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

2 September 2020
Sent via email

Dear Convener,

The Scottish Fiscal Commission has today published three reports. The first is our Fiscal Update - September 2020, our latest update on the Scottish Budget position. The Scottish Budget has increased by £3.0 billion since the Scottish Government presented its Summer Budget Revision to Parliament in May 2020. In total the UK Government has guaranteed £6.5 billion of additional funding related to COVID-19, providing the Scottish Government with greater certainty to plan its budget for the remainder of the year. The Scottish Government will decide how this funding is allocated.

Our report also provides an assessment of the economic position in Scotland. Scottish GDP fell sharply earlier in the year because of COVID-19. The economy is now showing some signs of recovery, but we expect that GDP is likely to remain below its pre-COVID-19 level for some time to come, perhaps not recovering fully until 2023. Unemployment will increase and for many people earnings will be lower.

We have also published our regular Forecast Evaluation Report and Statement of Data Needs. In the Forecast Evaluation Report we evaluate our forecasts for the Scottish economy in 2019. We believe our small overestimate of economic growth in 2019 can be attributed in part to Brexit developments over the course of the year, with delays to the Brexit process in 2019 creating additional uncertainty and suppressing growth more than expected. The Statement of Data Needs details the data sources for our forecasts, the organisations that we depend upon and includes suggestions for improvement. Our primary concern for our economy forecasts is earnings data as progress in this area has been limited. We have recommendations for the Real Time Information (RTI) steering group, HMRC and the ONS.

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

Yours sincerely

Susan

Dame Susan Rice