



How Social Security forecasting fits into Scotland's Budget process

Introduction

This paper provides background on the role of the Scottish Fiscal Commission and what the Social Security Committee can expect from us in the year ahead.¹ Our role in social security has expanded over the last two years, and with the devolution of executive competence for £2.6 billion worth of benefits in April 2020 it is becoming an increasingly important component of our work, and the Scottish Budget.

What we produce

We produce the official forecasts used by the Scottish Government in the Budget. Our main publication accompanies the Scottish Budget in December.² This publication provides 5-year estimates of how much will be spent on each form of assistance and, where possible, we also provide estimates of how many individuals will receive support. Our remit is to forecast the cost of devolved social security benefits and programmes, that is the amount of money that will be paid out to claimants. We do not cover the associated administrative costs, such as the cost of setting up and running Social Security Scotland, as these are determined by the Scottish Government. Our second set of forecasts are produced in May to accompany the Scottish Government's Medium Term Financial Strategy.

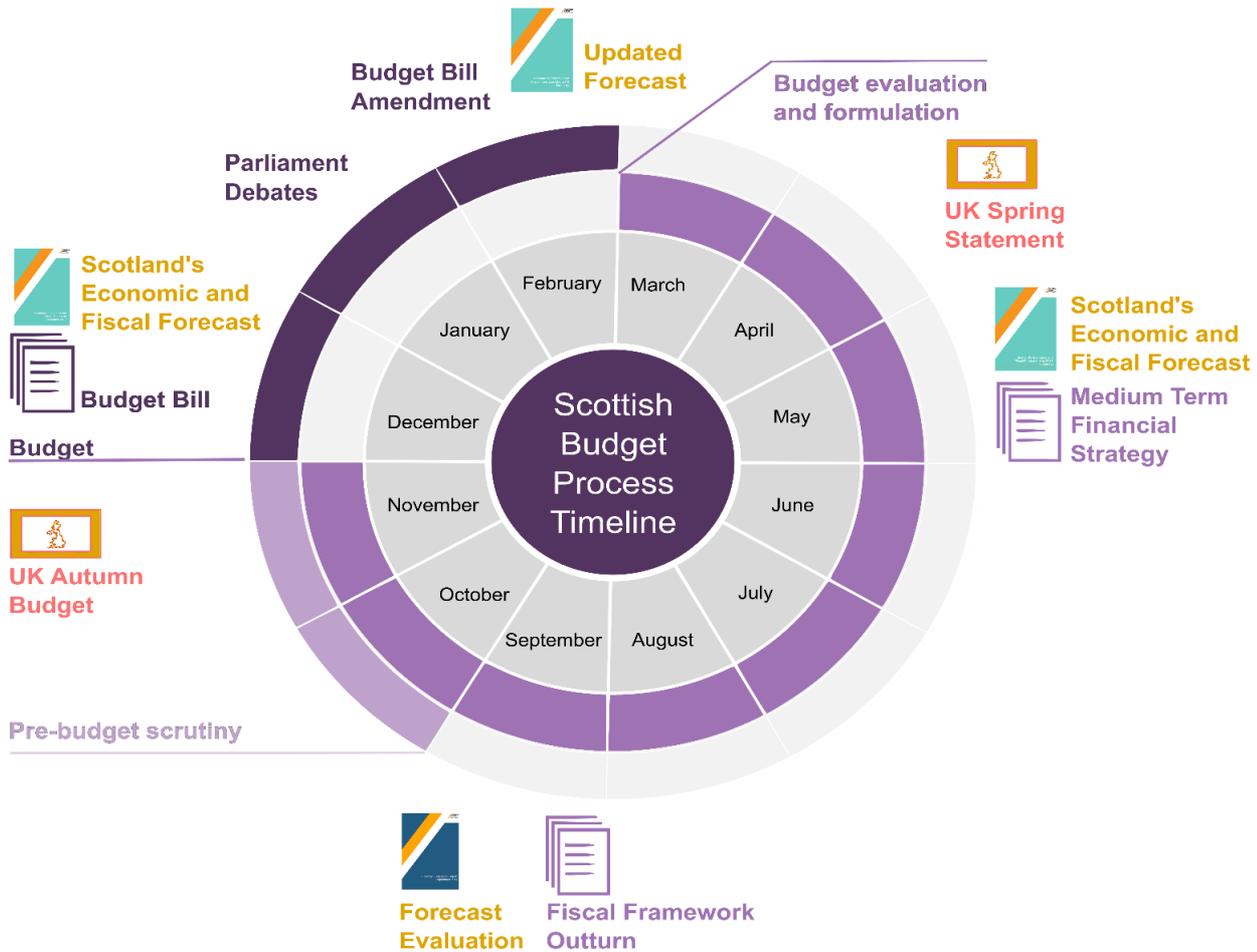
We also evaluate our forecasts annually and this is published in the autumn, around the same time as the Scottish Government's Fiscal Framework Outturn Report. We see evaluation as an essential part of performing our role. It allows us to learn lessons to improve our approaches, builds the confidence of our users in our approach and allows others to understand the likely accuracy of future forecasts. The following diagram shows how our publications align with the Scottish Government's budget process.

One area missing from the diagram is our role in secondary legislation. This is particularly relevant for social security where the devolution of powers may not be timed to coincide with fiscal events. To aid parliamentary scrutiny, we may provide forecasts to accompany secondary legislation and an example of this is our costing of the Best Start Grant Pregnancy and Baby payment in September 2018.³

¹ This note was produced to support our briefing session with the Social Security Committee on 24 January 2019.

² Scottish Fiscal Commission (2018) Scotland's Economic and Fiscal Forecasts ([link](#))

³ Scottish Fiscal Commission (2018) Social Security – Best Start Grant (Pregnancy and Baby Grant) ([link](#))



Looking ahead to 2019

Our next forecasts will be in May to accompany the Scottish Government's Medium Term Financial Strategy. Last year we expanded our work to include three new policies: Funeral Expense Assistance, Best Start Foods and Best Start Grant. In May we expect there will be more information available for each of these benefits and in particular the Scottish Government's intended start dates in summer 2019 and we will revise our forecasts accordingly. We also expect data on the number of awards made for the Best Start Grant Pregnancy and Baby Payment, which started in December 2018. If available, we will review our take-up assumptions for this benefit and the subsequent benefits to be delivered by Social Security Scotland.

In autumn, we will also evaluate our social security forecasts for the first time. We will compare our forecasts for 2018-19 with the actual expenditure figures from the Department for Work and Pensions and Social Security Scotland.

Responsibility for the remaining benefits to be devolved will transfer to the Scottish Parliament by April 2020 at the latest. The benefits still to be devolved are: Attendance Allowance, Disability Living Allowance, Personal Independence Payment, Industrial Injuries Disablement Benefit, Severe Disablement Allowance, Cold Weather Payment and Winter Fuel Payment. We will provide forecasts for these benefits in our publication alongside the Scottish Budget 2020-21.