

Clare Haughey
Convener
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
EH99 1SP

30 October 2026

Sent via email

Dear Convener,

The Scottish Fiscal Commission and Scottish Government have agreed an updated version of the protocol which sets out their engagement relating to the forecasting and assessment process. Required by the Scottish Fiscal Commission Act, the production and publication of the protocol is intended to ensure there is transparency in the interactions between the Commission and Scottish Government. It therefore covers the interactions between the Commission and the Scottish Government both during the formal periods of engagement around fiscal events, and engagement outwith fiscal events. I attach a copy of the revised protocol for the Committee's information, and we will also publish it on our website.

Since the last version was agreed in September 2023, the protocol has been updated to reflect the experience of producing forecasts and our regular reports. The protocol has been restructured and now has four main sections capturing the ways of working between the Commission and the Scottish Government, the process for producing forecasts, other Scottish Fiscal Commission publications and the publication of other information. The most significant change is that the protocol now sets out a more developed process for Dynamic Scoring. This applies to new policies introduced by the Scottish Government which the Commission judges could have a positive or negative effect on the economy sufficient to materially change our economic forecasts.

The protocol has also been updated to reflect the recommendation from the previous Finance and Public Administration Committee (FPAC) that it should "include agreement on how regular in-year transfers should be presented, in time to be implemented in the Scottish Budget 2027-28".

We have now agreed a process with the Scottish Government on the provision of information on routine in-year transfers, including advanced notice of which will and which will not be baselined. This process is a welcome addition.

The information the Scottish Government have agreed to provide is limited to the value of the transfers in the latest Budget Revision. We will therefore continue to press the Government to set out in the Budget the expected value of any routine in-year Budget transfers which have not been baselined. This recommendation was included in our biennial Statement of Data Needs published on 25 August 2026.

The previous FPAC also recommended agreement on “a suitable timetable for the Scottish Government to provide COFOG data to the SFC for inclusion in its Budget forecasts.” The Scottish Government is currently reviewing its internal Budget process, and we have agreed that for the 2027-28 budget process the Scottish Government will endeavour to provide the data required four days in advance of the Budget. We have agreed to review this approach ahead of the next iteration of the protocol, in which we would like to give a firm deadline for provision of this information.

Both Scottish Government officials and the Commission’s staff have agreed the timetable for the 2027-28 Scottish Budget based on the protocol. I can therefore make the Committee aware of the key deadlines in our forecast timetable.

The Deputy First Minister and Cabinet Secretary for Finance and Local Government notified the Commission on Tuesday 1 September that the Scottish Government would publish its Budget for 2027-28 on Thursday 3 December 2026. The Commission will publish its next set of economic and fiscal forecasts at the same time.

The deadlines for the Scottish Fiscal Commission providing forecasts to the Scottish Government are 4:00 PM on the following dates:

- Round 1: Thursday 15 October
- Round 2: Thursday 5 November
- Round 3: Monday 16 November (final pre-measures forecast)
- Final forecasts and policy costings: Monday 23 November

Round 3 is our final pre-measures round. This means we finalise our underlying economy, tax and social security forecasts, and only Scottish Government policy can change for the final forecasts. This provides a stable platform on which the Government can finalise policy measures. We will include the effects of the UK Budget and updated OBR forecasts in our Round 2 forecasts.

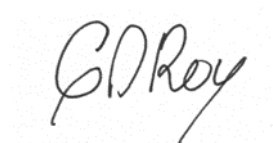
Alongside each of the forecast rounds the Commission provides costings of Scottish Government policies of which we have been notified. All the forecasts are provided on a confidential basis to the Scottish Government to inform the development of their Budget. The deadlines for the Scottish Government to provide the Commission with information on policies are 4:00 PM on the following dates:

- Round 1: Wednesday 7 October
- Round 2: Monday 2 November
- Round 3: Tuesday 10 November
- Baseline information for the economy forecast including public sector pay, spending and borrowing information: Friday 13 November
- Final tax and social security policies: Wednesday 18 November
- Final information on borrowing, funding, spending and public sector pay: Thursday 26 November

Timings may be altered during the forecast period, subject to the agreement of both the Government and Commission. Policy changes submitted after the final deadline for policy measures will not be included in the forecast unless otherwise agreed. The Commission will always endeavour to include the effect of policy changes in its forecasts. We will report back on the forecast process and achievement of deadlines in our forecast report.

I have copied this letter to the Deputy First Minister and Cabinet Secretary for Finance and Local Government and the Cabinet Secretary for Social Justice and Housing.

Yours sincerely,

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

Professor Graeme Roy