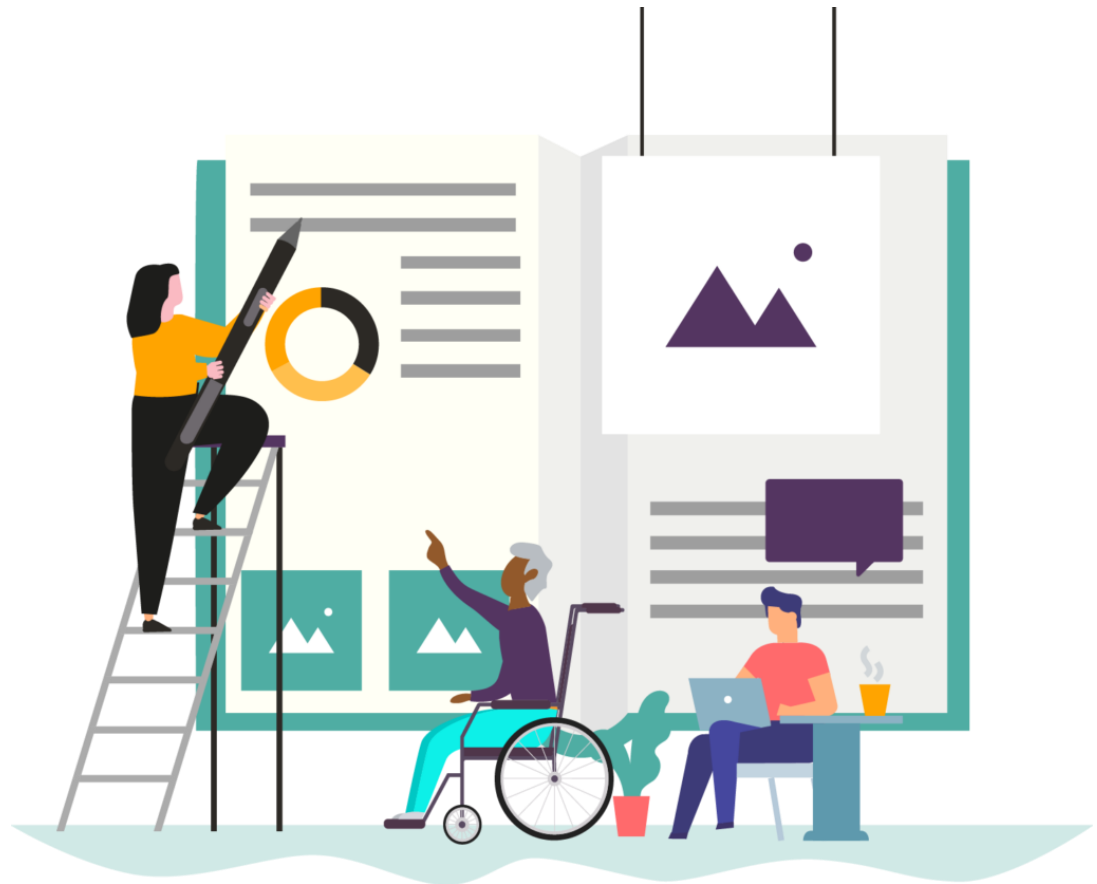


26 August 2021

Scotland's Economic and Fiscal Forecasts



Introduction

1. Introduction – Francis Breedon
1. Scotland's Economic and Fiscal Forecasts – David Ulph
2. Question and Answer session – Francis Breedon, David Ulph, David Stone, Claire Murdoch

Introduction

- Economy forecast
- Income tax and other devolved taxes
- Social security
- Scottish Budget position

Economy forecast

COVID assumptions

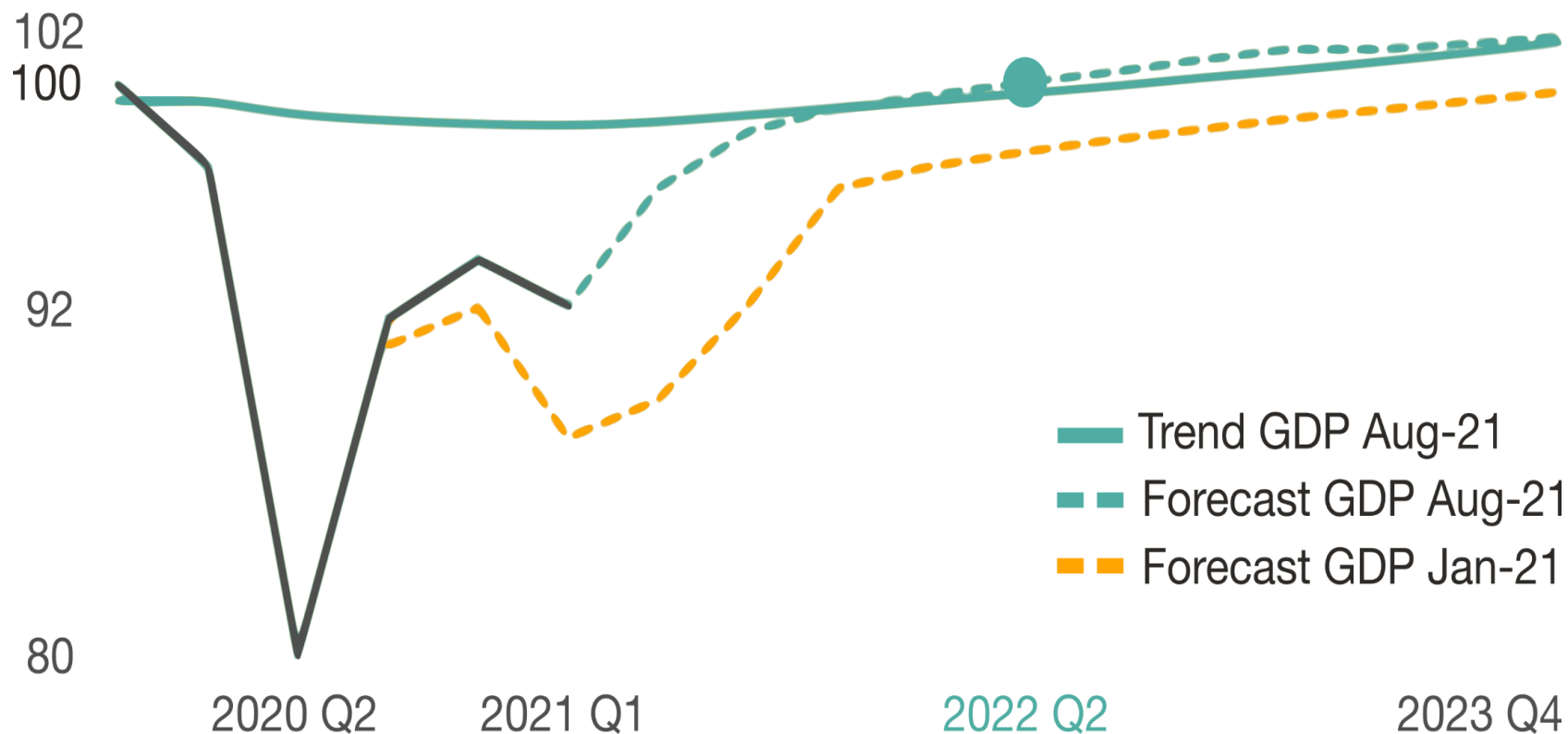
Vaccinations, case numbers &
hospital admissions

Most domestic restrictions
lifted

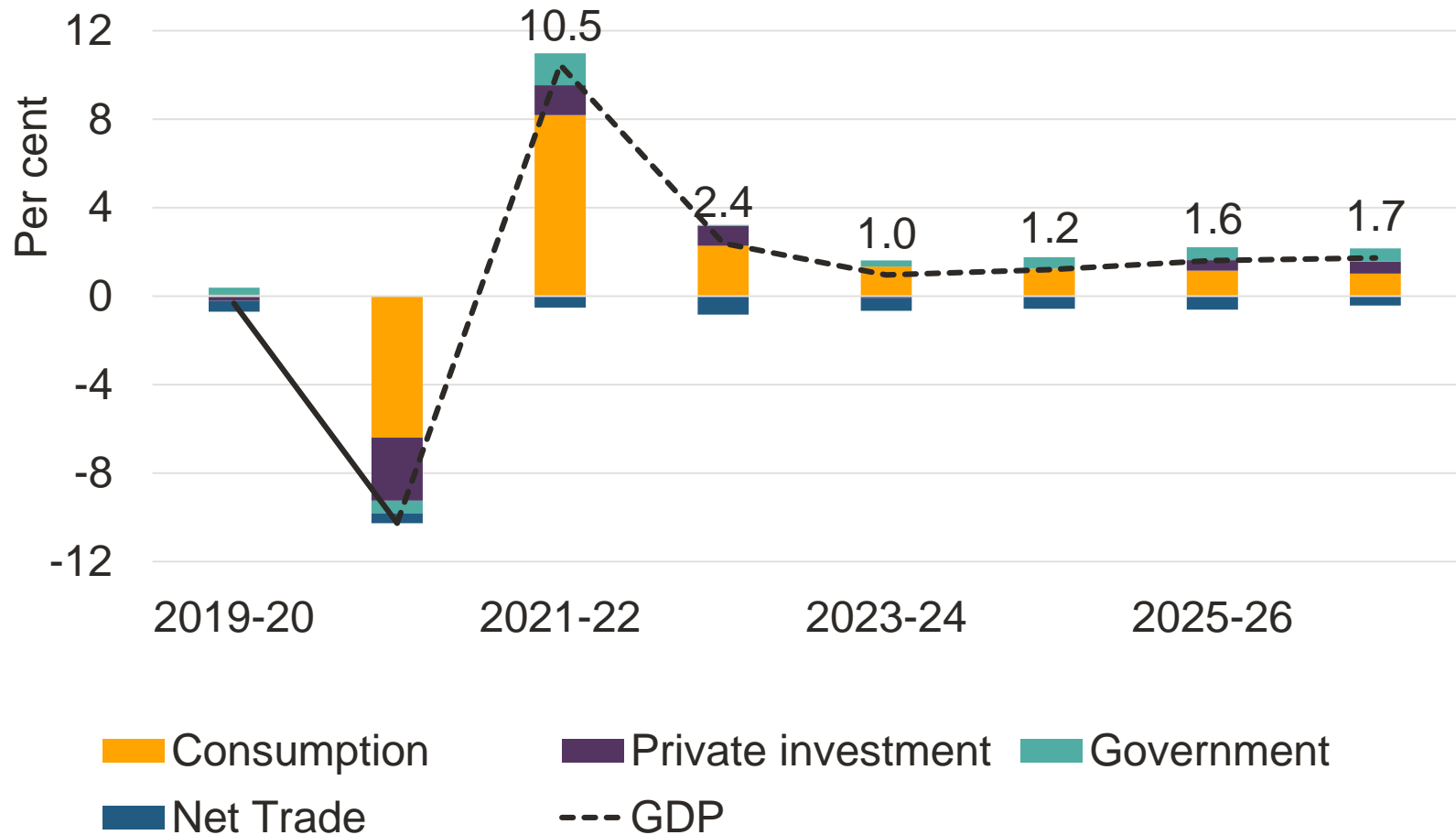
Self-isolation & international
travel restrictions remain

Downside risk of severe
restrictions - new variants &
vaccines waning





GDP returns to pre-pandemic (2019 Q4) level in 2022 Q2



Consumption fuels growth



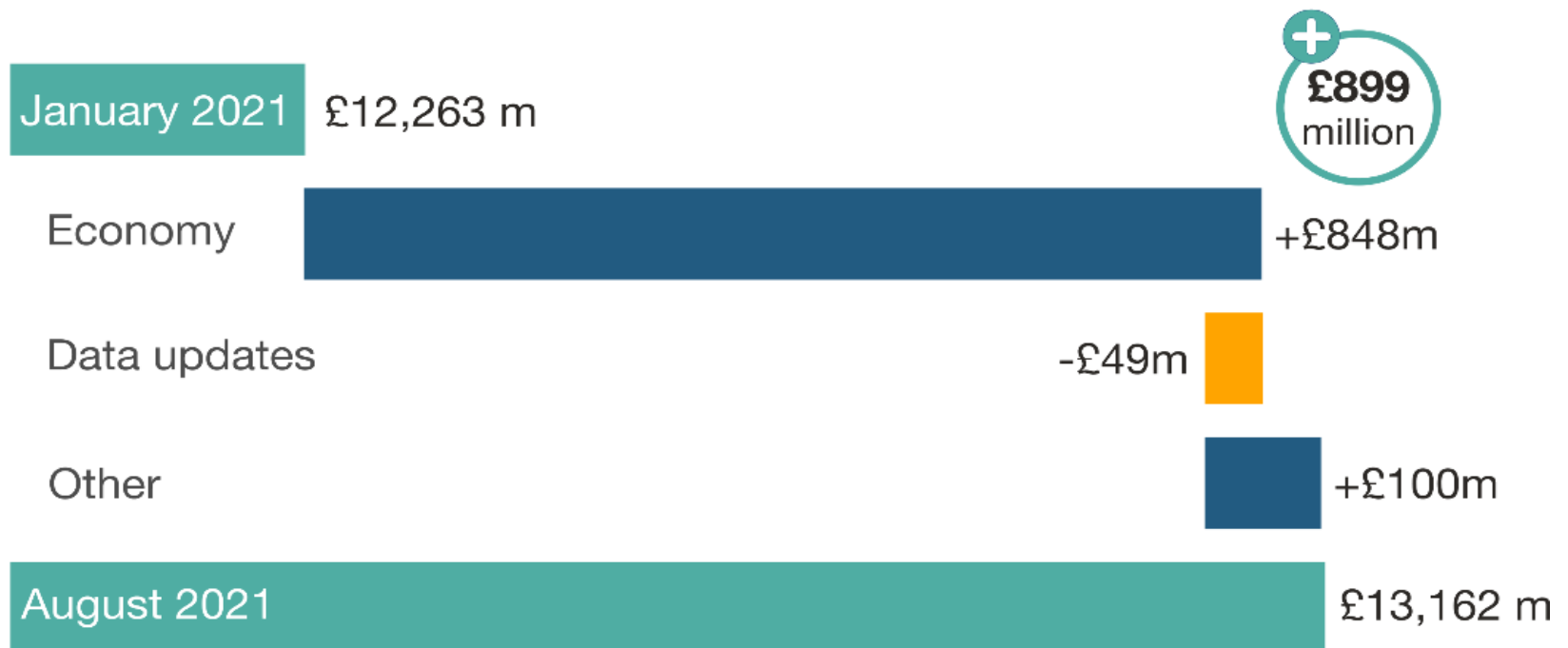
Headline economy forecasts

		2021-22	2022-23	2023-24	2026-27	% growth
	GDP	10.5	2.4	1.0	1.7	GDP rebounds in 2021-22, mainly driven by household consumption, then stabilises.
	CPI inflation*	4.0	2.5	1.9	2.0	Domestic recruitment difficulties combined with international supply pressures are pushing up the inflation rate, now forecast to peak at 4.0% by the end of 2021.
	Nominal Earnings	5.1	3.8	3.3	3.5	Growth revised up because of the improved economic outlook and higher inflation.
	Employment	1.0	0.5	0.3	0.0	Grows in 2021-22, after falling last year. With Government support coming to an end, the labour market outlook remains uncertain.




*Year-on-year growth for the period October to December

Income tax and other devolved taxes

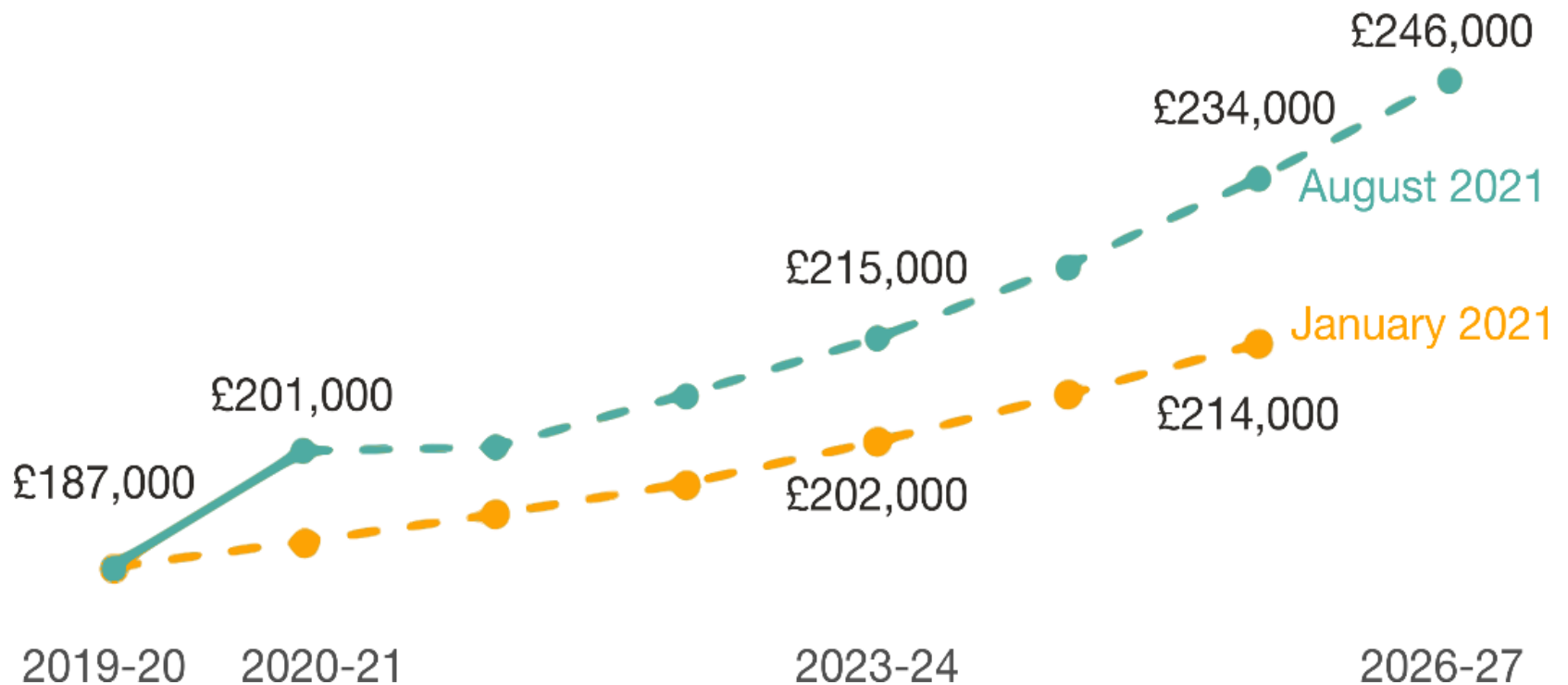
Income tax forecast for 2021-22 revised up £899 million



Other devolved taxes

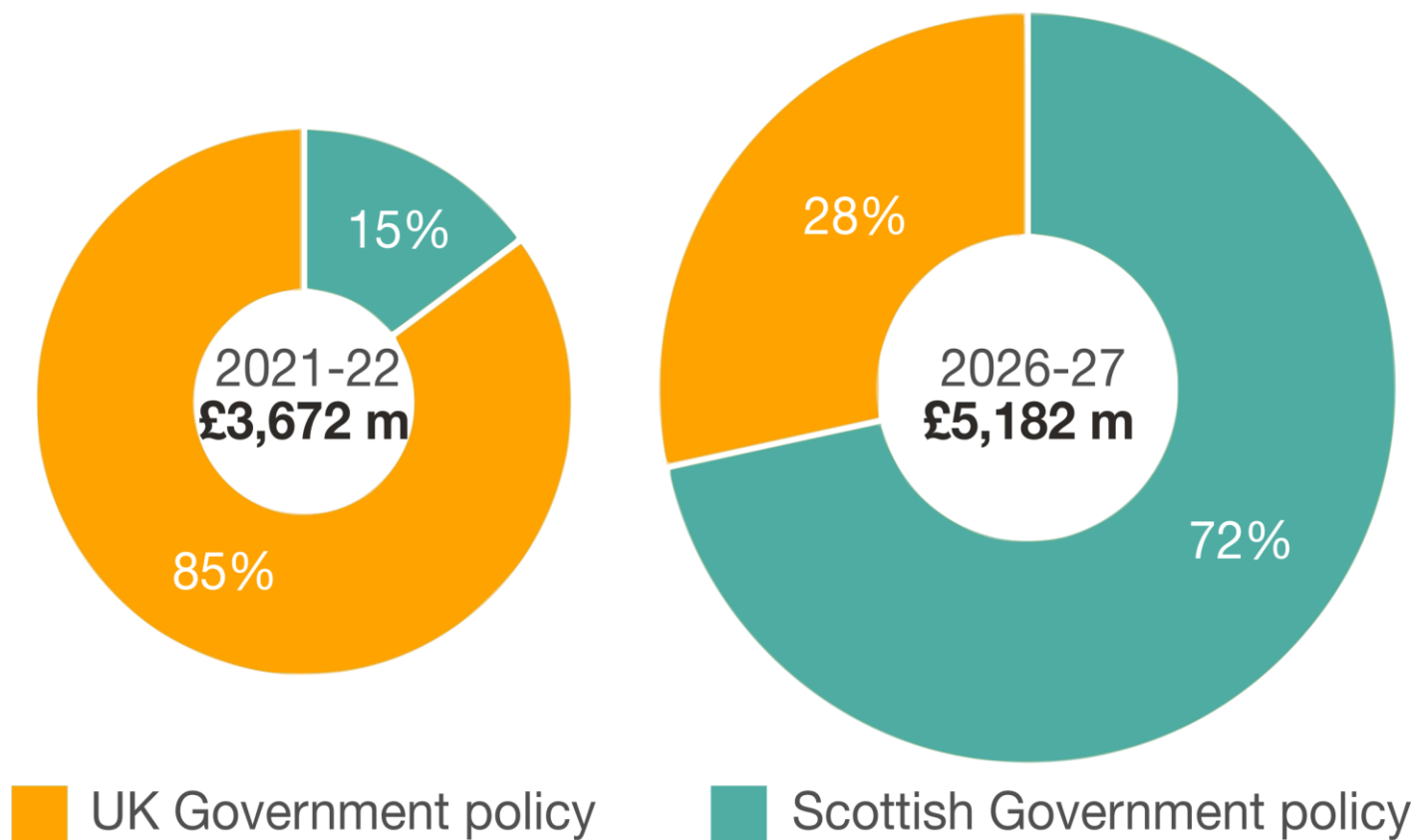
£ million		2021-22	2022-23	2023-24	2026-27
	Non-Domestic Rates	2,073	2,927	3,280	3,435
	LBTT	653	694	733	886
	Scottish Landfill Tax	113	105	90	18

Average house price forecast revised up in line with income

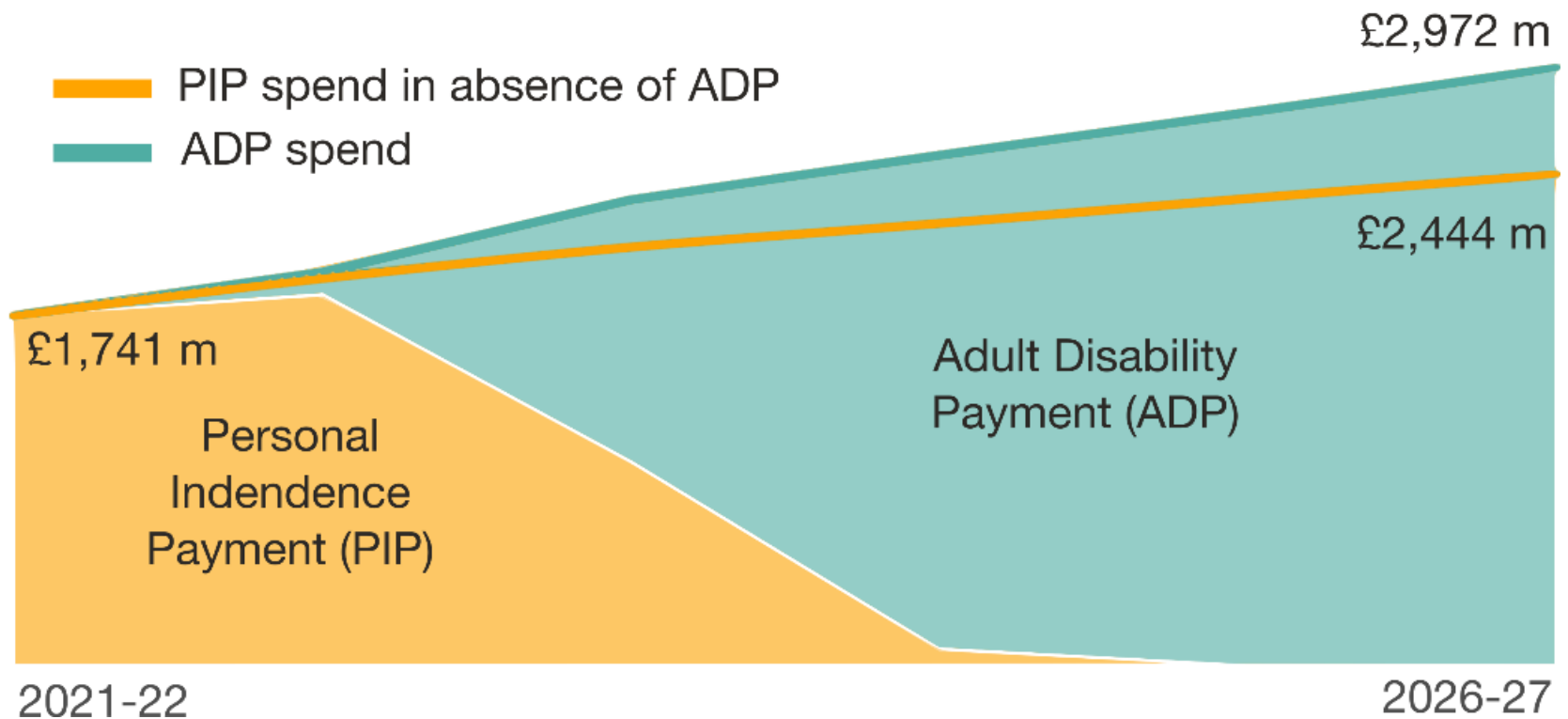


Social security

Social security spending



Introduction of ADP to increase spend



Introduction of ADP increases caseloads (2026-27)



Adult Disability Payment



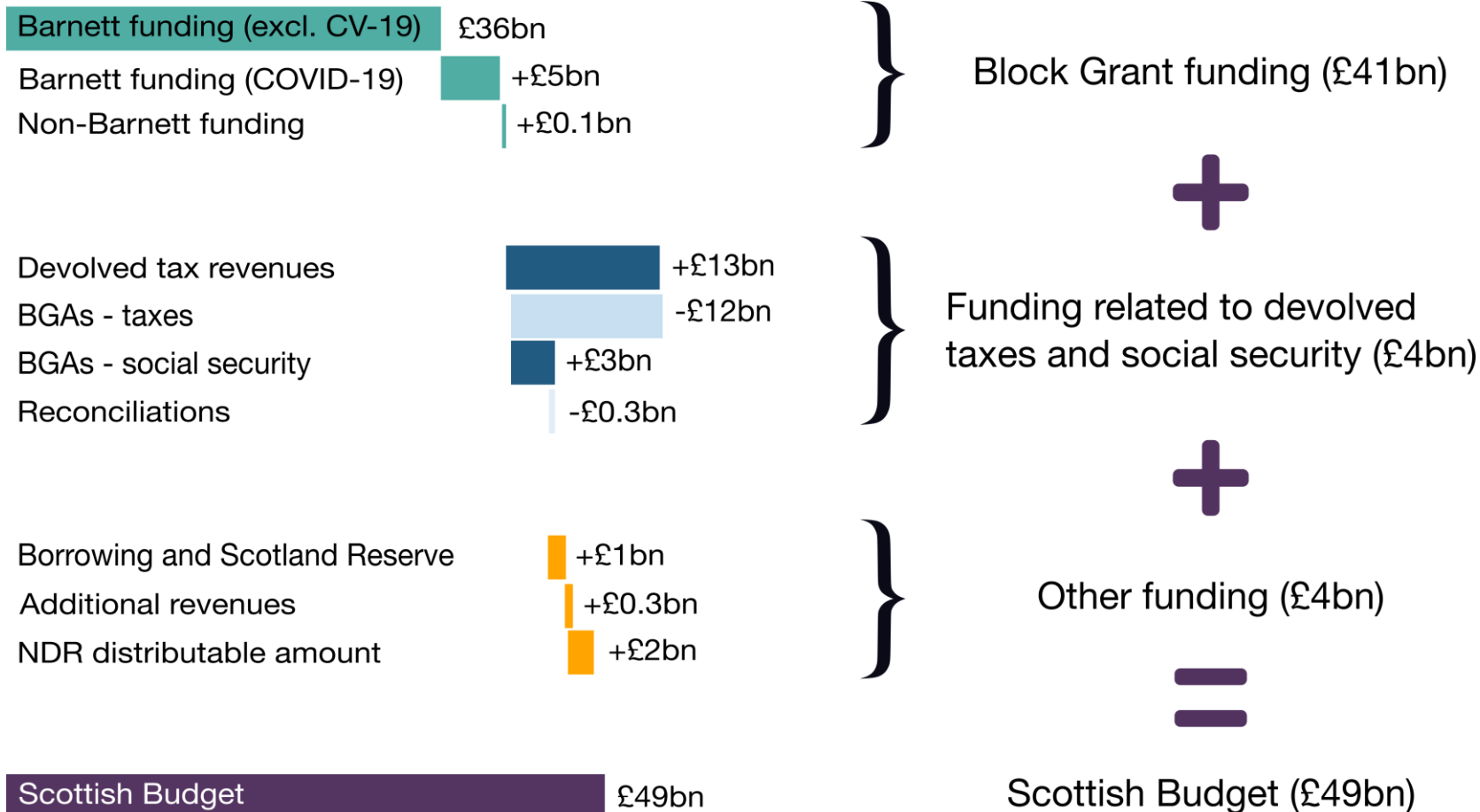
Carer's Allowance



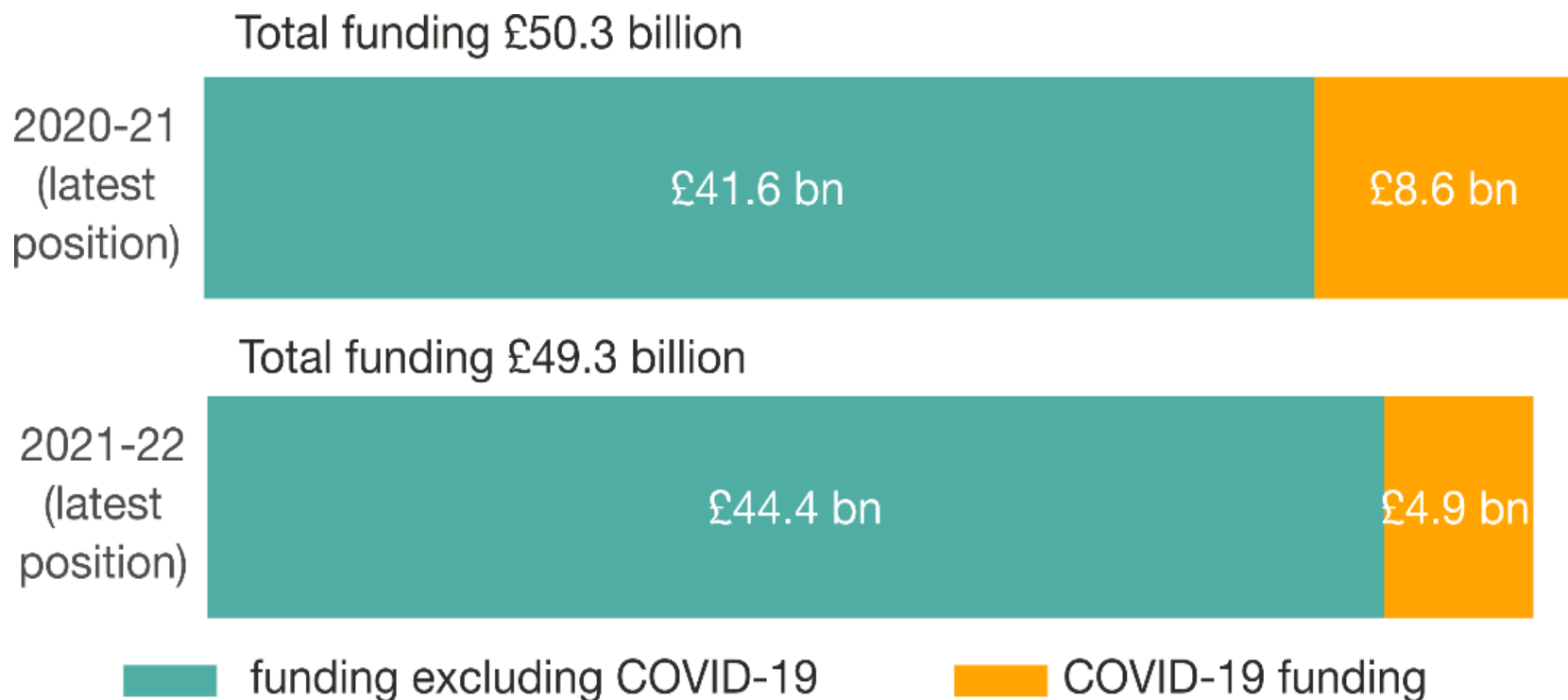
10,000 additional clients


Scottish budget position

The Scottish Budget 2021-22



Funding in 2020-21 and 2021-22



www.fiscalcommission.scot
info@fiscalcommission.scot
 [@scotfisccomm](https://twitter.com/scotfisccomm)