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Cabinet Secretary for Finance, Economy and Fair Work  
St Andrew's House  
Regent Road  
Edinburgh  
EH1 3DG

07 November 2019

*Sent via email*

Dear Derek,

Thank you for your letter confirming that the Scottish Budget will not take place on 12 December 2019. We appreciate confirmation of the postponement. We also appreciate that there are exceptional circumstances at this time and that a delay to the Scottish Budget was almost inevitable. I thought it might be helpful to share our initial thinking about next steps.

As you say, the Protocol between the Government and the Commission sets out in general how a suitable alternative date should be agreed. However, the Protocol does not anticipate the current circumstances of ongoing uncertainty of the UK and Scottish budgets after the Commission has already started work on its forecasts.

Under normal circumstances, the Government provides us with 10 weeks' notice of a Scottish Budget. In the current exceptional circumstances, this notice period may not be feasible and in any case we have already made some progress with our forecasts. For these reasons, we are content not to restart the clock at 10 weeks' notice of a new Scottish Budget date.

However, the longer the delay to the Scottish Budget, the more likely it is that the wider context feeding into our forecasts will change, requiring additional analysis and consideration. This means that we will require notice of a Scottish Budget sufficient to plan our work, consider which data releases can be accounted for in the forecasts, and allowing us sufficient time to process policy decisions. Our goal is to produce the best possible forecasts in the circumstances to support the Scottish Budget. Staff in the Commission will work with officials in the Scottish Government to ensure these practical considerations are taken into account.

Meanwhile, the Commission continues to prepare its forecasts. If the Scottish Budget is to take place in the week of 16 December, we would in fact be in a position to produce forecasts, provided the Scottish Government continues to develop policy proposals and works with the UK Government to provide us with information on

interim funding. However, if the Government does not intend to hold the Scottish Budget in the week of 16 December, it would be helpful to have early confirmation.

Yours sincerely,

A handwritten signature in black ink, reading "Susan Rice". The signature is written in a cursive style with a large initial 'S' and 'R'.

Susan Rice DBE