












Scotland's Economic and Fiscal Forecasts


May 2018

Economy		2017	2018	2019	2023	% growth
	GDP	0.8%	0.7%	0.8%	0.9%	Growth remains subdued and below 1.0 per cent for the forecast horizon
	Trend Productivity	0.0%	0.2%	0.5%	1.1%	Productivity picks up after two years of weak performance in 2016 and 2017
	Nominal Wages	1.1%	1.6%	1.8%	3.2%	Weaker wages profile over the early years of the forecast feeds through to income tax
	Real Wages	-1.0%	-0.5%	0.0%	1.2%	Real wage growth continues to be negative in 2018, before levelling off in 2019 and starting to grow slowly from 2020 onwards
	Employment	1.2%	0.4%	0.0%	0.1%	Employment growth slows down, reflecting a falling 16-64 population and employment rates close to historic highs

Tax		2016-17	2017-18	2018-19	2023-24	£ million
	Income Tax	11,267	11,467	11,969	14,547	In 2018-19, income tax revenue is expected to be £209 million lower compared our February 2018 forecast.
	Non-Domestic Rates	2,731	2,774	2,788	3,339	NDR income collected in 2018-19 is expected to be £24 million lower compared to our December 2017 forecast.
	LBTT	484	550	614	827	Residential and non-residential LBTT forecasts have been revised up due to higher prices from 2018-19 onwards
	Scottish Landfill Tax	148	142	114	88	Reductions in the amount of waste landfilled and subsequent tax receipts are expected over the forecast horizon.

Social security		2016-17	2017-18	2018-19	2023-24	£ million
	Carer's Allowance (inc. Supplement)	234	248	302	395	The Carer's Allowance Supplement is introduced in 2018-19. Up-rating and an increase in claimants also increases spend.
	Discretionary Housing Payments	50	60	61	69	The costs of mitigating the Removal of the Spare Room Subsidy increase over the period.
	Scottish Welfare Fund	33	33	33	33	The Scottish Welfare Fund is assumed to remain constant over the forecast period, based on SG policy.
	Employability	0	11	20	0	Two interim services ran in 2017-18. Fair Start Scotland then started in April 2018, with peak spending forecast for 2020-21.

Policy Announcements - Tax				2018-19	2023-24	£ million
	Non-Domestic Rates			+0.1	+0.4	New Start relief is removed.

Policy Announcements - Spend				2018-19	2023-24	£ million
	Carer's Allowance Supplement			0.0	+9.3	The Supplement will now be increased each year in line with inflation.

Change in Forecasts		2016-17	2017-18	2018-19	2022-23	£ million
	Income Tax	+53	-118	-209	-437	Income tax receipts have been revised down over the forecast period due to weaker wage profile