

T: 0300 244 4000
E: scottish.ministers@gov.scot

Susan Rice DBE
Chair
Scottish Fiscal Commission
Governor's House
Regent Road
Edinburgh
EH1 3DE

19 April 2018

Dear Susan,

As you are aware, the Budget Process Review Group (BPRG) made recommendations on changes to the Scottish Budget process and also recommended that the Scottish Government prepares and publishes a Medium Term Financial Strategy (MTFS). The BPRG also recommended that both the Scottish Budget and the MTFS be supported by independent forecasts prepared and published by the Commission. The first MTFS will be published on 31 May 2018. As a result of the BPRG recommendations, regulations are required to be laid in Parliament to amend the functions of the Commission to give it the statutory authority to prepare these forecasts and reports.

The Scottish Fiscal Commission Act 2016 requires that the Commission is consulted on any changes to its functions. I am, therefore, writing to formally seek the Commission's views on the attached draft regulations. I am aware that our officials have had discussions around the required changes. The draft regulations take into account points made during those discussions.

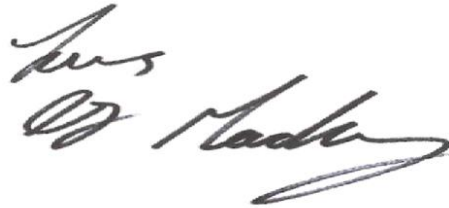
The draft regulations primarily make the changes required to implement the BPRG recommendations and confer a function on the Commission to make forecasts to support the Medium Term Financial Strategy and remove the requirement for forecasts to support the Budget Bill. The regulations also make consequential changes within the Act to reflect this new function. They also confer on the Commission a requirement to prepare forecasts of assigned VAT revenues.

I do not intend to conduct a wider consultation on the draft regulations given these are primarily driven by the BPRG process, which was subject to considerable discussion and public consultation. I also believe that, given the Commission is still newly operating as an independent body, there is merit in allowing the Commission to bed in before reviewing its functions more widely. As you know, the draft regulations will be subject to

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Parliamentary scrutiny and the relevant Committees may choose to seek wider views on the regulations as part of this process.

I would be grateful if you could provide comments on the draft regulations and, subject to these, indicate whether you are content for the amendments to be laid. A response by 27 April would be helpful to allow the regulations to be laid at the end of April and passage completed by summer recess.

A handwritten signature in black ink, appearing to read 'Derek Mackay', written in a cursive style.

DEREK MACKAY

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

