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Bruce Crawford MSP  
Convener  
Finance and Constitution 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 includes commentary on the possible effects of COVID-19 on the economy, tax revenues and social security spending. 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](#). The Forecast Evaluation Report covers 2019-20, before any significant effects of COVID-19 had arisen, and finds that while errors for individual forecasts vary, taken together our overall forecast error was 2 percent. We would normally evaluate income tax data in our Forecast Evaluation Report. However, the publication of 2018-19 income tax outturn data has been delayed by HMRC until 23 September 2020. We will publish a supplementary evaluation report covering our 2018-19 income tax forecasts on 5 October. The Statement of Data Needs details the data sources for our forecasts, the organisations that we depend upon and includes suggestions for improvement.

We look forward to discussing the reports with you at our committee appearance next week.

Yours sincerely

A handwritten signature in black ink that reads "Susan".

Dame Susan Rice