
Business Plan 2024-25

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Introduction

1. This business plan presents our priorities for the year ahead and sets out how we plan to deliver our strategic objectives. Our strategic objectives and values are set out in our corporate plan for April 2022 to March 2025.¹

Box 1: Summary of our Corporate Plan

What we do: our mission

We produce independent, robust forecasts and assessments to improve the transparency and scrutiny of the Scottish Budget.

Why we do it: our vision

The Scottish Budget is transparent and well-scrutinised, and Government and Parliament understand the inevitable uncertainties and risks relating to devolved public finances.

What we do: our strategic objectives

Provide robust, independent, official forecasts of Scotland's economy, devolved tax revenues and social security spending.

Explain what our forecasts and analysis mean for the Scottish Budget.

Analyse and explain the medium and longer term risks to the Scottish Budget.

Be an effective and efficient organisation with skilled, knowledgeable people.

Our values

Everyone can trust our work because:

- we are independent – we are impartial, honest, and objective
- we work well with others
- we are transparent and we promote transparency in Scottish public finances
- we explain complex matters clearly and make our work easy to access
- we produce quality work which informs public debate

2. Many of our activities contribute to more than one of our strategic objectives, as illustrated in Box 1.
3. Our aim is to produce regular sets of forecast publications. Our main forecasts usually accompany Scottish Government fiscal events (the Scottish Budget and Medium Term Financial Strategy) which can also be affected by the timing of UK fiscal events. This means the timing of our forecasts is not typically determined by the Commission. In the past, both UK and Scottish fiscal events have not followed a regular timetable which means it can be difficult to plan our core and most substantial publications.
4. We anticipate a more regular publication schedule this year, although the dates of some of our activities may have to change as the timetable of fiscal events unfolds. We continue to try to give as much clarity as we can about when we expect to be able to publish our forecasts through our monthly list of our forthcoming publications. This may also affect how much progress we can make on the development work listed in Annex A.
5. We will report on our activities in two ways. Firstly, we report our forecasting performance in our forecast evaluation reports, which give detailed quantitative and qualitative analysis of how accurate our forecasts were and what the factors determining this have been. Secondly, we report on our corporate work and stakeholder engagement in our annual report and accounts.

¹ Scottish Fiscal Commission (2022) Corporate Plan 2022-25 ([link](#))

2024-25 Activities

Planned analytical publications

6. Our forecasts are prepared in-house by the Commission's staff, using models developed and maintained by the Commission. Our Commissioners are personally and collectively responsible for the judgements that underpin our forecasts.
7. We will publish two sets of economic and fiscal forecasts during the year. The first usually informs the Scottish Government's Medium Term Financial Strategy and Resource Spending Review in May. The second will inform the Scottish Budget later in the year.
8. We will publish our Forecast Evaluation Report (FER) covering the economy, tax, and social security forecasts later in the summer. The precise date depends on when outturn data become available. Our Statement of Data Needs is now a biennial publication, and we expect to publish it alongside the 2024 FER.
9. We now undertake work on fiscal sustainability, following a recommendation from the OECD and with support from the Scottish Parliament's Finance and Public Administration Committee. We published our first Fiscal Sustainability Report in March 2023.² It identified key long-term pressures and opportunities facing the economy and public finances over the next 50 years. It explained how our ageing population might lead to increased demand on some services (such as health) and reduced demand for others (such as education), and what these changes in demographics mean for the tax base and future tax revenue. Our next Fiscal Sustainability Report with updated projections will be published in 2025. We plan to focus on the topic of health for this paper.
10. The long term nature of the work means that substantive conclusions do not change sufficiently to justify annual reports. We will therefore be publishing a full fiscal sustainability report every two years. In the intervening years we will publish shorter papers on specific topics. In March 2024 we published our first Fiscal Sustainability Perspectives paper, focused on climate change.
11. When the Scottish Government makes a policy change to an existing tax or benefit, we would publish a policy costing if we consider the policy change to be material. The quantity and timing of this work depends on Scottish Government policy decisions.
12. Annex A details the analytical development work we are considering undertaking this year.

Strategy, Governance and Corporate Services

13. On the corporate governance side, we have controls and monitoring necessary for the proper stewardship of our resources that are appropriate to our scale and functions. These ensure that we manage our people, budget, risk, information, and records appropriately. We will be engaging with Scottish Government's work to deliver a new, more integrated finance and HR Oracle based system to ensure that it will be able to meet our needs when they are launched, with implementation of the new HR system, and new finance system due later in 2024.
14. Governor's House is fully open for use by staff, and it is expected that hybrid working will continue to be a feature of future working patterns.
15. Informed by academic evidence and our own analysis, we developed in 2023-24 a new communications and engagement strategy that will take account of the different channels through

² Scottish Fiscal Commission (2023) Fiscal Sustainability Report – March 2023 ([link](#))

which different audiences most effectively engage with the work of the Commission. Following the publication of our first Fiscal Sustainability Report in March 2023 we put in place a plan to communicate its messages to key decision makers where engagement was phased over a number of months in contrast to the shorter-term engagement around our two forecast reports. This approach seems to have been successful given the informal feedback we have received. A stakeholder survey was undertaken in February to March 2024 to provide more formal feedback and establish a baseline for an evidence-based approach. In the meantime, we plan to continue with our current approach to engagement. We are also developing evaluation tools to develop evidence on specific events and engagement.

16. We developed a presentation providing background information and context on the Scottish Budget, explaining how the Budget is funded and allocated, the Budget process and how the Budget changes during the year and our role. We used the presentation on several occasions including to Parliamentary staff, the Scotland Office, and other organisations. We plan to develop the presentation further and create a series of short videos to be published on our website.
17. The Governance Board will continue to monitor implementation of the refreshed engagement strategy.
18. Following the audit of the accessibility of our website we have made progress in making our website accessible. We have ensured that the PDF files containing our published reports are now accessible as well as the website itself. We are currently planning to refresh our website during 2025-26 including the addition of text based versions of our reports. During 2024-25 we will be developing the specification for this project.
19. Work is progressing on agreeing the Framework Agreement between the Commission and Scottish Government based on the recently updated model Framework published by the Scottish Government. This work should be completed, and the Framework finalised in the first quarter of 2024-25.
20. We are not expecting any changes to either our Commissioners or the external members of the Audit and Risk Committee during 2024-25.
21. The Commission is committed to promoting equality and diversity in its activities and operation, and we wish to make commitments to improving diversity and inclusion and intend to report on them in our annual reports. This year our priorities are to:
 - continue our work on staff recruitment with the aim of employing more women and people with disabilities; paying particular attention to how we advertise vacancies, provide information to applicants, and design the application and selection processes
 - ensure that staff and Commissioners are aware of equalities issues both in the way that we work together and also in our published outputs and external engagement
 - plan an internal programme of activities to raise awareness of equalities issues
 - start work to recruit our next set of commissioners, with appointments due to be made in October 2025, and reappointments/appointments in June 2026.

External Review

22. The Commission is required to appoint independent external reviewers every five years. Our last review took place in 2019, our next review is taking place in 2024. The OECD have been appointed to conduct this review and will undertake a 'mission' visit to Edinburgh in April 2024. We expect the conclusions of the review to be published in autumn 2024.

Figure 1: How our core work delivers our strategic objectives

Activities	Provide robust, independent, official forecasts	Explain what our forecasts and analysis mean for the Scottish Budget	Analyse and explain the medium and longer term risks to the Scottish Budget	Be an effective and efficient organisation with skilled, knowledgeable people
Scotland's Economic and Fiscal Forecasts	✓	✓	✓	
Evidence to Parliamentary Committees		✓	✓	
Events		✓	✓	
Policy costings	✓			
Forecast evaluations	✓	✓	✓	
Fiscal updates		✓	✓	
Fiscal sustainability analysis			✓	
Model development	✓			✓
Corrections and error log	✓	✓	✓	✓
Annual review of protocol with Scottish Government	✓			✓
Reviewing / developing Memorandum of Understanding (MoUs)		✓		
Discussions with stakeholders	✓	✓	✓	✓
Participate in international IFI networks		✓		✓
Corporate policies, processes & controls				✓
Annual report and accounts				✓
Review Framework Document				✓
Staff development and training	✓	✓	✓	✓
Recruitment processes				✓
Support Governance Board and Audit and Risk Committee				✓
Transition to new Scottish Government systems				✓
Website accessibility and maintenance		✓	✓	✓

Key risks

23. We consider our risks in five broad themes: corporate, reputation, independence, staffing, and partners.
24. Staffing has consistently proved our highest scoring risk and we are conscious that the Commission can only achieve its objectives through the expertise, diligence, and commitment of our staff. Staff wellbeing and development will therefore continue to be a focus for us. Maintaining our open, supportive, collaborative culture will continue to require conscious effort as we continue with hybrid working. Although there was turnover of analytical staff in the latter part of 2023, as staff moved to progress or develop their careers, new staff have settled well into their new roles. The risks to the quality of the shared HR service provided by the Scottish Government, including the move to a new Oracle based HR system later in 2024, continue to cause us concern and this adds to the potential staffing risks if recruitment is delayed.

Resources

25. As at 1 April 2023 we have four Commissioners:
- Professor Graeme Roy – Chair
 - Professor Francis Breedon
 - Professor David Ulph
 - Professor Domenico Lombardi
26. As at 1 April 2024 we have 25 staff (making a full time equivalent of 23.2).
27. The Senior Management Team comprises:
- Chief Executive – John Ireland
 - Head of Economy and Income Tax – David Stone
 - Head of Fiscal Sustainability and Public Funding – Claire Murdoch
 - Head of Social Security and Devolved Taxes – Michael Davidson
 - Head of Strategy, Governance, and Corporate Services – Susie Warden
28. The Scottish Fiscal Commission's budget for 2024-25 is £2.706 million. In line with the OECD Principles for Independent Fiscal Institutions, the Scottish Government have provided us with an indication that our funding for 2025-26 will be £2.731 million and for 2026-27 £2.751 million. This resource allocation reflects our current remit, which would need to be adjusted should that remit be altered.

Annex A – Development work

Overview

29. In this Annex we detail development work by area and cross-cutting projects. These have been drawn from discussions within each team, external commitments, discussions with Commissioners, developments from our Forecast Evaluation Reports, the independent review by the OECD in 2019, feedback from stakeholders as well as development work that we were not able to complete in 2023-24.

Figure 2: Development work – Economy

Project	Description & output	Benefits
Scotland-UK relative economic performance	<ul style="list-style-type: none"> Continue to analyse the region-by-sector breakdowns of PAYE Real Time Information (RTI) data to understand potential drivers of Scotland-UK economic asymmetries, such as activity in the North Sea oil and gas industry. Continue to scrutinise any divergences between Scottish and UK forecasts of participation, employment, earnings, income tax revenues (looking at outturn data sources as opposed to methodology or judgements) 	<ul style="list-style-type: none"> Improved economy and fiscal forecasts and narrative Improved understanding of income tax net position
Nowcasts and short-run forecasts	<ul style="list-style-type: none"> Explore ways to improve our short-run forecasting toolkit for Gross Domestic Product (GDP), employment, and earnings. This may include using novel leading indicators, sectoral analysis, and new regional nowcasting models. Continue to update our internal Dashboard to monitor developments in the Scottish economy and labour market, including comparisons to the UK, and to track our previous forecasts against the latest data. As part of the Dashboard, continue to develop and update our Scottish Economic Policy Uncertainty Index 	<ul style="list-style-type: none"> Improved economy forecasts and narrative Improved communication of our forecasts
Student dissertations	<ul style="list-style-type: none"> Proposals to undertake research on regional effects of monetary policy and on predictors of earnings growth differences between Scotland and the UK. 	<ul style="list-style-type: none"> Improved forecasts
Model development and simplification	<ul style="list-style-type: none"> Clean up and streamline models Documentation Standardisation of structure 	<ul style="list-style-type: none"> Improved efficiency Improved internal processes
Links with work of public funding team	<ul style="list-style-type: none"> Contribute to the ongoing fiscal sustainability work. Continue to build a complete and coherent picture of Scottish Government funding and spending, and to ensure internal consistency of public sector employment and earnings forecasts (total public sector pay bill) with public sector output forecasts and budget plans 	<ul style="list-style-type: none"> Improved forecasts Openness and transparency Improved communication of our forecasts

Figure 3: Development work – Fiscal Sustainability and Public funding

Project	Description & output	Benefits
Second FSR	<ul style="list-style-type: none"> Publish our second FSR in 2025 with long-run projections of the Scottish Government's finances. The focus of the report will be on health spending 	<ul style="list-style-type: none"> Update FSR projections to latest population projections and refine approach to projecting health spending Remain relevant to ongoing discussion of long-term challenges for the Scottish Government Maintain communication channels with FPAC and others
Model development – FSR	<ul style="list-style-type: none"> Review models and guides <ul style="list-style-type: none"> Clean up the current models, ready for other staff to use them Standardisation of structure and graphs across FSR models Comprehensive set of internal guides to each model 	<ul style="list-style-type: none"> Business continuity as our team changes Make the process of updating the models with new data straightforward Set models up ready for additional analysis
Stakeholder engagement – FSP and FSR	<ul style="list-style-type: none"> Engage with external stakeholders around March 2024 Fiscal Sustainability Perspectives: Climate Change report Engage with external stakeholders and experts on health in preparation for our 2025 Fiscal Sustainability Report 	<ul style="list-style-type: none"> Disseminate the findings from our March 2024 FSP report on climate change Provide additional insight to inform our health focused FSR in 2025
Communications	<ul style="list-style-type: none"> Develop alternative ways to communicate our explanations of how the Scottish Budget is funded Presentations, and videos to appear on the Commission's website 	<ul style="list-style-type: none"> Develop skills within team Move away from long format reports for all publications, provide information in different ways to suit different audiences
Model development – SEFF	<ul style="list-style-type: none"> Make models clearly updateable, so that SEFF updates do not depend on any one team member Review internal funding handbook and induction material to update for current processes 	<ul style="list-style-type: none"> Improved forecasts Improved internal management
Chapter development – SEFF	<ul style="list-style-type: none"> Continue to work with Tax and Social Security teams to develop links in the SEFF 	<ul style="list-style-type: none"> Improved communication on Scottish Government funding

Project	Description & output	Benefits
Spending paper	<ul style="list-style-type: none"> Update and repeat analysis included in the January 2024 spending paper 	<ul style="list-style-type: none"> Improved communication of how Scottish Government spending is evolving over time
Implications of forecast errors chapter – FER	<ul style="list-style-type: none"> Add new chapter in FER, to show how forecast errors affect Scottish Budget funding 	<ul style="list-style-type: none"> Improved understanding of how forecast errors affect Scottish Budget funding

Figure 4: Development work – Tax

Project	Description & output	Benefits
NDR	<ul style="list-style-type: none"> • Incorporate new appeals data as it comes in, to better model the effect of the new 3-year appeals process • Model streamlining and preparing to move to open source 	<ul style="list-style-type: none"> • Improved forecasts • Improve efficiency
LBTT	<ul style="list-style-type: none"> • Work on improvements to our underlying model for house prices and transactions and consideration of links to broader economy 	<ul style="list-style-type: none"> • Improved forecasts • Improved economy and fiscal narrative • Improved understanding of LBTT
SLfT	<ul style="list-style-type: none"> • Develop our forecasting approach for the period after the Biodegradable Municipal Waste (BMW) ban 	<ul style="list-style-type: none"> • Improved forecasts
Income Tax	<ul style="list-style-type: none"> • Behavioural effects on income tax – continuing to review • Model streamlining and preparing to move to open source • Continue to assess multiple data sources and which are most appropriate for forecasting purposes, with focus on RTI and PUT 	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved economy and fiscal narrative • Improved understanding of income tax net position • Improved internal processes
Scottish Aggregates Tax	<ul style="list-style-type: none"> • Preparing to move from illustrative forecast to a more robust model to be ready for the implementation of Scottish Aggregates Tax from the beginning of 2026-27 	<ul style="list-style-type: none"> • Improved forecasts
Cross-cutting	<ul style="list-style-type: none"> • QA strategy 	<ul style="list-style-type: none"> • Improved forecast transparency • Improved internal processes

Figure 5: Development work – Social security

Project	Description & output	Benefits
Stakeholders	<ul style="list-style-type: none"> Maintain good lines of communication between the Commission and the policy and analytical teams within the Scottish Government, Social Security Scotland, UK Government Departments, Scottish Parliament, and other institutions 	<ul style="list-style-type: none"> Improved efficiency Improved forecasts Improved internal processes
Model development	<ul style="list-style-type: none"> Continue to develop disability payment models to reflect underlying trends and the effect of the launch of the Scottish replacement payments 	<ul style="list-style-type: none"> Improved efficiency Improved forecasts
Documentation and standardisation	<ul style="list-style-type: none"> Continue the development of internal guides for all our models – these are to include model background and step-by-step guides on how to update models Implementing non-restrictive principles to standardise the structure and key elements of existing guide and models 	<ul style="list-style-type: none"> Improved efficiency Improved forecasts Improved internal processes
Collaboration	<ul style="list-style-type: none"> Work collaboratively with analytical teams in Social Security Scotland who are developing the statistical publications for the payments they administer; and analytical teams in the Scottish Government. 	<ul style="list-style-type: none"> Improved efficiency Improved forecasts Improved stakeholder relations

Figure 6: Development work – Cross-cutting analytical

Project	Description & output	Benefits
Planning ahead of next SEFF publication	<ul style="list-style-type: none"> On-going work to do internal wash-ups from each publication and prepare and plan for the next publication 	<ul style="list-style-type: none"> Improved internal processes Improved efficiency
Population projections	<ul style="list-style-type: none"> Continue to update our own bespoke population projections, including work to align to the results of Scotland’s Census 2022 and updating our long-term projections to inform our next Fiscal Sustainability Report 	<ul style="list-style-type: none"> Improved internal processes Improved forecasts
Costings database	<ul style="list-style-type: none"> Creating a costings database of all previous costings 	<ul style="list-style-type: none"> Openness and transparency Improved internal processes Improved forecasts
Quality Assurance	<ul style="list-style-type: none"> Undertake a light QA exercise across the Commission. Encouraging teams to action their previous QA modelling results and offering support where required 	<ul style="list-style-type: none"> Improved internal processes Improved forecasts
Interns	<ul style="list-style-type: none"> Offer paid opportunities to students through Economics Futures Programme 	<ul style="list-style-type: none"> Improved outreach to potential candidates Improved forecasts
Review Protocol with Scottish Government	<ul style="list-style-type: none"> Annual review and update of the Protocol between the Commission and Scottish Government 	<ul style="list-style-type: none"> Improved relationship with stakeholder
Develop greater infographics capability	<ul style="list-style-type: none"> Explore how we can improve interpretation of our work on our website, Twitter and LinkedIn through better use and quality of graphics 	<ul style="list-style-type: none"> Improved communication of our forecasts

Figure 7: Development work – Corporate

Project	Description & output	Benefits
New HR and Finance Systems	<ul style="list-style-type: none"> Engage with Scottish Government shared service providers with preparations for implement of the new Oracle based HR and Finance systems later in 2024 	<ul style="list-style-type: none"> Improved internal processes Streamlined and integrated systems Opportunities for improved management reporting
Statutory Review	<ul style="list-style-type: none"> Provide support for the next statutory review to be undertaken by the OECD in Summer 2024 	<ul style="list-style-type: none"> Meet the requirements of the Scottish Fiscal Commission Act 2016 Assurance about the quality of reporting Assurance about the underpinning internal forecasting process Opportunity to identify areas for further development
Engagement	<ul style="list-style-type: none"> Corporate contribution to implementation engagement strategy including reviewing the outcome of the stakeholder survey undertaken in February to March 2024 and developing evaluation tools for engagement events Extending our links with other fiscal institutions, and broadening our communications and engagement with stakeholders 	<ul style="list-style-type: none"> Evidence base for engagement work to allow informed decisions on prioritisation of communication channels.

Abbreviations

CSP	Carer Support Payment
FER	Forecast Evaluation Report
FSR	Fiscal Sustainability Report
HR	Human Resources
IFI	Independent Fiscal Institution
MoU	Memorandum of Understanding
NDR	Non-Domestic Rates
OECD	Organisation for Economic Co-operation and Development
QA	Quality Assurance
RTI	Real Time Information
SEFF	Scotland's Economic and Fiscal Forecasts
SPICe	Scottish Parliament Information Centre
SLfT	Scottish Landfill Tax

A full glossary of terms is available on our website: [Glossary | Scottish Fiscal Commission](#)

Professional Standards

The Commission is committed to fulfilling our role as an Independent Fiscal Institution, in line with the principles set out by the Organisation for Economic Cooperation and Development (OECD).³

The Commission also seeks to adhere to the highest possible standards for analysis. While we do not produce official statistics, we voluntarily comply as far as possible with the UK Statistics Authority's Code of Practice for Statistics. Further details and our updated statement of voluntary compliance can be found on our website.⁴

³ OECD (2014) Recommendation on Principles for Independent Fiscal Institutions ([link](#))

⁴ Scottish Fiscal Commission (2022) Compliance with the Code of Practice for Official Statistics ([link](#))

Correspondence and enquiries

We welcome comments from users about the content and format of our publications. If you have any feedback or general enquiries about this publication or the commission, please contact info@fiscalcommission.scot. Press enquiries should be sent to press@fiscalcommission.scot.

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