

January 2021

# Looking ahead: Scotland's Economic and Fiscal Forecasts



# COVID-19 Judgements

# Our central case

Vaccinations

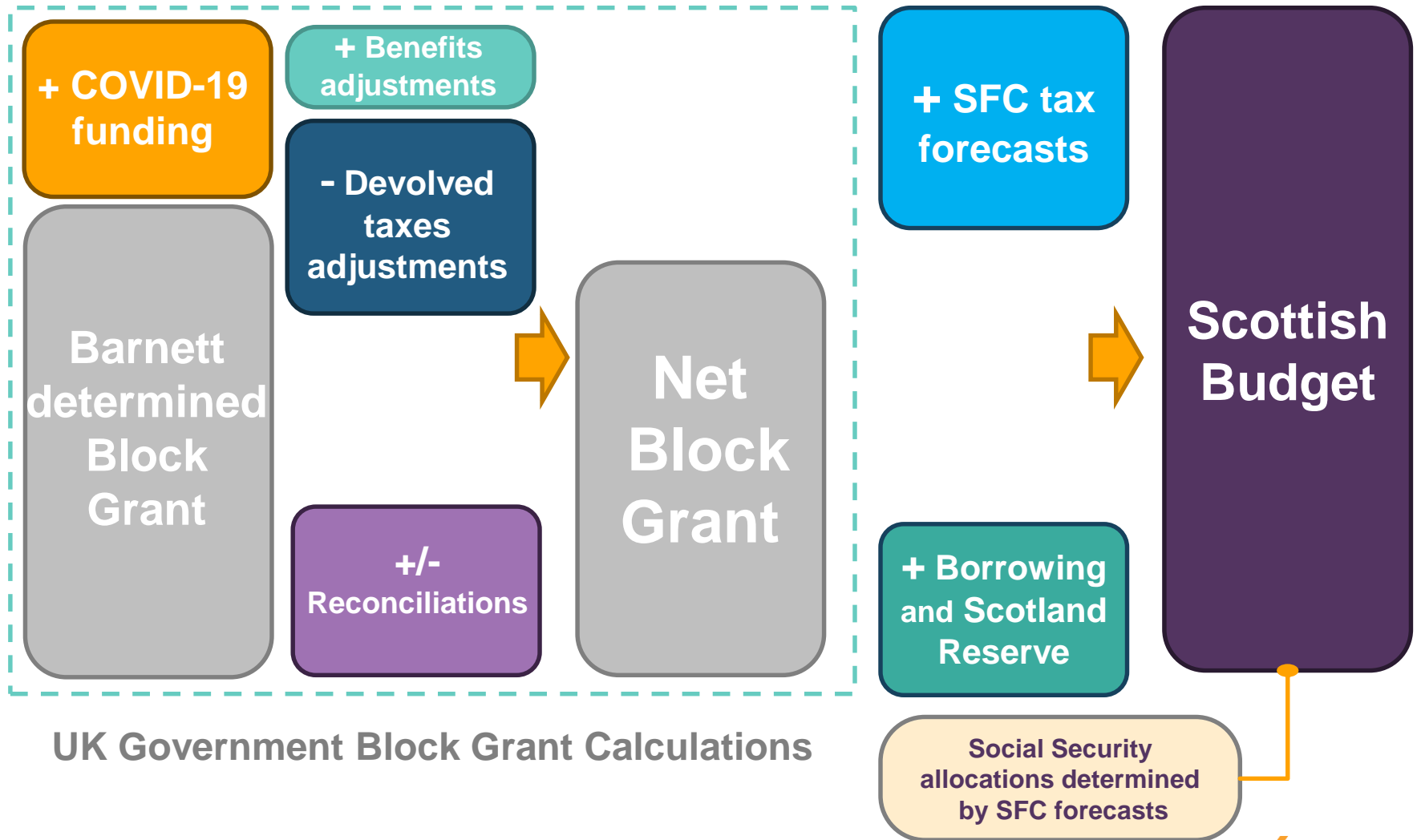
National and regional  
restrictions

Job protection schemes and  
business support

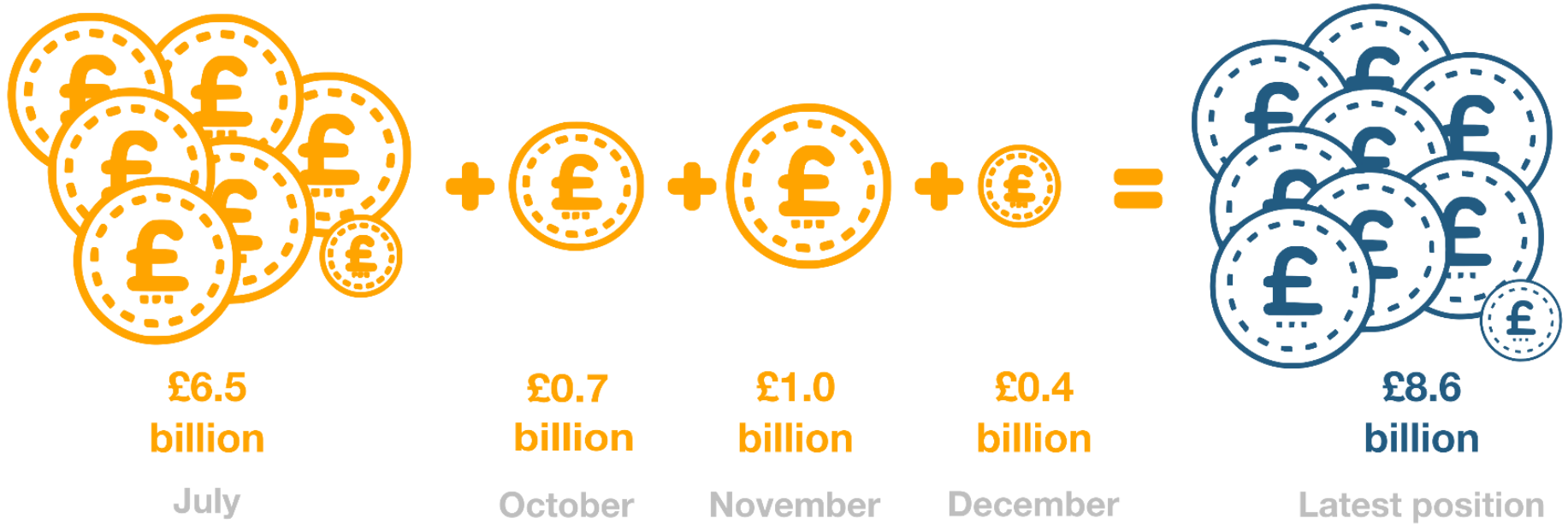
Cases and excess deaths

The overall budget position

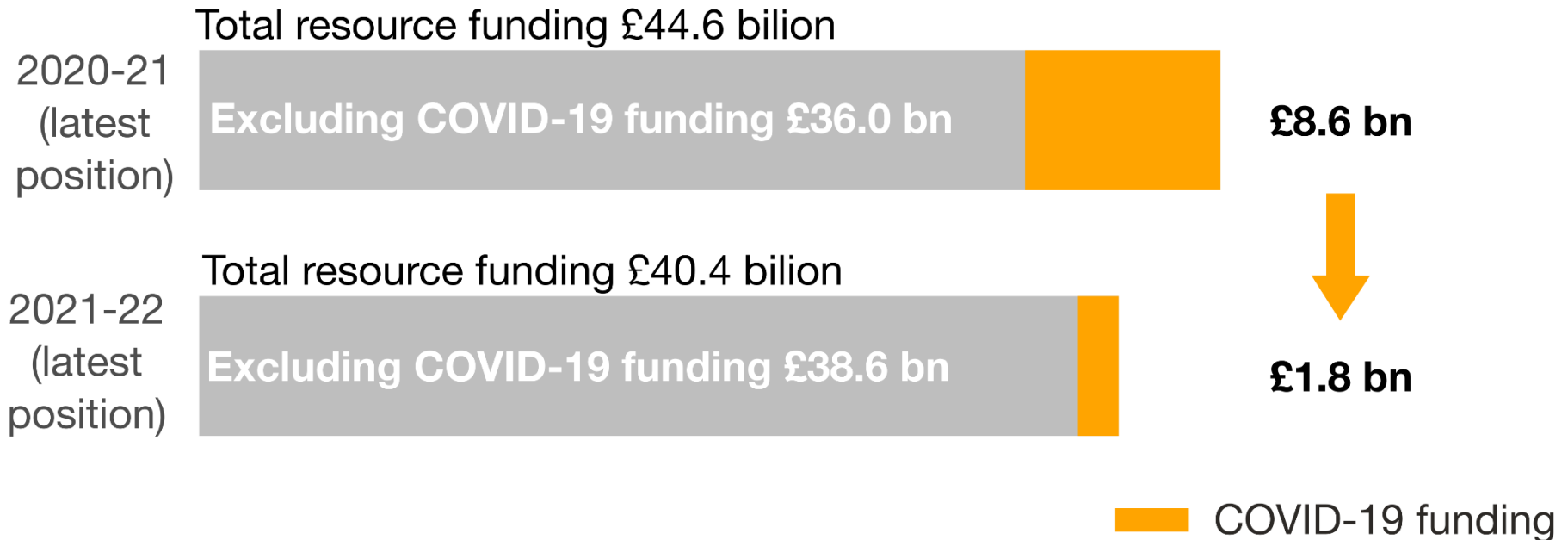
# The Scottish Budget



# COVID-19 funding in 2020-21



# What about 2021-22?







# 2021-22 Budget

£ million	Resource	Capital	Total
Barnett-determined block grant and non-COVID funding	30,923	4,973	35,896
Other and non-Barnett funding	1,002	0	1,002
COVID-19 funding	1,828	0	1,828
Borrowing	319	450	769
Scotland reserve drawdown	231	200	431
SFC tax forecasts	12,937		12,937
Tax and fines, forfeitures and fixed penalties BGAs	-12,430		-12,430
Social security BGAs	3,310		3,310
Final reconciliations	-319		-319
NDR distributable amount	2,631		2,631
Financial transactions		208	208
<b>Total funding</b>	<b>40,431</b>	<b>5,831</b>	<b>46,262</b>

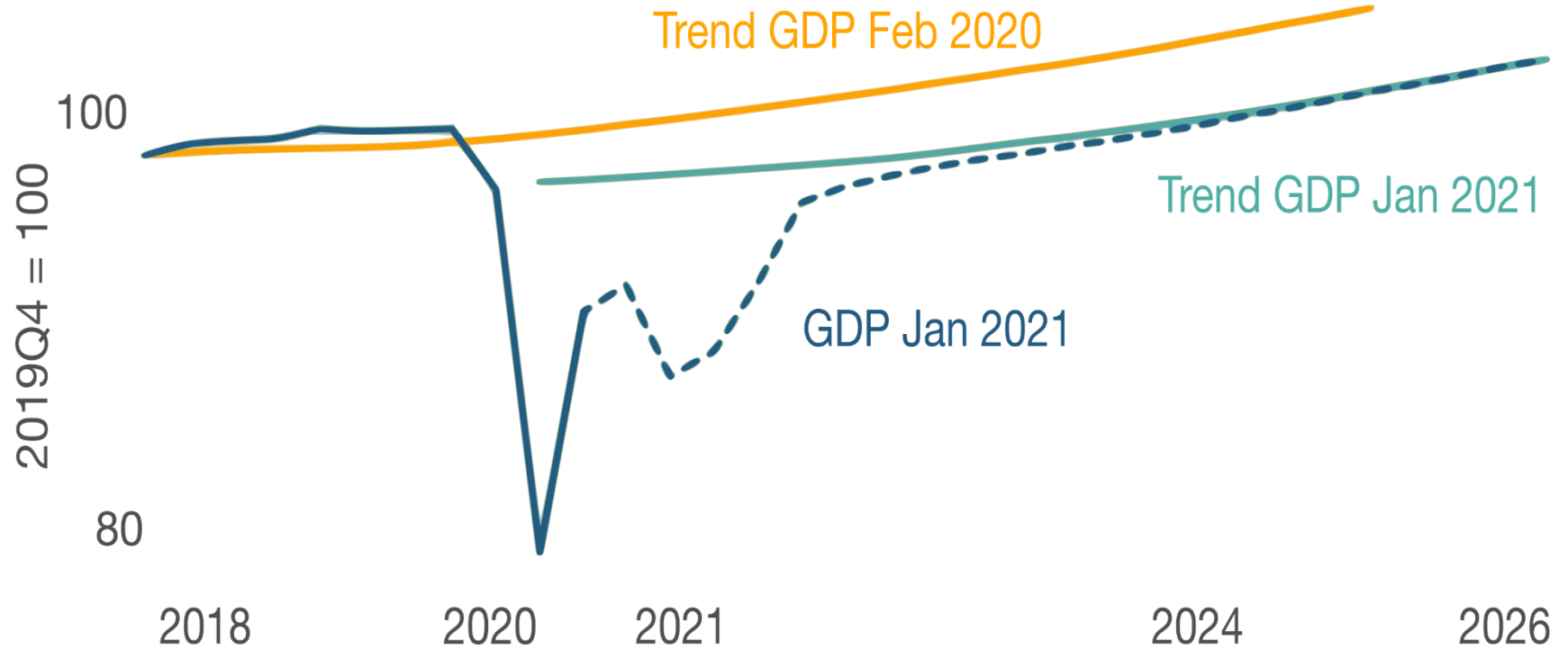


Our economy forecast

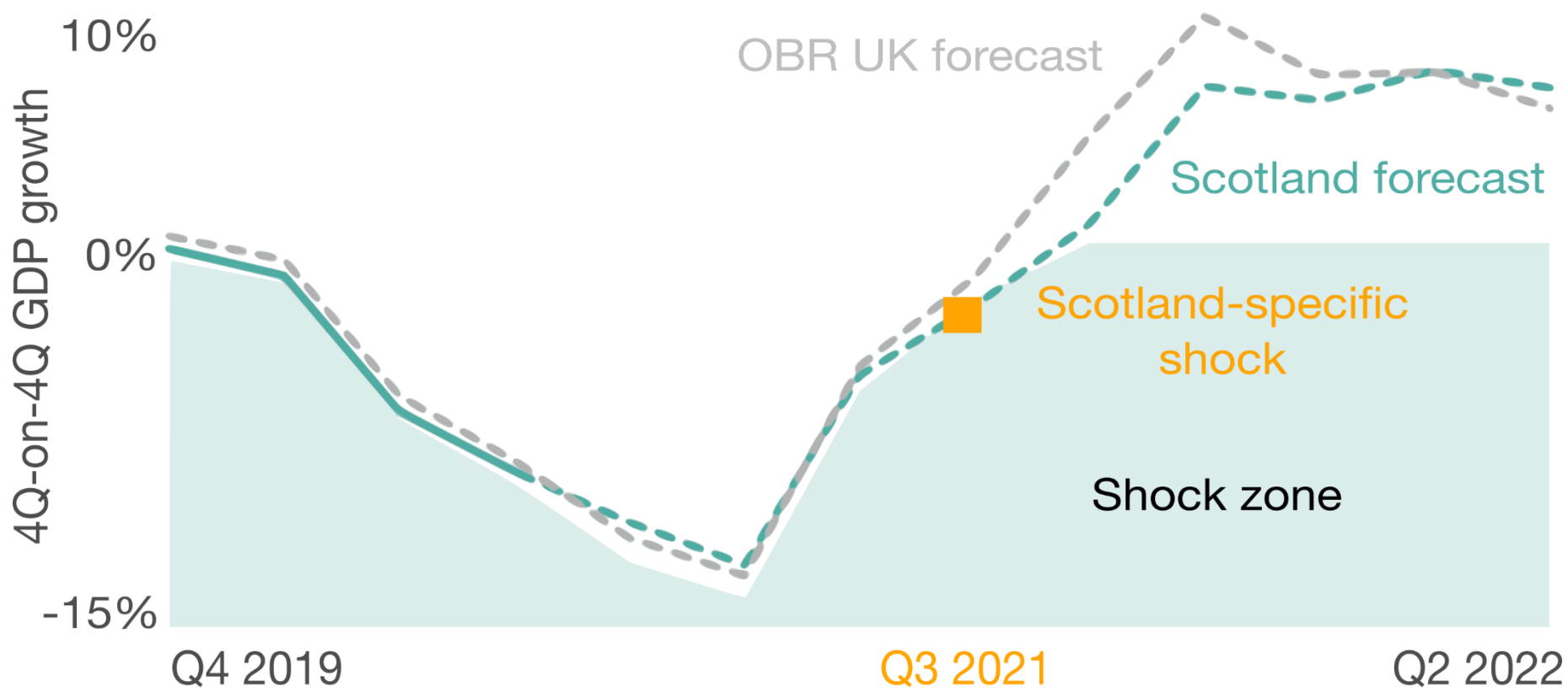
# Headline economy forecasts

		2020	2021	2022	2025	% growth
	GDP	-10.7	1.8	7.5	1.7	GDP growth, shocked in 2020 by restrictions on economic activity, rebounds in 2022 before stabilising.
	Trend Productivity	0.0	0.2	0.4	1.6	Trend productivity is subdued in the short term and then gradually rises.
	Nominal Earnings	2.5	2.6	2.4	3.3	Average nominal earnings growth is supported by the furlough scheme in 2020 and then increases gradually.
	Employment	-2.4	-1.5	1.2	0.2	Growth revised down in 2020 and 2021 to account for the effects of COVID-19 on the labour market

# GDP

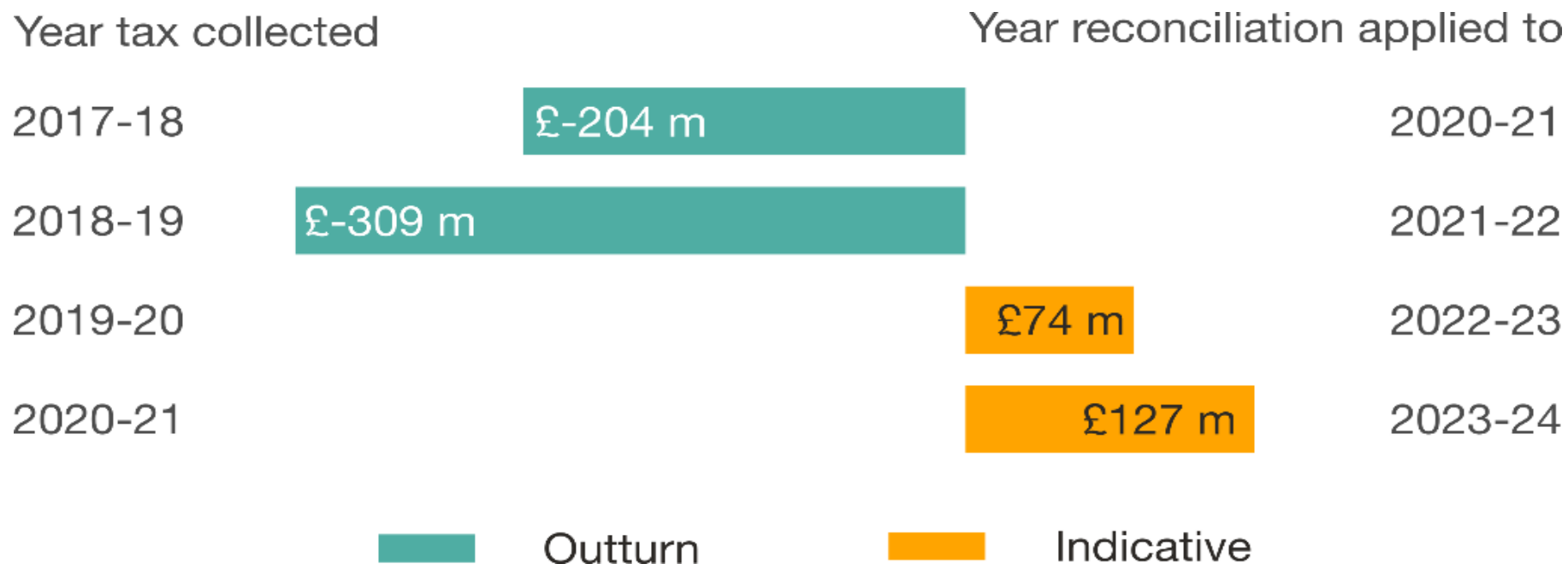


# Scottish-specific economic shock

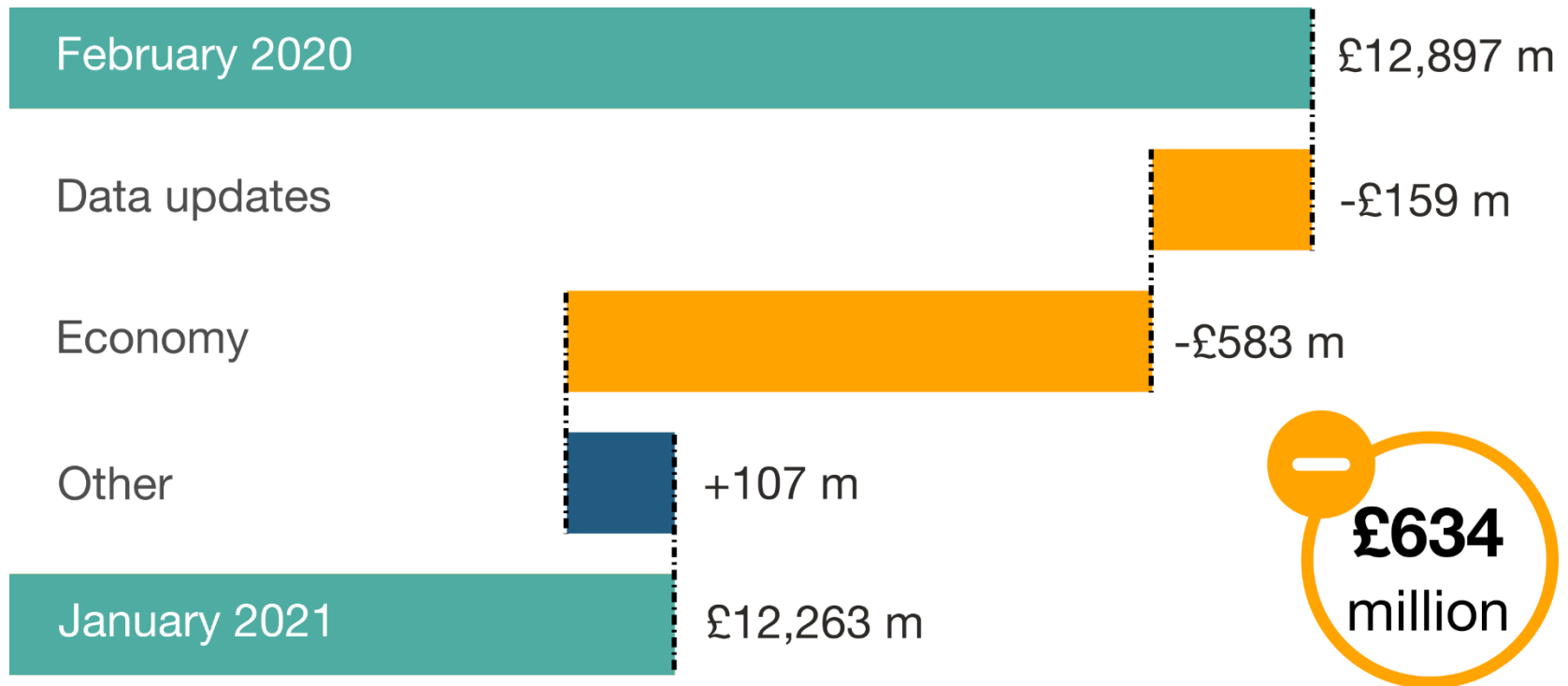


Income tax and other devolved taxes

# Income tax reconciliations



# 2021-22 revised down £634 million






# Tax contributions to Scottish budget 2021-22


£ million		Income tax	LBTT	SLfT
<b>February 2020</b>	BGA	-12,742	-597	-85
	Scottish revenue	12,897	666	110
	Difference	155	69	25
<b>January 2021</b>	BGA	-11,788	-515	-95
	Scottish revenue	12,263	586	88
	Difference	475	71	-7
<b>Change</b>	BGA	954	82	-10
	Scottish revenue	-634	-80	-21
	Difference	320	2	-32



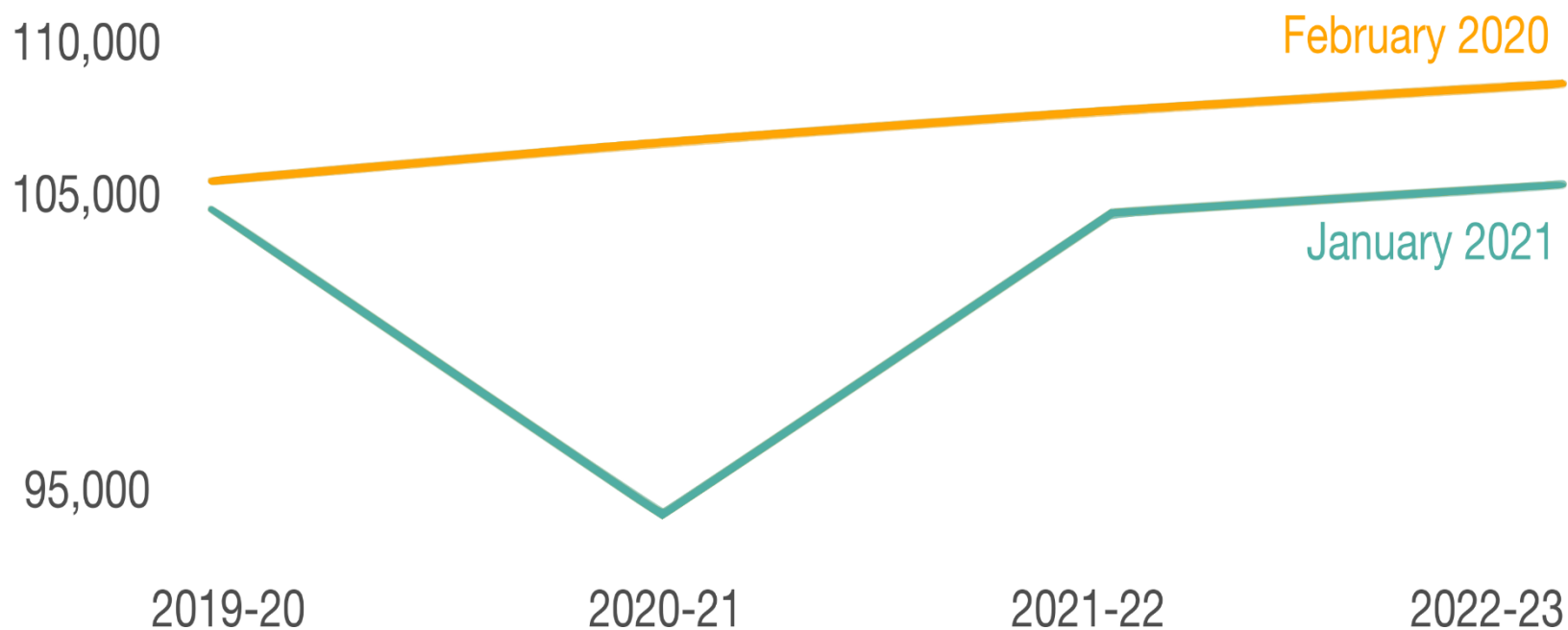
# Other devolved taxes

£ million		2020-21	2021-22	2022-23	2025-26
	Non-Domestic Rates	1,848	2,680	2,930	3,216
	LBTT	517	586	629	740
	Scottish Landfill Tax	95	88	86	61

## Policy Announcements

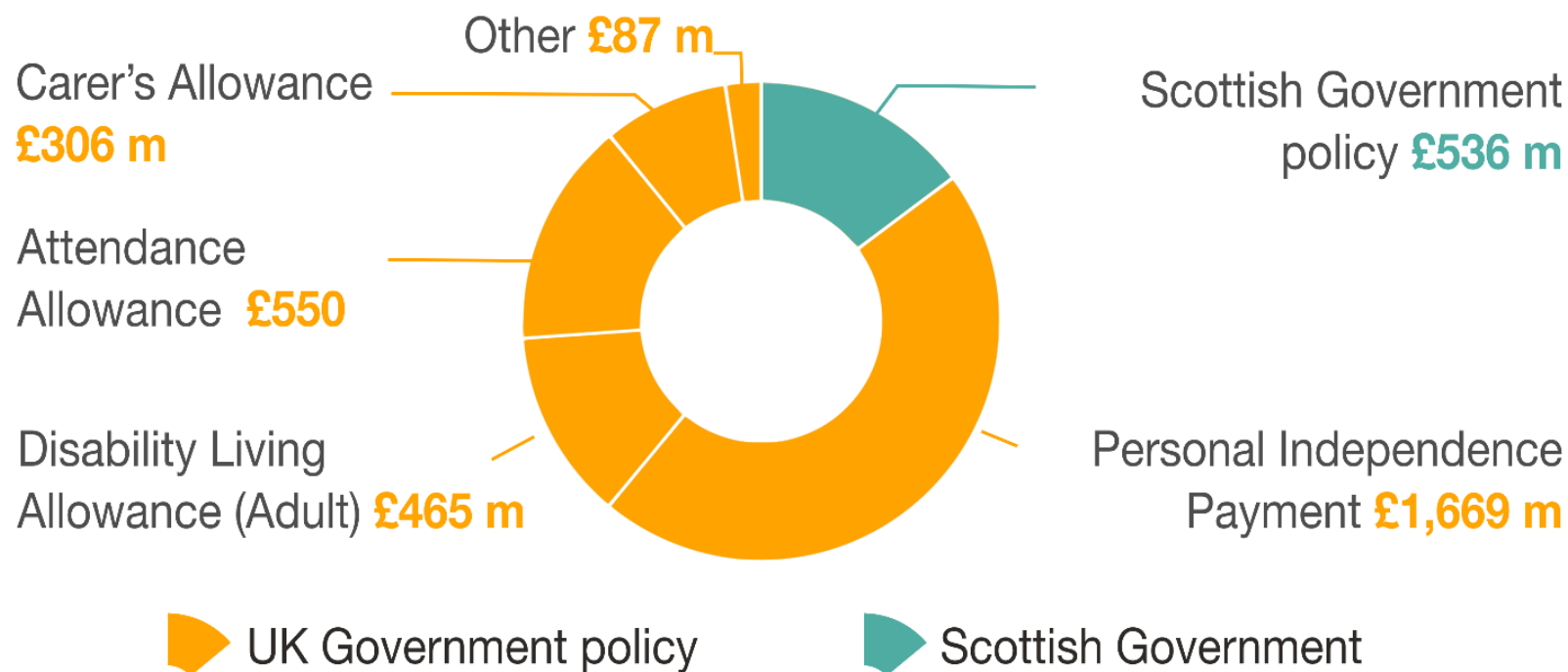
	Non-Domestic Rates		-251	-67	-73
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# Residential housing transactions

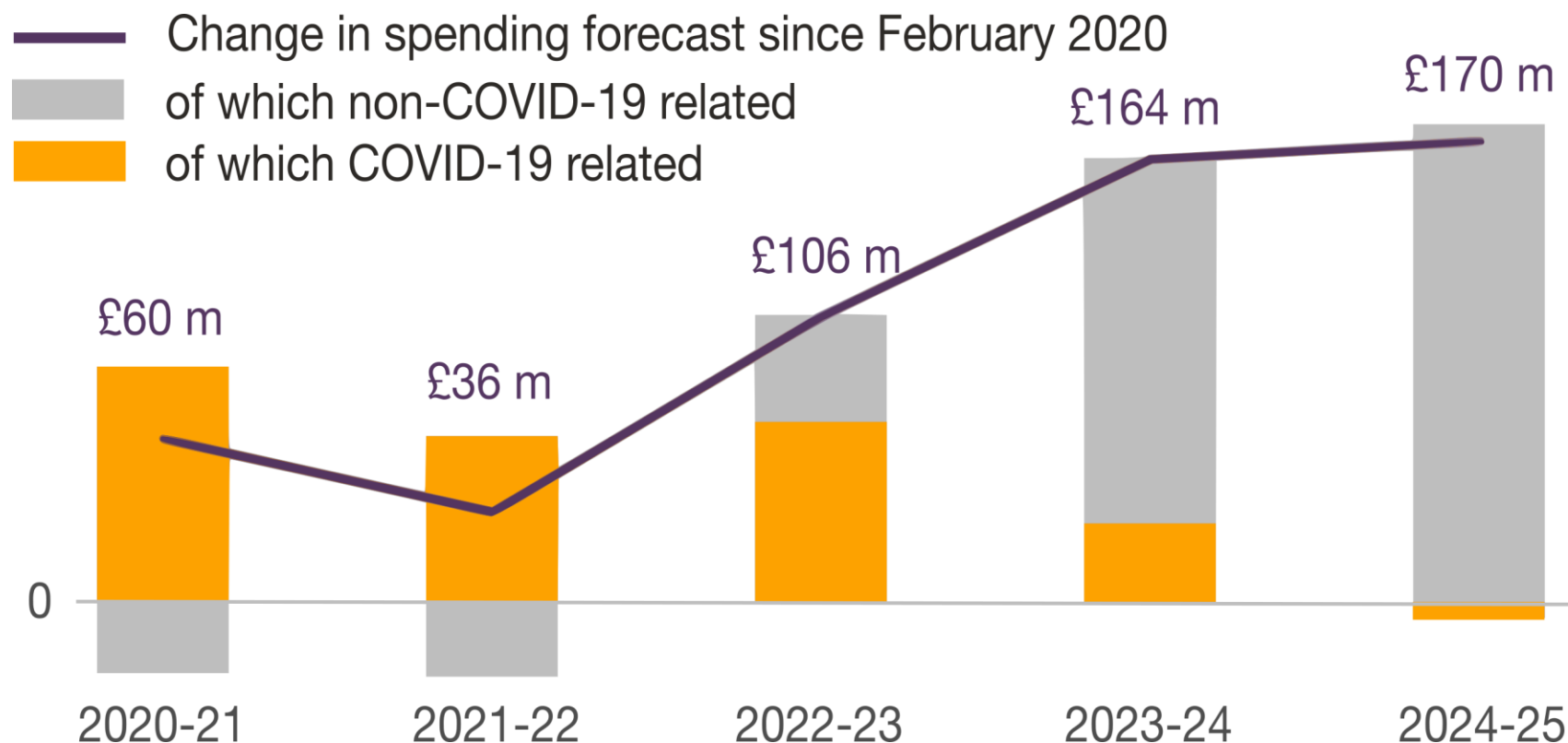



Social security

# Social security – spending in 2021-22



# Social security – effect of COVID-19



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