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Kenneth Gibson MSP  
Convenor, Finance Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

30 September 2014

Dear Kenneth,

I am writing to provide the Committee with an update on progress in agreeing with HM Treasury an approach to the block grant adjustment in respect of the devolved taxes.

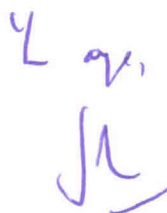
As you know, this matter has been under discussion between the Scottish Government and HM Treasury Ministers, and the Committee took evidence from the Chief Secretary last year and the Exchequer Secretary in June this year. I provided an update to Parliament in the statutory annual report laid in April this year, and in my oral evidence in support of the report in May and following a further request from the Committee during oral evidence in August. I have also set out to the committee the Barnett abatement proposal put forward by HM Treasury and the alternative set out by the Scottish Government.

There has been further correspondence between myself and Treasury Ministers on the matter in the period since. My aim remains to secure an adjustment that is fair to Scotland, is stable and robust, and is transparent.

With timescales becoming shorter, I am conscious that – while it remains my intention to do so - it may not in practice be possible for me to consult the Committee before coming to an understanding with UK Ministers. However I will ensure that I provide the Committee with a full description of whatever position is reached on the proposed block grant adjustment, and of course I will be very happy to discuss the issue and to answer the Committee's questions.

With the publication of the draft Budget approaching, I am keen to secure an agreement and will continue to attempt to do so. I also look forward to the Committee's evidence sessions on the draft Budget in due course.

I hope this is helpful.



JOHN SWINNEY