

Audit Scotland say The Scottish Government overspending by almost £700 million

In any other year such a headline would create a lot of concern. But in this year we have come to expect overspending and big numbers mainly as a result of the pandemic.

Audit Scotland has issued its report about the government's finances. They say that The Scottish Government overspent its 2019/20 budget by nearly £700 million while responding to the Covid-19 pandemic.

Net spending for the year across the government's consolidated accounts was £39,385 million – £669 million more than budget. The overspend was because of accounting for two large business support schemes agreed in March that cost £912 million. The audit opinion on the accounts was unqualified.

The report also finds that government quickly revised its governance arrangements in response to Covid-19. But the

pandemic delayed publication of its medium-term financial strategy to January 2021, squeezing the time for scrutiny by MSPs ahead of the 2021/22 budget. Responding to Covid-19 and EU withdrawal has also placed considerable strain on staff across the organisation.

But apart from Covid-19 and the necessary reaction to that, Audit Scotland found the government wanting over its investments in private companies. It said that government loans of £3.5 million to Prestwick Airport and £9 million to Burntisland Fabrications Ltd were written down in the 2019/20 financial year. This follows a trend of loans and guarantees for private companies deteriorating in value, including £45 million previously provided to Ferguson Marine Engineering Ltd.

The report finds that The Scottish Government needs to clearly outline its plans for future investment in private companies to ensure there is greater transparency over financial support provided and the value of public funds committed.

Audit Scotland also find that the current pandemic could not have come at a worse time as a result of the uncertainty around Brexit. These two issues are expected to dominate the Government's financial and policy decision making for years to come.

The report suggests that : **"Strong financial management and good governance will be critical to support an effective response and recovery."**

Stephen Boyle, Auditor General for Scotland, said:"Covid-19 is understandably having a significant effect on the Scottish Government's finances. It's now more important than ever that the next financial strategy has clear links between spending plans and what that money is expected to achieve, as Scotland contends with the pandemic's ongoing impact.

"The Scottish Government also needs to clearly outline its

plans for future investment in private companies to increase transparency and value for money.”



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