

Annex A – exemptions

Section 33(2)(a) – The Economic Interests of the UK

An exemption under section 33(2)(a) of FOISA (financial interests) applies to some of the information requested. This exemption applies because disclosure of this particular information would, or would be likely to, prejudice substantially the Economic Interests of all or part of the UK. Disclosing any information about the budget prior to final decisions being taken and announced to parliament are market sensitive and would be likely to cause significant harm to the economic interests of Scotland.

This exemption is subject to the ‘public interest test’. Therefore, taking account of all the circumstances of this case, we have considered if the public interest in disclosing the information outweighs the public interest in applying the exemption. We have found that, on balance, the public interest lies in favour of upholding the exemption. We recognise that there is a public interest in disclosing information as part of open and transparent government, and to help account for the expenditure of public money. However, there is a greater public interest in protecting the economic interests of Scotland, to ensure that any budget documents are released in accordance with parliament.

Section 30(b) – free and frank provision of advice in relation to Ministerial & official discussions and policy formulation.

An exemption under section 30(b) of FOISA (free and frank provision of advice) applies to some of the information requested. This exemption applies because disclosure would, or would be likely to, inhibit substantially the free and frank provision of advice. This exemption recognises the need for officials to have a private space within which to provide free and frank advice to Ministers on questions that we had no advance knowledge of ahead of FMQs before the Scottish Government reaches a settled public view. Disclosing the content of free and frank advice on the drafting of FMQ briefings for unknown questions will substantially inhibit the provision of such advice in the future.

This exemption is subject to the ‘public interest test’. Therefore, taking account of all the circumstances of this case, we have considered if the public interest in disclosing the information outweighs the public interest in applying the exemption. We have found that, on balance, the public interest lies in favour of upholding the exemption. We recognise that there is a public interest in disclosing information as part of open, transparent and accountable government, and to inform public debate. However, there is a greater public interest in allowing a private space within which officials can provide full and frank advice to Ministers on issues that we had no advance knowledge of ahead of FMQs. This is part of the process of exploring and refining the Government’s policy position.

Section 30(b)(i) – free and frank provision of advice in relation to official discussions and policy formulation/development

An exemption under section 30(b)(i) of FOISA (free and frank provision of advice) applies to some of the information requested. This exemption applies because disclosure would, or would be likely to, inhibit substantially the free and frank provision of advice. This exemption recognises the need for officials to have a private space within which to provide free and frank advice to Ministers before the Scottish Government reaches a settled public view. Disclosing the content of free and frank advice on the UK & Scottish economic performance will substantially inhibit the provision of such advice in the future, particularly because these discussions relate to a controversial issue such as the performance of the UK Economy.

This exemption is subject to the 'public interest test'. Therefore, taking account of all the circumstances of this case, we have considered if the public interest in disclosing the information outweighs the public interest in applying the exemption. We have found that, on balance, the public interest lies in favour of upholding the exemption. We recognise that there is a public interest in disclosing information as part of open, transparent and accountable government, and to inform public debate. However, there is a greater public interest in allowing a private space within which officials can provide full and frank advice to Ministers, as part of the process of exploring and refining the Government's policy position on UK and Scottish economic performance until the Government as a whole can adopt a policy that is sound and likely to be effective. This private thinking space is essential to enable all options to be properly considered, based on the best available advice, so that good policy decisions can be taken. Premature disclosure is likely to undermine the full and frank discussion of issues between Ministers and officials, which in turn will undermine the quality of the policy making process, which would not be in the public interest.

Section 30(b)(ii) – free and frank exchange of views for the purposes of deliberation in relation to policy formulation/development

An exemption under section 30(b)(ii) of FOISA (free and frank exchange of views) applies to some of the information requested. This exemption applies because disclosure would, or would be likely to, inhibit substantially the free and frank exchange of views for the purposes of deliberation. This exemption recognises the need for officials to have a private space within which to discuss and explore options before the Scottish Government reaches a settled public view. Disclosing the content of free and frank discussions on Tax Policy will substantially inhibit such discussions in the future, particularly because these discussions are still ongoing and decisions have not been taken.

This exemption is subject to the 'public interest test'. Therefore, taking account of all the circumstances of this case, we have considered if the public interest in disclosing the information outweighs the public interest in applying the exemption. We have found that, on balance, the public interest lies in favour of upholding the exemption. We recognise that there is a public interest in disclosing information as part of open, transparent and accountable government, and to inform public debate. However, there is a greater public interest in allowing Ministers and officials a private space within which to explore and refine the Government's policy position on Tax until the Government as a whole can adopt a policy that is sound and likely to

be effective. This private thinking space is essential to enable all options to be properly considered, so that good policy decisions can be taken. Premature disclosure is likely to undermine the full and frank discussion of issues between Ministers and officials, which in turn will undermine the quality of the policy making process, which would not be in the public interest.

Section 38(1)(b) – applicant has asked for personal data of a third party

An exemption under section 38(1)(b) of FOISA (personal information) applies to a small amount of the information requested because it is personal data of a third party, i.e. names/contact details of individuals and disclosing it would contravene the data protection principles in Article 5(1) of the General Data Protection Regulation and in section 34(1) of the Data Protection Act 2018. This exemption is not subject to the 'public interest test', so we are not required to consider if the public interest in disclosing the information outweighs the public interest in applying the exemption.

From: [Redacted S.38(1)(b)]

Sent: 12 November 2025 11:39

To: Cabinet Secretary for Finance & Local Government

Cc: Minister for Public Finance ; Sean McGivern ; David Hutchison ; Ross Ingebrigtsen ; Jack Middleton ; [Redacted S.38(1)(b)] ; [Redacted S.38(1)(b)] ; [Redacted S.38(1)(b)] ; [Redacted S.38(1)(b)] ; [Redacted S.38(1)(b)] ; [Redacted S.38(1)(b)] ; Lorraine King ; [Redacted S.38(1)(b)] ; [Redacted S.38(1)(b)] ; [Redacted S.38(1)(b)] ; Fiscal Programme ; Communications Finance and Local Government ; Communications Deputy First Minister, Economy and Gaelic ; [Redacted S.38(1)(b)]

Subject: RE: For clearance: Reactive lines, Audit Scotland report on tax

Good morning Cab Sec / PO,

The Sun and Guardian have asked for our lines, and the below opposition comments have also been shared. I will issue our lines to them.

Many thanks, [Redacted S.38(1)(b)]

CONSERVATIVE COMMENT

Scottish Conservative shadow cabinet secretary for finance and local government Craig Hoy said: “The Scottish Conservatives pointed out months ago that the SNP’s tax rises would damage growth and as a result raise £1 billion less than they claimed they would. Now Scotland’s Auditor General has confirmed that we were right.

“The SNP’s incompetence has trapped our economy in a depressing doom loop – the slower it grows, the more they tax, and the more they tax, the slower it grows.

“Audit Scotland’s damning judgment makes it clear that John Swinney’s government has no idea how to close the growing gap in their budget and no understanding of the damage inflicted by their high-tax policies. Meanwhile they have done nothing to rein in spending and have wasted billions on a series of blundered projects.

“The SNP are choking earnings and growth, deterring skilled workers and entrepreneurs and, at the same time, expect taxpayers to pay the bill for their reckless financial mismanagement.”

Notes

The Scottish Conservatives raised the £1 billion economic performance gap in Scotland in June this year. Russell Findlay told John Swinney back in June: “SNP tax rises for hard-working Scots should result in £1.7 billion more to spend, but, because the SNP-run economy lags behind the economy in the rest of the UK, the Scottish Fiscal Commission says that the Scottish Government has only £600 million more to spend.” (*Official report*, 12 June 2025, link).

LABOUR COMMENT

Commenting on the Auditor General’s report on the impact of low growth on Scotland’s budget, **Scottish Labour Finance spokesperson Michael Marra said** “This damning report lays bare the damage the SNP’s economic failure has done to the public finances and our public services.

“The SNP’s low growth economy has left Scotland more than a billion worse off this year alone – meaning less money for our NHS, schools, housing, policing and more.

“Not only has the SNP starved our public services of funding, but it has failed to be straight with the public about the facts.

“It’s time for an end to the damaging incompetence and shameless spin of this tired SNP government.

“A Scottish Labour government will unlock economic growth across Scotland, delivering good jobs in every part of the country and boosting funding for public services.”

Notes

The Audit Scotland report on Financial sustainability and taxes states:

- In 2025/26 alone, the Scottish Government expects to raise up to £1.7 billion from Scottish Income Tax through its policy choices, yet the Scottish Budget is only projected to benefit by £616 million.
- The Scottish Government has not been transparent enough about this difference, why it exists and how it arises through block grant adjustments.
- The relative performance of the tax base, such as growth in wages and employment, in Scotland compared to the rest of the UK is a main driver of these differences. The Scottish Government has not set out clearly enough how it plans to address this economic challenge in future years, and what this would do to support fiscal sustainability.

From: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

The 26/27 Budget will be set out on 13 January 2026.

Scotland's Tax Strategy: Building on our Tax Principles - gov.scot

RELEASE

News release

Embargoed until 00:01 hours, 13 November 2025

Lower growth reduces impact of devolved taxes

Lower earnings and employment growth in Scotland compared with the rest of the UK is reducing the impact of devolved taxes on the country's budget.

Holyrood's budget has been boosted by over £4 billion since the introduction of devolved taxes in 2015/16. But that figure is significantly less than the additional tax raised over the same period, a trend that is set to continue.

In 2025/26 alone, the Scottish Government expects to raise up to an additional £1.7 billion from its Scottish Income Tax rates and bands. However, the budget is only projected to benefit by £616 million because of how the fiscal framework operates. The relative performance of the Scottish tax base, such as earnings and employment, is factored into those calculations and is a main reason for the difference. But the Scottish Government has not been transparent enough about why the difference exists and how it thinks it can be addressed.

Tax and economic growth are central to the Scottish Government's plans to deliver fiscal sustainability. But in practice its focus has been on controlling public spending. The government has not been clear enough about whether it expects tax policy to help further close an expected £2.6 billion funding gap by 2029/30, or how its economic strategies will help grow the tax take.

Stephen Boyle, Auditor General for Scotland, said:

"Devolved taxes are growing Holyrood's budget, but their impact is weakened by Scotland's lower earnings and employment growth compared with the rest of the UK.

"The Scottish Government needs to be more transparent with the public and Parliament about the net impact of its tax choices on the Scottish budget.

"It also needs to better align its tax and economic strategies and set out which of its economic interventions are specifically expected to help grow the Scottish tax base."

[Redacted S.38(1)(b)]

News | Media Manager – Finance, Local Government and Corporate

The Scottish Government, St Andrew's House, Edinburgh

Mobile: [Redacted S.38(1)(b)] | Portfolio Media inquiries: [Redacted S.38(1)(b)]

www.gov.scot/news

From: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Sent: 27 November 2025 15:10

To: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Subject: FW: USE THIS VERSION - RE: For info - early "in principle" analysis of poverty impacts of the UK budget

Thanks [Redacted S.38(1)(b)] for the comments. My mistake with terminology there, for income tax thresholds I should have said personal allowance threshold.

Am I correct that personal allowance is not devolved? In which case would the following suit:

- The extension of freezes to the Personal Allowance and National Insurance thresholds will directly impact absolute child poverty in Scotland by 2030-31. With the lower growth and higher inflation forecasts from the OBR this will contribute to deepening poverty as low-income families will face higher taxes even if their real wages stay the same.

From: [Redacted S.38(1)(b)]

Sent: 27 November 2025 14:02

To: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Subject: FW: USE THIS VERSION - RE: For info - early "in principle" analysis of poverty impacts of the UK budget

Hi [Redacted S.38(1)(b)] and [Redacted S.38(1)(b)],

We are preparing some lines on child poverty impacts of the UK budget for our Cabinet Secretary. Our policy colleagues suggested you would be good contacts to review a line on the income tax and national insurance.

Would you be able to review the below line for your area's consideration? (link below if you want to see it in context)

- The extension of freezes to of the income tax and National Insurance thresholds will directly impact absolute child poverty in Scotland by 2030-31., with more families paying taxes on earnings while simultaneously losing their benefit income to tapers.. With the lower growth and higher inflation forecasts from the OBR this will contribute to deepening poverty as low-income families will face higher taxes even if their real wages stay the same. Income Tax thresholds in Scotland are currently frozen until April 2027.

Ideally looking for comments this afternoon.

Many thanks, [Redacted S.38(1)(b)]

From: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Sent: 13 November 2025 09:40

To: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; Director for Tax <DirectorforTax@gov.scot>; Lorraine King <Lorraine.King@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; Jennie Barugh <Jennie.Barugh@gov.scot>; Simon Fuller <Simon.Fuller@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; Charlie Hogg <Charlie.Hogg@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; David Hutchison <David.Hutchison@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; First Minister FMQs <FirstMinisterFMQs@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Cc: Permanent Secretary <PermanentSecretary@gov.scot>; DG Exchequer Strategy and Performance <DGESP@gov.scot>

Subject: RE: URGENT: FMQs - Economic Performance / Tax Income - 09:45

[Redacted S.38(1)(b)]

Attaching an updated FMQ with the bullets you asked for in track so you can see them. Also attaching a short note on the Audit Scotland report as requested. Worth pointing out that the "performance gap" issue has been around for a while, SFC have regularly reported on it, AS just shining a light on that.

Cheers,

[Redacted S.38(1)(b)]

[Redacted S.38(1)(b)]

Head of Income Tax and Tax Strategy

Directorate for Tax and Revenues

Mob: [Redacted S.38(1)(b)]

From: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Sent: 13 November 2025 08:57

To: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)]

[Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted

S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>;

[Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Subject: RE: [Redacted S.38(1)(b)] shared "Extra note on Economy" with you

Thanks both,

[Redacted S.38(1)(b)], as discussed, have pulled this into a short one page note specifically on this.

Briefing - Economic performance gap.docx

[Redacted S.38(1)(b)]

From: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Sent: 13 November 2025 08:51

To: [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)]

[Redacted S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted

S.38(1)(b)]@gov.scot>; [Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>;

[Redacted S.38(1)(b)] [Redacted S.38(1)(b)]@gov.scot>

Subject: RE: [Redacted S.38(1)(b)] shared "Extra note on Economy" with you

Hi [Redacted S.38(1)(b)],

[Redacted S.38(b)(ii)]

- The SFC have estimated that our Income Tax policy choices since devolution, will raise up to an additional £1.7 billion in 2025-26. The net position in 2025-26 is forecast to be £616m, and they have described the difference as a £1,058 million 'tax base performance gap'.

Some extra lines below:

[Redacted S.38(b)(ii)]

[Redacted S.38(b)(ii)]

- [Redacted S.38(b)(ii)]
- [Redacted S.38(b)(ii)]
- [Redacted S.38(b)(ii)]
- [Redacted S.38(b)(ii)]

[Redacted S.38(b)(ii)]

- [Redacted S.38(b)(ii)]
- [Redacted S.38(b)(ii)]
- [Redacted S.38(b)(ii)]

Thanks,

[Redacted S.38(1)(b)]