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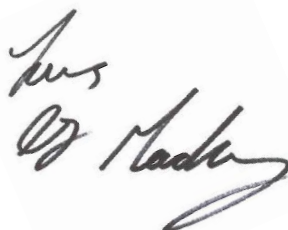
26 March 2018

Dear Bruce,

As you will be aware, the Office for Budget Responsibility (OBR) published updated economy and fiscal forecasts at the Spring Statement on 13 March. These forecasts have been used to provide indicative updates of the Scottish Government's block grant adjustments and these are attached.

Please note that these updated estimates have no material impact on the Scottish Government's budget. Block grant adjustments are only actually updated and applied to the Scottish Government's block grant at the Autumn Budget. These forecasts can, however, be drawn upon to assess the Scottish Government's future spending work and will be used to inform on-going work on the Medium Term Financial Strategy. It is for this reason that I am writing to inform you of the update and as part of our on-going commitment to transparency regarding the operation of the Fiscal Framework.

I understand that HM Treasury is writing in similar terms to the UK Parliament's Scottish Affairs Committee to provide the updated estimates. Scottish Government officials are also available to provide any briefing on the block grant adjustments to Committee Members as and when required.



DEREK MACKAY

Annex A – Spring Statement 2018 Block Grant Adjustment Estimates

Spring Statement 2018 Block Grant Adjustment Estimates		2017-18	2018-19	2019-20	2020-21	2021-22
Income Tax*	Comparable Model	11,600	11,932	12,246	12,672	13,106
	Indexed Per Capita	11,571	11,873	12,157	12,553	12,954
LBTT	Comparable Model	590	594	614	639	667
	Indexed Per Capita	586	588	606	630	656
SLfT	Comparable Model	105	107	93	83	80
	Indexed Per Capita	104	106	91	81	77
TOTAL	Comparable Model	12,295	12,633	12,953	13,394	13,853
	Indexed Per Capita	12,261	12,567	12,854	13,264	13,687

*These block grant adjustments are derived using the SFC forecast of 16-17 income tax receipts provided at the publication of the Scottish Government's Draft Budget 18-19 (£11,214m).