

**Protocol for engagement between the Scottish Fiscal Commission and the
Scottish Government**

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Purpose

1. This Protocol fulfils the statutory obligation on the Scottish Fiscal Commission ('the Commission') and Scottish Ministers to agree and publish a Protocol for their engagement relating to the forecasting and assessment process. As defined in the Scottish Fiscal Commission Act 2016 (SFCA), the forecasting and assessment process refers to all of the Commission's duties on the production of forecasts and forecast evaluation.¹

Context

2. It is the duty of the Commission to prepare forecasts at least twice a year to inform the Scottish Budget. These forecasts should cover five years and include Scottish onshore Gross Domestic Product (GDP), income tax, assigned Value Added Tax (VAT), devolved taxes, non-domestic rates and devolved social security. The Commission must also assess the reasonableness of Ministers' projections as to their borrowing requirements. In so doing, it takes into consideration the fiscal position more broadly, including other fiscal framework powers, such as the Scotland Reserve, and any funding assumptions made by the Scottish Government. The Commission may also at any time produce forecasts, assumptions and projections in relation to any other fiscal factors it considers appropriate.

3. The Commission is a non-Ministerial Office responsible for independent economic and fiscal forecasting. The Commission develops and runs the forecasting models, producing the forecasts required to fulfil the Commission's statutory duties.

4. The Scottish Government is responsible for the development and modelling of policy options related to the Scottish Budget, for advising and supporting Ministers in their decisions on policy measures, and for informing the Commission of any policy measures which it considers may affect upon the forecasts that the Commission are responsible for producing. Where the judgement of the Commission may affect a policy costing, and those judgements are not currently contained in the models provided by the Commission to the Government, the Commission will look to provide further guidance and analysis to the Government on its judgements in particular instances. Where this protocol refers to the Scottish Government, this covers the core Scottish Government and agencies such as Social Security Scotland.

¹ Scottish Fiscal Commission Act 2016 Section 6 ([link](#))

Principles

5. The Commission and the Scottish Government will adhere to the following shared principles:

- In accordance with the Organisation for Economic Co-operation and Development (OECD) principles for independent fiscal institutions, the independence of the Commission, as enshrined in its founding legislation, will be respected at all times.
- The Commission is responsible for the independent production of forecasts and for all the assumptions and judgements informing those forecasts.
- The Commission will remain politically neutral and will avoid making political judgements.
- In publishing its forecasts, assessments and reports, the Commission must have regard to relevant Scottish Government policy and will not consider what the effect of alternative policies would be. The Commission may however consider the effect of alternative forecasting assumptions or methodologies on tax revenue, social security spending or GDP forecasts.
- The Scottish Government must inform the Commission of policy changes, operational information and legislative changes which pertain to the Commission's forecasts and its assessment of the reasonableness of the funding position. The Scottish Government must do so in a timely manner and will endeavour to do so as soon as reasonably possible.
- The Scottish Government and the Commission are bound to handle all privileged budget information in accordance with their respective guidance applying to Commissioners, Special Advisers, Ministers and Civil Servants.
- Both organisations will protect all forecasts, analysis, reports and media releases shared between the two organisations. These, and any information contained within, will only be shared outside the two organisations by prior agreement.
- The Commission will publish alongside its forecasts a detailed explanation of the methodology used and of factors that it has taken into account, in particular assumptions and risks.
- The Commission will carry out its functions with integrity and in such a way as to promote transparency.
- With a view to increasing the transparency of interactions between the Commission and the Scottish Government, particularly during formal fiscal

events, both bodies will abide by this jointly agreed Protocol. The Commission has a statutory right of access at reasonable times to any relevant information held by the Scottish Government that the Commission may reasonably require for the purpose of performing its functions. The timescales for requests are set out as part of this Protocol, at paragraphs 97 to 101.

6. The Commission also seeks to comply voluntarily with the Code of Practice for Official Statistics. The statement of voluntary compliance is set out on the Commission's website.²

7. Where the Scottish Government informs the Commission of large scale and complicated policy changes during a fiscal event (defined in paragraph 12) the Commission may choose not to include these policy changes if it cannot robustly forecast the effect of the policy changes to sufficient quality, and this will be flagged in its report.

8. Some policy changes announced by the Scottish Government may have a very small fiscal effect. The Commission will set a threshold under which policies will be deemed to be immaterial and forecasts will not be produced. Details of the threshold and the policies not costed will be set out in Annex C of the Commission's Scotland's Economic and Fiscal Forecasts (SEFF) publication. This threshold may be revised on an annual basis.

Points of contact

9. The Scottish Fiscal Commission and the Scottish Government will each name points of contact responsible for ensuring efficient and effective communication between the Commission and the Scottish Government. The points of contact will ensure the relevant staff in their respective organisations are aware of this Protocol, the roles of the Commission and Scottish Government, the Commission's rights of access to information, the fiscal events in which the Commission is involved and the timescales agreed in this Protocol.

10. All communications between the Commission and the Scottish Government regarding the formal meetings, as set out in the timetable above, during the fiscal event should normally be copied to these points of contact.

11. If issues cannot be resolved through the named points of contact or in exceptional cases because of the seriousness of the issue or because prompt senior management action is required, the Chair of the Scottish Fiscal Commission may directly approach Director-General Scottish Exchequer in the Scottish Government.

² See 'How we work with others' section of the Scottish Fiscal Commission website ([link](#))

Fiscal Events

12. Fiscal events are defined as the periods within which the Commission is preparing forecasts to inform Parliamentary milestones on the new full year Budget process. There are two such events in the year:

- Forecasts to inform the Scottish Budget (typically in December); and,
- Forecasts to inform the Medium-Term Financial Strategy (typically in May).

13. All references to days should be taken to mean working days unless otherwise specified. Weekend and Scottish Government (Edinburgh) Public Holidays are not considered as working days. For example, where '5 days before the Budget' is specified, this means the end of the day 5 whole working days before the Budget: if the Budget is on the Thursday, material should be provided by close on the previous Thursday. Close on a given day refers to 4 p.m., unless otherwise agreed.

Timing of fiscal events

14. The Scottish Government will provide the Commission with formal notification of the day the Scottish Budget is expected to take place at least 10 weeks in advance, and the day the Medium-Term Financial Strategy (MTFS) is expected to take place at least 11 weeks in advance. If the notification period spans the Christmas / New Year period the notification period will be extended by a week. The Scottish Government will write to the Chair of the Commission and this letter will be published on the Commission's website.

15. Where unforeseen or exceptional circumstances arise, and this affects the timing of a fiscal event the Scottish Government will promptly consult with the Commission. Where the date has already been notified, the parties will seek to agree a suitable alternative. Where the 10-week requirement cannot be adhered to the parties will seek to agree a suitable timetable. Parties must take account of the circumstances, the pressures placed on the Scottish Government and the Commission, the timing of UK Government announcements and the Commission's ability to produce quality forecasts. The Commission must be given a reasonable notice period before any new date for a fiscal event, recognising the time period remaining at the point the fiscal event was postponed and the gap between the original date and the new date. Any new date will be published on the Commission's website once agreed.

Timings & Provision of Information

16. The timetable for sharing information, setting the number and timings of forecast rounds including deadlines for provision of information from both sides, fixing the last date for inclusion of new data, fact-checking and any other relevant timings, shall be agreed between the parties following notification of the fiscal event. The timings set out below are indicative. As well as these key dates there will also be at least two

meetings between senior officials in the Scottish Government and Scottish Fiscal Commission to ensure the process runs smoothly and all required information is shared in a timely manner. While it may not always be possible due to the number of weeks between fiscal events, both parties will aim to include two forecast provisions, if required, between publication of UK Autumn Fiscal Event/Office for Budget Responsibility (OBR) forecasts and the policy measures deadline but, given the time constraint, only one forecast round meeting.

17. Timings may be altered during the fiscal period, subject to the agreement of both parties, and both parties will endeavour to show flexibility in recognition of the interdependencies at play during a fiscal event, including with third parties. Policy changes submitted after the final deadline for policy measures will not be included in the forecast unless otherwise agreed.

18. To aid forecast development, the Scottish Government will endeavour to share policy insights as they are in development and policy design at an early stage, not just in the fiscal event period. The Commission will always endeavour to include the effect of policy changes in its forecasts. Where possible and with agreement, the Commission may provide the Scottish Government with copies of some of the forecasting models in advance of the formal notification period.

19. Throughout the process the Scottish Government may share indicative policy options with the Commission and may expect the Commission to provide an indication of its forecasts of the costs of the policy. In general, during the last 20 working days of a fiscal event period, for policy changes submitted by the Scottish Government to the Commission before 10 a.m., the Scottish Government may expect provisional costings returned the same working day. For policy changes submitted after 10 a.m., the Scottish Government may expect provisional costings returned the next working day. The Commission will share rounded and unrounded forecast numbers at each stage in the process.

20. Where a Scottish Budget or MTFs is accompanied by a multi-year spending review, the timings set out above will be reviewed as part of the process of agreeing the timetable. The Scottish Government should give the Scottish Fiscal Commission early notice of its intention to hold a spending review, and the discussion on the timetable should take place at least a month in advance of the usual 10- or 11-week notification period. The deadlines for the data cut off point, the provision of final policy information and final forecast provision may need to be brought earlier to allow the Scottish Government sufficient time to determine portfolio allocations within a settled funding position. If the deadlines are to be brought forward significantly, earlier notification than 10 or 11 weeks will be required.

21. The timetable includes a number of deadlines for the provision of information on policy measures that may affect the economic forecasts, known as economy-moving measures. This covers any policies introduced by the Scottish Government in any

area which could affect economic growth. These policies include but are not limited to changes to: public sector pay policy; Government resource and capital spending plans; borrowing plans' or changes in economic policy.

22. The deadline for when the Scottish Government must share their final borrowing projections to inform the Commission's assessment of reasonableness is given below but early indications of the Government's projections and plans should be shared as early as possible. This will include, but not be limited to: capital and resource funding, capital and resource borrowing plans, estimates of stock of debt, planned use of the Scotland Reserve, portfolio spending allocations and in-year underspend estimates. The Scottish Government will also provide the Commission with information on the associated Block Grant Adjustment forecasts and any reconciliations following UK fiscal events.

Scottish Budget

23. **10 weeks in advance:** The Scottish Government notifies the Commission (set out in paragraph 14).

24. **45 working days in advance:** The Commission provides the Scottish Government with copies of the forecasting models to allow for further policy development in advance of the budget. The Commission retains the right to develop the models further over the budget process but will endeavour to share any potential changes in their thinking and models at the earliest opportunity to allow Ministers sufficient time to factor this into their policy decisions.

25. **15 working days in advance:** the last date for inclusion of new data in the economic and fiscal forecasts. Data includes formal statistical data releases, information, data, or comments shared by the Scottish Government in response to the round meetings discussion, or any source of informal evidence. This deadline will be set based on the timetable for data releases and will be either at or after the UK Autumn Budget.

26. **13 working days in advance:**

- a. Final deadline for the Scottish Government to share policy measures that may affect the economic forecasts.
- b. The Commission provide updated models to the Scottish Government as soon as possible and no later than 13 working days in advance. No modelling changes or developments will be made after models have been provided, unless required because of Scottish Government policy measures.

27. **10 working days in advance:** The Scottish Government shares finalised policy measures with the Commission. **No policy changes after this point will be costed or included.**

28. 7 working days in advance:

- a. Final Commission forecasts shared with the Scottish Government.
- b. The Commission invites the Scottish Government to comment on the factual accuracy of the report.

29. 5 working days in advance: The Scottish Government returns any comments on the factual accuracy of the Commission report. The Commission to confirm the final forecast numbers with the Scottish Government for inclusion in the Budget.

30. Roughly 5 working days in advance: The Scottish Government provides the Commission with extracts of the Budget document and any associated documents containing or referring to the Commission's report to comment on factual accuracy.

31. 4 working days in advance:

- a. The Commission shares near final copy of the report with the Cabinet Secretary responsible for Finance and other relevant Cabinet Secretaries, for information; and additional copy list in paragraph 53. The Commission will continue working on report presentation and quality assurance after the near final report has been shared.
- b. The Scottish Government may share this report internally with relevant Ministers and officials on a restricted "for information" basis.
- c. The Scottish Government will also share the final borrowing information if final figures have not already been provided. This information will include, but not be limited to: capital and resource funding, capital and resource borrowing plans, estimates of stock of debt, planned use of the Scotland Reserve, in-year underspend estimates and portfolio spending plans.
- d. The Scottish Government informs the Commission of the expected timings for the Budget statement in Parliament.

32. 3 working days in advance: The Commission shares any sections of the report which have changed in light of the final borrowing information being provided for comments on factual accuracy.

33. 2 working days in advance:

- a. The Scottish Government return any comments on factual accuracy relating to the sections shared a working day in advance.
- b. The Commission may choose to amend the report in response to both the information provided and the fact-check comments.

34. 1 working day in advance:

- a. The Commission shares pre-release version of the report with the relevant Cabinet Secretaries.
- b. The Commission shares media release with the Scottish Government.

- c. The Scottish Government shares draft extracts of Budget media releases which reference the Commission's forecasts.
- d. The Scottish Government provides the Commission with draft extracts from the Budget speech that mention the Commission and refer to the Commission's forecasts.
- e. The Scottish Government will inform the Commission of the time the Cabinet Secretary responsible for Finance will present the Budget to Parliament to allow the Commission to lay its report and publish online.

35. **Day of the Budget:** The Scottish Government shares final copy of the speech extracts by 9:30 a.m., and final version of the media release by 11 a.m.

Medium Term Financial Strategy (MTFS)

36. **11 working weeks in advance:** The Scottish Government notifies the Commission (set out in paragraph 14).

37. **45 working days in advance:** The Commission provides the Scottish Government with copies of the forecasting models to allow for further policy development in advance of the MTFS. The Commission retains the right to further develop the models over the process.

38. **21 working days in advance:** the last date for inclusion of new data in the economic and fiscal forecasts. Data includes formal statistical data releases, information, data, or comments shared by the Scottish Government in response to the round meetings discussion, or any source of informal evidence.

39. **19 working days in advance:** Final deadline for the Scottish Government to share policy measures that may affect the economic forecasts.

40. **14 working days in advance:**

- a. The Scottish Government shares finalised policy measures with the Commission. **No policy changes after this point will be costed or included.**
- b. The Scottish Government will also share the final borrowing information if final figures have not already been provided. This information will include, but not be limited to: capital and resource funding, capital and resource borrowing plans, estimates of stock of debt, planned use of the Scotland Reserve, in-year underspend estimates and portfolio spending plans.

41. **11 working days in advance:**

- a. Final Commission forecasts shared with the Scottish Government.
- b. The Commission invites the Scottish Government to comment on the factual accuracy of the report.

42. 8 working days in advance:

- a. The Scottish Government returns any comments on the factual accuracy of the Commission report.
- b. The Commission confirms the final forecast numbers to the Scottish Government for inclusion in the MTFS.

43. Roughly 5 working days in advance: The Scottish Government provides the Commission with extracts of the MTFS document and any associated documents containing Commission forecasts or pertaining to the Commission's forecasts to comment on factual accuracy.

44. 4 working days in advance:

- a. The Commission shares near final of the report with the Cabinet Secretary responsible for Finance and other relevant Cabinet Secretaries for information; and additional copy list in paragraph 53.
- b. The Commission will continue working on report presentation and quality assurance after the near final report has been shared.
- c. The Scottish Government informs the Commission of the expected timings for the MTFS statement in Parliament.

45. 1 working day in advance:

- a. The Commission shares pre-release version of the report with the relevant Cabinet Secretaries.
- b. The Commission shares media release with the Scottish Government. The Scottish Government shares draft extracts of MTFS media releases which reference the Commission's forecasts.
- c. The Government provides the Commission with draft extracts from the MTFS speech that mention the Commission and refer to the Commission's forecasts.

46. Day of MTFS:

- a. The Scottish Government shares final copy of the speech extracts by 9.30 a.m., and final version of the media release by 11 a.m.
- b. The Scottish Government will request in advance that Parliamentary business is planned on the day of the MTFS so as to allow the Commission's press conference to take place on the same day.
- c. The Commission will envisage to publish its report by 2:30 p.m. at the latest.

Meetings

47. During fiscal events, a series of forecast meetings will be held at a number of different stages with the likely timings set out above. There will be separate meetings for the economic forecasts and each tax and social security area at each round, with the following attendees at each:

- Commissioners (number & representation to be decided by the Commissioners)
- Named points of contact from the Commission and the Scottish Government
- Relevant Commission and Scottish Government staff
- Other individuals subject to approval by the Commission, and the Scottish Government.

48. These meetings will be chaired by a member of the Commission. The Commission will endeavour to provide papers for each of these meetings to attendees at least 2 working days in advance of the meeting. The Scottish Government will endeavour to share any formal analysis planned for presentation at forecast meetings at least half a day prior to the meeting and any comments or analysis within 2 days following the meeting. As above, these timescales may be reviewed by mutual consent particularly later on in the fiscal event process.

49. In addition, for any meetings in a fiscal round to which the Commission invite any stakeholders external to the Scottish Administration such as the OBR, these external stakeholders would not be privy to any privileged budget information, so they would only be involved in pre-measures discussions.

50. The timings of these meetings, and anonymised attendee information, will be published alongside the Commission's report at the conclusion of the fiscal event. To allow for a free and frank exchange of views and discussion of policy announcements, these meetings will not be minuted.

51. Once the final forecasts have been provided, the Chair of the Commission would expect to meet or have a phone call with the Cabinet Secretary responsible for Finance to discuss these forecasts. This will be organised through the named points of contact in the Scottish Government. Details of all engagement and contact between Commissioners and Scottish Ministers during fiscal events will be published in a log of contact alongside the Commission's report at the conclusion of the fiscal event.

Final report

52. The Scottish Government will be invited to confirm the factual accuracy of the Commission's final reports insofar as the content relates to the presentation of Scottish Government policy. The Scottish Government will not offer comment on anything other than points of factual accuracy. The timings of this review are set out above.

53. When the Commission shares reports with the Cabinet Secretaries responsible for finance and social security, they will be copied to:

- DG Scottish Exchequer
- Director of Tax and Revenues
- Director of Budget and Public Spending
- Director of Fiscal Sustainability and Exchequer Development
- Director of Social Security
- The Chief Economist
- and to the named points of contact.

54. This report is embargoed until the time at which the fiscal event occurs and will not be released by the Commission or by the Scottish Government prior to this time. The Commission may begin the process of laying the report in advance in order to allow publication to take place as soon as the Cabinet Secretary has finished the statement. The Commission will make arrangements with the Scottish Parliament, in consultation with the Scottish Government, to ensure that the report remains embargoed until the Cabinet Secretary has finished the statement.

55. The Commission will publish its report and final forecasts on its website at the same time as the fiscal event occurs.

Media conferences

56. The Commission will hold media conferences from time to time, customarily following the Budget and MTFs. The Scottish Government will be permitted to attend media conferences in an observation capacity only. This will normally be no more than two Scottish Government officials, one communications official and one policy official.

Requirement on the Scottish Government to use Commission forecasts

57. Section 7 of the SFCA creates the presumption that the Scottish Ministers will use the forecasts prepared by the Commission in preparing a Scottish Budget, a Bill for a Budget Act or a Medium Term Financial Strategy. If – exceptionally – they do not do so, then Ministers must provide a statement to the Parliament explaining why they are not using the Commission’s forecast and they must lay this statement before the Parliament at the same time as the Budget documentation or Medium Term Financial Strategy. This issue is covered briefly in the Framework Document, at paragraph 4.4.

58. The Scottish Government will inform the Commission 3 working days in advance of the publication of a Scottish Budget, Budget Bill or Medium Term Financial Strategy if a statement under Section 7 is planned.

Fiscal Factor Forecasts

59. The Commission can, from time to time, to produce forecasts on “other fiscal factors”. Fiscal factors are defined in the Scottish Fiscal Commission Act as: “anything which the Scottish Ministers use to ascertain the amount of resources likely to be available for the purposes of sections 1 to 3 of the Public Finance and Accountability (Scotland) Act 2000”. Reports produced by the Commission may include other information relating to the forecasts, assumptions, projections or assessments made by the Commission.

60. One situation in which the Commission may exercise this power is when there are legislative changes relating to areas which the Commission forecasts. These changes can be made when legislation is introduced, or when legislation is amended as it progresses through the Scottish Parliament. The Commission may also from time to time produce reports on fiscal factors.

Legislative Changes

61. The Commission may also choose to produce a forecast on ‘other fiscal factors’ when primary or secondary legislation is published or amended in the Scottish Parliament which affects revenue raised from a tax or spending on social security payments within the Commission’s remit. Any revised forecasts will be published as a supplementary costing. The Commission may judge a costing of the policy produced at a previous fiscal event is appropriate to be used to accompany the legislation or the Commission may consider a change to have a negligible effect on revenue or spending. In both these cases the Commission will inform the Scottish Government of this view which can be included in the Scottish Government’s own documents. The Commission would not publish a supplementary costing for a negligible policy or where a previous costing is deemed appropriate. The

Commission will make the final judgement on whether or not and how to include the policy in its forecasts.

62. The Commission provides costings to aid parliamentary scrutiny and transparency. This means the Commission will, where possible, aim to provide costings for inclusion in accompanying financial memoranda (or policy note) for publication at the same time as the legislation is published or a revised financial memoranda is published.

63. The Commission reserves the right to prioritise particular forecast revisions and policy costings in the event of the package of policies in legislation or amendments including multiple or complex changes which require analysis beyond what they consider feasible in the time available. The Commission will do this in consultation with the Clerk of the Finance and Public Administration Committee and the Scottish Government.

64. The sections below set out how the process should work during normal periods. The Commission and the Scottish Government recognise that in exceptional circumstances legislation may need to be introduced to Parliament on expedited timescales. In these circumstances both parties will work together to seek to agree a suitable timetable. The decision to produce a costing always remains with the Commission.

65. The Commission's remit relating to fiscal factors requires the Commission to produce updated policy costings if there are new Scottish Government policies in areas the Commission forecasts at Stages 1, 2 or 3 of the Budget Bill or for the Scottish Rate Resolution (typically January/February). The specifics relating to this process are set out in paragraphs 73-84.

Introduction of Primary or Secondary Legislation

66. The Scottish Government should inform the Commission of any relevant developments and legislative changes in areas which effect the Commission's statutory forecasting functions in advance of the introduction of or changes to the legislation and as soon as reasonably practicable. In normal circumstances this should be at the timetabling stage of a bill, or when Ministerial clearance has been given for a piece of secondary legislation. Ideally, and where reasonably practicable, that will be no later than 40 working days in advance of the laying date.

67. The Commission will decide whether a supplementary costing will be produced based on the policy information provided. The Commission will provide an early indication, but no later than 30 working days in advance, as to whether it plans to produce a new forecast to accompany the publication of the legislation.

68. If the Commission plans to produce a forecast, then the process set out below will be followed. The timings will be subject to agreement between the parties. The timings below are indicative and may be lengthened or shortened depending on the circumstances. If those timescales affect the quality of the forecasts that may be reflected in the Commission's publication. The costing will be reviewed in the Commission's next forecast publication.

69. Scottish Parliament Standing Orders require the Presiding Officer, on or before the introduction of a Bill, to take a view on whether or not the provisions of the Bill would be within the legislative competence of the Parliament. Therefore, the draft Bill and accompanying documents, including the Financial Memorandum, are submitted 3 weeks ahead of the intended introduction date. The Scottish Government will endeavour to provide the Commission with policy information sufficiently in advance of this date to allow the Commission to produce a costing for inclusion in the Financial Memorandum. The timings below in paragraphs 70 to 72 refer to deadlines in days before the introduction of the legislation. For primary legislation this deadline means the date the Bill and accompanying documents are submitted to the Presiding Officer (which is three weeks before introduction of the Bill to Parliament and publication). It may not always be possible for the Scottish Government to confirm final policy in sufficient time for the Commission to prepare a robust forecast that could feed into the Financial Memorandum. In these circumstances the Commission will publish its own forecast on the same day as the primary legislation is published and the process will be based on the timings below.

70. Final Scottish Government policy to be included in the legislation will be shared with the Commission, at the latest, 10 working days in advance of introduction. If possible, draft versions will be shared earlier to aid development of the costings.

71. The Commission will provide the Scottish Government with draft forecasts and costings 6 working days in advance of introduction. The Commission will organise a forecast meeting shortly after. A final version of the forecasts and costings will be provided to the Scottish Government 4 working days in advance for a fact check with comments provided the next day. The final forecasts will be provided 2 working days in advance and sent to the relevant Scottish ministers.

72. The Commission will publish the forecasts and policy costings on their website by 3 p.m. of the working day when the legislation is published. The revised forecasts and policy costings will be sent to the Convenor(s) of the relevant Scottish Parliament Committee(s) at the same time as they are published.

Changes to Primary legislation

73. As early as possible, the Scottish Government will advise the Commission of likely policy changes as legislation progresses through Parliament to enable further model development and forecasting. The Commission will make a judgement on

whether different forms of announcement will constitute a formal change in the Scottish Government policy, in order to comply with the SFCA. These may include commitments made during a Ministerial statement, the lodging of a formal Scottish Government amendment to a Bill, or the agreement of the Scottish Government to support an opposition amendment.

74. If an updated Financial Memorandum is required ahead of Stage 3 the Scottish Government will inform the Commission as early as possible that it is possible updated forecasts will be required. This will be confirmed no later than fifteen working days before the updated Financial Memorandum is due to be published.

75. The final policy information will be provided to the Commission no later than 10 working days before the updated Financial Memorandum is due to be published. The Commission will aim to provide the Scottish Government with draft forecasts and costings of the policies no later than 6 working days in advance and will organise a forecast meeting within 2 working days after the costings are provided. The Commission will endeavour to provide the Scottish Government with a final version 2 working days in advance. The Commission's costing will be published at the same time the updated Financial Memorandum is published.

76. The minimum time between Stage 2 and Stage 3 is usually 10 parliamentary sitting days and for emergency legislation this can be compressed to an even shorter time period. Should legislation follow these timescales the Scottish Government will inform the Commission in advance of Stage 2 that they will be working to these timescales and that it is possible updated forecasts may be required. A timetable will be agreed for provision on information in preparation for updated forecasts being required. The shortest notice the Commission can be given of a policy change is 2 working days before the updated Financial Memorandum is due to be published.

Changes to the Budget Bill during its passage

77. The Commission anticipates that any changes announced by the Cabinet Secretary during the passage of the Budget Bill or Scottish Rate Resolution will be formal Scottish Government policy. The Commissioners retain the right not to produce a revised forecast or costing where they judge that this is not the case. The provisions on fiscal factors in the SFCA and the requirement on the Commission to assess the reasonableness of Scottish Ministers borrowing projections means any changes relevant to the Budget Bill are of interest to the Commission. The Scottish Government will provide the Commission with information on all relevant changes made to the Budget Bill, including those relating to tax, social security, its borrowing projections and the overall fiscal position explaining how those changes are funded. This information will be provided at the latest at the time changes are announced.

78. The Commission will endeavour to publish forecasts and costings relating to Budget changes at the time the Scottish Government announce the policy change, if

this is not the case Parliament will be informed when the Commission's costings of the policies will be available.

79. The Scottish Government would aim to lay amendments to policies which would require a revised forecast or assessment from the Commission prior to Stage 3. Stage 3 amendments could still be laid but the Scottish Government would seek to limit these to spending allocations which would not require updated Commission forecasts.

80. If the Cabinet Secretary responsible for Finance intends to announce firm policy changes or lay formal amendments to policy in areas the Commission is responsible for forecasting, the Scottish Government would aim to advise the Commission of the final changes a minimum of 4 working days before the event, whether that is the Stage 1, 3 or the Scottish Rate Resolution (SRR) debate, or the Committee Meetings to discuss Stage 2 amendments.

81. The Commission will aim to provide the Scottish Government with draft forecasts and costings of the policies by 3 p.m. 2 working days before the debate or Committee session and organise a forecast meeting one working day beforehand. In the cases where there will be a debate, the Commission will endeavour to provide the Government with a final version by 4 p.m. on the day before the Debate for fact-checking with comments by 9 a.m. on the day of the debate. In the cases where this will inform a Committee session, the Commission will provide the Government with a final version by 1 p.m. on the working day prior to the Committee session for fact-checking by 3 p.m.

82. When these costings have been produced to inform a Stage 1, 3 or SRR debate, the Commission will send the final version to the Cabinet Secretary by 11 a.m. on the day of the debate and will publish this on their website once the Cabinet Secretary completes their opening speech.

83. For Stage 2, the Commission will publish the amended forecast and policy costing annex on its website by 5 p.m. of the working day before the Committee consideration of Stage 2 amendments.

84. The revised forecasts and policy costings will be sent to the Convener of the Finance and Public Administration Committee at the time they are published online.

Changes after the Budget Bill

85. Changes may be made to the Scottish Budget following the passing of the Budget Bill. The Scottish Government will notify the Commission as soon as possible after a decision to review the budget has been made including the nature of the revision, and whether updated forecasts will be required. Should forecasts be required the Commission and the Scottish Government will agree a suitable

timetable. The Scottish Government will also provide updated borrowing information alongside the overall fiscal position including updated information on any associated UK spending consequentials or Block Grant Adjustments.

Fiscal Sustainability Reports

86. The Commission has begun work on long term fiscal sustainability and published the first Fiscal Sustainability Report in March 2023. The long-term nature of the analysis means that the substantive conclusions do not change sufficiently to justify full annual updates of the work. However, the Commission aims to produce reports on specific aspects of fiscal sustainability. The exact date of such publications will be confirmed at least six weeks in advance and set out in the Commission's forthcoming publications notice.

87. In advance of publication of any fiscal sustainability reports the Commission will develop a timetable for its work and agree with Scottish Government officials the timings for exchange of information. This timetable will include a number of meetings with Scottish Government officials in order to share the Commission's analysis, including how Scottish Government policy is reflected in the analysis. The process for sharing reports with the relevant Cabinet Secretaries and the Scottish Government will be the same as those for a fiscal event report, namely:

- **10 working days** prior to publication: Commission report shared for fact-checking by the Scottish Government.
- **7 working days** prior to publication: Commission report returned with comments from the Scottish Government.
- **4 working days** prior to publication: Commission report finalised.
- **1 working day** prior to publication:
 - The Commission shares pre-release version of the report with the relevant Cabinet Secretaries.
 - The Commission shares the media release with the Scottish Government.
- **Publication day**: Commission report laid in Parliament and published on the Commission's website.

Other reports on fiscal factors

88. The Commission may from time to time, produce reports on "other fiscal factors" including producing updates to their forecasts or publications (see paragraphs 59

and 60). For example, this may be due to a budget revision or an event that has economic or fiscal effects.

89. On such occasions the Commission will notify the Scottish Government as soon as reasonably possible following a decision to produce a report including whether or not the report will include updated forecasts.

90. The parties will seek to agree a suitable timetable for the publication date, exchange of information, turnaround times for fact-checking and media plans. The publication date will be published on the Commission's website once set. The Commission will provide feedback on the fact checking process. The Commission retains the right to publish at the time and date of its choosing, although any specific timescales contingent upon that publication date should be agreed between the parties.

Forecast Evaluation Reports

91. The Commission is required by the SFC Act 2016 to produce an annual evaluation report. This will generally be published in early September. The exact date will be confirmed at least one month in advance and set out in the Commission's forthcoming publications notice.

92. The process for sharing the report with the relevant Cabinet Secretaries and the Scottish Government will be the same as those for a fiscal event report, namely:

- **7 working days** prior to publication: Commission report shared for fact-checking by the Scottish Government.
- **3 working days** prior to publication: Commission report returned with comments from the Scottish Government.
- **2 working days** prior to publication: Commission report finalised.
- **1 working day** prior to publication:
 - Pre-release version of the report shared with the relevant Cabinet Secretaries.
 - Media release shared with the Scottish Government.
- **Publication day**: Commission report laid in Parliament and published on the Commission's website.

Other reports and publications, including information or analysis provided to Scottish Parliament committees

93. The Commission may, from time to time, publish working or occasional papers. The Commission will share these papers for fact-checking purposes if there are relevant areas for the Scottish Government to check, such as use of Scottish Government data or references to policy measures. Papers, or extracts from them, may be shared with other organisations also for this purpose (for example, OBR, HMRC). These papers will be shared in their final form with Scottish Government officials and the responsible Cabinet Secretary one working day in advance of publication.

94. The Commission will send a copy of any other analysis which it prepares in relation to its forecasts, such as responses to Parliamentary Committees, to the responsible Cabinet Secretary and to the named points of contact no later than the time of general publication or submission to committees of the Scottish Parliament.

95. The Scottish Government will likewise undertake to provide the Commission with a copy of any reports or publications which refer to the work of the Scottish Fiscal Commission for a fact-check in advance of publication. These papers will be shared in their final form no later than the time of general publication.

96. In both case, parties will endeavour to share a copy of the relevant analysis, response, report or publication in advance of general publication.

Access to information

97. The Commission has a right of access to any relevant information held by the Scottish Government that the Commission may reasonably require for the purpose of performing its functions. As set out in the Scottish Fiscal Commission Act, this right of access covers both the core Scottish Government and Scottish Government agencies such as Social Security Scotland. The Commission will endeavour to set out requirements as far in advance as possible, although this may not always be possible.

98. Should a request require new analysis by the Scottish Government, deadlines will be agreed by the points of contact. Outwith the periods of fiscal events and production of relevant publications, the maximum turnaround would usually be 10 working days. During fiscal events and fiscal factor publications shorter timescales are likely to be appropriate. The deadlines agreed will also reflect the difficulty of the request; requests for existing information should be provided as soon as reasonably possible, whereas particularly onerous requests may require more than 10 working days.

99. This right of access is subject to any enactment or rule of law that prohibits or restricts the disclosure of any information or the giving of assistance or explanation. As set out in paragraphs 9 to 11, the points of contact will ensure relevant staff are aware of the Commission's rights of access to information.

100. In addition, the Scottish Government will facilitate access to information, where possible, from other organisations, by providing key contacts and assisting the Commission. Where either the Scottish Government or the Commission receive or request information from UK Government departments the other organisation will, where relevant and appropriate, inform the other of the request and information received. The arrangements for sharing information will be determined by the relevant memorandums of understanding (MoUs) between the Scottish Government/Commission and the UK Government department providing the information.

101. If requested by the Commission, and where reasonable and appropriate, the Scottish Government will use its best endeavours to improve the provision of data required for Scottish economic and fiscal forecasting, working with the Commission, local authorities, devolved public bodies, UK public bodies and UK Government Departments as appropriate.

Informal engagement throughout the year

102. Outwith fiscal event periods the Commission will continue to develop and improve modelling and forecasting approaches. Throughout these development periods, the Commission will be engaging continuously and informally with a range of stakeholders to inform the modelling approach, continue to develop analysis and undertake activities to better inform the Scottish Parliament and the general public. This will ensure that the methods the Commission uses have the capability to adapt to different approaches and policy scenarios. The Commission remains responsible for the production of independent forecasts and will retain control over all models and forecast methodologies.

103. A key part of this engagement will be with policy and analytical staff in the Scottish Government. This engagement will take many forms:

- Working groups on particular tax and social security areas or on particular modelling developments. These may include other bodies, such as Revenue Scotland.
- Informal bilateral engagement between policy and analytical staff in the Commission and the Scottish Government.

104. Information on working group activity will be published as part of the Commission's annual report.

105. The Commission will commit to sharing, as required by the Scottish Government, relevant models, data (if possible) and plans for the development of approaches, to ensure that Scottish Government analysts are as well informed as possible. This includes behavioural assumptions used in policy development. The Commission retains the right to alter or amend any model, assumption or judgement used in producing its forecasts.

Parliamentary Questions

106. The approach to Parliamentary Questions (PQs) is set out briefly in the Framework Document.³ The Commission may be asked to provide information to enable the Scottish Government to draft answers and briefing for written and oral PQs relating to the Scottish Budget or Scottish Public Finances.

107. For PQs which concern operational matters, the general principle is that it is not appropriate for Ministers to answer on behalf of the Commission. If it is appropriate for information to be provided, the Commission's Chief Executive will be asked to prepare the substance of the answer and it will be clearly identified as the Chief Executive's response. Where the matter is purely operational, the Scottish Government will refer the PQ to the Chief Executive, the answer will note that it is a matter for the Commission and the Commission may be asked to write to the relevant MSP directly. Operational matters include the Commission's forecasts, assessments and reports, including models and methodologies used, factors taken into account, assumptions made and risks which the Commission considered to be relevant.

108. If a contribution is requested from the Commission, the deadlines may be quite demanding. For oral PQs in particular, the Scottish Government will endeavour to make the Commission aware of PQs which may require a contribution as soon as the Scottish Government becomes aware of them. The Scottish Government will then provide detail of deadlines when this information is available so as to maximise the time available to the Commission to prepare its contribution. For written PQs, provided appropriate notice has been given, the Commission will provide their contribution 2 working days before the deadline.

109. For all PQs where the Scottish Government plans to quote directly or indirectly from the Commission's work in its answer, the Scottish Government should notify the Commission as early as possible about the intention to quote. For written PQs, the Scottish Government should provide a copy of the response for fact-checking in advance of issue, giving the Commission at least one working day to return fact-check comments.

³ Scottish Fiscal Commission Framework Document (June 2019) ([link](#))

Ministerial Correspondence

110. Occasionally the Scottish Government may invite the Commission to contribute to the Scottish Government's reply to correspondence sent to Scottish Ministers relating to the Scottish Budget or Scottish Public Finances. The Scottish Government should inform the Commission within 3 working days of receipt and set out deadlines for the provision of a contribution. In normal circumstances, the Commission will supply that contribution 2 working days before the deadline. Where the Commission has been asked to provide a contribution, the Scottish Government will normally share the replies with the Commission via the Chief Executive, copied to the points of contact.

111. Where appropriate, Ministers will invite the Commission to respond directly on operational matters, which includes its forecasts, assessments and reports, including models and methodologies used, factors taken into account, assumptions made and risks which the Commission considered to be relevant.

Freedom of Information, Environmental Information Regulations and Data Protection Act subject Access Requests and any statutory reporting

112. The Commission and the Scottish Government will make the other organisation aware of requests, papers or replies which relate to their respective roles. The Scottish Government will make the Commission aware of any request which relates to the Commission's forecasting and assessment work. Similarly, the Commission will make the Scottish Government aware of any requests which relate to tax or social security policy, or the process followed around fiscal events.

113. Where information is shared between the Scottish Government and the Commission, the organisation which shares the information will, where reasonably practicable, make it clear at the time it is shared whether the information is considered by that organisation to be sensitive.

114. If a request is made to the Scottish Government for the disclosure of information received from the Commission, or that concerns information which might be sensitive for the Commission or exempt under FOI legislation, the decision as to whether to disclose information is solely for the Scottish Government. As with all requests relating to the Commission's role and work, the Scottish Government should alert the Commission both before responding to the request and before publishing.

115. If a request is made to the Commission for the disclosure of information received from the Scottish Government, or that concerns information which might be sensitive for the Scottish Government or exempt under FOI legislation, the decision as to whether to disclose information is solely for the Commission. As with all requests relating to tax or social security policies, or the process followed around

fiscal events, the Commission should alert the Scottish Government both before responding to the request and before publishing.

116. All information between the Scottish Government and the Commission on FOI/EIRs should be via the named points of contact.

Confidentiality / commercial in confidence

117. As set out in the Framework Document, the Commission is bound by the confidentiality requirements set out in the Code of Conduct for Members of the Scottish Fiscal Commission. The staff of the Commission are bound by the Civil Service Code. In particular, the Commission and its staff will keep all privileged budget information confidential in advance of publication of the Scottish Budget; privileged budget information will include tax policy decisions, such as tax rates and bands. The Scottish Government will ensure that all documents provided to the Commission which contain privileged budget information are provided in confidence to specific individuals and marked as such. The Commission will similarly protect all information which is “commercial in confidence”; the Scottish Government will ensure that any information which it passes to the Commission which may be regarded as commercial in confidence is marked as such.

Right of Representation

118. Where agreement cannot be reached on an issue covered under this Protocol, there will be a right of representation. In the first instance, this will be between the Chief Executive of the Commission and the relevant Director in the Scottish Government or Chief Executive of the relevant agency. If the issue cannot be resolved, or in exceptional cases due to urgency, the Chair of the Scottish Fiscal Commission may directly approach DG Scottish Exchequer, or vice versa. Every effort will be made by both parties to ensure agreement. The named points of contact shall be informed of any meeting in advance.

Publication of the Protocol

119. The Commission will publish the Protocol on their website and will send a copy to the Scottish Parliament Finance and Public Administration Committee Convener copied to the Cabinet Secretary responsible for Finance.

Revisions to the Protocol

120. The Protocol can be revised as and when appropriate to ensure effective and transparent engagement between the Scottish Government and the Commission around fiscal events. To date the Protocol has been reviewed every summer and a new version published in the early autumn ahead of the Budget fiscal event period.

Should either the Commission or the Scottish Government deem a material need for a review of the Protocol this will be considered by both parties. The Protocol will be reviewed, at a minimum, every three years.

121. Any revisions to the Protocol require the joint agreement of both parties. The Protocol will be agreed by officials and signed off by the Cabinet Secretary responsible for Finance, the Cabinet Secretary responsible for Social Security and the Chair of the Commission.

122. Any revisions to the Protocol will be published and shared with the Finance and Public Administration Committee of the Scottish Parliament when or in advance of when the revised protocol is published.