
Business Plan 2025-26

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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.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

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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) the timing of which can 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 recent 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.

¹ Scottish Fiscal Commission - [Corporate Plans](#)

4. We anticipate a more regular publication schedule this year after last year's UK General Election, although the dates of some of our activities may have to change as the timetable of fiscal events unfolds. In addition, with an annual fiscal sustainability publication and a pre-Budget Fiscal Update in late August we are moving towards a year round schedule. 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.

2025-26 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 will inform the Scottish Government's Medium Term Financial Strategy on 29 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 becomes available. Our Statement of Data Needs is now a biennial publication, and we expect to publish it alongside the 2026 FER. We will publish a Fiscal Update in late August 2025 to help inform the Finance and Public Administration Committee's pre-Budget scrutiny.
9. We also publish work on fiscal sustainability. 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 will be published on 8 April 2025. It will have a focus on health and incorporate both updated populations projections, and a more in depth analysis of how health affects fiscal sustainability.
10. We have two additional publications on fiscal sustainability planned. In summer 2025 we plan to publish an update to our Fiscal Sustainability Perspectives report on climate change. This will reflect the Climate Change Committee's (CCC) Seventh Carbon Budget pathways and advice provided by the CCC to the Scottish Government on its interim targets. We also plan to publish in early 2026 a second Fiscal Sustainability Perspectives report, the topics for this report will be decided based on discussions with stakeholders.
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 on implementing and bedding in the

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

more integrated finance and HR Oracle based systems which were launched in October 2024 to ensure that it will meet our needs.

14. Governor's House remains fully open for use by staff, hybrid working is now embedded in our working patterns.
15. We will continue to develop our engagement and communication work informed by our engagement strategy and the recommendations of our external review.
16. The Governance Board will continue to monitor implementation of the refreshed engagement strategy.
17. Work is progressing on revising 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 2025-26.
18. The appointments of two of our Commissioners will be ending in October 2025 (Professor David Ulph, and Professor Francis Breedon). Accordingly, we will be recruiting two new Commissioners for appointment from October 2025. The opportunity has been taken to review the skills and experience required by Commissioners, reflecting our wider remit and role, which is intended to widen the pool of potential applicants and improve the gender balance of the Commissioners.
19. The external members of the Audit and Risk Committee are both eligible for reappointment from May 2025.
20. 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 in our published outputs and external engagement
 - plan an internal programme of activities to raise awareness of equalities issues
 - continue work to recruit our next set of Commissioners, with appointments due to be made in October 2025, and reappointments or appointments in June 2026.

External Review

21. The Commission is required to appoint independent external reviewers every five years. Our first review took place in 2019. The outcome of the second review, which took place in 2024, was published in March 2025.³ During 2025-26, we will reflect on the recommendations made by OECD in its report working with both the Scottish Government and Parliament.

³ OECD (March 2025) [OECD Review of the Scottish Fiscal Commission 2025](#)

Activities	Provide robust, independent, and authoritative official forecasts of Scotland's economy, devolved tax revenues and social security spending and explain what these mean for the Scottish Budget	Provide insightful, impartial analysis of the Scottish Government's funding and spending and assess the reasonableness of its borrowing projections	Analyse and report on issues with major impacts for the long-term sustainability of 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		✓		
Discussions with stakeholders	✓	✓	✓	✓
Participate in international IFI networks		✓		✓
Corporate policies, processes, and controls				✓
Annual report and accounts				✓
Review Framework Document				✓
Staff development and training	✓	✓	✓	✓
Recruitment processes				✓
Support Governance Board and Audit and Risk Committee				✓
Embed new Scottish Government systems				✓
Website accessibility and maintenance		✓	✓	✓

Key risks

22. We consider our risks in five broad themes: corporate, reputation, independence, staffing, and partners.
23. 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. There was very little staff turnover in 2024-25, though recruitment was undertaken in early 2025 for a new Senior Analyst to lead on public funding, and the recruitment of a new Business and Finance Manager was started. The Oracle Cloud system was introduced from October 2024.

Resources

24. At 1 April 2025 we have four Commissioners:
 - Professor Graeme Roy – Chair
 - Professor Francis Breedon
 - Professor David Ulph
 - Professor Domenico Lombardi
25. At 1 April 2025 we have 28 staff, including one secondee and one contingent worker (a full time equivalent of 23.2).
26. 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
27. The Scottish Fiscal Commission's budget for 2025-26 is £2.8 million. In line with the OECD Principles for Independent Fiscal Institutions, the Scottish Government have provided us with an indication that our funding for 2026-27 and for 2027-28 is to be confirmed. This resource allocation reflects our current remit, which would need to be adjusted should that remit be altered.

Scottish Fiscal Commission
April 2025

Annex A – Development work

Overview

28. 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 2024, feedback from stakeholders as well as development work that we were not able to complete in 2024-25.

Figure 2: Development work – Economy

Project	Description and output	Benefits
Nowcasts and short-run forecasts	<ul style="list-style-type: none"> Joint project with the University of Strathclyde aimed at applying their latest research in regional nowcasting and developing a new model for us to use as an input in the production of our forecast of Gross Domestic Product. Participate at workshops to present the development work and outcomes. 	<ul style="list-style-type: none"> Improved forecasts Improved stakeholder relations
Regional data and Scotland-UK relative economic performance	<ul style="list-style-type: none"> Continue to monitor and analyse sources of regional data to explore trends in the Scottish economy and labour market as well as potential drivers of any Scotland-UK asymmetries. Continue to engage with data producers to further improve the quality and availability of regional data and to meet our forecasting needs. 	<ul style="list-style-type: none"> Improved economy and fiscal forecasts and narrative Improved understanding of income tax net position
Student placement	<ul style="list-style-type: none"> A summer placement through the Economic Futures programme will consider: <ul style="list-style-type: none"> regional economic and labour market performance and relationships with regional earnings growth, to inform our economy judgements undertake research on labour market impacts of Artificial Intelligence. 	<ul style="list-style-type: none"> Inform future work on the economy
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"> Collaborate across the SFC to improve understanding of Scotland's public finances and links with the economy forecast, such as on public sector pay and workforce. Support the ongoing fiscal sustainability work. 	<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 and output	Benefits
Fiscal sustainability perspectives: 2025 climate change update	<ul style="list-style-type: none"> Publish updated costs of reaching net zero for the Scottish Government reflecting the pathways set out in the Climate Change Committee's Seventh Carbon Budget 	<ul style="list-style-type: none"> Provide the Scottish Government with details on expected costs and risks of pressures on the Scottish Budget related to climate change mitigation.
Fiscal sustainability perspectives 2026	<ul style="list-style-type: none"> Published our spring 2026 Fiscal Sustainability Perspectives paper Topics to be covered will be discussed with stakeholders 	<ul style="list-style-type: none"> Retain interest in our FSR work during parliamentary terms Remain relevant to ongoing discussion of long-term challenges for the Scottish Government Maintain communication channels with FPAC and others
Stakeholder engagement – FSP and FSR	<ul style="list-style-type: none"> Engage with external stakeholders around April 2025 Fiscal Sustainability Report Engage with external stakeholders and experts in preparation for our paper in 2025 with updated analysis on climate change and our 2026 Fiscal Sustainability Perspectives report 	<ul style="list-style-type: none"> Disseminate the findings from our April 2025 FSR report on health Gain stakeholder views and expertise to inform our work on fiscal sustainability including climate change Disseminate the findings FSP reports published in 2025-26
Communications	<ul style="list-style-type: none"> Continue to improve and 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
Knowledge building – SEFF	<ul style="list-style-type: none"> Build funding team understanding of the Supply Estimates process 	<ul style="list-style-type: none"> Improve our understanding and ability to communicate on Scottish Government funding
Chapter development – SEFF	<ul style="list-style-type: none"> Improve accessibility and clarity in our explanations of Scottish Government funding and spending 	<ul style="list-style-type: none"> Support improved understanding of Scottish Government funding and spending.

Fiscal Update	<ul style="list-style-type: none"> • Discuss relevant spending and funding information and analysis to support FPAC with its pre-Budget scrutiny • Spending analysis includes considering trends both within and between years • Funding information on the latest information of the 2025-26 position and the implications of the UK Spending Review 	<ul style="list-style-type: none"> • Improve public understanding of changes to the funding position • Improved public understanding of how Scottish Government spending is evolving over time • Provide insights to support Budget scrutiny
Student placement	<ul style="list-style-type: none"> • A summer placement through the Economic Futures programme will explore child poverty and the links with fiscal sustainability. 	<ul style="list-style-type: none"> • Inform future work on fiscal sustainability

Figure 4: Development work – Tax

Project	Description and output	Benefits
NDR	<ul style="list-style-type: none"> • Develop baselines methodology with new revaluation in 2026 • Develop distinct methodology for non-revaluation appeals • Model streamlining and preparing to move to open source 	<ul style="list-style-type: none"> • Improved forecasts <ul style="list-style-type: none"> • Improve efficiency
LBTT	<ul style="list-style-type: none"> • Work on improvements to our underlying model for house prices and transactions, with consideration of links to broader economy 	<ul style="list-style-type: none"> • Improved forecasts • Improved economy and fiscal narrative
SLfT	<ul style="list-style-type: none"> • Prepare to monitor Scottish Landfill Tax revenue and standard rated waste sent to landfill in the period after the Biodegradable Municipal Waste ban 	<ul style="list-style-type: none"> • Improved forecasts
Income Tax	<ul style="list-style-type: none"> • Utilise new open source model for our forecasts and standard outputs throughout the year with aim of ending reliance on SAS • Review and develop documentation for new open source modelling approach • Assess how input and output stages of modelling process could be improved by open source 	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved economy and fiscal narrative • Improved internal processes
New taxes	<ul style="list-style-type: none"> • Move from the existing illustrative forecast to a more robust model to be ready for the implementation of Scottish Aggregates Tax from the beginning of 2026-27 • Building a new model to forecast the Scottish Building Safety Levy from the beginning of 2026-27 	<ul style="list-style-type: none"> • Improved forecasts

Figure 5: Development work – Social Security

Project	Description and output	Benefits
Forecast presentation – all payments	<ul style="list-style-type: none"> Expand the use of visualisations in the presentation of social security forecasts. 	<ul style="list-style-type: none"> Improved communication of forecasts
Forecast development – disability payments	<ul style="list-style-type: none"> With outturn data available for Child Disability Payment, Adult Disability Payment and Pension Age Disability Payment, improve alignment between forecasts. Use April 2025 50-year fiscal sustainability projections to frame our five-year forecasts for disability payments. Continue to research trends in prevalence of disability and rises in payment caseloads. 	<ul style="list-style-type: none"> Provide greater insight to forecasts and risks Improved forecasts
Forecast development – RAP	<ul style="list-style-type: none"> Begin to explore the potential to use reproducible analytical pipelines (RAP) in the production of social security forecasts 	<ul style="list-style-type: none"> Improved forecasts Improved efficiency
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 communication of forecasts Improved forecasts Improved internal processes

Figure 6: Development work – Cross-cutting analytical

Project	Description and output	Benefits
Publication planning	<ul style="list-style-type: none"> Review content of publications across the year and consider which analysis best sits in which publications. Continuous improvement through internal wash-ups from each publication informing the next publication Review and revise our internal guidance on the process for producing a SEFF publication 	<ul style="list-style-type: none"> Greater impact from published material Improved internal processes Improved efficiency
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 and fiscal sustainability work
Review Protocol with Scottish Government	<ul style="list-style-type: none"> Biennial review and update of the Protocol between the Commission and Scottish Government 	<ul style="list-style-type: none"> Improved relationship with stakeholder
Update statement of voluntary compliance with the statistics Code of Practice	<ul style="list-style-type: none"> Regular review of our compliance with the professional standards of trustworthiness, quality, and value, reflecting external feedback and our latest strategic corporate plan 	<ul style="list-style-type: none"> Improved transparency
Communication of analysis and forecasts	<ul style="list-style-type: none"> For each publication and output ensure the main messages are clearly communicated throughout the work. Seek out opportunities for all staff to communicate and promote the work of the Commission. 	<ul style="list-style-type: none"> Improved understanding of analysis

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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