Budget provides additional funding for devolved governments to enable us to support people, provide fair public sector pay increases and invest in the public services and infrastructure that will deliver economic growth.

Managing in-year pressures and budget volatility is challenging for the Scottish Government given the limited flexibility to borrow and the need to balance the budget within fixed nominal limits which are eroded by inflation over time. Additional flexibilities would allow the Scottish Government to mobilise and deploy funding in the most effective and efficient way to support our citizens. I urge you to ensure that the Scottish Government and Parliament have the necessary fiscal flexibility to manage the risks we face within our devolved responsibilities, and to support economic recovery.

Public sector pay

I note the recent development on 22 February where UK Government departments made their formal 2023-24 pay submissions to eight public sector pay review bodies, indicating that only a 3.5% pay rise is affordable under current HM Treasury allocations. The Spring Budget must deliver additional funding across the UK to fund higher public sector pay awards. This increased funding would relieve the funding pressures we face and enable the Scottish Government to respond further to the cost of living crisis through fair pay increases for the public sector.

Capital investment

Disappointingly, the UK Autumn Statement delivered a 3% real terms cut to our capital grant for 2023-24 in the face of increasing costs - placing significant additional pressure on our capital programme. I urge you to use the Spring Budget to rectify this to allow our capital programmes to continue at the required pace and give a boost to the industry at this challenging time.

Cost of living and support with energy bills

Scotland is an energy rich nation, with significant renewable energy resource, yet fuel poverty is increasing. We estimate that the planned increase in the Energy Price Guarantee to £3,000 and ending of the £400 Energy Bills Support Scheme would result in an additional 120,000 fuel-poor households in Scotland compared to this winter. The recent price cap announcement by Ofgem still means that people are having to choose between heating and eating. It is essential that the UK Government reverses its plan to increase the Energy Price Guarantee from April and extends its support for domestic customers, given the Scottish Government does not yet hold all the powers to address the issue of high energy costs at source. I have consistently called upon the UK Government to provide additional support for vulnerable households with their energy costs, funded through taxing windfall gains rather than passing the cost on to taxpayers, which has regrettably not been forthcoming.

The Cabinet Secretary for Net Zero, Energy and Transport and I recently wrote to the Secretary of State for Energy Security and Net Zero about the changes to available support for non-domestic users. We raised concerns that the reduced funding envelope for the Energy Bills Discount Scheme will mean that many vulnerable non-domestic users will continue to struggle with their energy costs. It is critical that businesses in Scotland receive the support they need to allow them to operate with confidence without the uncertainty aligned to high energy costs. Many of our key public service providers such as local authorities and the healthcare sector are also facing considerable pressure at the moment and should be considered for additional support.

Stakeholders with high energy usage are concerned that they will not be covered by the UK Government's definition of energy and trade intensive industries and we would like reassurance that they will be included. Additionally, we are concerned that there will be insufficient support for users of alternative fuels, who are more likely to be located in rural areas. Many rural businesses who rely upon heating oil and alternative fuels are already having to contend with higher costs of doing business

than those in more central areas. It is therefore essential that they receive an adequate level of support to help with their energy costs.

Social security

I welcome the uprating of State Pensions and benefits by 10.1% to take effect from April 2023. The Scottish Government took similar action to uprate all devolved benefits by 10.1% from April 2023, building on our previous 6% uprating in April 2022, as well as increasing the Scottish Child Payment by 25% over last year. For families in poverty the still rising cost of essentials such as food, utilities and vital household goods remains too high and they are facing hardship. Once again, I urge you to reinstate the uplift to Universal Credit, increase it to £25-per-week and extend it to means-tested legacy benefits, as well as ending the benefit cap and the two-child limit. This would do much to lift families out of poverty, as highlighted by the report of the [Commissioner for Human Rights of the Council of Europe](#). In addition, I urge you to follow the Scottish Government's lead and urgently develop and implement a comprehensive benefit take-up strategy to help put money into the pockets of households most in need.

Taxation

Whilst the Scottish Government is doing all we can with our limited powers, the UK Government's reserved tax levers are crucial to economic recovery. The tourism and hospitality sectors play an important role in Scotland's economy and many businesses are still struggling to recover to pre-pandemic levels due to the impact of the cost crisis. A reduced rate of VAT is a consistent ask from those sectors, and I would urge you to consider this and all other reserved tax levers that can help provide support and certainty for their future. Extending the super-deduction, or introducing equivalent capital allowance incentives would help further by giving businesses the certainty to invest and grow.

The cultural sector also continues to face significant challenges, and so the UK Government must reconsider plans to decrease the levels of tax relief for theatres, orchestras, museums and galleries from 1 April 2023 to help protect these organisations that contribute so much to society.

Climate change

I am aware that you will soon be responding to Mission Zero, the report of the Independent Review of Net Zero and ask that you share your response with the devolved governments in advance. I welcome the report's emphasis on seizing the economic opportunity offered by net zero, and the need for early action to reap these benefits, for which the Scottish Government has long been pressing. This includes providing a clear, accelerated and streamlined Carbon Capture Utilisation and Storage (CCUS) roadmap to 2030, which ties into a longstanding ask from the Scottish Government to confirm the position of the Scottish Cluster including ACORN. The Prime Minister has acknowledged the strength of the Scottish Cluster proposition, and said that the UK Government looks forward to its continued participation in the CCUS programme: it is vital that the UK Government now confirms Track 2 will be awarded in 2023 if we are to meet Scotland's and the UK's

net zero targets. We also agree with the report's recommendations on low-carbon heat, which support our aim of decarbonising a million homes by 2030 and to develop a 10-year delivery roadmap for the scaling up of hydrogen production. In responding to this review, it is vital that you work with the devolved governments and that all co-benefits of mitigation policy action are realised.

I urge you to use your reserved tax levers to help both governments reach net zero. This includes issues with existing taxes, such as addressing the discrepancy in VAT treatment of existing land and buildings in contrast to the advantageous zero-rating of new build construction. This will help incentivise retrofitting of existing structures, revitalise our towns and cities, and reduce carbon emissions.

I understand that the UK Government is also working to understand the impacts of the measures taken by the US Government's Inflation Reduction Act and equivalent EU measures and I ask that you continue to share this analysis, including at a Scotland level. I urge you to carefully consider the implications for UK's journey to net zero and make us aware in advance of any measures you are considering taking forward in response.

In 2023-24 we will be investing a further £50 million from our 10-year Just Transition Fund, for North East Scotland and Moray. This will more than double the 2022-23 allocation, helping to diversify regional economies away from carbon-intensive industries and capitalise on the opportunities that transition to net zero can bring, such as jobs and prosperity. The Scottish Government, alongside unions and industry, has called on the UK Government to match this fund, but we have not yet received a positive response. Once again, I repeat that call and urge you to include this in the Budget.

Migration

Changes are required to the immigration system to address the acute labour market shortages faced by businesses and the public sector and the Scottish Government has consistently called for an overhaul of immigration fees and processes. The UK Government must accept the Migration Advisory Committee's recommendation to deliver a migration pilot for rural areas, as set out in the Scottish Government's Rural Visa Pilot proposal. We are keen to work with you to develop and deliver such a proposal in partnership with local authorities and employers, to address the urgent need for targeted migration solutions to benefit Scotland's remote, rural and island communities.

Scotland must be able to attract and retain talented people to study and work here without excessive barriers. I am very concerned at suggestions the UK Government may reduce the number of international students who can work in the UK after graduating and the amount of time they can stay. This would be detrimental to both our Universities and the Scottish economy and I call on you to rule this out. It is also important that all visa applications are processed promptly to ensure that Scotland remains an attractive destination for international students and graduates.

Horizon Europe

I am concerned that £1.6 billion of funding originally allocated by the UK Government to facilitate association to EU Programmes has been claimed back by the Treasury, risking future access to Horizon Europe. This is in direct contradiction to the UK Government's previous commitment to invest these funds into research and innovation. It is vital that the UK Government opens discussions on re-joining Horizon as soon as possible and provides assurance to the sector that it will mitigate this loss of funding and the wider damage caused by Brexit, which has been a disaster for universities, students and the research community.

Levelling Up funding

The Scottish Government is opposed to UK Ministers making spending decisions in wholly devolved policy areas facilitated by the UK Internal Market Act, which the Scottish Parliament voted against. Funding should be allocated in the usual way via Barnett consequentials to respect devolution and the priorities of Scotland.

I recently wrote to the Secretary of State for Levelling Up, Housing and Communities, to propose closer working on regional economic development, building on the constructive approach taken by both our governments to Green Freeports and the City Region and Growth Deals. We look forward to further discussions on this but, in the meantime, make the case for the remaining Levelling Up fund money that is due to Scotland to be transferred directly to the Scottish Government. This would enable us to allocate it in line with the priorities in our National Strategy for Economic Transformation and the recommendations in our Regional Economic Policy Review.

This principle extends to the UK Shared Prosperity Fund, and Scotland's share of this ought to be routed through the Scottish Government to allow strategic interventions to be made that reduce economic disparity within and between regions. Scotland's allocation of £212 million over three years remains far below the £549 million that would equal EU funding, calculated and published in the Bell Report in November 2020. Future arrangements must meet the promise to fully replace EU funding lost as a result of Brexit.

This Budget provides an opportunity to take meaningful action to address the current economic challenges. This must include investing in our valuable public services, enabling economic growth and providing the support that people and businesses need at this difficult time.

I am copying this letter to the Rt Hon John Glen MP, Chief Secretary to the Treasury.

JOHN SWINNEY

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.

Item 7 – Telephone call between FM and PM - 28 March 2023

Barnett treatment of additional funding for the UKG Health's NHS pay offer.

There have been no consequential funding announcements for devolved governments following the recent Agenda for Change pay offer in the NHS in England. [REDACTED] Officials continue to work closely with HM Treasury to better understand the position. HM Treasury are planning to launch an Efficiency Framework in June to support UKG departments in managing within their existing budgets).

Item 8 – Meeting between DFM and Michael Gove – 28 April 2023

HEALTH FUNDING FOR THE NHS

- You are meeting the Chief Secretary to the Treasury on 2 May and have also raised this issue in your recent letter to him (4 April). The FM also raised it directly with PM in his call on 28 March.
- You may wish to press for the importance of early estimates of consequentials arising to support the budget process.

Item 9 – Meeting between DFM and CST – 2 May 2023

Engagement Title	Introductory meeting with Chief Secretary to the Treasury (CST) – Rt Hon John Glen MP
Engagement Type	MS Teams meeting
Date/Time	Tuesday 2 May 2023, 1615 - 1645
Venue	Microsoft Teams meeting Join on your computer, mobile app or room device [REDACTED]
Background/Purpose	This is your first call with the CST, following your introductory letter. An opportunity to set the tone for future engagement with CST, building on constructive relationship established by Mr Swinney. Key objectives are: <ol style="list-style-type: none">1. To establish a constructive working relationship with the CST.2. To raise key issues for Scottish Government, such as further cost of living support and clarity on NHS pay offer consequentials.

	<p>[REDACTED]</p> <p>Mr Swinney last spoke to the CST over MS Teams in advance of the UK Spring Statement on 15 March and met CST in person when SG hosted the Finance: Interministerial Standing Committee (F:ISC) in Edinburgh on 9 February.</p>
Attendees	<p>Rt Hon John Glen MP – Chief Secretary to the Treasury.</p>
Official Support	<p>Alison Cumming and Matt Elsby/[REDACTED]</p>

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[REDACTED]

BIOGRAPHY



Rt Hon John Glen MP

Conservative Member of Parliament for Salisbury. First elected 2010.

Has served as Chief Secretary to the Treasury since October 2022.

Previously served as Economic Secretary within HM Treasury between 2018 and July 2022, and Parliamentary Under-Secretary in DCMS from 2017 to 2018.

Mr Glen last met with Mr Swinney over MS Teams on 15 March [REDACTED]

Mr Glen last met with Mr Swinney in person as part of the Finance: Interministerial Standing Committee (F:ISC) on 9 February. The F:ISC was hosted by SG in Edinburgh. Mr Glen and Mr Swinney also held a constructive, in-person bi-lateral that day in which they focused discussion around the Fiscal Framework Review.

SUMMARY OF KEY ISSUES

This is an opportunity to establish a constructive working relationship with the CST, building on the work of Mr Swinney. You may wish to discuss how you intend to work together and your expectations. This will provide a foundation for further engagement, including on the Fiscal Framework Review.

Following the UK Government ministerial changes in autumn 2022, Mr Glen [REDACTED] and indicated his willingness to engage through the F:ISC. This culminated in the in-person F:ISC meeting in February and was accompanied by a bilateral between Mr Glen and Mr Swinney, which facilitated progress to be made on the Fiscal Framework Review negotiations.

[REDACTED]

You may also wish to refer to the issues raised in your introductory letter regarding the need for the UK Government to use its levers to provide further cost of living support and the need for early indication of any consequential stemmings from the NHS England pay offer. [REDACTED]

Proposed Speaking Points

Building a working relationship

- I am keen to build on the constructive relationship that you had with John Swinney.
- Pleased that you were able to attend the last F:ISC meeting in Edinburgh and look forward to meeting in-person at the next one in June [in Wales].
- We face similar economic challenges. It is important that the UK and devolved governments work together to address these.
- Hope we can use bilateral meetings and the F:ISC to share information, discuss shared challenges, and develop meaningful engagement.
- It is important that we take a constructive approach to issues, like the ones I outlined in my letter, and that we build mutual understanding and respect.
- Keen that our officials continue to work together productively to support this.

Cost of Living Crisis

- Both our governments are facing the impact of the cost of living crisis.
- We are doing what we can with the powers available to us, but our policy levers are constrained.
- I am aware that the UK Government holds key policy levers that are crucial in addressing this crisis (such as reserved benefits).
- Keen to explore where it is possible to go further in the support you are providing, in particular through targeted help to the most vulnerable people.

Fiscal Framework Review

[REDACTED]

NHS England Pay offer

- What are current expectations of additional Barnett funding arising from the latest pay offer to NHS England staff?
- Can you commit to providing us with details of additional Barnett funding at the earliest opportunity when NHS England pay deals are concluded?

- [REDACTED]
- Early indications of likely consequential would enable us to understand the scope for supporting fair pay awards and public services without having to make unnecessary spending cuts.

Impact of UK Government tax decisions on Scotland

- [REDACTED]

Financial Transactions

- [REDACTED]

[REDACTED]

Item 10 – INTERMINISTERIAL STANDING COMMITTEE – 17 May 2023

Interministerial Standing Committee 17 May 2023 Communique

The Interministerial Standing Committee (IMSC) met for the fourth time on 17 May 2023 via video conference. The meeting was chaired by the Secretary of State for Levelling Up Housing and Communities and Minister for Intergovernmental Relations, Rt Hon Michael Gove MP.

The other attending Ministers were:

From the UK Government: Parliamentary Under Secretary of State (Housing and Homelessness) – Felicity Buchan MP; Minister of State for the Department for Business and Trade – Nusrat Ghani MP; Parliamentary Under Secretary of State for Wales – James Davies MP; Minister of State for Northern Ireland – Steve Baker MP; Parliamentary Under Secretary of State for Scotland – Lord Offord.

From the Scottish Government: Deputy First Minister and Cabinet Secretary for Finance, Shona Robison MSP.

From the Welsh Government: Counsel General and Minister for the Constitution in the Welsh Government, Mick Antoniw MS.

In the current absence of a First Minister and deputy First Minister of the Northern Ireland Executive, officials from the Northern Ireland Civil Service attended the meeting in an observational capacity.

The Committee discussed the shared economic benefits of Investment Zones, the current UK Government legislative programme, including the Retained EU Law Bill, and Common Frameworks.

The Committee opened with an update on actions arising from the last meeting, noting cross-government work between Chief Statisticians to identify drivers for individuals' economic inactivity and differences across the UK, and collaboration across Interministerial Groups on cost-of-living pressures.

Ministers welcomed collaboration on the Investment Zone programme and noted the need for the governments to work together to align the programme with existing strategies to enhance economic benefits and avoid duplication.

The Committee again considered upcoming UK legislation. The Committee discussed the Retained EU Law Bill, and in particular recent amendments to the Bill. The Committee also discussed developments on UK legislation such as the Levelling Up and Regeneration Bill, Strikes (Minimum Services Levels) Bill and the principles of the legislative process.

Ministers considered the status of Common Frameworks, noting that work in this area was a positive example of collaboration across the governments. The governments discussed the application of the agreed process for seeking an exclusion to the UK Internal Market Act through Frameworks and the need for all parties to adhere to the agreed process.

Ministers also discussed international engagement, including concerns around the recent guidance for activity overseas. Ministers agreed to invite the FCDO to a future IMSC to discuss this issue.

The next IMSC will be chaired by the Scottish Government, in line with rotating chair arrangements.

Item 11 – Meeting between DFM and Welsh Government - 3 May 2023

Engagement Title	Introductory meeting with Rebecca Evans MS, Minister for Finance and Local Government.
Engagement Type	MS Teams meeting
Date/Time	Tuesday 23 May 2023 1530 - 1600
Venue	Microsoft Teams meeting [REDACTED]
Background/Purpose	This is your first call with Ms Evans, following introductory letters. This is an opportunity to establish a rapport with Ms Evans, building on the constructive relationship established by Mr Swinney. [REDACTED]
Attendees	Rebecca Evans MS – Minister for Finance and Local Government.
Official Support	[REDACTED]

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BIOGRAPHY



First elected to the Senedd to represent Mid and West Wales for Welsh Labour in 2011. In 2016 she became the Assembly Member for Gower.

Ms Evans has served as Minister for Finance and Local Government since May 2021. She has held previous ministerial roles in Farming and Food; Social Services and Public Health; Housing and Regeneration; and Finance and Trefnydd (Minister responsible for organising government business in the Senedd)

You have previously met (virtually) with Ms Evans at the IMG for Housing, Communities and Local Government in May 2022, where the focus of discussion was building safety.

Ms Evans last met with Mr Swinney bilaterally on 8 February prior to the F:ISC meeting. They discussed the agenda items, notably the economic and fiscal context and EU replacement funding.

SUMMARY OF KEY ISSUES

This is an opportunity to establish a working relationship with Ms Evans ahead of the next meeting of the Finance: Interministerial Standing Committee (F:ISC) on 22 June, which Ms Evans will chair and we expect to take place in Swansea.

[REDACTED]

Proposed Speaking Points

Opening remarks:

- I am keen to build upon the good working relationship you had with my predecessor John Swinney
- I hope we can use these bi-lateral meetings to share information, discuss shared challenges and build meaningful engagement.
- I look forward to coming to Swansea for F:ISC next month.
- I also represent the Scottish Government on the Interministerial Standing Committee (IMSC) and joined the meeting last week with your colleague Mick Antoniw.

Agenda Items

1. Shared Spending Pressures

- [REDACTED]
- The First Minister has set out three critical missions of equality, opportunity and community. These will guide our spending decisions.
- I will be publishing our Medium-Term Financial Strategy this Thursday, which will provide more information on our approach.
- Like you, we have had to absorb the impact of inflation and public sector pay settlements on our budget, with no additional funding from the UK Government to support with these challenges.
- [REDACTED]

Background

Both the Scottish and Welsh governments have made the case to the UK Government for additional funding to deal with the impact of inflation, the cost of living crisis and the need to fund increased public sector pay awards, however no additional funding was provided for this in 2022-23. The additional funding announced for 2023-24 does not meet the scale of the challenge.

Both governments have also pressed HMT to provide details of what consequential we should expect as a result of the NHS Agenda for Change pay deal in England.

[REDACTED]

2. Budget flexibilities

[REDACTED]

3. Engagement with CST and HM Treasury

- I had an introductory meeting with the CST on 2 May, during which I raised the need for further clarity on consequential from the NHS Agenda for Change deal in England.
- [REDACTED]

4. AOB

[REDACTED]

Medium-Term Financial Strategy (MTFS)

- The MTFS will be presented to Parliament and published on Thursday 25th May, alongside updated forecasts from the Scottish Fiscal Commission.
- The MTFS sets out the fiscal context that guides the spending plans announced in the Budget. It also sets the economic and spending outlook for the next five years.
- The MTFS will be the first fiscal publication for the new leadership, and the MTFS will set out the Scottish Government's strategy for managing the public finances.

Fiscal Framework Review

- Discussions with the UK Govt are ongoing about the scope of the review, but a timetable for the duration and completion of the review yet to be agreed.
- Last year (June 2022) we jointly commissioned an independent report on BGAs with the UK Govt, which will inform the review.
- [REDACTED]

Item 12 – Meeting between FM and FM Wales – 1 June 2023

Financial Issues, including NHS pay consequentials

[REDACTED]

DFM raised this issue in her initial meeting with the Chief Secretary to the Treasury on 2 May, and we understand that negotiations are still ongoing between HMT and DHSC. The issue will be discussed further at the next meeting of the Finance: Interministerial Standing Committee (F:ISC) on 22 June in Cardiff, [REDACTED]. DFM met with the Welsh Minister for Finance and Local Government, Rebecca Evans, on 23 May [REDACTED].

Item 13 – Meeting between FM and Michael Gove – 15 June 2023

NHS pay

You have previously discussed the need for clarity on consequentials resulting from the NHS pay offer in England with the Prime Minister – and the wider concern about the budgetary impact of decisions on consequentials being made late in the financial year.

You may want to make the following points:

- Keen for early clarity on what we can expect in terms of consequentials resulting from the NHS England Agenda for Change deal, as well as the recent announcement on civil service pay.
- [REDACTED]
- The Deputy First Minister will be raising this with the Chief Secretary to the Treasury when they meet at F:ISC on 22 June.
- Early indication of likely consequentials would enable us to understand the scope for supporting fair pay awards and public services [REDACTED]
- Recognise there will always be a degree of uncertainty on the funding position in advance of Supplementary Estimates.
- [REDACTED]

Item 14 – Meeting between FM and FM Wales – 16 June 2023

[This note was previously published on the Scottish Government website in response to another FOI request.]

Note of meeting - FM Scotland with FM Wales, 16 June at British Irish Council

- Short discussion took place after main Summit meeting.
- Brief discussion on increasing numbers of Welsh speakers and Welsh/Gaelic Medium Education

- Discussed Taith programme (WG replacement for Erasmus)
- Agreed need to continue to push for clarity on Barnet consequential for NHS and civil service pay deals – forthcoming meeting of F:ISC with chief secretary would be important. Finance Ministers have written joint letter setting out issues. Care was needed to ensure full transparency of funding mechanisms to avoid any risk of funding being additional being routed in a way that artificially inflates the amount to be absorbed by DHSC and that minimises consequential.
- Followed up discussion in Edinburgh about DRS, recognising continued risks to devolved decision making from approach of UKG.

Item 15 - Briefing for 19 June Tri-lateral meeting ahead of FISC

Engagement Title	Pre-F:ISC tri-lateral
Date/Time	Monday 19 June 2023 16:45- 17:15
Venue	Microsoft Teams meeting [REDACTED]
Background/Purpose	Opportunity to go through the agenda for F:ISC with WG Minister and NIE officials.
Attendees	Chair - Rebecca Evans MS, Minister for Finance and Local Government, Welsh Government Joanne McBurney, NIE Director of Public Spending will attend in a listening capacity.
Official Support	Matt Elsby, [REDACTED]

STEERING BRIEF

Background

[REDACTED]

As there is no Northern Ireland Executive minister in post, this meeting will be between you and Rebecca Evans, Minister of Finance and Local Government in the Welsh Government. Joanne McBurney from the Northern Ireland Executive's Department of Finance will join.

Agenda for F:ISC

The focus of the meeting will be to discuss the agenda for F:ISC [REDACTED]:

1. Minutes and actions from last meeting:

EU replacement funding

[REDACTED]

2. Public Spending Pressures/ Economic outlook

[REDACTED]

3. Energy Security

[REDACTED]

4. AOB

a) Review of Terms of Reference for F:ISC

[REDACTED]

b) Communique

[REDACTED]

Item 16 – Finance: Interministerial Standing Committee (FISC) 22 June 2023

Engagement Title	Finance Interministerial Standing Committee (F:ISC)
Date/Time	<p>Thursday 22 June 2023</p> <p>10:30-11:40 – F:ISC meeting 11:40-12:00 – Short refreshment break 12:30 - 13:15 – Bilateral with CST</p> <p>[Preceded by a bilateral with Rebecca Evans at 09:30]</p>
Venue	<p>Welsh Government, Cathays Park Cardiff CF10 3NQ</p> <p>Park 2 Entrance</p>
Background/Purpose	Opportunity to influence UK Government fiscal planning and policy, present Scottish Government interests, and build relations with HMT and devolved governments.
Attendees	<p>Chair - Rebecca Evans MS, Minister for Finance and Local Government, Welsh Government</p> <p>Rt Hon John Glen MP, Chief Secretary to the Treasury</p> <p>Joanne McBurney, NIE Director of Public Spending will attend remotely in a listening capacity.</p>
Official Support	Matthew Elsby
Media Handling	We expect Welsh Govt will arrange a group photo and SG comms will tweet this out.
Greeting party and specific meeting point on arrival (if event is at a non SG building)	<p>You will be dropped at the Park 2 entrance where the building reception is by the Ministerial cars</p> <p>All ministers will be booked in at reception.</p>

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[REDACTED]

Biographies

Rebecca Evans MS



First elected to the Senedd to represent Mid and West Wales for Welsh Labour in 2011. In 2016 she became the Assembly Member for Gower.

Ms Evans has served as Minister for Finance and Local Government since May 2021. She has held previous ministerial roles in Farming and Food; Social Services and Public Health; Housing and Regeneration; and Finance and Trefnydd (Minister responsible for organising government business in the Senedd)

You had an introductory call with Ms Evans on 23 May [REDACTED].

Rt Hon John Glen MP



Conservative Member of Parliament for Salisbury. First elected 2010.

Has served as Chief Secretary to the Treasury since October 2022.

Previously served as Economic Secretary within HM Treasury between 2018 and July 2022, and Parliamentary Under-Secretary in DCMS from 2017 to 2018.

You had an introductory call with Mr Glen on 2 May [REDACTED]

Annex A – F:ISC Overview

1. F:ISC is a quarterly meeting of the Chief Secretary of the Treasury (CST) and the devolved governments finance ministers. It provides an opportunity to influence UK Government fiscal planning and policy. The F:ISC was set up as a result of the review of intergovernmental relations and replaces the Finance Ministers' Quadrilaterals.
2. The last F:ISC was held on 9 February 2023 and was hosted by the Scottish Government in St Andrews House. The minutes from the meeting are available in Annex E.
3. A bilateral meeting between you and the Welsh Government finance minister is scheduled for Monday 19 June to discuss handling ahead of the F:ISC. This will also be joined by a senior official from the Northern Ireland Executive (NIE).

Attendees

4. Rebecca Evans will be chairing the meeting.
5. As there are no Northern Ireland Executive Ministers in post, there will be no NIE Minister present. Joanne McBurney, Director of Public Spending from Northern Ireland Department of Finance will join remotely in a listening capacity.
6. John Glen, Chief Secretary to the Treasury, will attend on behalf of the UK Government, and a bilateral meeting is scheduled following the conclusion of the F:ISC.
7. An itinerary is at Annex B and the agenda is at Annex C. An annotated version can be found at Annex D.
8. The meeting will be followed by bilaterals between DFM and CST and between Ms Evans and CST.

Annex C – Agenda

- 1) **Minutes and Actions - 10 mins**
[REDACTED]
- 2) **Public Spending Pressures / Economic outlook - 25 mins**
[REDACTED]
- 3) **Energy Security**
[REDACTED]
- 4) **AOB – 5 mins**
[REDACTED]

[REDACTED]

**FINANCE INTERMINISTERIAL STANDING COMMITTEE (F:ISC)
COMMUNIQUE
22 June 2023**

Cathays Park, Cardiff

Rebecca Evans MS, Minister for Finance and Local Government (Welsh Government) chaired a meeting of the Finance: Interministerial Standing Committee (F:ISC) on 22 June 2023 in Cardiff. The meeting was attended by The Rt Hon John Glen MP, Chief Secretary to the Treasury (UK Government), and Shona Robison MSP, Deputy First Minister of Scotland and Cabinet Secretary for Finance (Scottish Government). Officials from the Northern Ireland Executive attended virtually in a listening capacity.

All Ministers welcomed the opportunity to meet in-person to discuss the current economic context and sought to build positive and constructive relationships across the governments.

Ministers discussed public spending pressures and the economic outlook with a focus on the on-going budget challenges, inflation, funding for capital investment and the importance of working collaboratively in relation to the cost of living crisis.

The second substantive agenda item was a discussion on energy security and net zero, looking at this issue through an economic and fiscal lens. Each government provided an update on areas of focus and discussed opportunities around job creation and research, development and innovation.

Finally, Ministers engaged on an update on EU replacement funding, reporting on the action from the previous meeting.

As the F:ISC has been operational for over a year, agreement was given to officials working over the summer to review the Terms of Reference and Operating Procedures.

Ministers noted that the next meeting of the F:ISC would take place in September but welcomed continual inter-ministerial engagement between the governments.

Item 17 - Pre-FISC Tri-lateral briefing 13 September

Engagement Title	Pre-F:ISC Tri-lateral Meeting with Rebecca Evans MS & NIE official
Date/Time	Wednesday 13 September 2023 14:15 – 14:45
Venue	Teams Meeting [REDACTED]
Background/Purpose	To discuss common issues and the agenda for F:ISC ahead of the meeting with HM Treasury. This is usual practice pre-F:ISC.
Attendees	Rebecca Evans MS, Minister for Finance and Local Government, Welsh Government Neil Gibson, Permanent Secretary and Joanne McBurney, Director of Public Spending, Northern Ireland Department of Finance
Official Support	Matt Elsby, [REDACTED]

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Annex A – Agenda

1. Managing Existing budget priorities/challenges (10 mins)
2. Scottish Government Fiscal Framework Review (5 mins)
3. F:ISC agenda and handling (15 mins)

Background

It is usual for devolved government finance ministers to have a trilateral in advance of a meeting of the Finance: Interministerial Standing Committee (F:ISC).

[REDACTED]

As there is no Northern Ireland Executive minister in post, senior officials from the Northern Ireland Department of Finance will join.

Managing Existing Budget priorities and challenges

Points to make

Current year Pressures

- We have been clear on the financial pressures we are facing. Continued high inflation is impacting on public sector pay settlements and the wider costs of public service delivery.
- [REDACTED]
- We are doing this with no clear insight on the scale of any likely UK funding changes.
- We are still waiting for any insight on the Health Agenda for Change pay settlement in England and consequential impact [REDACTED]
- [REDACTED]

Background

MTFS headlines

- The MTFS, published in May 2023, showed that we are facing significant challenges to our finances as a result of sustained high inflation caused by the economic shocks that Scotland has faced.
- The financial situation is among the most challenging since devolution and the Scottish public finances face considerable challenge.
- The MTFS sets out that our central resource spending outlook for 2024-25 is £1.0 billion (2%) higher than the central funding scenario, based on May SFC forecasts. That gap rises to £1.9 billion (4%) in 2027-28. It is also important to note that this was based on a central pay deal scenario of 2% from 2024-25.
- The medium-term outlook for capital funding is severe, with funding set to reduce in real terms in every year up to 2027-28. It is particularly severe for 2024-25 when funding will reduce by 3.7% in real terms.
- [REDACTED]

[REDACTED]

Scottish Government Fiscal Framework Review

Points to make

- I am pleased to report that the Chief Secretary to the Treasury and I have reached agreement on a package of changes to the Scottish Government's Fiscal Framework, with the conclusion announced on 2 August.
- This agreement was published alongside the jointly commissioned Independent Report on Block Grant Adjustments, which was completed last year.

- The review was not as broad as I would have liked, but the updated framework includes a sensible and proportionate set of improvements that strengthen the financial management levers available to the Scottish Government,
- It also provides the Scottish Parliament with greater long-term funding certainty.
- The updated agreement recognises changed circumstances since 2016 and contains greater reserve and borrowing flexibility for Scotland.
- Decisions on how best to utilise this new fiscal capacity will be made alongside the Budget later this year.
- [REDACTED]

[REDACTED]

F:ISC Agenda and Handling (10 mins) – Annotated Agenda

1. Minutes and Actions (5 mins)

[REDACTED]

2. Economic and fiscal priorities (UKG led, 40 mins)

[REDACTED]

3. Energy Security (10 mins)

[REDACTED]

4. AOB

- a) Communique – Officials will agree a draft communique in advance for Ministers to consider at the F:ISC

[REDACTED]

Item 18 – F:ISC - 20 September 2023

Engagement Title	Finance Interministerial Standing Committee (F:ISC)
Date/Time	Wednesday 20 September 2023 09:00-10:00 – F:ISC meeting 10:00-10:30 – Short refreshment break 10:30-11:00 – Bilateral with CST
Venue	1 Horse Guards, HMT, London
Background/Purpose	Opportunity to influence UK Government fiscal planning and policy, present Scottish Government interests, and build relations with HMT and devolved governments.
Attendees	Chair - Rt Hon John Glen MP, Chief Secretary to the Treasury Rebecca Evans MS, Minister for Finance and Local Government, Welsh Government Neil Gibson, Permanent Secretary and Joanne McBurney, Director of Public Spending, Northern Ireland Department of Finance
Official Support	Alison Cumming, Director of Budget and Public Spending
Media Handling	We expect HMT will arrange a group photo and SG comms will tweet this out.
Greeting party and specific meeting point on arrival (if event is at a non SG building)	

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[REDACTED]

Biographies

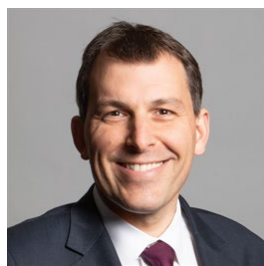
Rebecca Evans MS



First elected to the Senedd to represent Mid and West Wales for Welsh Labour in 2011. In 2016 she became the Assembly Member for Gower.

Ms Evans has served as Minister for Finance and Local Government since May 2021. She has held previous ministerial roles in Farming and Food; Social Services and Public Health; Housing and Regeneration; and Finance and Trefnydd (Minister responsible for organising government business in the Senedd)

Rt Hon John Glen MP



Conservative Member of Parliament for Salisbury. First elected 2010.

Has served as Chief Secretary to the Treasury since October 2022.

Previously served as Economic Secretary within HM Treasury between 2018 and July 2022, and Parliamentary Under-Secretary in DCMS from 2017 to 2018.

Annex A – F:ISC Overview

1. F:ISC is a quarterly meeting of the Chief Secretary of the Treasury (CST) and the devolved governments finance ministers. It provides an opportunity to influence UK Government fiscal planning and policy. The F:ISC was set up as a result of the review of intergovernmental relations and replaces the Finance Ministers' Quadrilaterals.
2. The last F:ISC was held on 22 June and was hosted by the Welsh Government. The minutes from the meeting are available in Annex D.
3. A pre-F:ISC trilateral meeting between you, the Welsh Government finance minister and Northern Ireland officials took place on Wednesday 13 September to discuss handling ahead of the F:ISC.

Attendees

4. John Glen, Chief Secretary to the Treasury, will be chairing the meeting and a bilateral meeting is scheduled following the conclusion of the F:ISC. We expect Ben Parker, Deputy Director at HMT to support him.
5. Rebecca Evans, Minister for Finance and Local Government will be representing the Welsh Government. Anna Adams, Deputy Director, Tax Strategy and [REDACTED] and Philippa Marsden, Special Adviser will also be there in person.
6. As there are no Northern Ireland Executive Ministers in post. Neil Gibson, Permanent Secretary and Joanne McBurney, Director of Public Spending from Northern Ireland Department of Finance will join remotely.
7. The agenda is at Annex B. An annotated version can be found at Annex C.
8. The meeting will be followed by bilaterals between DFM and CST and between Ms Evans and CST.

Annex B – Agenda

Wednesday 20 September 2023, 9:00 – 10:00am

1 Horse Guards, London

Agenda

- 1) Minutes and Actions - 10 mins**
[REDACTED]
- 2) Economic and fiscal priorities - 40 mins**
[REDACTED]
- 3) Energy Security– 10 mins**
[REDACTED]
- 4) AOB – 5 mins**
 - a. Communique
 - b. [REDACTED]

[REDACTED]

**Communique – Finance Interministerial Standing Committee
20 September 2023
1 Horse Guards, London**

The Rt Hon John Glen MP, Chief Secretary to the Treasury (UK Government) chaired a meeting of the Finance: Interministerial Standing Committee (F:ISC) on 20 September in London. The meeting was attended by Shona Robison MSP, Deputy First Minister of Scotland and Cabinet Secretary for Finance (Scottish Government) and Rebecca Evans MS, Minister for Finance and Local Government (Welsh Government). Officials from the Northern Ireland Executive attended virtually in a listening capacity.

All ministers welcomed the opportunity to meet in person to discuss the current economic context and public spending pressures, whilst continuing to build constructive and positive relationships across all governments.

Ministers discussed their economic and fiscal priorities in advance of the upcoming UKG Autumn Statement and the challenges on Reinforced Autoclaved Aerated Concrete (RAAC). The Scottish Government also provided an update on the recently agreed Fiscal Framework Review as part of a discussion on budget flexibilities.

Ministers then discussed energy security, with a focus on network and grid infrastructure and funding for emerging renewable technologies.

Ministers noted their agreement to the revised F:ISC Terms of Reference and Operating Protocols

TERMS OF REFERENCE FOR THE FINANCE INTERMINISTERIAL STANDING COMMITTEE

Attendance

1. The Finance Interministerial Standing Committee (F:ISC) will be led by the relevant finance ministers from the UK Government and the Devolved Governments.
2. Attendance will ordinarily include all finance ministers, however where appropriate may include bilateral engagement.
3. When portfolio-level expertise is deemed beneficial to the particular conversation at hand, ministers from other departments and ministries can be invited to attend.

Function

4. The aim of the F:ISC is to consider the impact of economic and finance matters affecting the UK.
5. The F:ISC will therefore cover the following:
 - a. Consideration of UK-wide and nation-specific macroeconomic and fiscal positions;
 - b. Consideration of emerging economy and finance issues and longer-term challenges that affect all governments, where collaboration and sharing of information supports planning, policy development and decision-making;
 - c. Other ad hoc economic/finance issues affecting all governments;
 - d. Resolution of financial disputes.

Operation

6. The F:ISC should typically take place each quarter, however meetings may take place less or more frequently if agreed unanimously. Meetings should take place around key fiscal milestones.
7. The F:ISC will be chaired by the UK Government or a Devolved Government finance minister on a rotating basis.
8. The agenda will be determined by the Secretariat. Any government would have the right to submit an item to the Secretariat to request it be considered at the relevant F:ISC meeting. The Secretariat would be responsible for comparing the item against the above functions and considering the appropriate timings for the item to be considered.
9. Agenda items can be introduced and led by any of the attendees, as determined by the Secretariat in line with the function of F:ISC. However, when portfolio-level expertise is deemed beneficial to the particular discussion, other ministers from UKG and/or devolved governments should be invited to attend.
10. HM Treasury and the Devolved Governments will publish joint communiqués setting out the meeting date, meeting attendees, and the high-level meeting agenda.
11. The F:ISC Secretariat will be led collectively by officials from the members of the F:ISC. In the case of a dispute, the F:ISC Secretariat will be comprised of officials from the disputing parties for the purposes of the dispute resolution process.
12. The F:ISC Secretariat will adhere to the Operating Protocol.

Disputes

13. The UK Government and Devolved Governments will seek to maintain positive and constructive relations, based on mutual respect for the responsibilities of the UK Government and Devolved Governments and their shared role in the governance of the UK.
14. All governments are committed to promoting collaboration and the avoidance of disagreements, facilitated by the new intergovernmental machinery in which discussions will take place at the lowest level possible. The escalation of a disagreement between governments as a dispute will be considered only where due and full consideration has been given at portfolio-level. In this context, the following model should be seen as part of a much wider system of active intergovernmental relations (IGR) and dispute management, and as a process of last resort.
15. Any disagreements shall ordinarily be managed through continued official led engagement.
16. Any finance minister can escalate a disagreement as a dispute by notifying the IGR Secretariat and F:ISC Secretariat by writing, if there is a disagreement between members of the F:ISC which cannot be resolved through normal channels or regular F:ISC discussions.
17. The IGR Secretariat will consider whether a disagreement should be classified as a dispute according to the following criteria:
 - a. Has the disagreement been discussed extensively at senior civil servant level for the relevant portfolio?
 - b. Was a solution proposed at the senior civil servants discussion (that was not satisfactory to all parties to the disagreement)?
 - c. Has the disagreement been discussed extensively by the relevant portfolio ministers?
 - d. Does the disagreement have implications beyond its policy area, impacting the wider relationships between the parties involved?
18. No member of the F:ISC can reject the decision of another to raise a dispute on any economic or finance issue or refuse to engage on its substance if the IGR secretariat recommends a disagreement be escalated as a formal dispute. However, all parties acknowledge that policy decisions on funding are strictly reserved to Treasury ministers, with engagement with the Devolved Governments as appropriate. As outlined in the Statement of Funding Policy, funding disputes may be raised where there is reason to believe a principle of the Statement of Funding Policy may have been breached.
19. The process for resolving a dispute will follow the steps agreed between the UK Government and the Devolved Governments through the Intergovernmental Relations Review as closely as possible, recognising specific differences outlined in these Terms of Reference.
20. On escalation of a disagreement to a dispute, the F:ISC Secretariat will coordinate and implement the process by convening a meeting of Senior Officials within 10 working days, unless all parties agree to an extension, which will consider collective recommendations to ministers for resolving the dispute, including options for appointment of an Independent Chair in the event the dispute is recommended for further consideration by Ministers. Portfolio Senior Officials will also be invited to attend if appropriate.
21. If Senior Officials request that the dispute be further considered by Ministers, they will recommend an appointment for Independent Chair and the Secretariat will convene a meeting of the F:ISC in dispute formation. Ministers should meet within 10 working days unless they agree to an extension, for example to secure the availability of an independent chair.

22. The F:ISC will seek to agree to resolve the dispute, either by agreeing Senior Officials' recommendations or through discussion. If ministers are unable to resolve the dispute, any of the disputing parties will have the right to request non-binding third-party evidence or advice to inform subsequent discussion. The scope of this evidence or advice, as well as the body nominated to carry it out, must be agreed by all parties to the dispute.
23. A F:ISC in a dispute setting will be chaired by an independent chairperson. All parties to the dispute must agree the appointment of the independent chairperson. The role of the chair will be to ensure that the discussion proceeds efficiently, positively and keeps to time. The chair will not have a decision-making role but will record any consensus which is reached or, alternatively, outline the next steps under the dispute resolution process if an agreement is not reached.
24. If no resolution is found at the F:ISC, the matter will be referred back to the IGR Secretariat to be considered by the Prime Minister and Heads of Devolved Governments in the Council. This process is set out in the terms of reference for the Council.
25. Disputes raised in relation to the Welsh and Scottish Governments' fiscal frameworks will continue to be managed through the arrangements set out in their respective fiscal framework agreements.
26. The F:ISC Secretariat will provide minutes of the meeting of the F:ISC in dispute formatting.
27. Any concerns with the conduct of the disputing governments can be referred to the IGR Secretariat.

Item 19 – Bilateral meeting between DFM and CST – 20 September 2023

Engagement Title	Bi-lateral meeting with Chief Secretary to the Treasury
Date/Time	Wednesday 20 September 2023 10:30-11:00 – Bilateral with CST
Venue	HMT, London
Background/Purpose	Opportunity to influence UK Government fiscal planning and policy, present Scottish Government interests, and build relations with HMT.
Attendees	Rt Hon John Glen MP, Chief Secretary to the Treasury
Official Support	Alison Cumming, Director of Budget and Public Spending

[REDACTED]

Background

This is an opportunity to directly engage with CST ahead of the UK Government's Autumn Statement. Previous meetings with the CST have proved constructive, with the meeting following the last F:ISC specifically focusing on the Fiscal Framework Review, which has subsequently been agreed.

[REDACTED]

Item 23 – Pre-meeting before F:ISC- 14 September

Finance: Interministerial Standing Committee (F:ISC) and Bilateral with Chief Secretary to the Treasury

Briefing note for officials' Pre-meeting with DFM – 14 September 2023 at 1030

Officials: Jamie MacDougall, [REDACTED](Directorate for Budget and Public Spending)

Timings

Wednesday 20 September 2023

- 0900 – 1000 F:ISC meeting
- 1000 – 1030 Refreshment break
- 1030 – 1100 Bilateral with CST

Background

F:ISC is on Wednesday 20 September hosted by HM Treasury in London. It will be followed by a bilateral with the Chief Secretary to the Treasury.

The last meeting of F:ISC was in June hosted by the Welsh Government.

You discussed the agenda for F:ISC with Welsh Government (and officials from Northern Ireland) on 13 September. The annotated agenda is reproduced below. Full briefing for F:ISC will be provided following this pre-meeting.

Annexes

Annex A – Annotated Agenda for F:ISC

Annex B – Agenda for Bilateral with CST

ANNEX A - Annotated Agenda for F:ISC

1. Minutes and Actions (5 mins)

[REDACTED]

2. Economic and fiscal priorities (UKG led, 40 mins)

[REDACTED]

3. Energy Security (10 mins)

[REDACTED]

4. AOB

- a) Communique – Officials will agree a draft communique in advance for Ministers to consider at the F:ISC
- b) [REDACTED]

Annex B – Agenda for Bilateral with CST

[REDACTED]