

# Scotland's Economic and Fiscal Forecasts

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# Overview

1. Introduction – Dame Susan Rice, chair
2. Scotland's Economic and Fiscal Forecasts – John Ireland, Chief Executive
3. Question and Answer

Aim to finish for 11 AM

Pre-arranged interviews with Dame Susan Rice

Introduction

Dame Susan Rice

# Scotland's Economic and Fiscal Forecasts

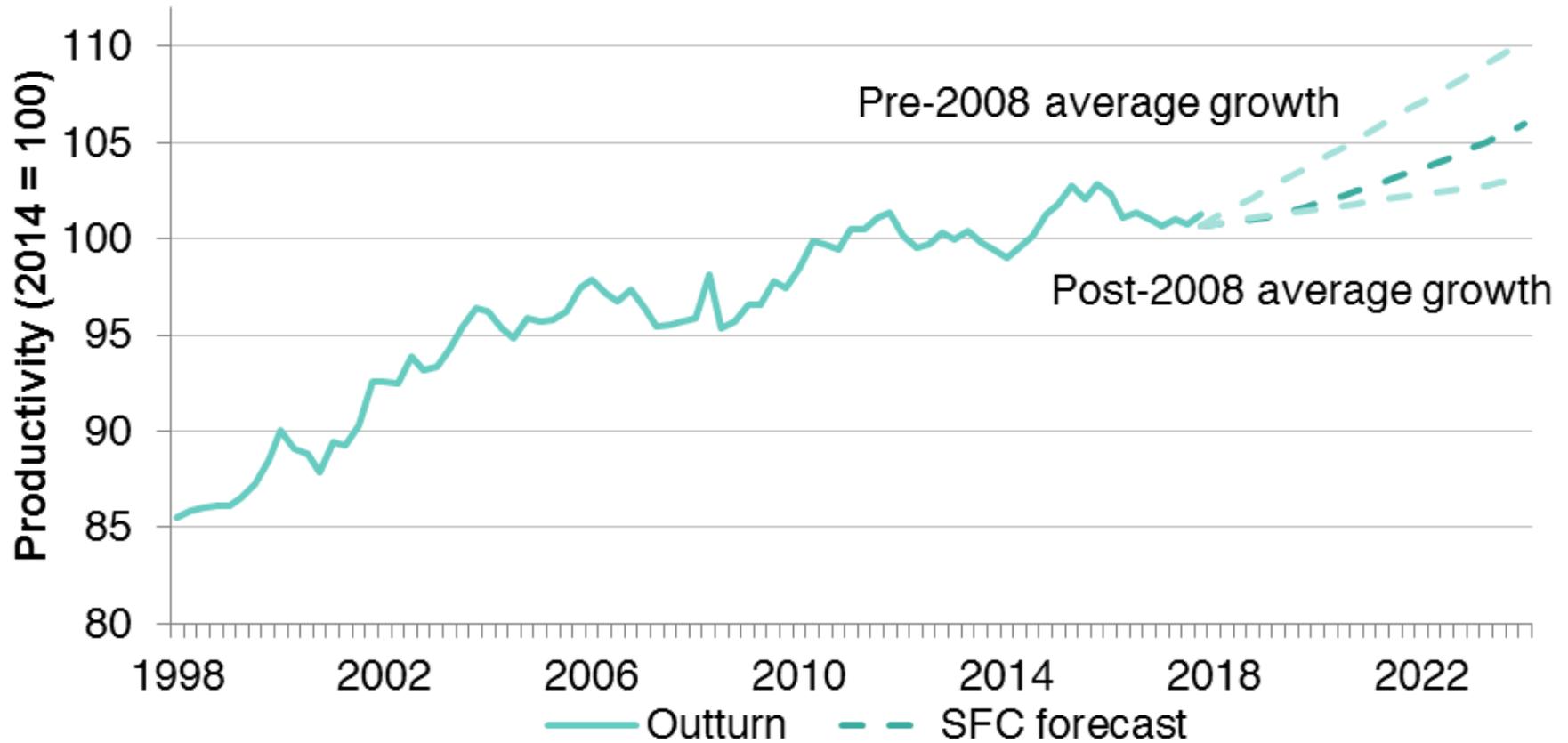
John Ireland

# Economy Forecasts

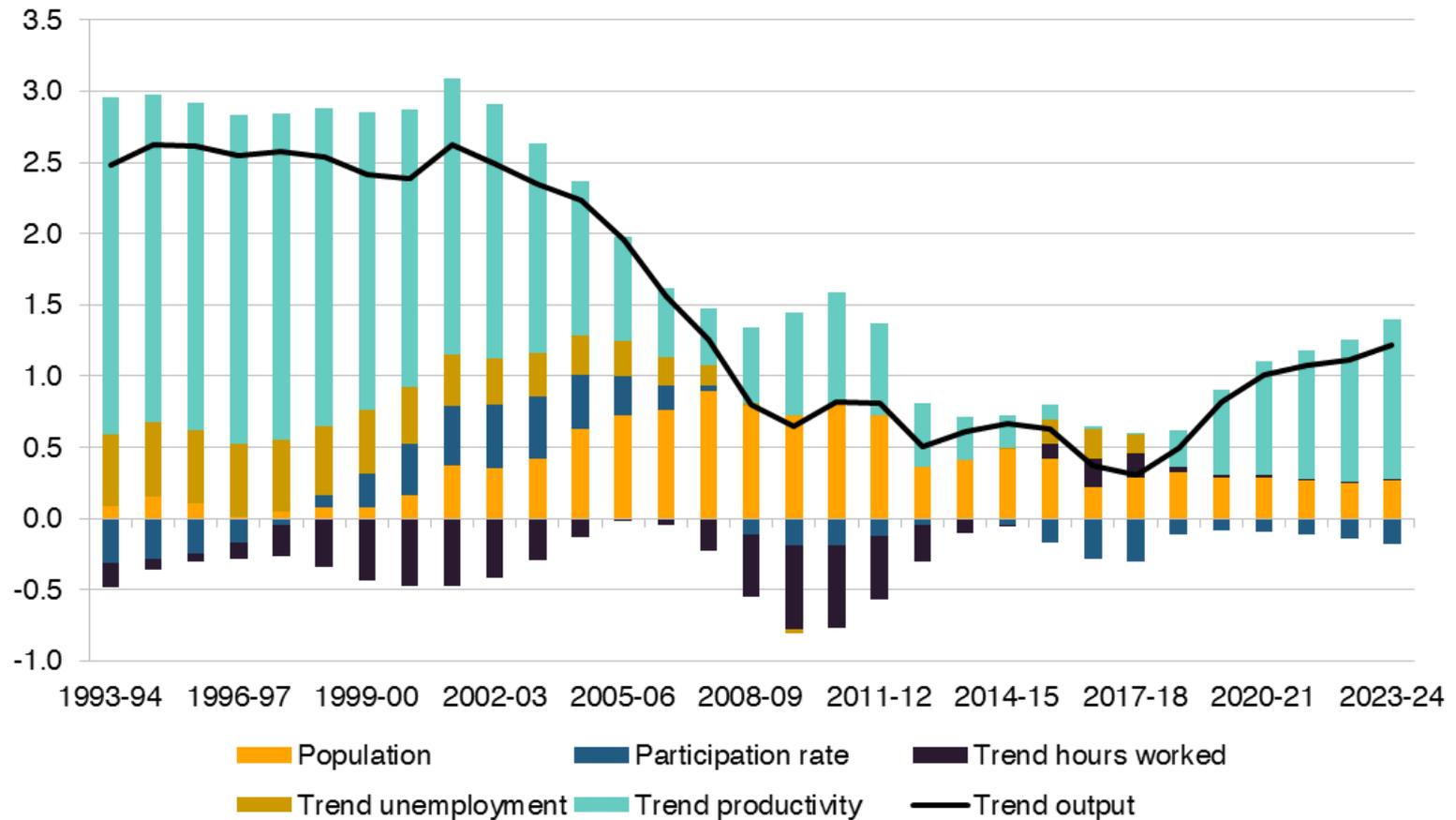
# Economy Forecasts

Economy		2017	2018	2019	2023	% growth
	<b>GDP</b>	0.8%	0.7%	0.8%	0.9%	Growth remains subdued and below 1.0 per cent for the forecast horizon
	<b>Trend Productivity</b>	0.0%	0.2%	0.5%	1.1%	Productivity picks up after two years of weak performance in 2016 and 2017
	<b>Nominal Wages</b>	1.1%	1.6%	1.8%	3.2%	Weaker wages profile over the early years of the forecast feeds through to income tax
	<b>Real Wages</b>	-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
	<b>Employment</b>	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

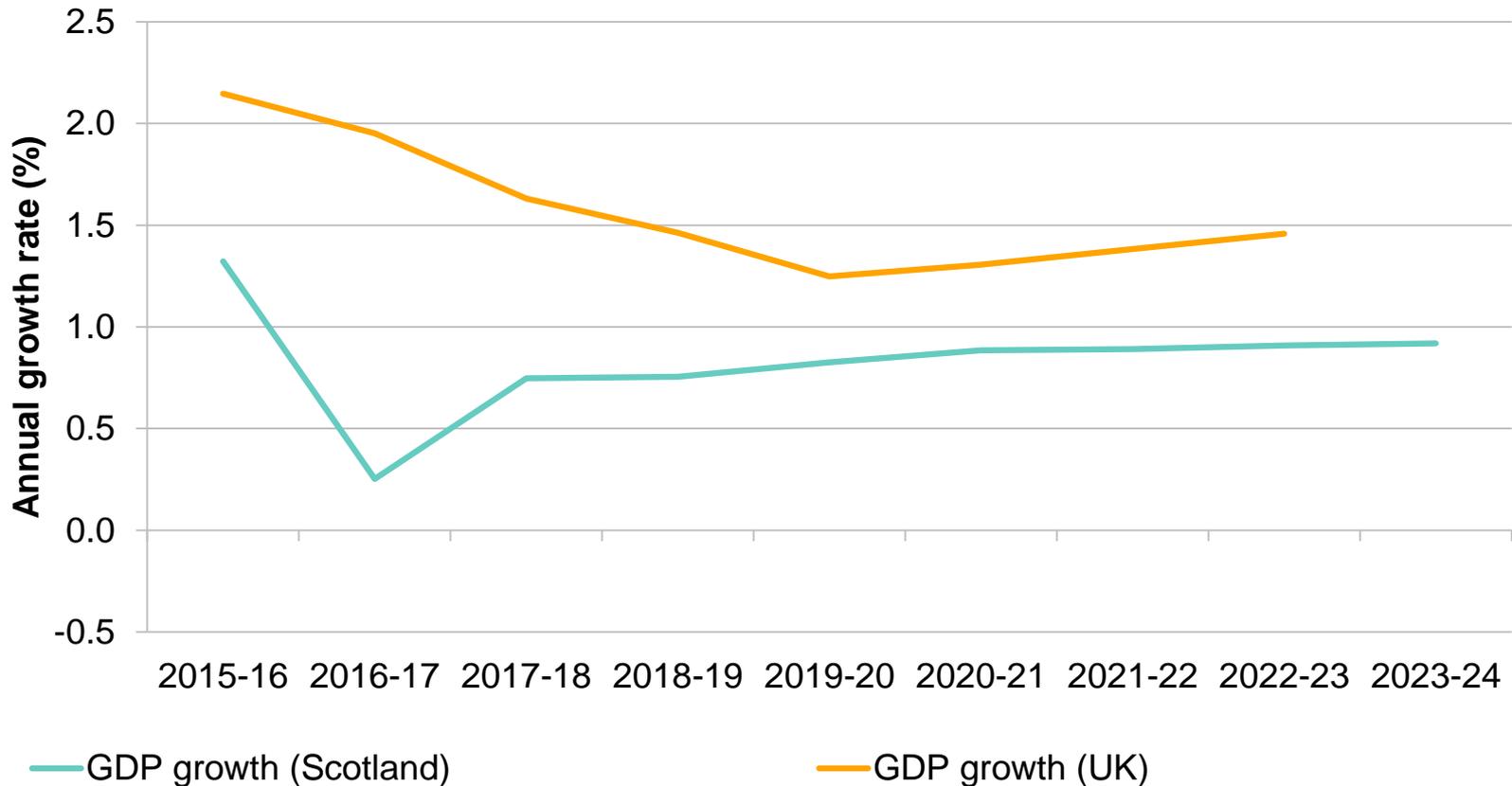
# Economy – Trend Productivity



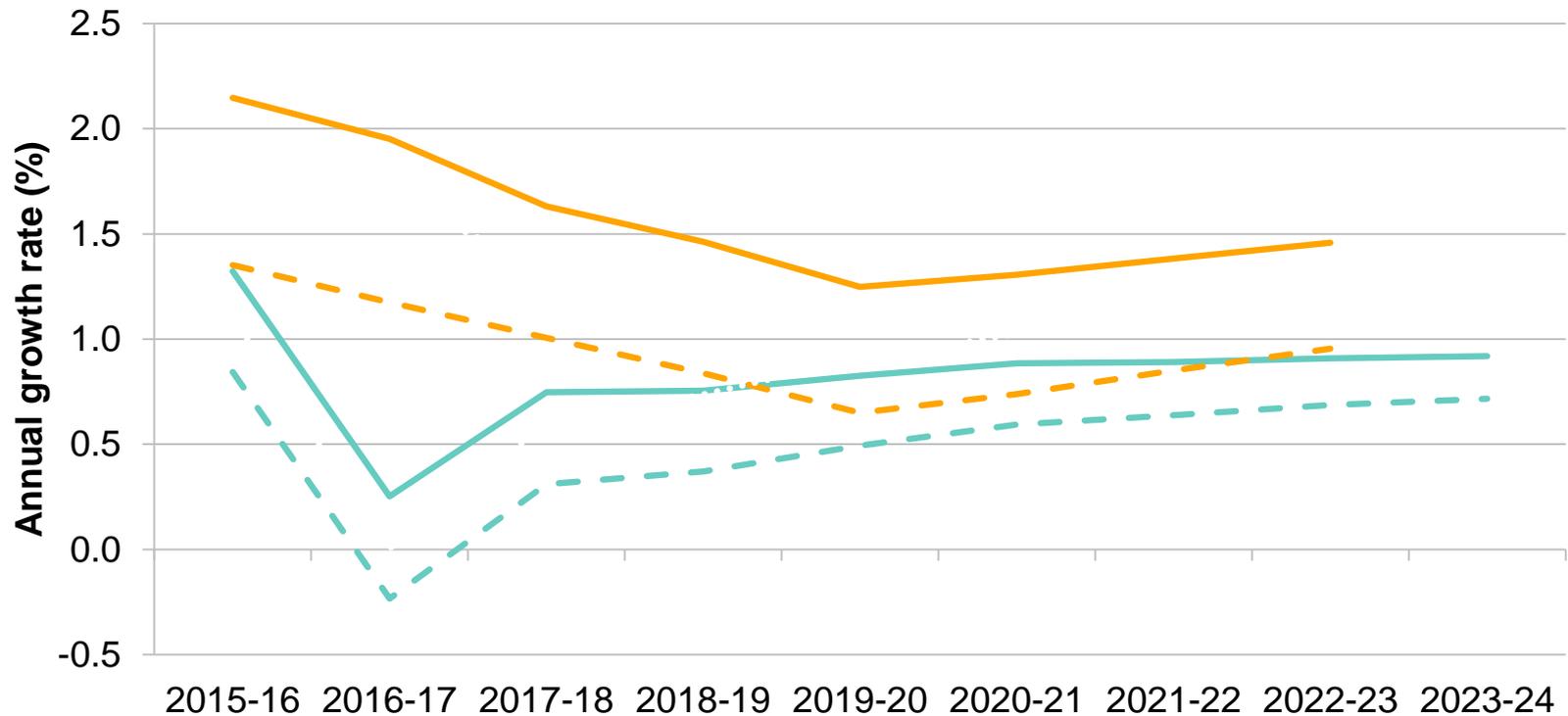
# Economy – Growth in Potential Output



# Economy – GDP and GDP per person



# Economy – GDP and GDP per person



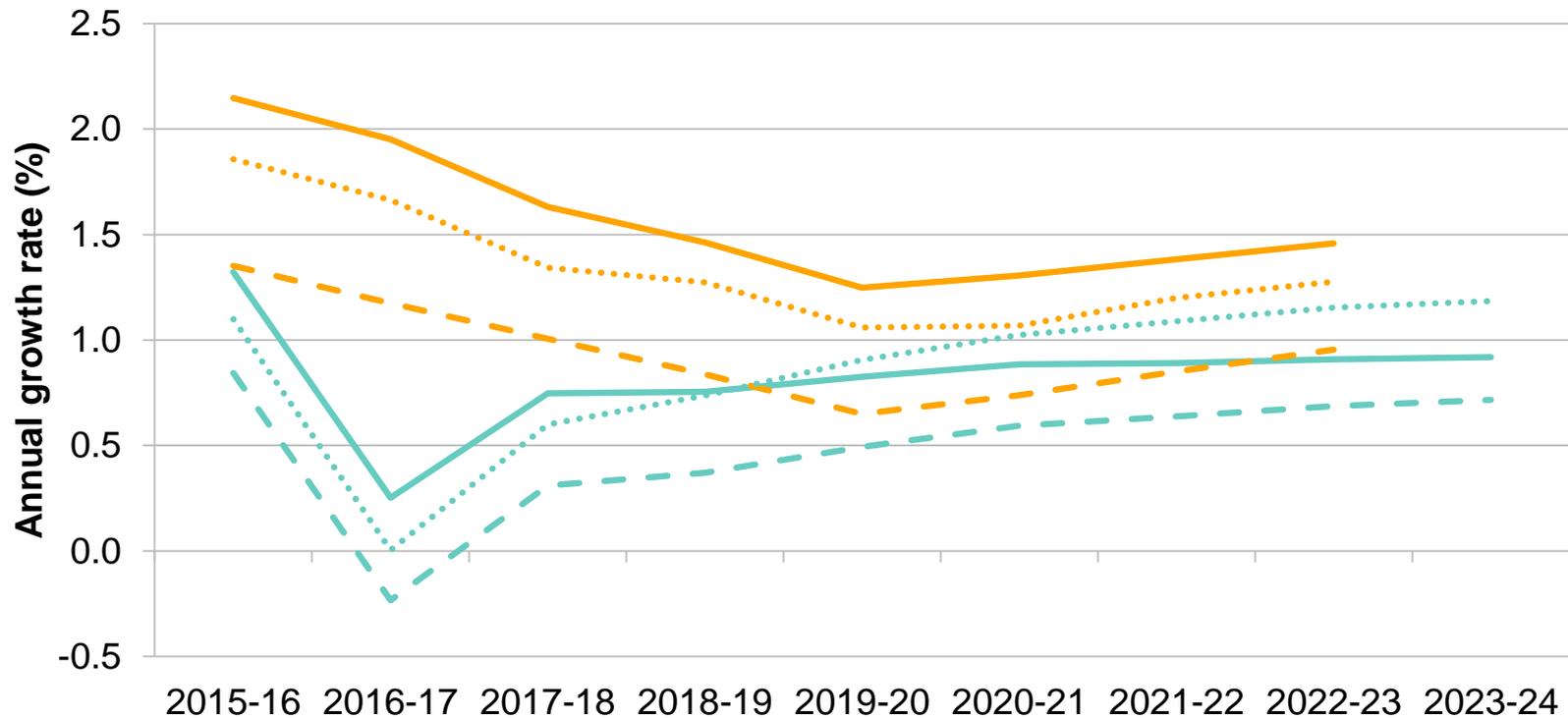
— GDP growth (Scotland)

— GDP growth (UK)

- - GDP per person growth (Scotland)

- - GDP per person growth (UK)

# Economy – GDP and GDP per person



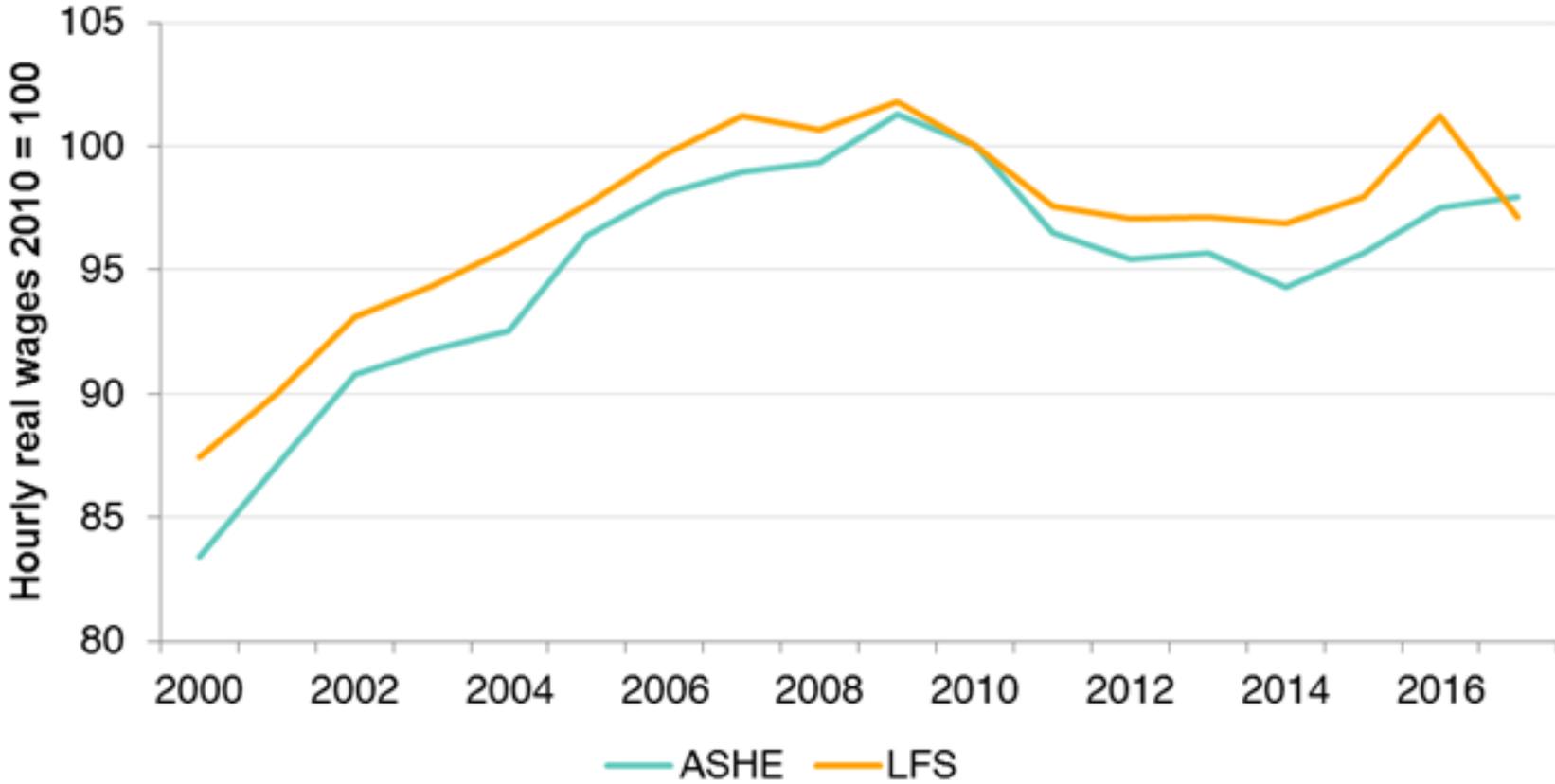
— GDP growth (Scotland)  
- - GDP per person growth (Scotland)  
..... GDP per person 16-64 growth (Scotland)

— GDP growth (UK)  
- - GDP per person growth (UK)  
..... GDP per person 16-64 growth (UK)

# Economy – UK/EU Relationship

- The UK leaves the EU in March 2019
- New trading arrangements with the EU and others slow the pace of import and export growth
- The UK adopts a tighter migration regime than that currently in place
- Weighs on productivity growth and investment

# Real Wages in Scotland

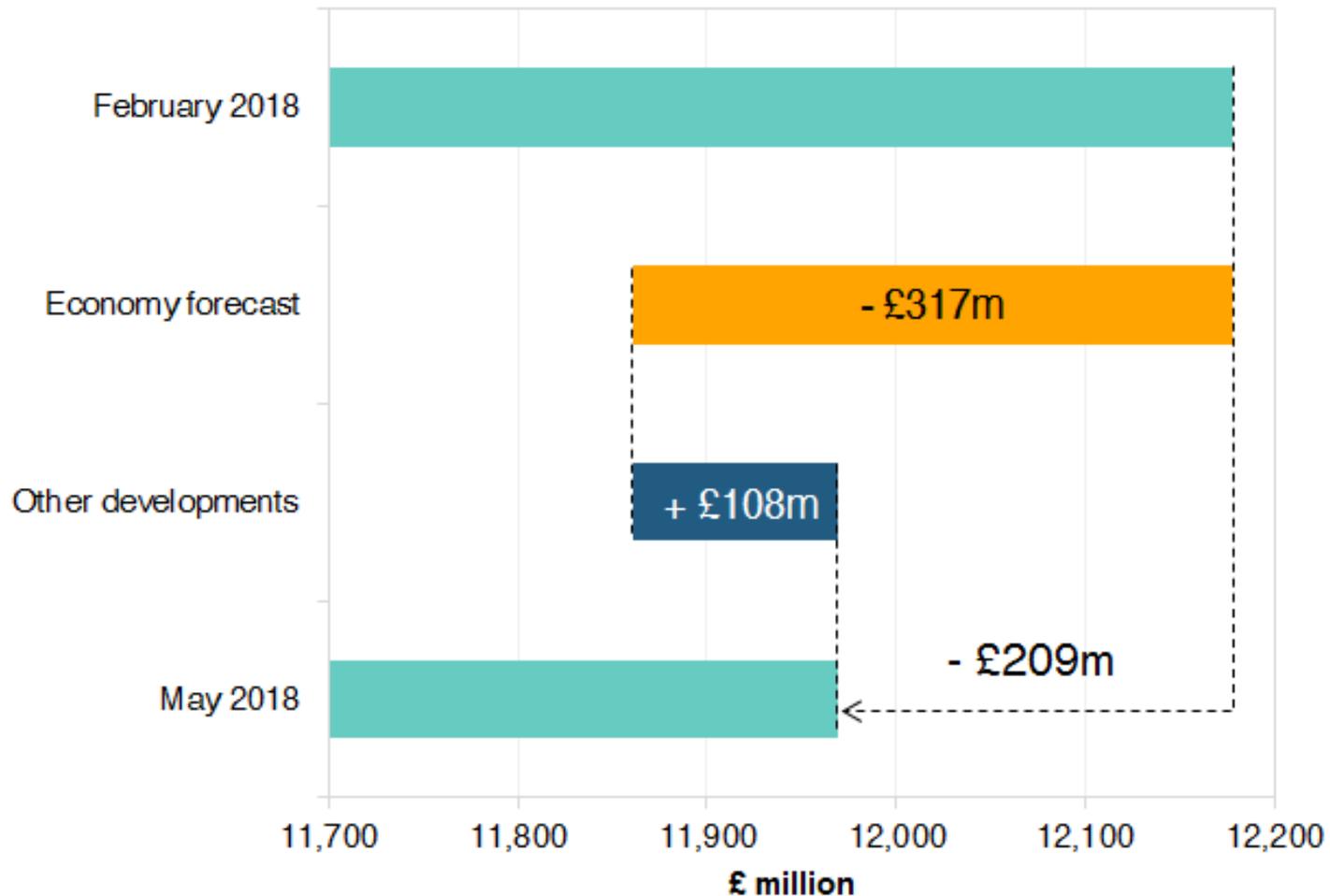


# Tax Forecasts

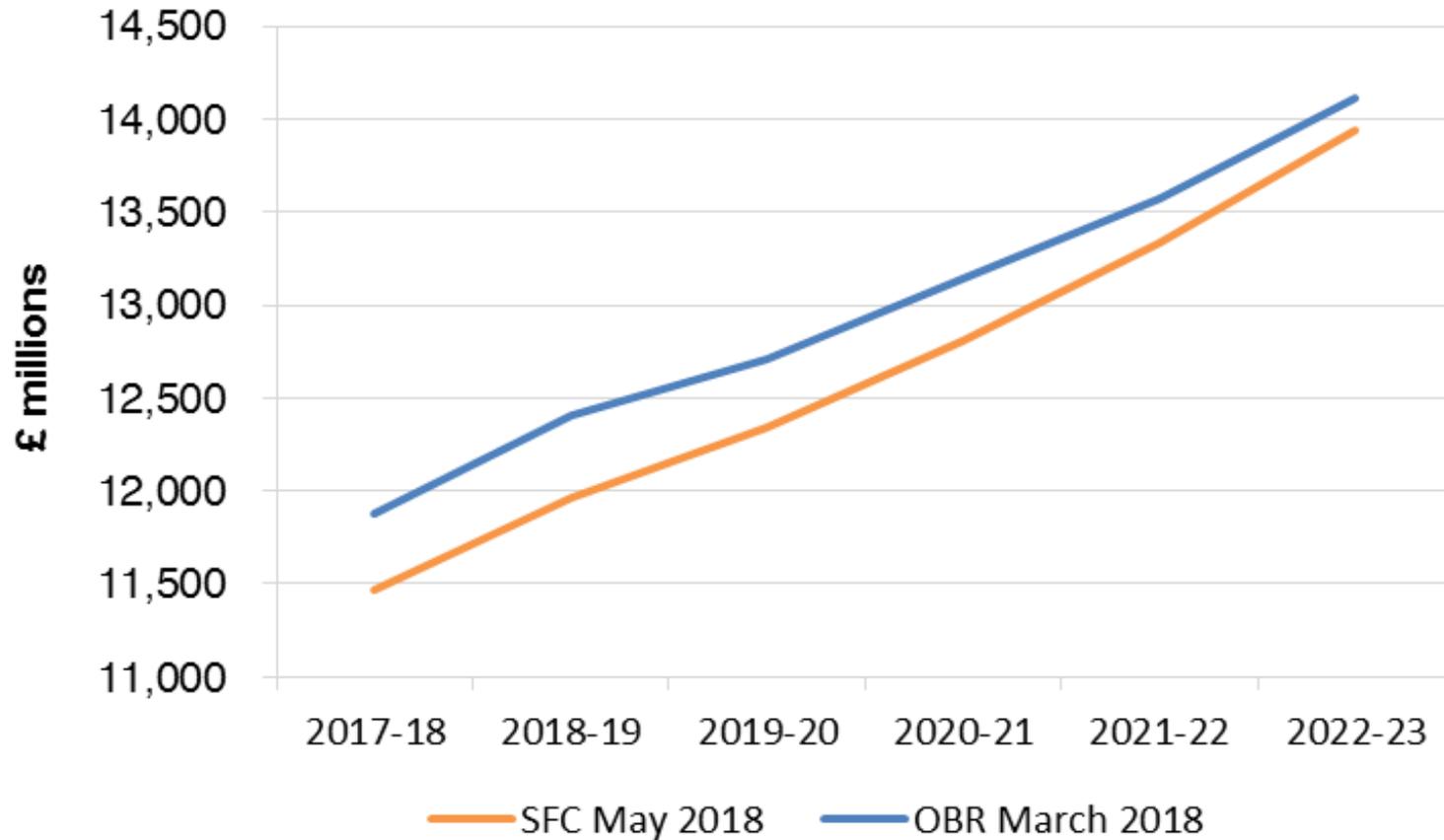
# Tax Forecasts

Tax		2016-17	2017-18	2018-19	2023-24	£ million
	<b>Income Tax</b>	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.
	<b>Non-Domestic Rates</b>	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.
	<b>LBTT</b>	484	550	614	827	Residential and non-residential LBTT forecasts have been revised up due to higher prices from 2018-19 onwards
	<b>Scottish Landfill Tax</b>	148	142	114	88	Reductions in the amount of waste landfilled and subsequent tax receipts are expected over the forecast horizon.

# Change in 2018-9 Income Tax Forecast



# Income Tax Forecasts – SFC and OBR

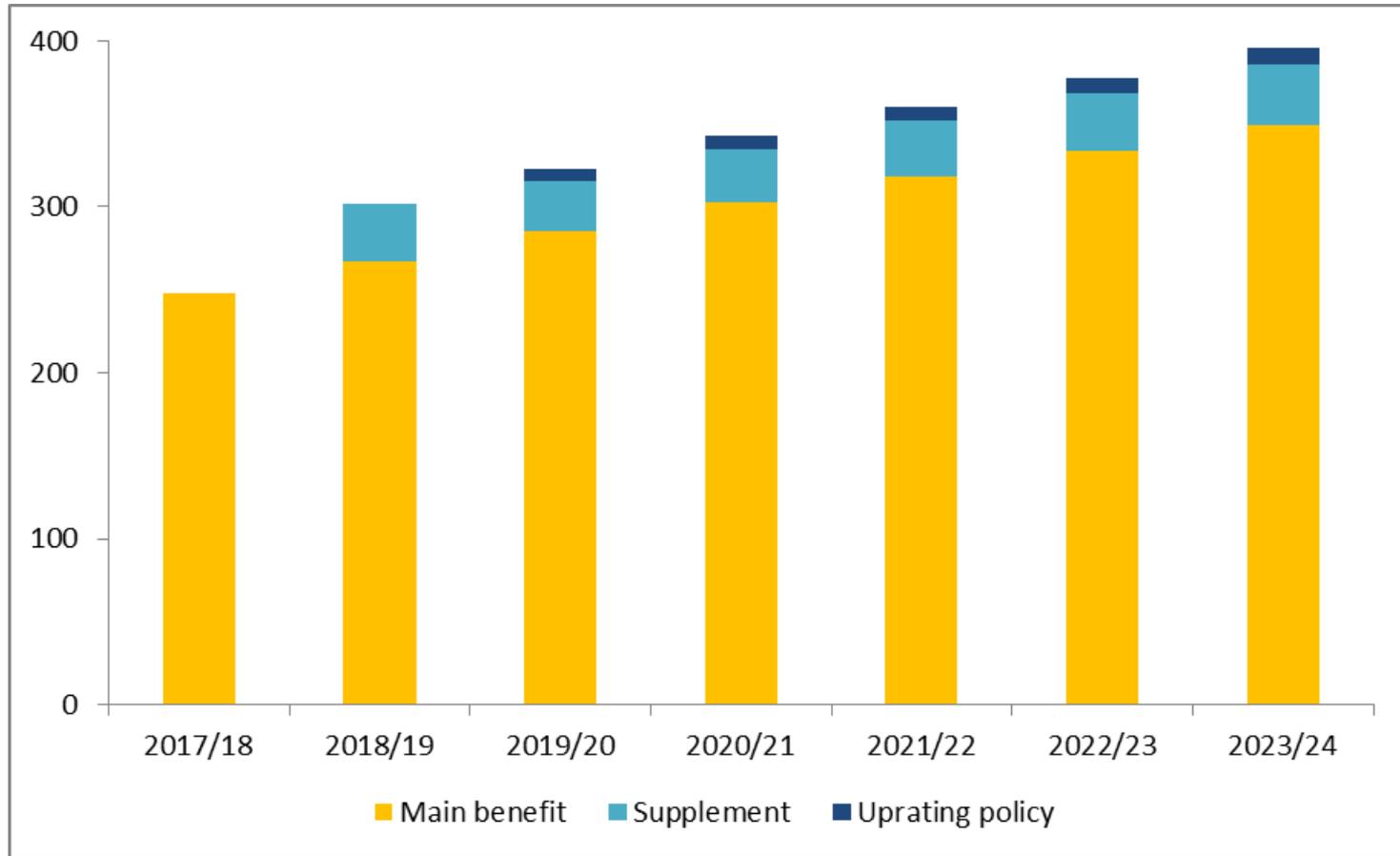


Social Security

# Social Security Forecasts

Social security		2016-17	2017-18	2018-19	2023-24	£ million
	<b>Carer's Allowance (inc. Supplement)</b>	234	248	302	395	The Carer's Allowance Supplement is introduced in 2018-19. Up-rating and an increase in claimants also increases spend.
	<b>Discretionary Housing Payments</b>	50	60	61	69	The costs of mitigating the Removal of the Spare Room Subsidy increase over the period.
	<b>Scottish Welfare Fund</b>	33	33	33	33	The Scottish Welfare Fund is assumed to remain constant over the forecast period, based on SG policy.
	<b>Employability</b>	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.

# Carer's Allowance, Supplement & Uprating (£ million)



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