



Bruce Crawford MSP  
Convener  
Finance and Constitution Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

Dear Bruce,

I am writing to inform you that the Scottish Fiscal Commission and the Scottish Government have agreed a supplement to their Protocol on engagement. The supplement covers the process for the provision of forecasts by the Commission during the passage of the Budget Bill. The role for the Commission here was identified in paragraph 15 of the Protocol (see Annex B)

As with the Protocol, the supplement is intended to ensure there is transparency in the interactions between the Commission and the Scottish Government. It sets out the procedure for handling material policy changes during Stages Two and Three of the Budget Bill which may affect the forecasts the Commission has produced.

The supplement to the Protocol has been agreed between the Commissioners and the Cabinet Secretary for Finance and the Constitution and will be published on our website today. The text is attached at Annex A.

Yours faithfully,

Susan Rice CBE  
Chair of the Scottish Fiscal Commission

cc. Mr Derek Mackay, Cabinet Secretary for Finance and the Constitution.

## SUPPLEMENT TO SCOTTISH GOVERNMENT/SCOTTISH FISCAL COMMISSION PROTOCOL

### PROVISION OF FORECASTS DURING PASSAGE OF BUDGET BILL 2018-19

The Protocol for Engagement between the Scottish Fiscal Commission and the Scottish Government sets out the procedure for information sharing and the development of forecasts to support the publication of the Draft Budget and the introduction of the Budget Bill.

However, paragraph 15 (Annex) recognises that the Commission will have a further role in the Budget Bill process should there be material policy changes which would affect the forecasts produced earlier.

Following discussions between the Scottish Government, the Scottish Fiscal Commission and the Scottish Parliament the following additional procedure for Budget Bill 2018-19 has been agreed:

- As early as possible, the Scottish Government will advise the Scottish Fiscal Commission of likely policy changes following the introduction of the Budget Bill to enable further model development and forecasting;
- Final Scottish Government policy changes will be shared with Scottish Fiscal Commission, at the latest, by 5pm on the day (typically Thursday) before Stage 2 amendments are laid in the Scottish Parliament;
- Scottish Government analysts and policy teams will have the opportunity to comment on and challenge the Commission's amended forecasts and policy costing ahead of publication. The Commission will aim to provide the Government with draft forecast revisions and costing by 3pm the day before publication (typically Monday). The Commission will organise a "Challenge Meeting" on the morning of publication.
- The Commission will endeavour to provide the Government with a final version by 1pm on the day of publication for fact checking with comments by 2pm.
- Scottish Fiscal Commission will publish the amended forecast and policy costing annex on their website by 3pm of the working day (typically Tuesday) before the Committee consideration of Stage 2 amendments. The revised forecasts and policy costings will be sent to the Convenor of the Finance and Constitution Committee and the Cabinet Secretary for Finance and the Constitution at the same time as they are published.

The Scottish Government recognises that late policy changes can limit the level of scrutiny afforded by the Parliament, and so far as possible, would aim to lay amendments to policies which would require a revised forecast or assessment from the Scottish Fiscal Commission at Stage 2 only. Stage 3 amendments could still be laid but the SG would seek to limit these to spending allocations which would not require Scottish Fiscal Commission involvement.

The Commission reserve the right to prioritise particular forecast revisions and policy costings in the event of the package of amendments requiring analysis beyond what they consider feasible in the time available. The Commission will aim to do this in consultation with the Clerk of the Finance and Constitution Committee and the Government.

**EXTRACT FROM PROTOCOL**

15. The Commission will have a role in supporting the Budget process if, following the introduction of the Budget Bill and prior to Stage 3 in the passage of the Bill through the Scottish Parliament, there are changes to the Budget that will have a material effect on the policies that have been costed as part of the production of forecasts. If this situation arises: The Scottish Government will endeavour to give the Commission as much notice as possible of this circumstance

The Commission will clearly set out to the Scottish Government the likely production timescales if new forecasts are needed

The Commission will produce a further report proportionate to the changes that have been made, to be published at the same time as the formal announcement to Parliament

The Commission will give the Scottish Government an opportunity to fact-check this additional report prior to public