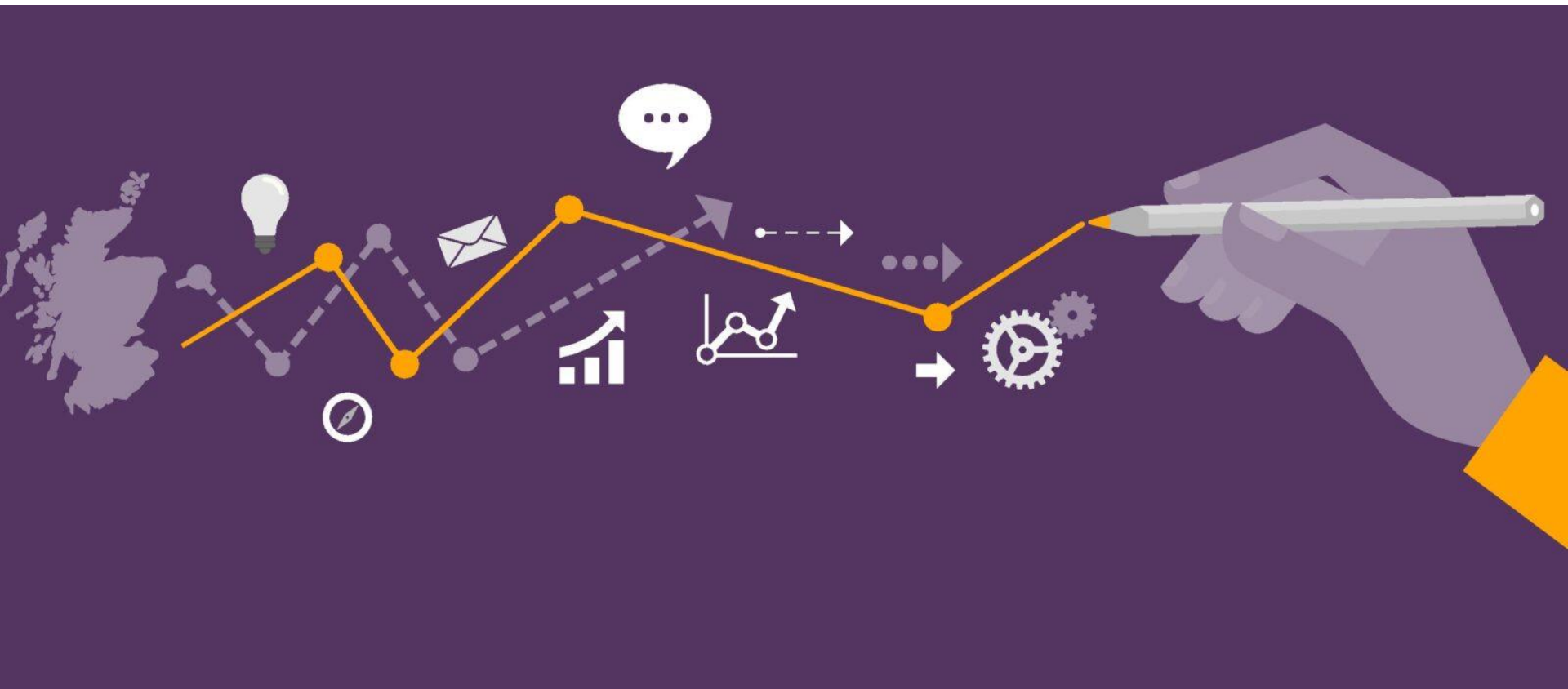


# Looking ahead: Scotland's Economic and Fiscal Forecasts

February 2020

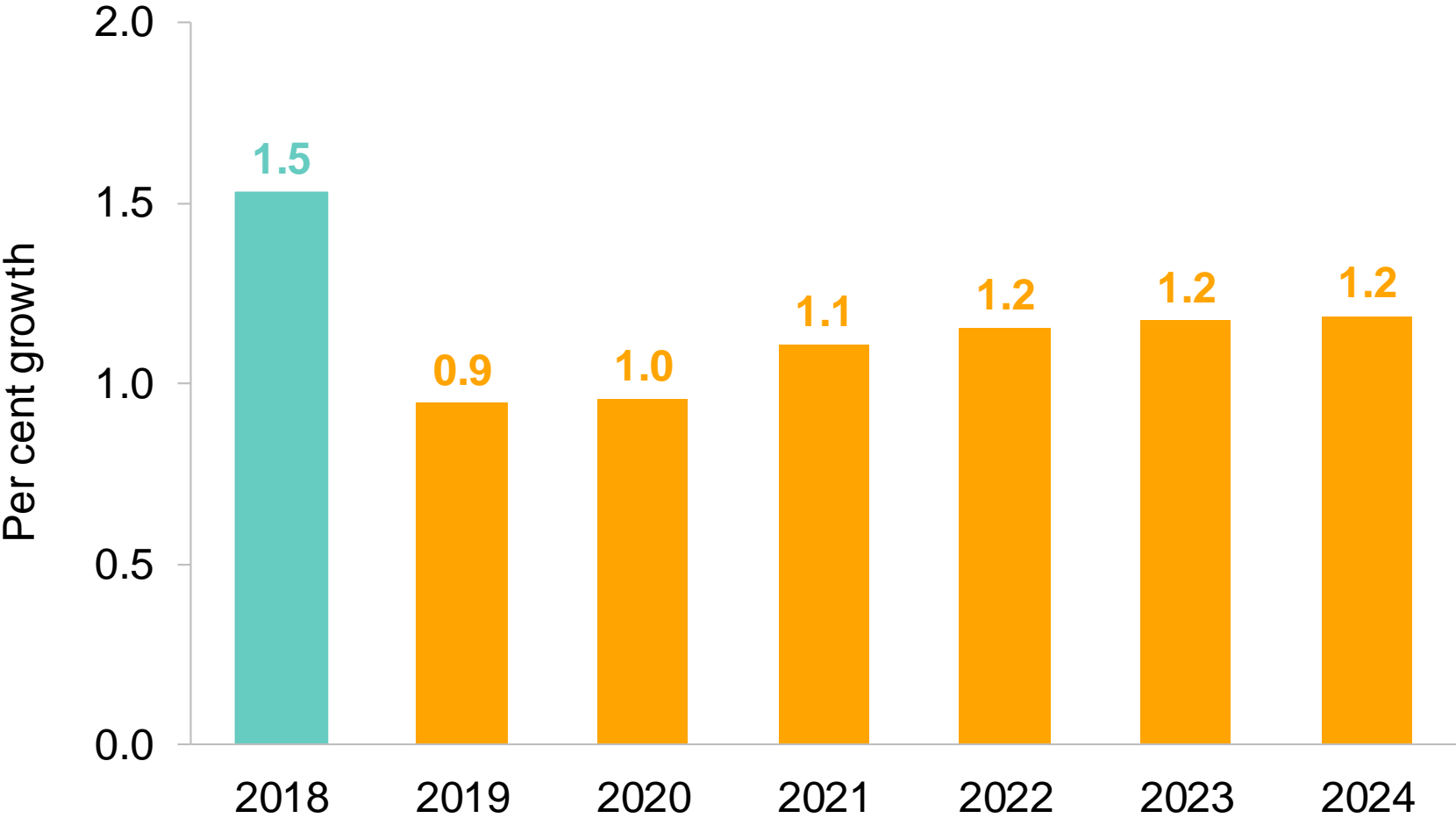


# Introduction

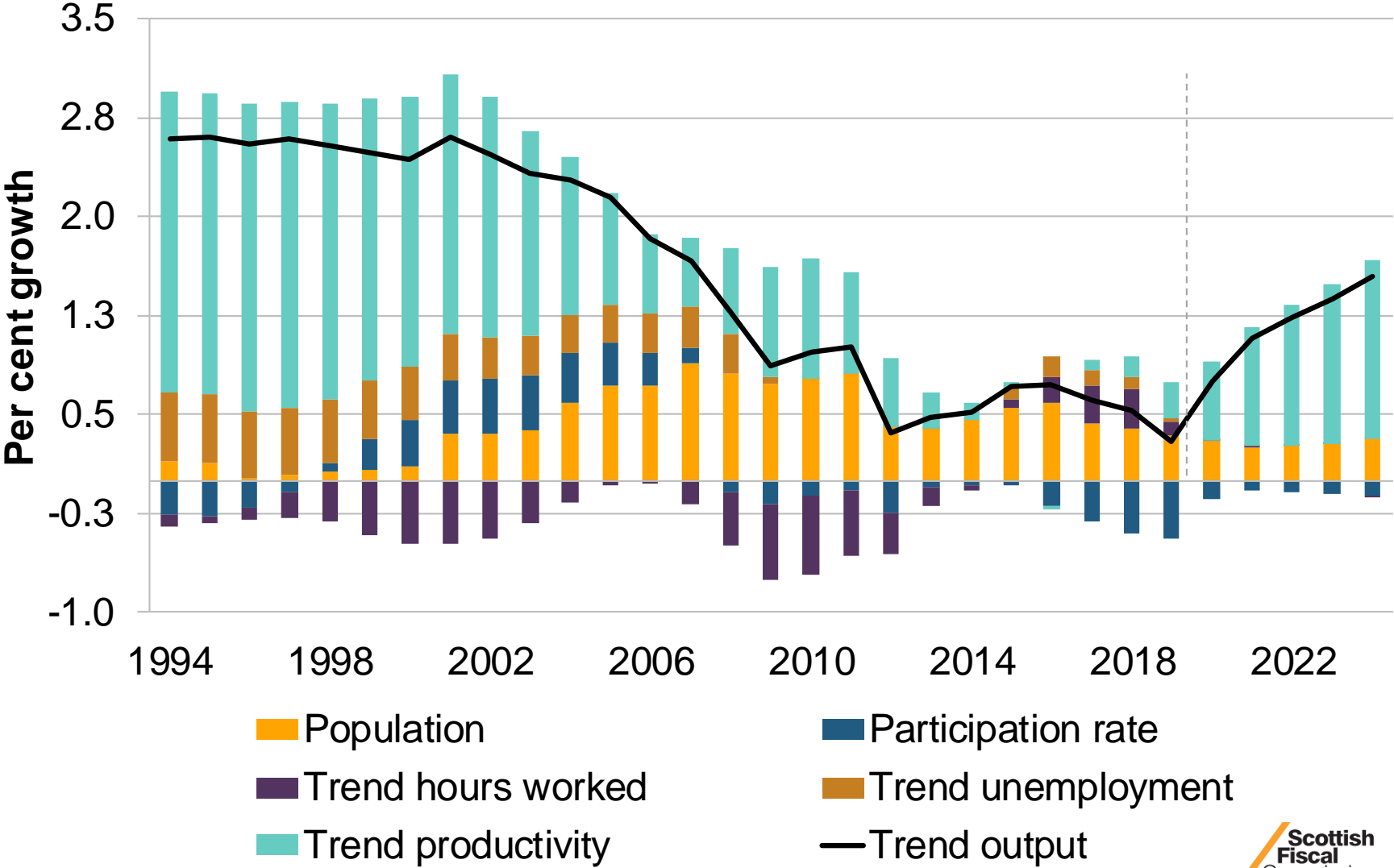


# Economy and tax forecasts

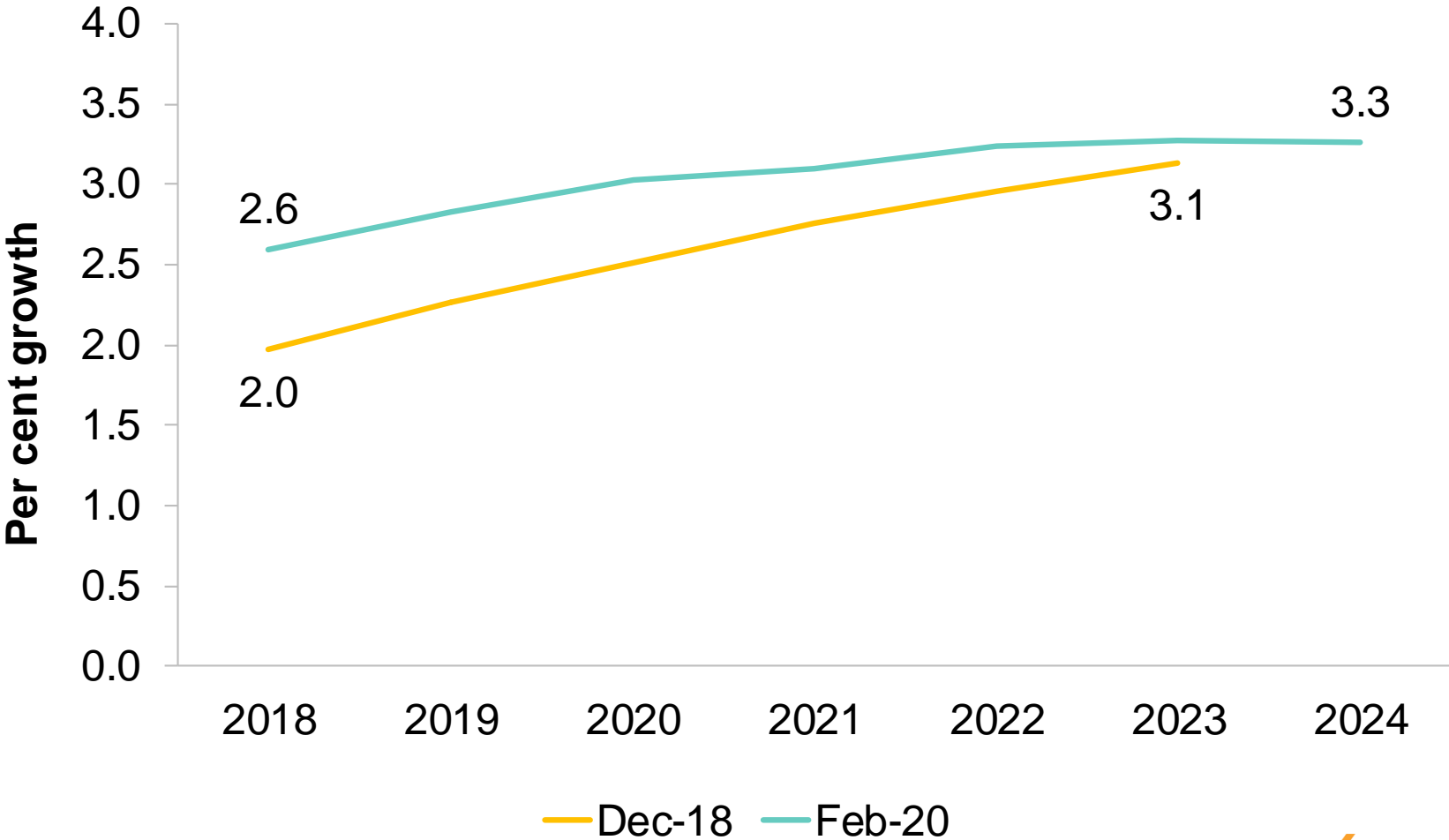
# Scottish economic growth – GDP



# Scottish economic growth – drivers

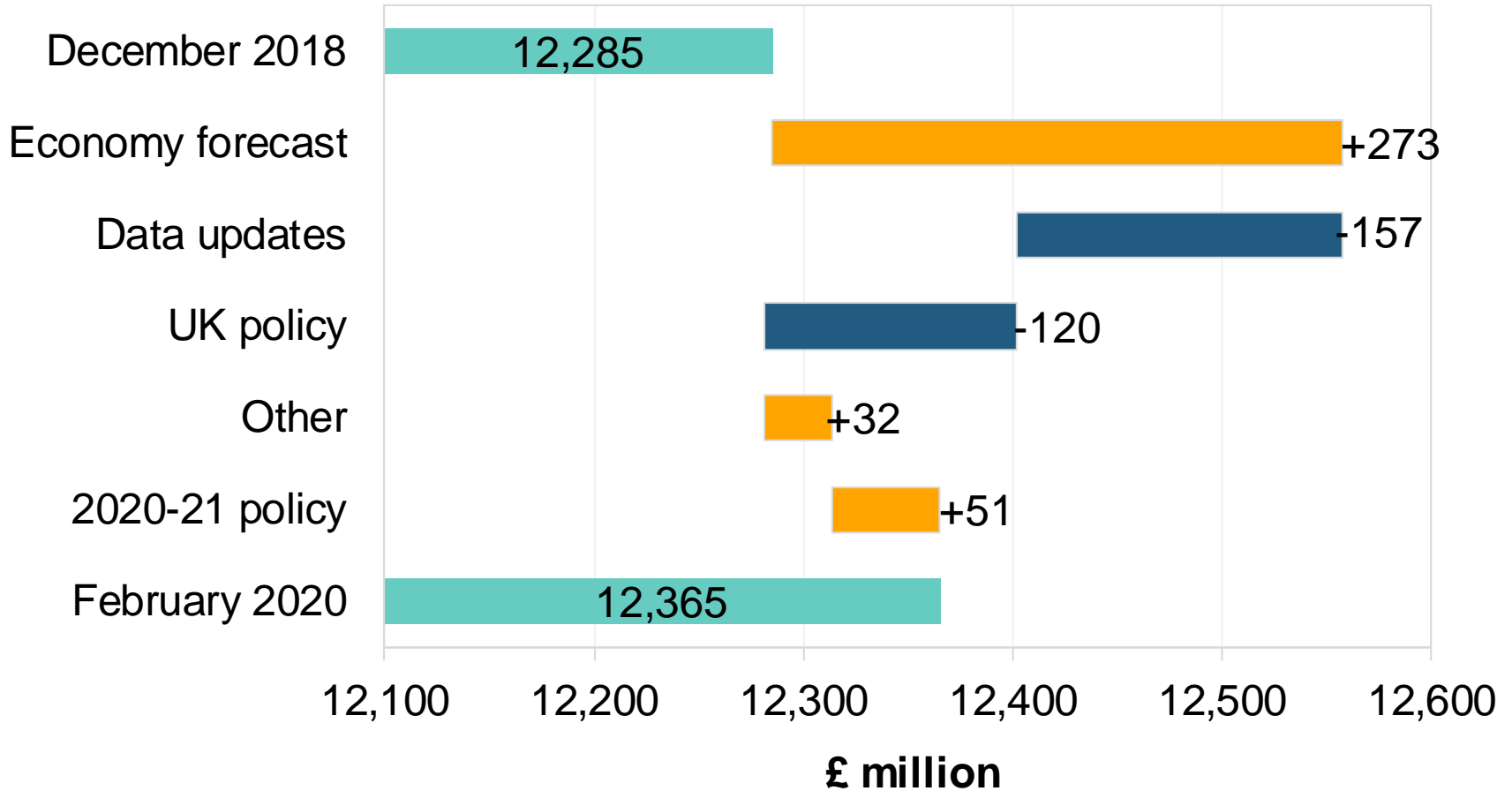


# Scottish earnings growth










# Income Tax

## 2020-21 revised up by £80 million



■ Increase in forecast ■ Decrease in forecast

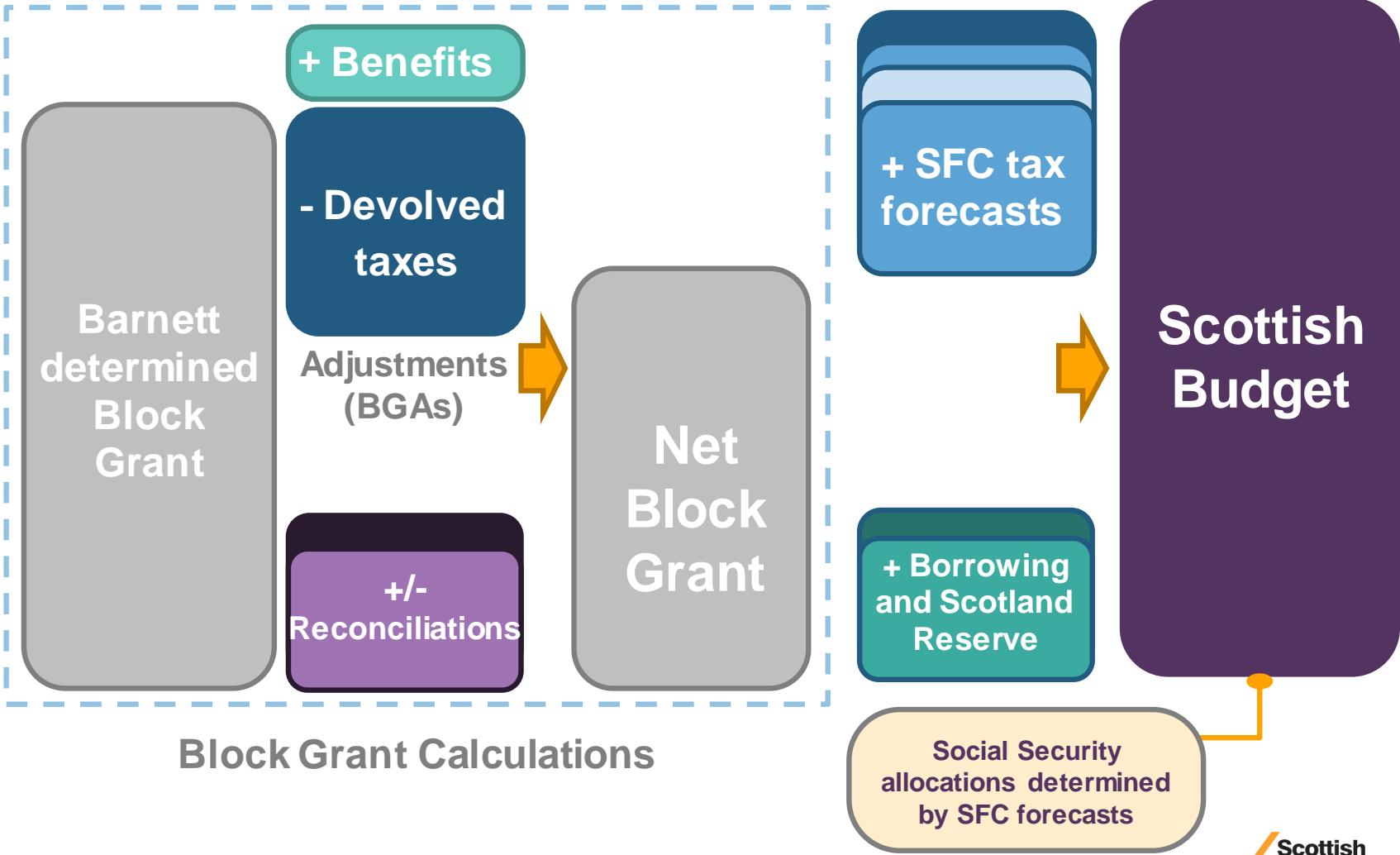
# Tax Forecasts

£ million		2019-20	2020-21	2021-22	2024-25
	<b>Income Tax</b>	11,677	12,365	12,897	14,722
	<b>Non-Domestic Rates</b>	2,806	2,749	3,012	3,590
	<b>LBTT</b>	613	641	666	749
	<b>Scottish Landfill Tax</b>	124	116	110	66
<b>Policy Announcements</b>					
	<b>Income Tax</b>		51	54	63
	<b>Non-Domestic Rates</b>		-7	-7	0
	<b>LBTT</b>		10	11	12



How the Budget is set,  
reconciliations and borrowing

# Scottish Budget – How it works



Block Grant Calculations

# The first income tax reconciliations



The first income tax reconciliation reduces the Scottish Budget by £204 million in 2020-21



## Block Grant Adjustment

£11,750 m  
OBR  
Forecast



£11,013 m  
HMRC  
Outturn



## Forecast Error

£737 m  
BGA  
Forecast  
Error



£941 m  
Revenue  
Forecast  
Error



## Revenue

£11,857 m  
SG  
Forecast

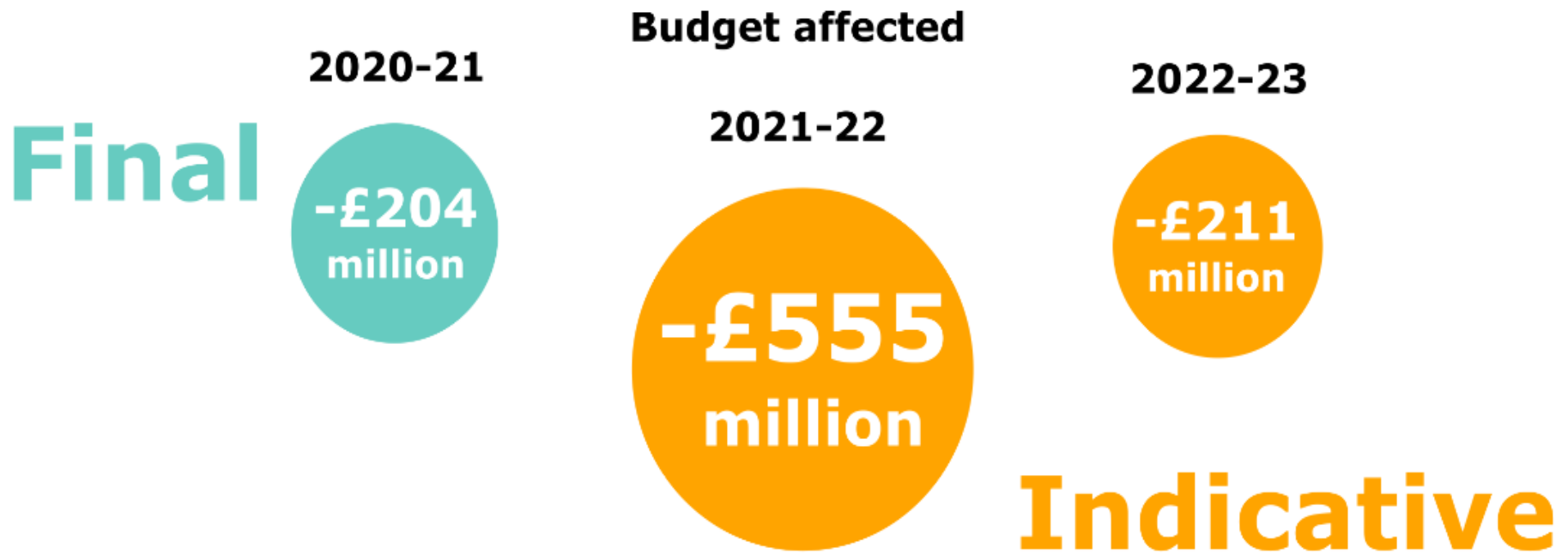


£10,916 m  
HMRC  
Outturn



-£204 m  
Reconciliation

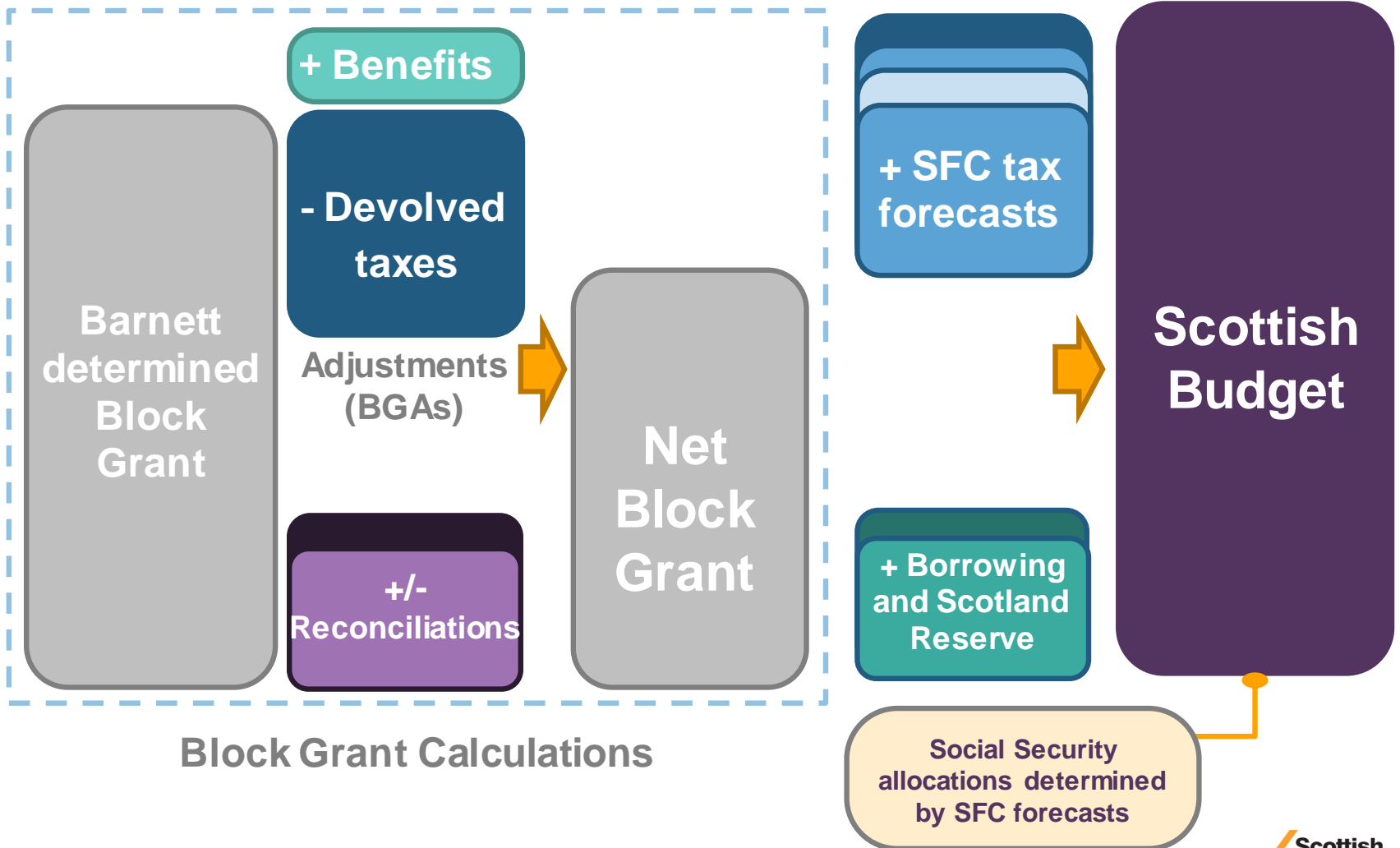
# Income tax reconciliations



# Final reconciliations applied 2020-21

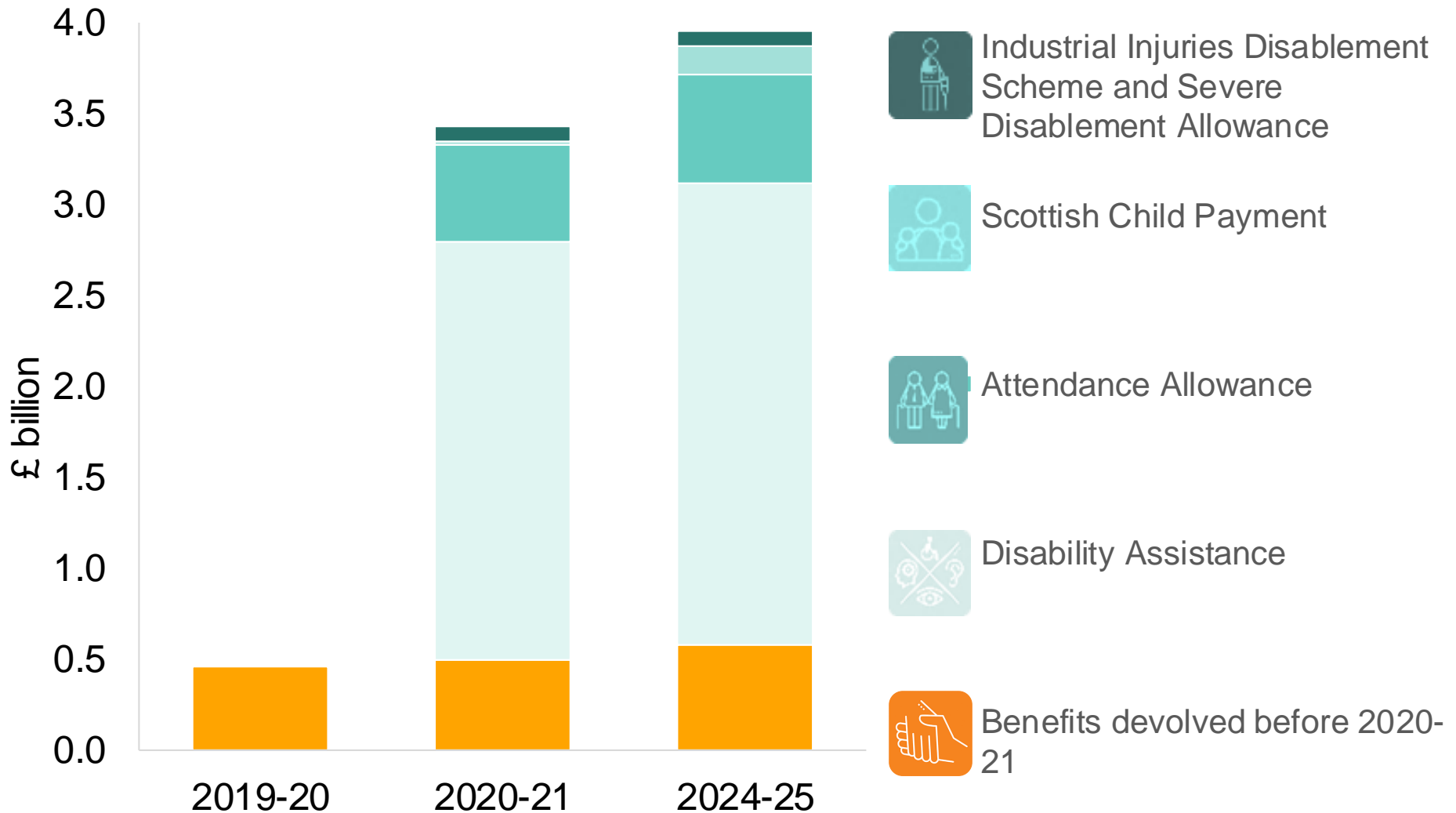
£ million	Final reconciliation applied in 2020-21
2017-18 Income tax	-204
2018-19 Scottish Landfill Tax	-2
2018-19 Land and Buildings Transaction Tax	-3
2018-19 Carer's Allowance	0
2018-19 Fines, forfeitures and fixed penalties	2
Total	-207

# Scottish Budget – How it works



Social Security




# Devolution of social security





# Social Security Forecasts

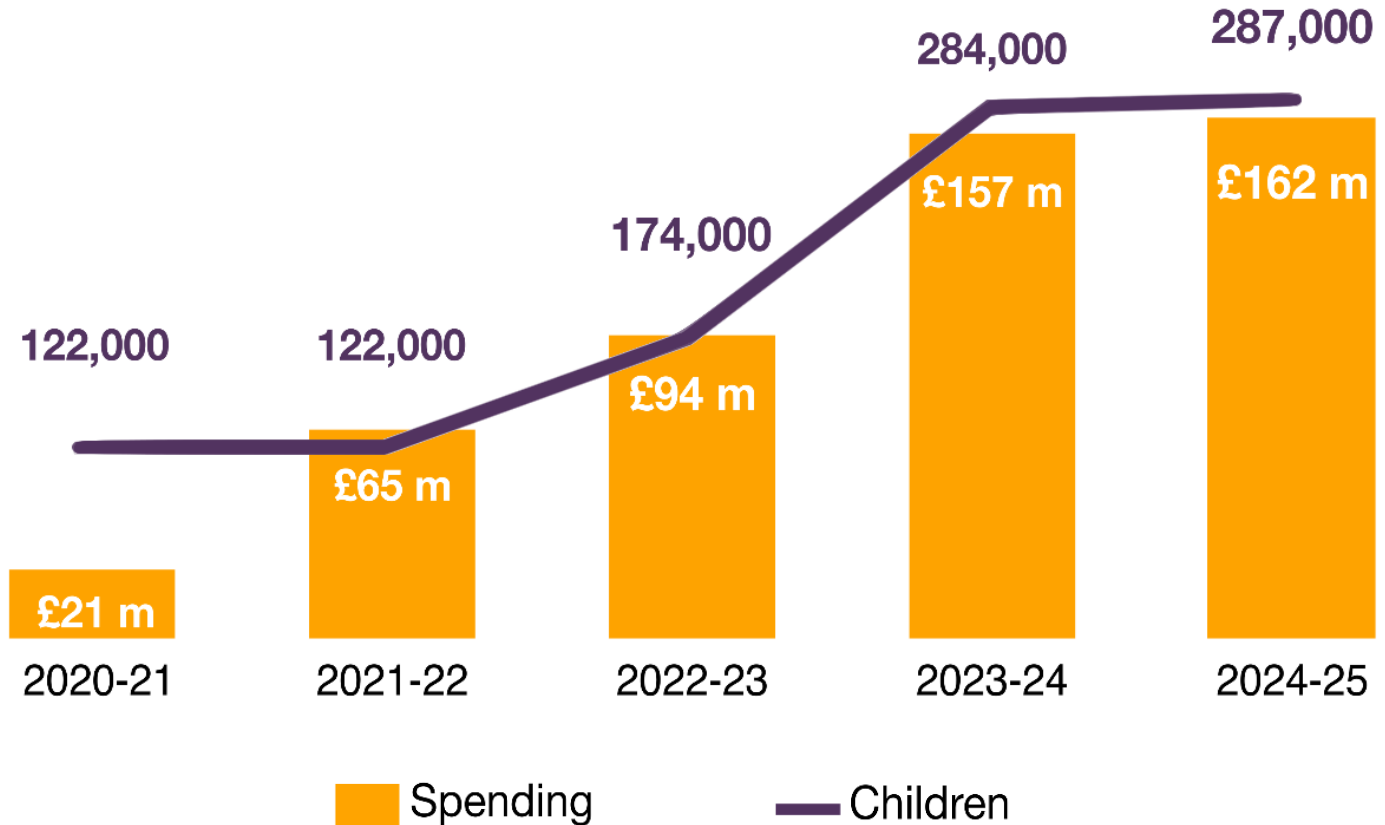
£ million

	2019-20	2020-21	2021-22	2024-25
 <b>All devolved social security assistance</b>	458	3,435	3,578	3,959
<b>Policy Announcements</b>				
 <b>Child Disability Assistance</b>		217	250	312
 <b>Scottish Child Payment</b>		21	65	162

# Social Security Forecasts



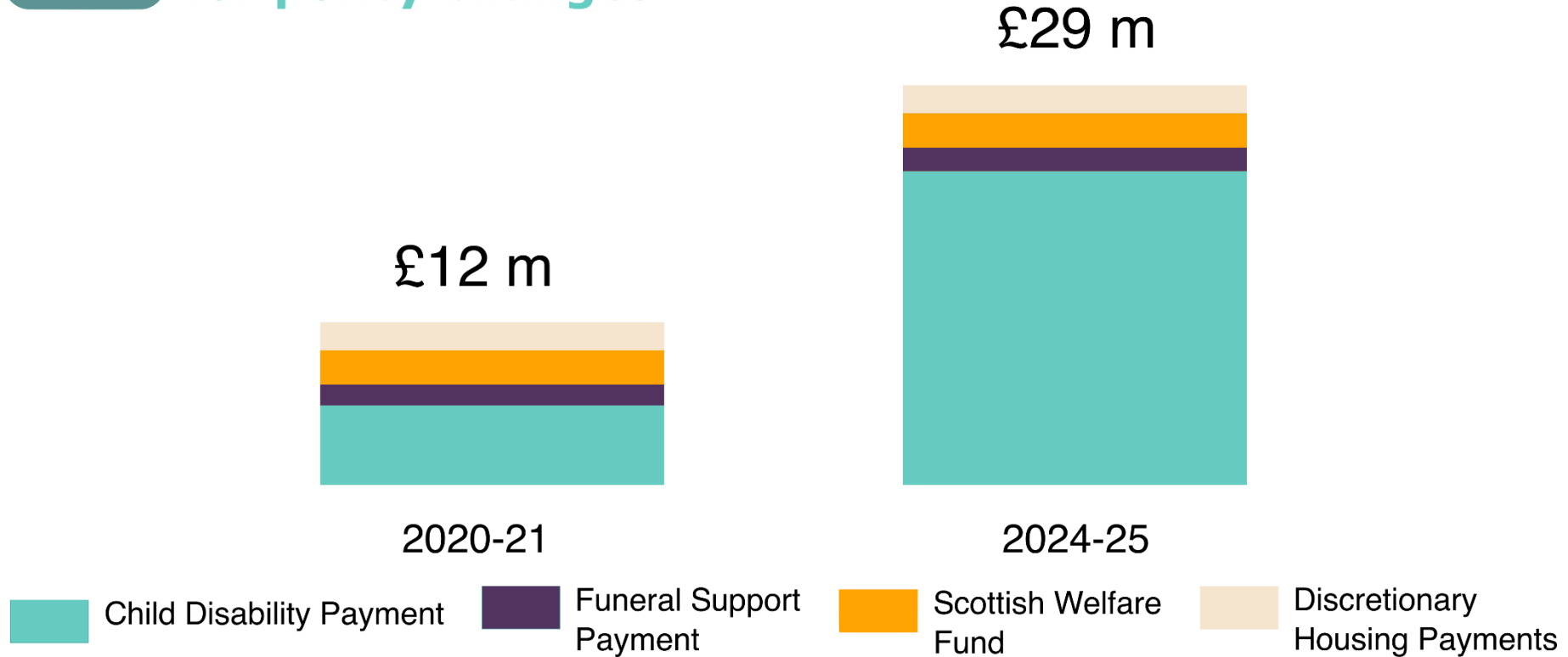
## Scottish Child Payment Fully funded by Scottish Government



# Social Security Forecasts



Social security portfolio spending is set to increase by **£12 million in 2020-21** for policy changes



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