

POLICY NOTE

THE SCOTTISH FISCAL COMMISSION (MODIFICATION OF FUNCTIONS) REGULATIONS 2018

SSI 2018/xxx

The above instrument is to be made in exercise of the powers conferred by section 8 of the Scottish Fiscal Commission Act 2016. The instrument is subject to affirmative procedure.

Policy Objectives

These Regulations amend the functions of the Scottish Fiscal Commission to remove the requirement for the Commission to prepare and publish a forecast report to support the Budget Bill. There is added, however, a requirement to prepare a forecast report to support the Scottish Government's medium term financial outlook report. The regulations make corresponding amendments within the Act reflecting this changed function.

The regulations also add receipts of assigned VAT to the 5-year forecasts which the Commission is required to prepare.

Regulations passed in 2017 added a function requiring the Commission to prepare forecasts of "demand led social security". The first of these forecasts was prepared and published by the Commission in December 2017. However, in preparing these forecasts it appeared that the use of "demand led" does not accurately reflect the benefits being forecast. These regulations therefore include a revised definition of "devolved social security" and further make clear that forecasts relate to payments or assistance to or in respect of individuals. Forecasts will not include associated administrative costs.

Consultation

To comply with the requirements of section 8(4) the Scottish Government has consulted the Scottish Fiscal Commission. The Chair of the Commission has confirmed she is content with the changes being made. No public consultation was conducted as the function changes are in the main intended to deliver the recommendations of the Budget Process Review Group. The Group was jointly established by the Scottish Government and the Scottish Parliament and its work and draft recommendations were open to public input and consultation.

Impact Assessments

Equal opportunities - The Scottish Government assessed the potential impacts of the Act on equal opportunities. These regulations stem from the powers in the Act and do not unlawfully discriminate in any way with respect to any of the protected characteristics (including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) either directly or indirectly.

Human rights - These regulations do not infringe on or affect any subject areas of the European Convention on Human Rights (ECHR). These regulations have no identified differential impact on human rights nor any impact on any individual's civil liberties.

Privacy impacts - Information shared between the Commission and other organisations and information used by the Commission will be anonymous aggregate data and the provision of information will be subject to other legislation that prohibits, restrict access or relates to the disclosure of that information, for example the Data Protection Act 1998 or the Revenue Scotland and Tax Powers Act 2014. As a result no privacy impacts resulting from this legislation have been identified.

Child Rights and Wellbeing Assessment – These regulations will have no impact on child rights and wellbeing

Financial Effects

The Cabinet Secretary for Finance and the Constitution confirms that no BRIA is necessary. These regulations will have no impact on Scottish businesses, as they relate solely to the scrutiny of the public finances, and specifically change the functions of the Scottish Fiscal Commission.

The Scottish Fiscal Commission's allocation of £1.6 million in the 2018-19 Scottish Budget provides resources for the preparation of two formal forecast reports. The number of formal reports is unchanged by these regulations and there are no financial implications. The Commission estimate the staff costs associated with forecasting assigned VAT revenues to be around £54,000 for 2018-19. Future allocations to the Commission will be agreed as part of the Scottish Budget process.

Scottish Government
Financial Strategy Directorate

May 2018