

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

Lady Susan Rice CBE
Scottish Fiscal Commission
Governor's House
Regent Road
Edinburgh
EH1 3DG

9 November 2016

Dear Susan,

I am writing to invite the Scottish Fiscal Commission (the Commission) to provide views on the draft, *'The Scottish Fiscal Commission (Modification of Functions) Regulations 2017'*.

The draft regulations are intended to expand the functions of the Commission to reflect the Fiscal Framework Agreement between the UK and Scottish Governments and the passage of the Scotland Act 2016. With effect from 1 April 2017, the functions of the Commission are to be expanded to include:

- the addition of a function to prepare forecasts of demand led social security expenditure, once devolved; and
- the addition of a function requiring the Commission to prepare forecasts of Scotland's GDP excluding extra regio economic activity (i.e. Scottish GDP excluding oil, gas and other hydrocarbons produced in the Scottish sector of the UK Continental Shelf).

To facilitate this expansion, *'The Scottish Fiscal Commission Act 2016 (Commencement and Transitory Provision) Regulations 2016'* brought into force section 8 of the Act, allowing Scottish Ministers to modify the functions of the Commission. In order to comply with the requirements of Section 8, the regulations also include the transitory provision that the non-statutory Commission is to be treated as the statutory Commission for the limited purposes of being consulted on the draft regulations.

The Scottish Government published a public consultation on these draft regulations on 27 October. I have enclosed this document, which provides the rationale behind our approach and contains the draft regulations in Annex A.

These regulations are subject to affirmative Parliamentary procedure. My intention is that the drafting of the regulations will be finalised this year, with a view to them being laid in the Scottish Parliament early next year.

I very much welcome the Commission's views on the, '*The Scottish Fiscal Commission (Modification of Functions) Regulations 2017*' and your officials' on-going contribution to this process.

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

DEREK MACKAY