

Gordon Lindhurst MSP  
Convener  
Economy, Energy and Fair Work Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

6 February 2020  
*Sent via email*

Dear Convener,

The Scottish Fiscal Commission has now published its report [Scotland's Economic and Fiscal Forecasts – February 2020](#), to inform the Scottish Government's Budget published today.

As the Scottish Budget is growing in size and complexity, management of the budget through the course of each year will be increasingly important. This report highlights two key elements of the fiscal framework that will soon come into operation. April 2020 will see an additional £3 billion of social security payments devolved to Scotland which must be managed during the year. Spending will be determined by the number of eligible people who apply for support and the Scottish Government will have to fund this spending as it arises, even if it differs from the forecast used to set the Budget initially. Scotland's first income tax reconciliation will reduce the budget by £204 million in 2020-21 – a gap the Scottish Government plans to address by drawing on its borrowing powers.

Our next report will be published alongside the Scottish Government's Medium Term Financial Strategy and is anticipated in May. Combined with the March UK Budget and updated OBR forecasts, this will provide an updated overview of the Scottish public finances a few months into the financial year.

We are committed to being independent, transparent, accessible and open. Our forecasts are just one component of our report; we also discuss how the Scottish Budget is set and the effect of the devolution of tax and social security benefits. Alongside the main report, we have produced a one page graphic of key figures and a summary document. We also publish background information, including spreadsheets with data for all the report's tables and charts.

We would be glad to answer any queries the Committee may have on our report.

Yours sincerely

A handwritten signature in black ink, appearing to read "Susan".

Dame Susan Rice