

FACTUAL POSITION STATEMENT – SCOTTISH BUDGET 2009-10

The Scottish Government's 2009-10 Budget Bill did not win Parliamentary approval at Stage 3, the final legislative stage, on 28 January. The Parliamentary vote was tied and the Presiding Officer's vote for the *status quo* meant the Bill fell.

Ministers have made clear that they intend to seek Parliamentary approval once more, for the 2009-10 budget. The Budget Bill has already been resubmitted to the Parliament. The Bill is unchanged from the version introduced 8 January 2009. Mr Swinney has made clear that the Government is able to amend the Bill. It is expected that Stage 1 of the Bill will be taken on 4 February, with Stage 2 in the Finance Committee on 10 February and Stage 3 – the opportunity for Parliament to approve or reject the Bill – on 11 February.

Ministers have made clear that they will be discussing the budget with Opposition parties with a view to securing a Parliamentary majority for the Bill. The First Minister has also said that if the Government is unable to secure a majority when the Bill comes forward again, he does not believe that his administration can continue. There would therefore be an opportunity for other parties to seek to form an administration and secure the election of another First Minister. If after 28 days no other First Minister had been elected, an election to the Scottish Parliament would be called.

The absence of Parliamentary approval for the Budget Bill means that the debate on the Local Government Finance Order planned for 4 February will not take place and it will not be possible for local authorities to receive financial allocations from the Scottish Government on the original timescales envisaged. Health Boards' financial allocations will not be announced on 2 February as planned. Financial allocations to other organisations such as Colleges of Further Education and Universities will also be delayed. If the Budget Bill is passed on 11 February, these allocations will be announced as soon as possible thereafter.

In the event of Parliamentary approval not being forthcoming in February, there would be no Budget for 2009-10. In these circumstances, provisions in section 6 of the Budget (Scotland) Act 2008 and in section 2 of the Public Finance and Accountability (Scotland) Act 2000 ensure that the business of government can continue, with spending restricted to the same levels and to the same purposes as agreed by Parliament for 2008-09. This would ensure that key programmes could continue. However changes and additions to budgets proposed in the Budget Bill for 2009-10 would not have effect. The total value of additions proposed in the 2009-10 budget was approximately £1.8 billion. This additional funding would not be available to local authorities, health boards and other bodies receiving Scottish Government funding in 2009-10.

If in due course a further Budget Bill was presented and received Parliamentary approval, budgets would be adjusted during 2009-10.

The implications for:

- The Scottish Government and its agencies
- Local authorities
- NHS Boards
- Non-departmental public bodies
- Third sector bodies funded in part by the Scottish Government

are set out in more detail in briefings prepared for these bodies.

28 January 2009