

# Independent Budget Review

The Scottish Government commissioned this review in February 2010 for an independent panel to examine the country's finances and pinpoint some of the ways that the available funds could be used in the next few years. The panel was chaired by the former head of Scottish Enterprise Crawford Beveridge, and interestingly the panel took no remuneration for their work. The result is a lengthy document which offers some strategic advice on ways to spin out the housekeeping. You can download the full document from [The Scottish Government website](#). But there are some suggestions made which may be difficult for some public sector employees to accept. If one idea is put into practice, then up to 60,000 jobs in the public sector could go. Other suggestions include ending the freeze on increasing council tax and the introduction of a two year pay freeze for those who keep their jobs.

Now opposition parties have been invited to talks on the findings of the Independent Budget Review.

Finance Secretary John Swinney said:- "The Independent Budget Review was established to consider the challenges and choices we face in the public finances. I am grateful to the Review panel – Crawford Beveridge, Sir Neil McIntosh and Robert Wilson – for the commitment they have given to produce a comprehensive report in a short time.

"The Review findings consider a landscape that results from years of financial mismanagement of public spending, with Scotland's budget forecast to shrink by £3.7 billion in real terms over the next Spending Review period as a result of Westminster spending cuts. Some two thirds of the cuts planned at the UK level are the legacy of the previous UK Government, the other third the design of the Westminster coalition's emergency budget that cuts too far and too fast.

“The Review can only offer options within our current powers, and it underlines the absolute need for the Scottish Parliament and Government to secure financial responsibility and the same economic powers that other nations have so that we can take decisions to boost economic growth and revenues in Scotland.

“We welcome the recognition from the Review of many of the initiatives the Scottish Government is already taking: to deliver greater efficiencies, with a target of £1.6 billion this year; to reduce the number of public bodies – made easier by the passage of the Government’s Public Services Reform Act; to obtain savings through better procurement; to reduce the scrutiny burden; and its endorsement of us achieving better value in capital spending through the Scottish Futures Trust.

“We particularly welcome the Review’s recognition of the strongly held view, which we share, that water services should not be subject to privatisation. We believe that Scottish Water – which is performing extremely well – should remain under public ownership.

“We will build on our strong record in all these areas in considering the findings of the Review.

“The Scottish Government – working in partnership with Parliament and the people of Scotland – will give careful consideration to what is a lengthy report. There are many options, but clearly there is no need to pursue all of these as they would generate far more savings than is actually required.

“The Government has made clear our determination to protect the vulnerable – which is why for example we will preserve existing eligibility for free personal care and concessionary travel. And we will apply any Barnett consequential arising out of the protection given to the health service by the UK Government to the health service in Scotland.

“Our task now is to encourage the widest possible debate about the range of options that are contained in this Review. That is why I have written inviting opposition parties in Scotland to take part in discussions on the Review, and to seek their response to the options that are set out. We will also take forward dialogue with stakeholders and communities in advance of the Budget process, and members of the public can give us their views through the Government website from today.

“We will not know the Scottish Government’s budget until the UK Comprehensive Spending Review is announced on October 20. Once that is done, and we have taken account of the views of Scotland, we will set out a Budget that is focused on sustaining economic recovery and protecting frontline services.”

According to The Scottish Government the purpose of the Review was to inform public and Parliamentary debate in advance of the next UK Comprehensive Spending Review (which will cover the four years 2011-12, 2012-13, 2013-14 and 2014-15) about the challenges and choices which will exist in a significantly constrained public spending environment.

The Scottish Government has published annual efficiency targets that aim to achieve in-year savings of £534 million (2 per cent) in 2008-09, £1,069 million (4 per cent) in 2009-10 and £1,603 million (6 per cent) in 2010-11. The 2008-09 outturn report, published in November 2009, confirmed savings of £839 million against the £534 million target. This represents 3.1 per cent of the 2007-08 DEL baseline.

Last September the Scottish Government’s core administration budget for 2010-11 was reduced by £14 million or five per cent below planned expenditure for the year.

The centrally-held marketing budget was reduced by over £5 million or over 50 per cent. There is now a presumption against external recruitment, strict controls on staff

headcount numbers, and robust limits on the use of consultants, managed within strict financial restraints.

Air and rail travel costs have been reduced by 25 per cent in the second half of 2009 compared with the first half, and are continuing to bear down on these costs. Ministers have taken a pay freeze in 2009-10 and 2010-11, while senior civil servants will also have their pay frozen in 2010-11.

The Scottish Government is delivering a 25 per cent reduction in the number of national devolved public bodies (from 199 to 120) by April 2011. The Simplification Programme will deliver estimated savings of £123 million in the period 2008-2013 and around £38 million per annum thereafter.

Gordon MacRae, Head of Communications and Policy, Shelter Scotland, the housing and homelessness charity, said:

“Today’s report recommends cuts to public services should be considered across the board. While it is clear tough decisions are unavoidable, the burden of cuts must fall on the broadest shoulders rather than impacting on the most vulnerable in our society. It is vital local authority provision of homeless and housing services and support are not sacrificed. Slashing spending in these areas would only lead to bigger bills further down the line.”