

Scotland's forecasts: a quick guide

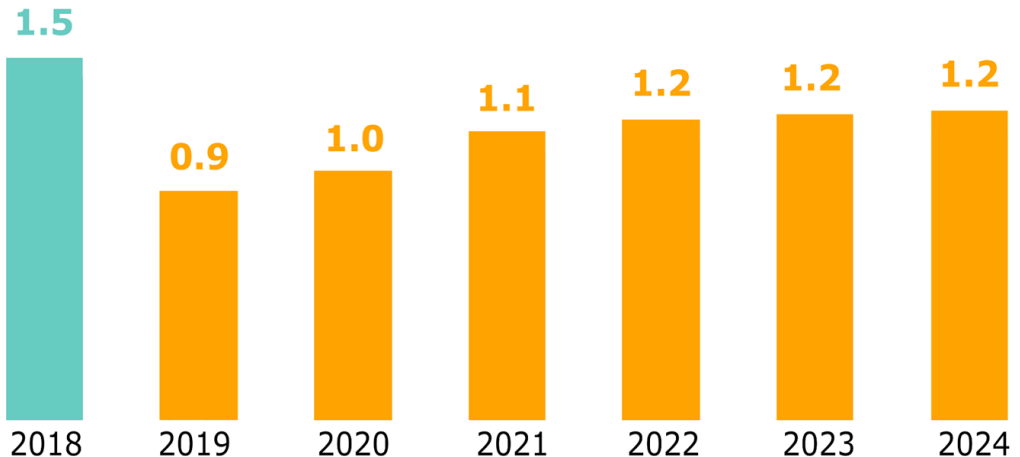
The Scottish Fiscal Commission is Scotland's independent, official economic and fiscal forecaster. Here we set out some key tables and graphs from our 2020-21 forecasts which accompanied the Scottish Budget.



GDP growth (%)

Our forecasts of economic growth have fallen slightly for 2019, partly because of Brexit uncertainty.

Over the longer term, GDP growth remains subdued because of a shrinking working age population and slow growth in productivity.









Tax forecasts

We forecast devolved taxes will raise £16 billion in 2020-21.

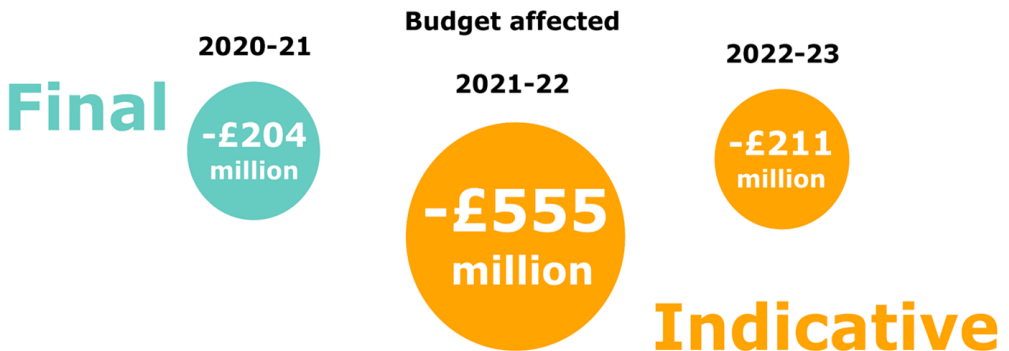
The largest is income tax, which we forecast to raise £12 billion in 2020-21 including £51 million raised by freezing the higher rate

£ million		2019-20	2020-21	2021-22	2024-25	
	Income Tax	11,677	12,365	12,897	14,722	In 2020-21, income tax revenue is expected to be £80 million higher than our December 2018 forecast.
	Non-Domestic Rates	2,806	2,749	3,012	3,590	New data reduced our forecast every year but measures in the NDR Bill increase the forecast from 2022-23 onwards.
	LBTT	613	641	666	749	In 2020-21, revenue from LBTT is expected to be £39 million lower compared to our December 2018 forecast.
	Scottish Landfill Tax	124	116	110	66	Delay to the ban on biodegradable municipal waste increases revenues until implemented in 2025.

Income tax reconciliations

Reconciliations add or remove money from the Scottish Budget to adjust for forecasts of funding in previous years being too low or too high. The largest reconciliations so far have occurred for income tax.

We estimate two more negative income tax reconciliations will reduce future Scottish Budgets.

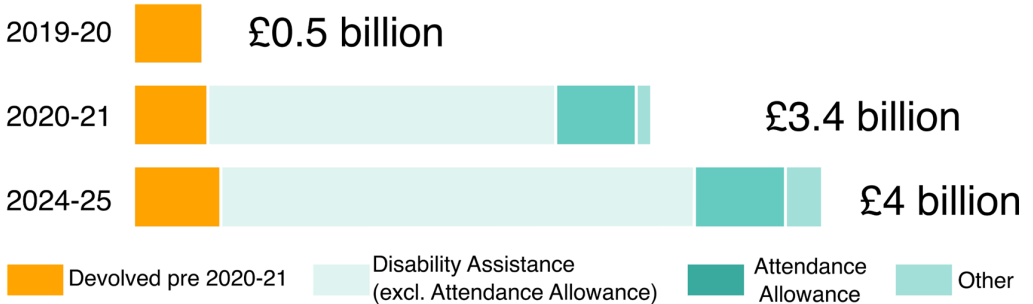




Social security forecasts

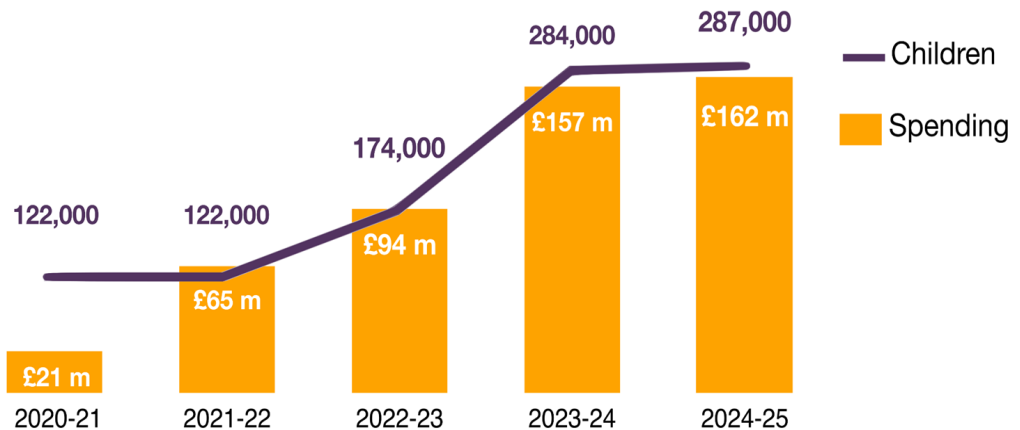
We forecast the Scottish Government will spend £3.4 billion on social security in 2020-21. This increase is largely driven by the Scottish Government becoming financially responsible for disability benefits from April 2020 onwards.

The majority of our social security forecasts are based on current UK Government policy. From information so far, we expect spending to increase further when the new Scottish payments are launched.



Our forecasts include spending on new benefits introduced by the Scottish Government, such as the Scottish Child Payment. If a benefit does not replace an existing UK equivalent it must be funded entirely from the Scottish Budget.

We expect over 280,000 children will receive the Scottish Child Payment once it is fully rolled out, with a cost of around £160 million.





Setting the Scottish Budget

The table below sets out the sources of funding for the Scottish Budget 2020-21, including our tax forecasts.

Resource		Capital	
Block Grant – resource	30,477	Block Grant - capital and financial transactions	5,330
SFC tax revenue forecasts (excluding NDR)	13,123		
Tax Block Grant Adjustments (BGAs)	-12,991		
Social Security BGAs	3,203		
Reconciliations	-207		
Resource borrowing	207	Capital borrowing	450
Drawdown from Scotland Reserve	106	Drawdown from Scotland Reserve	37
Total resource spending	33,917	Total capital spending	5,817

ABOUT US

We are the independent fiscal institution for Scotland.

- We're directly accountable to the Scottish Parliament and produce two reports each financial year forecasting income and expenditure from Scotland's devolved taxes and social security benefits.
- Our forecasts inform the Scottish Budget and are used by MSPs to scrutinise the Government's proposals.
- Led by our chair Dame Susan Rice and three other Commissioners, we comprise a team of around 20 analysts, based in Governor's House, Edinburgh.

For more information about us, or to see more of our forecasts, please go to our website: www.fiscalcommission.scot, or get in touch: tel: 0131 244 0738, email: info@fiscalcommission.scot