

A solid orange right-angled triangle pointing downwards and to the right.

Colin Smyth MSP
Convener
Economy and Fair Work Committee

The Scottish Parliament
Edinburgh
EH99 1SP

25 June 2025

Dear Convener,

Today the Scottish Fiscal Commission has published [Scotland's Economic and Fiscal Forecasts Update – June 2025](#) alongside the Scottish Government's Medium-Term Financial Strategy (MTFS). It reflects changes since the Commission published its forecasts on 29 May including the UK Government's Spending Review and new Scottish Government tax and social security policies.

In our report we show that total funding in 2026-27 will be £61.3 billion rising to £66.5 billion by 2029-30. The funding available for day-to-day spending next year is £54.0 billion, or £46.3 billion after social security spending is deducted. In 2029-30, £59.1 billion is expected to be available for day-to-day spending and £50.1 billion after social security spending.

The Scottish Government now has the information it needs to complete its spending review, which it intends to publish later in the year alongside the 2026-27 Scottish Budget. With the Government also now estimating that day-to-day spending will be likely to exceed the funding available by up to £2.6 billion in 2029-30 it has set out broad plans to control spending, including through reductions in public sector employment. The Spending Review will be an important step in providing more details on how it will deliver on these ambitions.

I am happy to discuss any aspect of our forecasts and anything the Commission can do to aid the work of the Committee.

Yours sincerely,
Professor Graeme Roy