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Gordon Lindhurst MSP
Convener
Economy, Energy and Fair Work Committee
The Scottish Parliament
Edinburgh
EH99 1SP

4 September 2019
Sent via email

Dear Convener,

The Scottish Fiscal Commission has published three reports this morning. Our [Forecast Evaluation Report 2018-19](#) evaluates forecasts which are used to set the Scottish Budget. Most of the forecasts evaluated are for the 2018-19 financial year. For income tax, we evaluate 2017-18 as that is the latest year for which outturn data are available. For our economy forecasts we work in calendar years rather than financial years, so the forecast for 2018 is evaluated.

Our forecasts of new benefits and taxes devolved to Scotland became more accurate as more and better data sources became available. Last July, HMRC published Scottish outturn income tax data for the first time. Compared against these data the forecast error in our May 2018 income tax forecast for 2016-17 was around £550 million or 5.1 percent. By using this new data source in our latest forecast the Commission's forecast error for 2017-18 has reduced to around £90 million or 0.8 percent.

Our second publication is our now annual [Statement of Data Needs](#). Following the Committee's recommendation we have used this opportunity to report on the developments made in the last year, and set out our requests for additional data. Having good data is vital to producing good forecasts. More accurate forecasts reduce uncertainty in the budget and help the Scottish Government to plan its finances.

We have also published a new occasional paper on our [Approach to Policy Costings](#) explaining what a policy costing is, the type of information needed to estimate a policy costing and how they are produced.

We would be glad to answer any queries the Committee may have on our reports.

Yours sincerely

A handwritten signature in black ink that reads "Susan Rice".

Susan Rice DBE