

Dame Meg Hillier MP
Chair of the Treasury Committee
House of Commons
London
SW1A 0AA

28 January 2026

Dear Chair,

I welcome this opportunity to respond to the Committee's inquiry "The OBR: 15 years on". I am writing to you in my capacity as Chair of the Scottish Fiscal Commission.

The Scottish Fiscal Commission is the independent fiscal institution for Scotland. We produce Scotland's official, independent economic and fiscal forecasts to accompany the Scottish Government's Budget cycle. The Commission was set up following fiscal devolution in the Scotland Acts 2012 and 2016. The Commission is directly accountable to the Scottish Parliament for the delivery of its functions which were set out in the Scottish Fiscal Commission Act 2016.

The Scottish Fiscal Commission produces forecasts each year to accompany the Scottish Budget and the Scottish Government's Medium-Term Financial Strategy. These reports provide forecasts of the Scottish economy, revenues from devolved taxes and spending on devolved social security benefits. The Commission provides an overview of the Scottish Government's funding and spending position and assess its funding plans. Since 2023 the Commission has also produced reports on the long-term sustainability of the Scottish Government's public finances.

I believe strongly that independent fiscal institutions can improve transparency and understanding of the public finances. The OECD have set out principles for independent fiscal institutions and how those institutions should be set up which promote independence, non-partisanship, transparency and accountability.¹ These principles were followed as the Scottish Fiscal Commission was established and informed the founding legislation passed by the Scottish Parliament. In my role as Chair of an independent fiscal institution I am guided by these principles in our operation.

In my opinion, the work of the OBR has increased fiscal transparency at the UK level. The publication of regular forecasts, forecast evaluation reports and fiscal sustainability reports

¹ OECD (2014) [OECD-Recommendation-on-Principles-for-Independent-Fiscal-Institutions](#)

provides clear and transparent information on what is happening to the UK economy and public finances. In particular the OBR has been clear about the high-level assumptions it has to make to inform its forecasts. While forecasting inevitably involves error, transparency about judgements and methodology strengthens confidence in the budget process.

I use the work of the OBR to understand what is happening to the UK public finances. In turn this information is used to inform our forecasts which support the Scottish Budget process.

The OBR also plays an integral role in the operation of the fiscal framework between the UK and Scottish Governments. Forecasts by the OBR are used to set the Block Grant Adjustments, these add and remove funding from the Scottish Budget to account for social security and tax devolution. The OBR's forecasts therefore directly influence the funding available to the Scottish Government.

Reflecting this, the OBR has improved its communication of forecasts affecting devolved governments as it has expanded and improved its "Devolved tax and spending forecasts" publication which now accompanies the "Economic and Fiscal Outlook" reports. In my opinion there are still further improvements which could be made to this publication. For example, the OBR could focus its commentary on how changes to the OBR's forecasts are affecting the Block Grant Adjustments.

In its work on fiscal sustainability, I believe that the OBR has improved the discussion and analysis of fiscal sustainability at the UK level. Importantly, the existence of that work at the UK level has facilitated our work at the Scottish Fiscal Commission looking at fiscal sustainability in a devolved context. We have aligned with the OBR's approach for modelling the UK public finances over the long-term and then assessed what this means for the Scottish Budget. We have also been able to consider the potential effects of action on climate change mitigation on the Scottish Budget, to do this we have used OBR's work at the UK level on the same topic. The work of the Scottish Fiscal Commission in this area has been welcomed by a wide range of stakeholders in Scotland. Therefore the work of the OBR has also facilitated improvements in discussions on fiscal sustainability in Scotland.

The OBR publish spreadsheets alongside all its reports, and in particular publish large numbers of supplementary spreadsheets with information on the assumptions and forecasts it has produced. The publication of this information in spreadsheet form enhances the transparency of the work of the OBR.

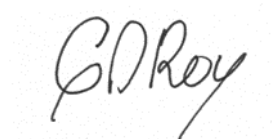
The UK Government control the timing of UK fiscal events and when OBR forecasts are produced. The existence of the OBR has resulted in more discipline around the timing of UK fiscal events, particularly that there is typically 10 weeks notice before a UK fiscal event is held. In turn, this provides greater certainty for the timing of Scottish fiscal events. However there is

still room for the UK Government to improve this further with a more regular annual cycle of forecasts and fiscal events which would allow the devolved administrations to plan the timing of their budgets with more certainty. Currently we typically need to wait until the UK Government has announced the timing of its fiscal event/the OBR forecasts for the date for a Scottish fiscal event to be confirmed.

Although the UK Government is moving to one fiscal event a year, the OBR producing two forecasts a year is helpful to the Scottish Fiscal Commission. The OBR's March forecast is an important input into our forecasts which accompany the Scottish Government's Medium-Term Financial Strategy, typically published in May, while their Autumn forecast informs our Scottish Budget forecast.

Finally, the consultation focuses on the external communications of the OBR. I have highlighted ways in which we use the OBR's public work. However I, my fellow Commissioners, and our team of officials in the Scottish Fiscal Commission also speak regularly with the Budget Responsibility Committee and staff at the OBR. In particular, I welcome the informal briefings we receive from the OBR after its publications, and the regular high-quality and trusted engagement between officials in both organisations.

Yours sincerely

A handwritten signature in black ink, appearing to read "GDRoy".

Professor Graeme Roy