

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Sent by email

20 October 2025

Dear Convener,

I am pleased to enclose a copy of the Scottish Fiscal Commission's Corporate Plan 2025-28 which sets out our values and strategic objectives up to 31 March 2028.

The Organisation for Economic Cooperation and Development published its review of the Commission in March 2025 and their recommendations have guided our development of this plan.

The Commission's updated Statement of Voluntary Application of the Code of Practice for Statistics is also attached. The Commission seeks to adhere to the highest standards for analysis possible. While we do not produce official statistics (we produce forecasts), the Commission voluntarily applies as much as possible the UK Statistics Authority's Code of Practice for Statistics.

A copy of this letter has been sent to the Conveners of the Social Justice and Social Security Committee and the Economy and Fair Work Committee, as well as the Cabinet Secretary for Finance and Local Government.

Yours sincerely

Professor Graeme Roy

Corporate Plan 2025-28

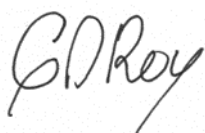
Foreword

We're confident that the Scottish Fiscal Commission has now matured into a trusted institution at the heart of Scotland's fiscal framework. Our independent forecasts and assessments are now a core part of the Scottish Budget process. We've developed from an institution primarily focused on devolved tax and social security forecasts into one that provides comprehensive, independent analysis of Scotland's fiscal sustainability.

Scotland's fiscal context, however, is becoming increasingly complex. The Scottish Government faces mounting budgetary pressures arising from demographic change, rising healthcare costs, new social security responsibilities, and climate commitments. In this environment, the Commission's role in empowering political and public understanding of difficult budget choices is more important than ever.

In this corporate plan we set out our strategic plan for the next three years. The OECD published its review of the Commission in 2025 and their recommendations have guided our development of this plan. We will intensify our work on fiscal sustainability, funding and spending analysis. We hope to increase the impact of our work by spreading out our analysis over the year. We also plan to enhance the support we provide to parliamentary scrutiny and to further increase the frequency and reach of our external engagement.

At the heart of our work remain our values: independence, working well with others, transparency, clarity and accessibility, rigour and relevance. These values underpin the trust placed in us by Parliament, government, and the public. This Corporate Plan sets out how we will continue to strengthen that trust, safeguard our independence, and ensure Scotland's public finances are subject to effective and transparent scrutiny.



Professor Graeme Roy



Dr Eleanor Ryan



Professor Domenico Lombardi



Justine Riccomini

October 2025

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Corporate Plan Summary

Mission

We produce independent, authoritative forecasts and assessments of the Scottish Government's tax and spending plans. We improve Scottish Government and Scottish Parliament's understanding of fiscal pressures and risks. Our work makes the Scottish Budget more transparent and better scrutinised.

Why we do it: Vision

The Scottish Budget is transparent and well-scrutinised. Government, Parliament and others understand the inevitable uncertainties and risks relating to devolved public finances, and the potential trade-offs needed to ensure public finances are on a sustainable path.

Our Strategic Objectives

Provide authoritative, independent, 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.

Analyse and report on issues with major impacts for the long-term fiscal sustainability of 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 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

Our Commissioners

Professor Graeme Roy – Chair – until 31 May 2026

Professor Domenico Lombardi – until 31 May 2026

Dr Eleanor Ryan – from 8 October 2025 until 7 October 2029

Justine Riccomini – from 8 October 2025 until 7 October 2029

Our Resources in 2025-26

Budget: £2.788 million

28 staff

What we do: Our Mission

We produce independent, authoritative forecasts and assessments of the Scottish Government's tax and spending plans. We improve Scottish Government and Scottish Parliament's understanding of fiscal pressures and risks. Our work makes the Scottish Budget more transparent and better scrutinised.

- 1 We are the independent fiscal institution for Scotland. We tell the Scottish Government how much they can spend each year and how much they will need for social security payments. We are independent so the public can have confidence in our figures.
- 2 We explain what might affect the Scottish Government's funding and spending plans and we report how that funding and spending changes through the year. We do this to help the Scottish Parliament to scrutinise the Budget.
- 3 We explain how big changes over the next fifty years could affect how much money the Scottish Government could spend in the future. We look at things like the aging population, health service spending and climate change. This helps politicians make long-term financial plans.

Why we do it: Our Vision

The Scottish Budget is transparent and well-scrutinised. Government, Parliament and others understand the inevitable uncertainties and risks relating to devolved public finances, and the potential trade-offs needed to ensure public finances are on a sustainable path.

- 4 Our vision describes why we exist. We want the key decision-makers in Government and Parliament to really understand the issues that are most relevant for the next few years, and to be just as familiar with the factors that drive whether current policies could be sustained over the next 50 years. We want to help key players understand why trade-offs will be needed for public finances to be sustainable in that longer-term.
- 5 Of course, we don't expect to be able to deliver this vision alone. The Scottish Government, the Scottish Parliament and Audit Scotland have key roles. The work of other organisations such as the Office for Budget Responsibility, the Fraser of Allander Institute, the Institute of Fiscal Studies and the Resolution Foundation supports transparency, understanding and scrutiny.
- 6 So when we consider new areas of work, alternative approaches, or think about whether we have been successful, we can ask ourselves: Will this make the Scottish Budget better scrutinised or more transparent? Will this explain an important long-term financial pressure? Will this help Parliament better understand an important risk?

Our Strategic Objectives

Provide authoritative, independent, 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.

Analyse and report on issues with major impacts for the long-term fiscal sustainability of the Scottish Budget.

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

- 7 Our strategic objectives set out what we do to fulfil our mission. Our annual business plans give more detailed information about our work plans each year. [Business Plans | Scottish Fiscal Commission](#). We explain how we approach our work in the Values section of this corporate plan.

Objective 1 - Provide authoritative, independent, official forecasts of Scotland's economy, devolved tax revenues and social security spending, and explain what these mean for the Scottish Budget.

- 8 Our forecasts need to carry weight with the Parliament, Government, media and others. To produce good forecasts our data, models and judgements must all be robust.
- 9 We need reliable, accurate and timely data and information, so we build strong relationships with our data providers. We also have a right of access with Scottish public bodies and publish statements of data needs to set out our priorities for improving data.
- 10 Forecasting models can be complicated; with all our models we aim to find the right balance between transparency, story-telling, complexity and forecast accuracy. We follow a rigorous quality assurance process.
- 11 For good judgements, we need expert Commissioners with diversity of thought and a culture of debate and constructive challenge.
- 12 We try to explain both how our forecasts are produced and what they mean for the Budget, the "so what?" question, in a way that is understandable and accessible. We publish this analysis and provide clear assessment of our forecast accuracy. This adds transparency to the Scottish Budget and the complex Fiscal Framework.

Objective 2 - Provide insightful, impartial analysis of the Scottish Government's funding and spending.

- 13 To be able to scrutinise the Scottish Budget fully, Parliament and others need to be able to understand the Scottish Government's overall funding position, its spending plans, the potential risks to them, and then how those all change over the year. We have a duty to assess the reasonableness of the Scottish Government's borrowing, and we have a power to report on any factor used to ascertain the resources available for the Scottish Budget.

- 14 We have developed unique expertise by producing economic and fiscal forecasts. This means we can produce high quality, independent analysis of these important issues that are not generally well understood.

Objective 3 - Analyse and explain issues with major impacts for the long-term fiscal sustainability of the Scottish Budget.

- 15 The Scottish Budget, and scrutiny of it, needs to consider both the immediate financial year and the potential effect on future years.
- 16 The current fiscal framework means that fiscal risks do not arise if changes in revenues and spending in Scotland are mirrored in the rest of the United Kingdom. But different pressures on spending or different changes in tax revenues could present sustainability issues for the Scottish Budget.
- 17 We will focus on analysing issues with the most substantial impacts over a longer timescale (up to 50 years), rather than trying to assess all factors which may have an impact.

Objective 4 - Be an effective and efficient organisation with skilled, knowledgeable people.

- 18 Having the right people, performing well, is essential for our small organisation. Our people should be able to bring their whole selves to work and thrive in our culture. They should feel empowered, respected and supported. We invest in our people, and we make specific commitments to make us a more inclusive and diverse organisation. We want the capacity for economic and fiscal analysis in Scotland to grow.
- 19 We want to make sure the Commission is a great place to work, so that our people can give their best. And we must also make sure we are well-run to avoid damaging the credibility of our forecasts. This means responsive leadership, robust governance and effective and efficient administration. We learn from and collaborate with others to help us achieve this.

Main activities

Scotland's Economic and Fiscal Forecasts

- 20 Our statutory duty is to provide the independent and official forecasts of Scottish GDP, devolved tax revenue and devolved social security spending for the Scottish Government to use in its budget and financial planning. These include the official costings for tax and social security policies. We provide these independent forecasts and assess the Scottish Government's borrowing usually twice a year, alongside the Scottish Budget and Medium-Term Financial Strategy.
- 21 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. For transparency, we publish information on how our forecasts are produced, and the assumptions and judgments we made in producing the forecasts. We also publish evaluations of the accuracy of our forecasts once outturn data is available in our Forecast Evaluation Reports each autumn.

Fiscal Trends and Fiscal Updates

- 22 We publish commentary on the Scottish Budget, considering how developments in the economic and fiscal outlook have affected the current Scottish Budget and how they may affect the next Budget. In its 2025 report the OECD recommended that we should broaden and deepen our spending analysis beyond social security.
- 23 We intend to intensify our work on funding and spending analysis. In particular, we want to support Parliament's pre-Budget scrutiny by reporting in late summer on the changes that happen each year after the Budget Bill has passed. We recognise that the uncertainty the annual fiscal timetable poses may limit our ability to deliver this.
- 24 We also hope to increase the impact of our work by spreading out our analysis over the year. We currently focus on the two fiscal events each year (usually May and December). By changing the rhythm of our publications, we can highlight issues that may be overshadowed by a Budget announcement.

Fiscal Sustainability Reports and Perspectives

- 25 It's vital that the decision-makers in Government and Parliament really understand the pressures and risks to funding and spending over the next 50 years, and how and why they might evolve. We do not make recommendations about particular policies; rather we explain the key factors that drive the long-term sustainability of current policies.
- 26 We intend to continue producing updated long-run projections every two years as well as thematic reports. We previously explored demographics and climate change, and our next report focuses on health. As well as exploring new themes, we will revisit existing topics as new information emerges or to further develop analysis of the links to fiscal sustainability.

- 27 This thematic approach brings our work to new, subject specific audiences, and allows us to engage with different Parliamentary committees to explain key issues that affect fiscal sustainability.
- 28 As we develop thematic fiscal sustainability reports, we need engage with subject area expertise from outwith the Commission staff. Just as key partners are essential for us to get the data and information, we need for forecasting models and judgements, partners with expert subject knowledge of the themes we are analysing will be vital for our fiscal sustainability work. Working with these partners also helps to ensure we have the diversity of thought we need to produce robust, impartial judgements and analysis for their staff and media briefings for journalists.

Communication and engagement

- 29 We support our publications by giving evidence to Parliament about them so that Parliamentary Committees can probe and scrutinise our work. We also hold online public events to give people the opportunity to ask questions, as well as events for MSPs and media. We have been increasing the frequency and reach of our external engagement over the last 18 months, and intend to continue to do so, in line with the OECD's recommendations and our 2024 stakeholder survey. Our approach to our engagement and communication work recognises that fiscal sustainability issues have broader audiences than for forecasts and the fiscal framework.

Other analytical activity

- 30 Our core analytical publications are supported by our work to develop and test our models and maintain relationships with our data providers. We produce a statement of data needs every two years, which sets out the data we need to produce our forecasts. We review our [Statement of Voluntary Application of the Official Code of Statistics](#) at least every three years. We also produce policy costings and occasional papers, as required.

Corporate activity

- 31 We need to be a well-run public body with excellent people. Our corporate work should support the rest of the organisation to thrive and deliver, without becoming an industry in its own right. Through our business planning, we review our work programme to see where we can add greater value and best use our resources to improve quality.
- 32 Despite our small size, as an independent public body we must maintain robust, compliant corporate processes. We work with other public bodies, the Scottish Government and auditors to help us do that as efficiently as possible.

Main performance measures

- 33 We report on our performance through three reports each year: our Forecast Evaluation Report, our Annual Report and Accounts, and our Public Service Reform Act 2010 report.
- 34 Every five years we commission an external, statutory, independent review of our performance. The most recent review by the OECD was published in March 2025. The next review is due to take place in 2029.
- 35 Much of our performance should be judged on the quality of our core analytical publications and how we communicate those for different audiences, but we recognise this is difficult to measure quantitatively.

Analytical performance measures

What we report	How often	What does it show
Forecast Evaluation Report	Every year	Evaluates how our past forecasts compare to outturn data How our forecast accuracy compares to that of the OBR forecasts for the rest of the UK Lessons for our next forecast
Statement of Data Needs	Every two years	Outlines the data we require to produce our forecasts
Number of publications (in Annual Report)	Every year	Number of analytical reports produced
Parliamentary Indicators (in Annual Report)	Every year	How often we appear at Scottish Parliamentary Committees How often we are referred to Committee Reports How often we are cited in Committee meetings
Engagement indicators (in Annual Report)	Every year Every two years	Media coverage Number of events hosted or attended Presentations made to other organisations How much our website is used Results of stakeholder survey
Statement of Voluntary Application of the Code of Statistics	Every three years	Continued voluntary application of the official code of statistics

Corporate performance measures

What we report	How often	What does it show
Staffing and diversity information (in Annual Report)	Every year	Staff survey results Number of leavers, joiners in a year and turnover Sickness absence Gender Pay Gap Gender composition at Committee appearances Staff recruitment applicant diversity information
External audit report	Every year	Audit opinion on annual report and accounts Audit conclusions on performance management, corporate governance, financial position, and financial sustainability.
Public Body Corporate Indicators (in Annual Report)	Every year	Number of complaints Number of Freedom of Information requests Invoices paid within 10 days
Website effectiveness (in Annual Report)	Every 2 years	Results of independent audit of website accessibility Website user survey on content and ease of use
Public Service Reform Act report	Every year	Expenditure on public relations, overseas travel, hospitality and entertainment, external consultancy and payments over £25,000 Steps taken to promote efficiency

Values

- 36 Our values express the personality of our organisation. These principles guide how we go about everything we do, how we approach any new work, and they help us to be mindful of our longer-term vision in our daily work.
- 37 We want to make sure that our work and our assessments can be trusted. Having the right values, and embodying them in all that we do, is essential for that.
- 38 Our current values are based on [OECD Principles for Independent Fiscal Institutions](#), [the Civil Service Code](#), [the Code of Practice for Statistics](#) and [the Code of Practice for Commissioners](#). These have not changed.

We are independent - we are impartial, honest and objective in everything we do.

- 39 Our independence is essential to us so that our work is able to be equally trusted by all participants in public life. We are independent of the Scottish Government, UK Government, Scottish Parliament and all political parties.
- 40 Our structural and operational independence is set out in the Scottish Fiscal Commission Act 2016. In particular:
- The content and conclusions of our reports are the sole responsibility of the Commissioners.
 - The Chief Executive is accountable to the Scottish Parliament for the use of resources.
 - Commissioner appointments must be approved by the Scottish Parliament.
- 41 However, we are conscious that aspects of our work could be misunderstood or deliberately misconstrued as favouring a particular political party or position. We take other measures to assure our independence. In particular:
- Comply voluntarily with the Code of Practice for Statistics, including pre-announcing publications.
 - Publish a log of our correspondence and contact with Scottish Government Ministers and Special Advisers.
 - Require a written indication of our funding from the Scottish Government for the next three years.
 - Always have independence as a category in our risk management framework.

We work well with others.

- 42 We are open to others' ideas – whether that be Commissioners listening to all our analysts or formal forecast meetings with Government. Inviting comments and feedback, both internally and externally, helps us to build trust by understanding our users' needs and whether we have missed or misunderstood important factors that could affect our forecasts. It also allows us to consider and try new approaches. In particular:

- We have a collaborative culture: we ask for help, we encourage our colleagues to critique our work and we offer support and challenge.
- We seek feedback on our processes, reports, events and website.
- We understand the challenges facing the organisations we rely on for the data and information we need to produce robust forecasts and work with them to find solutions.
- We work with partners and peers in the UK and internationally to share knowledge and best practice.
- We are active in networks of other Independent Fiscal Institutions and other Scottish Public Bodies.

We are as transparent as we can be and promote transparency in Scottish public finances.

43 Transparency is essential for building trust in our independence and in the quality of our forecasts. We are committed to transparency in everything we do. In particular:

- We are transparent about our forecasting methods and assumptions. We explain our assessment of the risks and benefits of each source of information. We publish supplementary spreadsheets on our website.
- We comply with the Code of Practice for Statistics voluntarily and in 2020, we won the first ever Voluntary Application of the Code Award.
- We follow a robust error policy and publish our corrections and revisions.
- We welcome scrutiny. Most obviously this takes place through our appearances in front of the Scottish Parliament's Committees. We also engage actively with the media, external experts and other stakeholders, and hold public events to make it easier to question our work. We publish our Forecast Evaluation Report annually to help people to scrutinise our work.
- We publish our corporate policies, reports and minutes.
- We encourage transparency from other organisations. Our Statements of Data Needs request the publication of accessible, timely information. We encourage our data providers to align their data developments with the practices and principles for production of official statistics to enhance the transparency of the data we use. We encourage other organisations to publish more fiscal information.

We explain complex matters clearly and make our work easy to access.

44 Information and analysis is of little use if no-one can access it, use it or understand it. So we are committed to making our forecasts, our reports, and responses to queries accessible and understandable. In particular:

- We produce summaries and infographics of our work to deliver direct, clear messages for a range of users and requirements.

- We produce a detailed report and supplementary tables for more technical users.
- We limit the length of our publications.
- We are responsive to user needs and we will survey our stakeholders and website users periodically to make sure we understand those needs.
- We raise awareness of our work, for example through holding our own media conferences and open public events following the Scottish Budget.
- We continue to work on improving the accessibility of our website and publications and we recognise the shortcomings of pdf reports and excel spreadsheets.

We produce quality work which informs public debate.

- 45 We produce quality work which informs public debate. This value informs much of our planning and our decisions. we ask ourselves: Is it relevant? Will it inform public debate? Can we do this to a high quality? How can we increase the quality or add greater value? In particular:
- We engage with the Scottish Government, Scottish Parliament and other stakeholders to check that the work we plan will be useful to them.
 - We recruit openly to find the best people then support and develop them, so that we have highly skilled people performing well.
 - We have a rigorous internal quality assurance process for our reports and voluntarily comply with the Code of Practice for Statistics.
 - We do not shy away from delivering analysis which the UK Government, Scottish Government or Scottish Parliament might find challenging.

Resources

Our Commissioners and staff

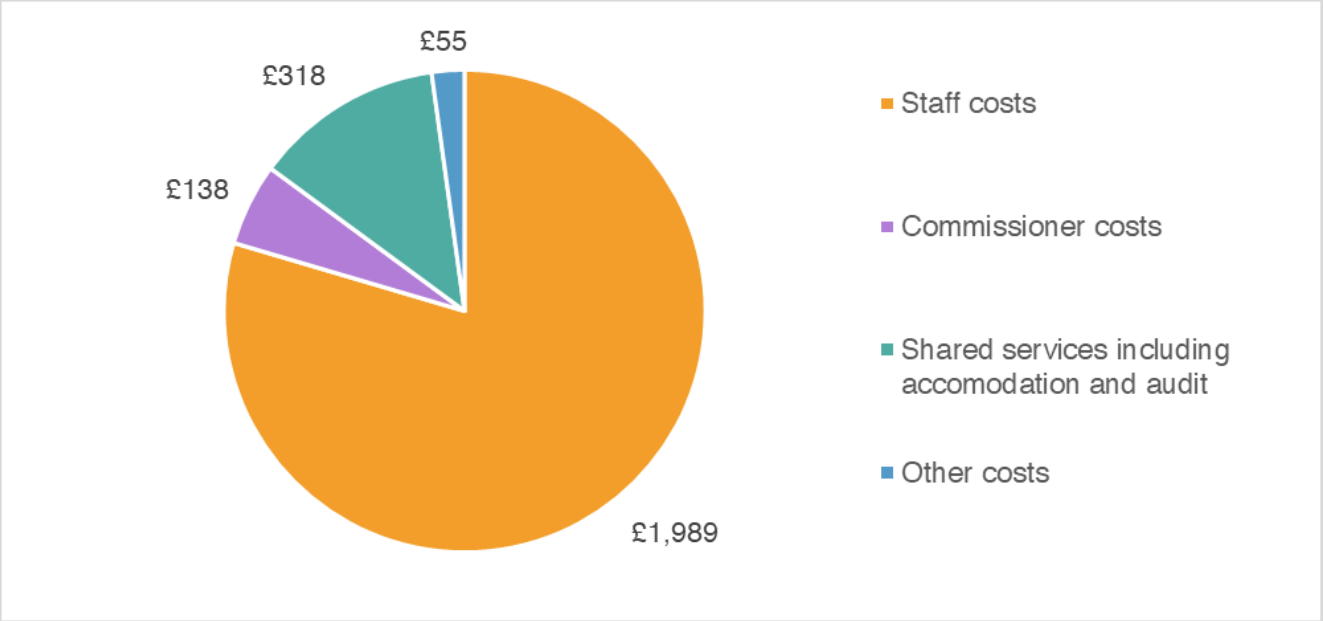
- 46 Our Commissioners are appointed by Scottish Ministers with the approval of the Scottish Parliament. They are collectively responsible for fulfilling the functions and duties set out in the Scottish Fiscal Commission Act 2016.
- Professor Graeme Roy – Chair
 - Professor Domenico Lombardi
 - Dr Eleanor Ryan
 - Justine Riccomini
- 47 The Commissioners are supported by approximately 28 staff, led by the Chief Executive. Staff are organised into four teams: Fiscal Sustainability and Public Funding, Devolved Taxes and Social Security, Economy and Income Tax, and Strategy, Governance and Corporate Services.

Our Budget

Budget for 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28
£2.788 million	£2.840 million	£2.973 million

- 48 The Commission receives an annual budget approved by Parliament in the Scottish Budget process. Our budget is separate to that of Scottish Ministers. We also receive an indicative budget for the subsequent two financial years, in line with the OECD’s Principles for Independent Fiscal Institutions.
- 49 Staff costs are by far the largest proportion of our costs. Staff are employed on the same terms, conditions, grading, and remuneration arrangements as Scottish Government.

Expenditure Breakdown by Category (£000s)



Risk Management

- 50 We identify, monitor and assess our risks against these five key themes. These impact one another, our values and whether we can deliver our strategic objectives in various ways.

Corporate Systems

- 51 Corporate systems are not sufficient to deliver our work (financial systems, IT, shared services and governance). This risk covers internal systems, those purchased from the Scottish Government as shared services and website providers.
- 52 This risk could impact on delivery of all four strategic objectives.

Reputation

- 53 The Commission suffers a loss of reputation because of its failure to deal with complex contextual change or the perceived quality of its analysis. Political controversy and adverse expert commentary can undermine our reputation, regardless of whether it is justified.
- 54 This risk could particularly impact our value: we produce quality work which informs public debate. Not living our other values – independent, work well with others, transparent and explaining clearly – would increase the likelihood of this risk.

Independence

- 55 The Commission's political and institutional independence is undermined or is perceived to be undermined. The consensus that a Scottish independent fiscal institution is needed breaks down.
- 56 This risk directly concerns our value of independence and delivery of our first three objectives. It also would also increase the likelihood for our reputation, staffing and partners risks.

Staffing

- 57 The Commission cannot deliver its functions effectively because we do not have appropriate staff or Commissioners, or staff or Commissioners cannot work effectively.
- 58 This risk could impact on delivery of all four strategic objectives. It also would also increase the likelihood for our corporate systems, reputation and partners risks.

Partners

- 59 A deterioration in relationships with the Commission's partner organisations limits its ability to deliver quality forecasts and reports, through limited access to data and information, or limited time in fiscal event processes.
- 60 This directly impacts our work well with others value and could affect any of our strategic objectives, as partners are so vital to our work. It could also affect our independence risk and value, our reputation risk and our transparency value.

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Voluntary Application of the Code of Practice for Statistics

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Foreword

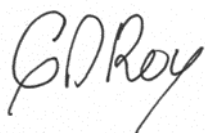
This is the Scottish Fiscal Commission's third edition of our Statement of Voluntary Application of the Code of Practice for Statistics. It is aligned with our Corporate Plan for 2025-28, shaped by the recommendations of the 2025 OECD review and our 2024 stakeholder survey.

This statement sets out how we put the Code into practice to guide what we do and give users confidence in our work. We are committed to regularly reviewing our actions to apply the Code, and to seeking external independent feedback on our performance to use as a basis for updating this statement.

We continue to receive positive feedback on how our voluntary application is helping us achieve our strategic objectives, producing authoritative forecasts and assessments which support effective decision-making and enrich public debate. We are pleased that the Office for Statistics Regulation (OSR) recognised the Scottish Fiscal Commission for demonstrating strong analytical leadership through our application of the Code.¹

Since the previous edition of this statement, we have continued to consider the nature of errors in our forecasts and we have refreshed our error corrections policy to ensure it is more fit for purpose. This is the main update included in this statement.

We will continue to follow the Code and to regularly update our statement, upholding our commitment to continuous improvement.



Professor Graeme Roy



Dr Eleanor Ryan



Professor Domenico Lombardi



Justine Riccomini

October 2025

¹ OSR (2024) [Analytical leadership: Achieving better outcomes for citizens](#) (case studies 2E and 6B).

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Chapter 1

Statement of Voluntary Application

Introduction

- 1.1 The SFC seeks to adhere to the highest standards for analysis possible. As an Independent Fiscal Institution (IFI), we are guided by the OECD principles for such institutions.² While we produce forecasts rather than official statistics, we voluntarily apply as much as possible the principles of the UK Statistics Authority's Code of Practice for Statistics.³
- 1.2 The Code of Practice has three pillars: Trustworthiness, Quality, and Value. Figure 1.1 shows how these pillars provide a framework for the SFC to demonstrate voluntary application of many parts of the Code, in line with the Office for Statistics Regulation (OSR)'s Guide to Voluntary Application.⁴
- 1.3 The OSR has recently consulted on a refreshed Code: Code of Practice for Statistics edition 3.0.⁵ This is expected to be released in late October 2025. The updated version of the Code preserves the core principles of Trustworthiness, Quality, and Value of the current version, while strengthening the standards relating to each of these three principles. Therefore, there are no specific changes which need to be made to this statement to align it to the new Code.

Figure 1.1: Voluntary application of the Code of Practice for Statistics

Principles	Our actions
Trustworthiness – trusted people, systems, and processes	• The SFC is accountable to the Scottish Parliament. The members of the SFC are appointed by the Cabinet Secretary for Finance and Local Government after being approved by the Scottish Parliament. • We recruit professional analysts from a variety of different backgrounds, including the UK and Scottish Civil Service, academia, and the private sector. We also work with the Government Statistical Service (GSS), to ensure professional statistical standards are maintained and continuous professional development is offered. • We have a designated Lead Official responsible for ensuring voluntary application of the Code of Practice. • We have robust processes to protect data confidentiality, to ensure legal obligations are met.

² OECD (2014) [Recommendation of the Council on Principles for Independent Fiscal Institutions](#).

³ UKSA (2022) [Code of Practice for Statistics](#).

⁴ UKSA – [Guide to Voluntary Application of the Code](#).

⁵ OSR – [Refreshing the Code of Practice for Statistics – have your say](#), OSR (2025) [Consultation on the Code of Practice for Statistics: Findings and next steps](#).

	• We publish a joint Protocol with the Scottish Government, which sets out the way we interact with the Government in producing our forecasts and other reports.⁶ • We have Memoranda of Understanding (MoUs) with data suppliers and key partners.⁷
Quality – robust data, methods, and processes	• We have a statutory duty to make explicit all assumptions and risks that underpin our forecasts. • We are transparent about methods and data used, sources of uncertainty, and the sensitivity of the forecasts to different assumptions. We publish spreadsheets and supplementary spreadsheets alongside all our reports with additional details of our forecasts and data used. • We draw on the best available sources of information, using statistics that are in the public domain and designated as Official Statistics or Accredited Official Statistics where possible. We note any uncertainties or limitations in data sources used. • To ensure the quality of our models and judgements, we consult with external experts such as academics or the Scottish Commission on Social Security.⁸ • We publish a biennial Statement of Data Needs which sets out the data we need to improve our forecasts.⁹
Value – statistics that serve the public good	• Our forecasts are used in the preparation of the Scottish Budget. They are used by Parliament in the scrutiny of the Scottish Budget, to inform debate and improve information on the public finances available to policy makers. • We make available all our forecasts, and determinants of our forecasts, in forms that encourage reuse. • We make our publications and website accessible to ensure they reach a wide audience. • We develop publications and analysis in response to user demand, such as through regular stakeholder surveys.

Source: Scottish Fiscal Commission.

Our Approach

- 1.4 Our commitment to the principles of the Code of Practice for Statistics is entrenched in our strategic objectives, set out in our Corporate Plan.¹⁰
- 1.5 In our Corporate Plan for 2025-28, we have updated our strategic objectives to: ensure our forecasts and analyses are of most value to Parliament, media, and broader audiences; and include the areas of work we are developing in response to user needs,

⁶ Scottish Fiscal Commission (2025) [Protocol for Engagement with the Scottish Government](#).

⁷ Scottish Fiscal Commission – [Memoranda of Understanding](#).

⁸ [Scottish Commission on Social Security](#).

⁹ Scottish Fiscal Commission – [Statements of Data Needs](#).

¹⁰ Scottish Fiscal Commission – [Corporate Plans](#).

feedback from our 2024 stakeholder survey, and recommendations from the 2025 external independent review of our performance by the OECD.¹¹

1.6 Our strategic objectives are:

- Provide authoritative, independent, 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.
- Analyse and report on issues with major impacts for the long-term fiscal sustainability of the Scottish Budget.
- Be an effective and efficient organisation with skilled, knowledgeable people.

1.7 Our Annual Report describes in detail how we ensure that these strategic objectives are met.¹²

1.8 Our organisation's values also reflect the principles of the Code of Practice for Statistics. 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.

1.9 We want to make sure that our work and our assessments can be trusted. Having the right values, and embodying them in all that we do, is essential for that. These principles guide how we go about everything we do and how we approach any new work, and they help us to be mindful of our longer-term vision in our daily work.

1.10 Chapter 2 sets out our approach to handling publication errors and corrections, referred to as our error policy. This policy ensures we are transparent about the source and impact of any publication errors. We keep an internal record and review it regularly to ensure errors are minimised and to improve our work.

1.11 We will review and update our statement of voluntary application and our error policy at least every three years as part of our Corporate Plan publication cycle.

1.12 As set out in the following sections, we also have some practical policies which describe how we seek to achieve voluntary application.

¹¹ JRS (2024) [Scottish Fiscal Commission Stakeholder Survey – June 2024](#), OECD (2025) [OECD Review of the Scottish Fiscal Commission 2025](#).

¹² Scottish Fiscal Commission – [Annual Reports](#).

Approach to forthcoming publications

- 1.13 To ensure that all stakeholders are aware of when the SFC will publish reports, we give advance notice of forthcoming publications on our website and to our mailing list.¹³
- 1.14 These notices will comply with the following principles:
- The month of publications will be announced as far as possible in advance.
 - The exact date of publications will be announced at least a month in advance where possible.
 - Publications will be published at 9.30 am, unless there is a reason this is not possible, such as being tied to Parliamentary procedures. Our two forecast publications are usually published immediately following a parliamentary statement by the Cabinet Secretary for Finance and Local Government.
 - The notices will cover all the Scottish Fiscal Commission's analytical publications and commentaries. We will not normally pre-announce our corporate and governance publications.
 - The notice will be published in the first week of every month.

Approach to making information accessible

- 1.15 The SFC is committed to making our work as accessible as possible. For example, we produce non-technical summaries, infographics, and videos to explain complex matters clearly.
- 1.16 We are responsive to user needs, and we survey our stakeholders periodically to make sure we understand those needs. We raise awareness of our work, for example through holding our own media conferences and open public events following the Scottish Budget. We have also produced a series of explainer videos on our website to help users understand the context in which our forecasts are produced and used.
- 1.17 We have made progress towards ensuring that our web content meets the requirements for accessibility as set out in the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.¹⁴ In accordance with the regulations, we have also published an accessibility statement which we regularly review.¹⁵ Our website was last tested in September 2023 against the Web Content Accessibility Guidelines (WCAG) 2.1 AA standard. It was found to be partially compliant as there are some parts which are not yet fully accessible. We acknowledge the existence of these concerns and are proactively engaged in efforts to achieve full compliance as a longer-term development.

¹³ Scottish Fiscal Commission (2025) [News](#).

¹⁴ The National Archives (2018) [The Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#).

¹⁵ Scottish Fiscal Commission (2024) [Accessibility statement for Scottish Fiscal Commission](#).

Approach to quality assurance

- 1.18 This section sets out our approach to quality assurance (QA) of our products. Having rigorous QA procedures is crucial to ensuring public confidence in our work. Our QA processes are aligned with GSS guidance.¹⁶
- 1.19 For the purposes of quality assuring the output of our forecasting models, we follow clear and stated model QA guidance, including a checklist. We summarise this in Figure 1.2.

Figure 1.2: Model QA checklist

Area	Description
Model instructions	Do the model instructions include the following? • Description of model objectives, model scope, and key outputs • List of data sources • Overview of model methodology • Key assumptions and judgements • Model schematic
Version control log	• Does the version control log enable forecast comparison and evaluation?
Efficiency	• Are automated processes such as Reproducible Analytical Pipelines used where possible?¹⁷
Structure	• Does the model have a clear layout? • Are the data, assumptions, calculations, and outputs clearly identified? • Are the model code and calculations annotated? • Are key assumptions highlighted?
Formatting	• Is it clear which values in the model need to be updated? (for example, differentiation of input values and calculations by colour coding) • Does the model output follow a clear rounding convention?
Internal verifications	• Are there functions that check model output is correct and help identify any errors? • Are calculations robust?
Data	• Is it possible to clearly identify when data was last updated and when the next update is? • Are data sources clearly recorded? • Is data visualised to understand trends in historic data and identify outliers? • Are data limitations recorded?
Reporting	• Are outputs and analytical reports automatically generated by the model to minimise transcription error?

¹⁶ Government Analysis Function – [Quality](#).

¹⁷ Government Analysis Function – [Reproducible Analytical Pipelines \(RAP\)](#).

	• Is the model output assessed against other sources of analysis where available?
Model documentation	• Does the available documentation provide sufficient detail? • Are there any particular sections of the documentation that could be improved?

Source: Scottish Fiscal Commission.

- 1.20 We undertake different rounds of QA on the final documents and spreadsheets for publication. This includes checking for:
- Report readability.
 - Internal document consistency.
 - Consistency of the document with the SFC's style guide and with external references.
 - Consistency between the document and supporting spreadsheets.
- 1.21 We also share our near-final publications with external stakeholder organisations to comment on the factual accuracy of relevant material in our reports.

Chapter 2

Approach to publishing errors and corrections

Introduction

Why we have an error corrections policy

- 2.1 We have robust quality assurance processes in place to minimise the risk of errors occurring. We have developed an internal culture of continuous improvement for our forecasts. Sources of improvement can be new data, better models, or corrections of historic errors. We also work with our stakeholders to review our models and processes to reduce the risk of errors. However, even with these processes in place, occasional errors are still inevitable. Our error corrections policy sets out how we will handle errors in a timely, transparent, and consistent manner.
- 2.2 Our approach to corrections is guided by the following principles:
- Be transparent with users about the source and impact of the errors.
 - Minimise the impact of errors on decision-making.
 - Ensure our response is proportionate and orderly.

What is an error?

- 2.3 We use the term ‘error’ in a few different ways. Forecast error is simply the difference between our forecasts and outturn data. A degree of forecast error is inevitable and is caused by a range of factors including unexpected global developments and shocks, modelling error, and outturn data revisions.
- 2.4 Broadly speaking, modelling error is when one of our models is not working as expected. Forecast revisions are any changes in our forecasts over time. Finally, publication error is when we inadvertently publish a figure in our report which is different from the figure we intended to publish.
- 2.5 For clarity, we describe these terms below:
- **Forecast error:** the difference between our forecasts and outturn data. Each year, usually in August or September, we publish a Forecast Evaluation Report which provides information on our forecast errors.
 - **Forecast revisions:** any changes in our forecasts over time. These may be because of developments in what we are forecasting or in our modelling processes and input judgements, because of new data or information to use in our forecasts, or because of revisions to underlying external data sources.

- **Modelling error:** when a model is not working as expected. For example, this may be because of a mistake in a line of code or because data was incorrectly transcribed.
- **Publication error:** when a figure published in our report does not match what we intended it to be. For example, we put an incorrect number into a published table that was different from the forecast judgement arrived at by the Commissioners.
- **Corrections:** when a publication error is corrected.
- **Assumption:** in the absence of full information, something we accept as true in our models and forecasts. These can be based on convention, on partial data, or most importantly on judgement.
- **Judgement:** refers to decision-making under uncertainty. Assumptions in our models and forecasts are often set by Commissioner judgement. The Commissioners will use their expert opinion and experience to make judgements.

Updating our error corrections policy

- 2.6 Since our April 2022 statement, we have continued to consider the nature of errors in our forecasts.¹⁸ Forecasts are different from statistics. While statistics have an objectively correct value (or at least a range of values), our forecasts are ultimately judgements by the Commissioners. Our forecasts will be informed by data-driven modelling, including many individual assumptions and judgments, as well as other inputs, including a range of quantitative and qualitative information not necessarily used directly in our modelling. Throughout this error corrections policy we refer to forecasts, but the policy also applies to our long-run projections which are published as part of our fiscal sustainability work.
- 2.7 For example, for our short-term Gross Domestic Product (GDP) forecasts, we look at a range of indicators showing what is happening in the economy. We have a number of data sources and models we look at which might suggest different near-term growth rates for GDP. In some instances, we will average them together to get a value. Even then, however, the Commissioners may judge that a somewhat different pathway for GDP in the coming quarters is a better forecast, for example based on softer non-quantifiable evidence about the economy.
- 2.8 In practice, we will often go through several iterations, which involve setting judgements and reviewing the outputs of models, before further adjusting our forecasts and input judgements to arrive at a forecast output that meets the Commissioners' expectations.
- 2.9 Given the nature of this process, and the important role of judgement, the impact of an error in one of our models is hard to evaluate. If we find an issue in our previous models, to what extent (if any) did it affect the final judgement in our previous forecast? Looking back at previous forecasts, we cannot say with any certainty what our judgement would have been at the time had we known about an error in a model. It is reasonable to assume that the impact of any error could be countered by other data, model averaging,

¹⁸ Scottish Fiscal Commission (2022) [Statement of Voluntary Compliance with the Code of Practice for Statistics and Error Policy](#).

and qualitative intelligence that was considered at the time, and this is an important part of the use of judgement.

- 2.10 Our formal error corrections process will now focus on errors in our reports where essentially a published figure does not match what we intended it to be (that is, publication errors). For example, we put an incorrect number into a published table that was different from the forecast judgement arrived at by the Commissioners.

Handling modelling errors

- 2.11 Occasional errors are an inevitable part of modelling. Our models are constantly being refined, developed, and subjected to scrutiny and quality assurance. When we find a model is not working as expected, we will update it for our next set of forecasts. When we make significant refinements, developments, or corrections to our models, we will use judgement to decide how best to communicate these changes to our users. For example, we may provide an update as part of our core forecasting report (Scotland's Economic and Fiscal Forecasts, or SEFF), our Forecast Evaluation Report (FER), or in a stand-alone methodology paper. However, for the reasons discussed above, we will no longer treat internal modelling errors as part of our formal error corrections process.

Handling publication errors and corrections

- 2.12 When a publication error is identified we consider a number of factors to determine the best course of action, which are set out below.

What is the scale of the publication error?

- 2.13 We assess the scale of each error when determining our response. We do this based on materiality and importance. We usually consider errors individually, but if multiple errors have occurred for one area it may also be appropriate to consider these together. Errors should be classified within both categories: as material or non-material and as important or non-important. We set out our materiality policy in Chapter 3.
- **Materiality:** this is based on the financial impact of the error on the Scottish Budget. We classify errors over our threshold to be material and errors under our threshold to be non-material. For Income Tax and Non-Domestic Rates, we use our 'small' threshold (£10 million). For other taxes and social security, we use our 'negligible' threshold (£5 million).
 - **Importance:** this allows a degree of judgement to be introduced into the classification. We classify errors as important if they might have led to different decisions being made in the Scottish Budget, or if they are particularly high-profile or politically sensitive. More recent errors, for example applying to the current budget year, will be judged to have a higher level of importance than older errors.
- 2.14 Errors which are difficult to classify will be discussed within teams and, where appropriate, with our senior management team or Commissioners to ensure the correct response is taken.

Correcting publication errors

2.15 We respond to errors in a number of ways, depending on their materiality and importance, as set out in Figure 2.1.

Figure 2.1: Materiality and importance matrix

Responses	Material and important	Material and non-important	Non-material and important	Non-material and non-important
Record in internal error log	Yes	Yes	Yes	Yes
Inform the Scottish Government	Yes	Yes	Optional	No
Inform other interested stakeholders	Yes	Yes	Optional	No
Publish corrected documents and a correction note on the website [1]	Yes	Yes	Yes	Optional

Source: Scottish Fiscal Commission.

[1] A correction note can be in the form of a paragraph of text notifying that the documents have been corrected and explaining why.

2.16 Our error log is an internal document to store a record of publication errors, the assessment made, and any responses. This document allows us to review errors frequently and update quality assurance processes to reduce the chances of a similar problem recurring in the future.

2.17 We also have a **£100,000 ‘de minimis’ error threshold**, below which the application of our error policy is not required, although corrections are still made internally to models and reflected in future publications.

Re-publication of corrected documents

2.18 For publication errors, we have a process for re-publishing the corrected version of documents and their accompanying spreadsheets in an orderly and transparent way. This process involves:

- Updating the document’s cover sheet to reflect that the document has been corrected.
- Adding a ‘Version Log’ in the corrected document.
- Recording the errors in a ‘Log of Changes’ and publishing this separately on the publication webpage. This log contains a description of the errors, the affected documents and spreadsheets, and the elements which have been corrected.

- Updating the publication webpage to include a notification that the documents have been corrected, with an explanation of why they were corrected, and to clearly rename documents.

Handling forecast revisions

- 2.19 Our forecasts are revised each time we publish, as we adjust our outlook in line with the latest available data and information. Revisions to previously published forecasts can result from different factors, including:
- The availability of more and fuller data or information on which to base our forecasts.
 - Updates to our assumptions and judgements.
 - Developments in our modelling processes.
 - Revisions in the historical data which feeds into our models, for example because of improvements to statistical methods or error corrections in that data.
- 2.20 Our approach to revisions is guided by the following principles:
- To ensure the SFC is transparent with users about the source and impact of any revisions.
 - To ensure that decisions are not based on significantly superseded information.
 - To ensure the orderly revision of time series within the SFC's publications.
- 2.21 We provide detailed information in our Scotland's Economic and Fiscal Forecasts (SEFF) report and Forecast Evaluation Report (FER) to help users understand how and why our forecasts have changed, explaining the cause of the revisions and their effect on the forecasts.

Chapter 3

Materiality policy

Introduction

- 3.1 The SFC produces policy costings alongside our forecasts to show the impact that changes made by the Scottish Government have on tax revenues and social security expenditure. We produce forecasts to accompany the Scottish Budget and the Scottish Government's Medium-Term Financial Strategy, and cost policies announced at these fiscal events. In addition, we produce costings to accompany secondary legislation in areas within our remit where we have not already costed the policy.
- 3.2 Annex A of our Scotland's Economic and Fiscal Forecasts report sets out the costings for policies announced since our last publication which we have not already costed. Our supplementary tables provide information on revised estimates of previously costed policies, known as recostings.
- 3.3 Some policies announced by the Scottish Government will have a small effect relative to the size of the total Scottish Budget. This chapter sets out our approach to handling policies we do not consider to be material in cost.
- 3.4 We also consider materiality in our approach to error corrections, as detailed in Chapter 2, where we categorise errors based on materiality and then use this to help us decide on an appropriate response.
- 3.5 Our approach to materiality was first set out in our December 2018 forecast report.¹⁹ We have subsequently reviewed the materiality thresholds alongside our January 2021 and May 2023 forecast reports.²⁰ Our approach to materiality is now included in this statement rather than in our forecast report. As part of this updated statement, we have decided to increase our materiality thresholds to account for inflation.
- 3.6 We plan on reviewing our materiality policy at least every three years alongside our statement of voluntary application of the Code of Practice for Statistics and our error policy.

¹⁹ Scottish Fiscal Commission (2018) [Scotland's Economic and Fiscal Forecasts – December 2018](#).

²⁰ Scottish Fiscal Commission (2021) [Scotland's Economic and Fiscal Forecasts – January 2021](#), Scottish Fiscal Commission (2023) [Scotland's Economic and Fiscal Forecasts – May 2023](#).

Materiality thresholds

Negligible policies

- 3.7 The SFC has set thresholds under which policies will not be costed. The threshold for negligible policies is **£5 million**. This is an increase from our previous threshold of £2 million.

Small policies

- 3.8 For policies over £5 million but under a threshold of £10 million, we will decide whether to cost the policy or not. Our threshold for small policies of **£10 million** is an increase from our previous threshold of £5 million.
- 3.9 Our criteria for when not to cost a small policy require some, or all, of the following:
- A high degree of confidence that the cost of the policy is low, even if there is a high degree of relative uncertainty as to the precise cost.
 - That the cumulative changes being made do not push the policy above the materiality threshold.
 - Limited risk of significant behavioural response.
- 3.10 We also consider the likely level of political and media interest in our decision on whether to cost a policy.
- 3.11 Details of any policies the SFC has decided not to cost are included in the tax or social security chapter of our Scotland's Economic and Fiscal Forecasts report. We will keep under review the policies we have previously not costed to ensure that none of these are now above the thresholds.

Additional information

Abbreviations

FER	Forecast Evaluation Report
GDP	Gross Domestic Product
GSS	Government Statistical Service
IFI	Independent Fiscal Institution
OECD	Organisation for Economic Co-operation and Development
OSR	Office for Statistics Regulation
QA	Quality assurance
RAP	Reproducible Analytical Pipeline
SEFF	Scotland's Economic and Fiscal Forecasts
SFC	Scottish Fiscal Commission
UK	United Kingdom
UKSA	United Kingdom Statistics Authority
WCAG	Web Content Accessibility Guidelines

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

Professional standards

The SFC is committed to fulfilling our role as an Independent Fiscal Institution, in line with the principles set out by the Organisation for Economic Co-operation and Development (OECD).²¹

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 SFC, please contact info@FiscalCommission.scot. Press enquiries should be sent to press@FiscalCommission.scot.

For specific enquiries on our analytical policies and procedures, including our voluntary application of the Code of Practice for Statistics, please contact:

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²¹ OECD (2014) [Recommendation of the Council on Principles for Independent Fiscal Institutions](#).

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