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Derek Mackay MSP
Cabinet Secretary for Finance and the Constitution
St Andrew's House,
Regent Road
Edinburgh
EH1 3DG

Sent via email

27 April 2018

Dear Cabinet Secretary,

Thank you for your letter dated 19 April 2018 formally seeking the Commission's views on draft regulations to change our functions.

As you set out in your letter these draft regulations reflect the changes to the Scottish Budget process recommended by the Budget Process Review Group. We will produce independent forecasts to accompany both the Scottish Budget and the Scottish Government's Medium Term Financial Strategy (MTFS). The Scottish Fiscal Commission Act 2016 allows us to produce forecasts when we consider this appropriate. On this basis we will be publishing our next forecasts on the 31 May to accompany the MTFS. We recognise that it is preferable to enshrine this duty in legislation and therefore welcome the draft regulations clarifying our role for the MTFS.

The regulations also remove the requirement to produce forecasts to accompany the introduction of the Budget Bill as this has now been combined with the announcement of the Scottish Budget. The Commission will, however, produce forecasts to support the process of the Budget Bill through the Scottish Parliament. The details for our involvement in this process are set out in the Protocol agreed between the Scottish Government and the Scottish Fiscal Commission.

The draft regulations also confer on the Commission a requirement to prepare forecasts of assigned VAT revenues. We welcome this addition to our remit, and have begun preparations to produce our first forecasts in December. We will provide a high level overview of our intended approach in our publication on the 31 May.

Finally, the regulations clarify our role producing forecasts of devolved social security expenditure and now better reflect the type of expenditure on the benefits being devolved and covered within our remit.

We appreciate the opportunity to comment on these regulations, and the informal consultation with our staff which has taken place earlier in the process. We are content for the amendments to be laid in the Scottish Parliament and, subject to parliamentary approval, for our functions to be amended accordingly.

We will publish this correspondence on our website after the draft regulations have been laid.

Sincerely,



Susan Rice DBE