

Bob Doris MSP
Convener
Social Security 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. The report includes our first evaluation of our social security forecasts for the 2018-19 financial year. Our forecasts of new benefits and taxes devolved to Scotland became more accurate as more and better data sources became available. The report highlights the challenges in forecasting new benefits. Almost all of the £113 million overestimate of spending on Carer's Allowance sprang from the actual start date being later than anticipated.

In another instance, the Commission underestimated spending on the new Pregnancy and Baby Grant by £2.5 million or 59 percent because of an unanticipated surge of initial applications. The first data on claims for this grant, combined with a better appreciation of the Scottish Government's approach to launching new benefits, led the Commission to increase its forecasts of spending in May. 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 second publication is our now annual [Statement of Data Needs](#). Following the Economy, Energy and Fair Work 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.

My colleagues and I would be glad to answer any queries the Committee may have on our reports either by correspondence or when we appear at Committee later in September.

Yours sincerely

A handwritten signature in black ink that reads "Susan Rice". The signature is written in a cursive, flowing style.

Susan Rice DBE