

How sustainable are Scotland's finances?

Financial planning in uncertain times

Caroline Gardner 12 November 2019



Decade of austerity



Economic uncertainty



Ageing population



Increased demand for services

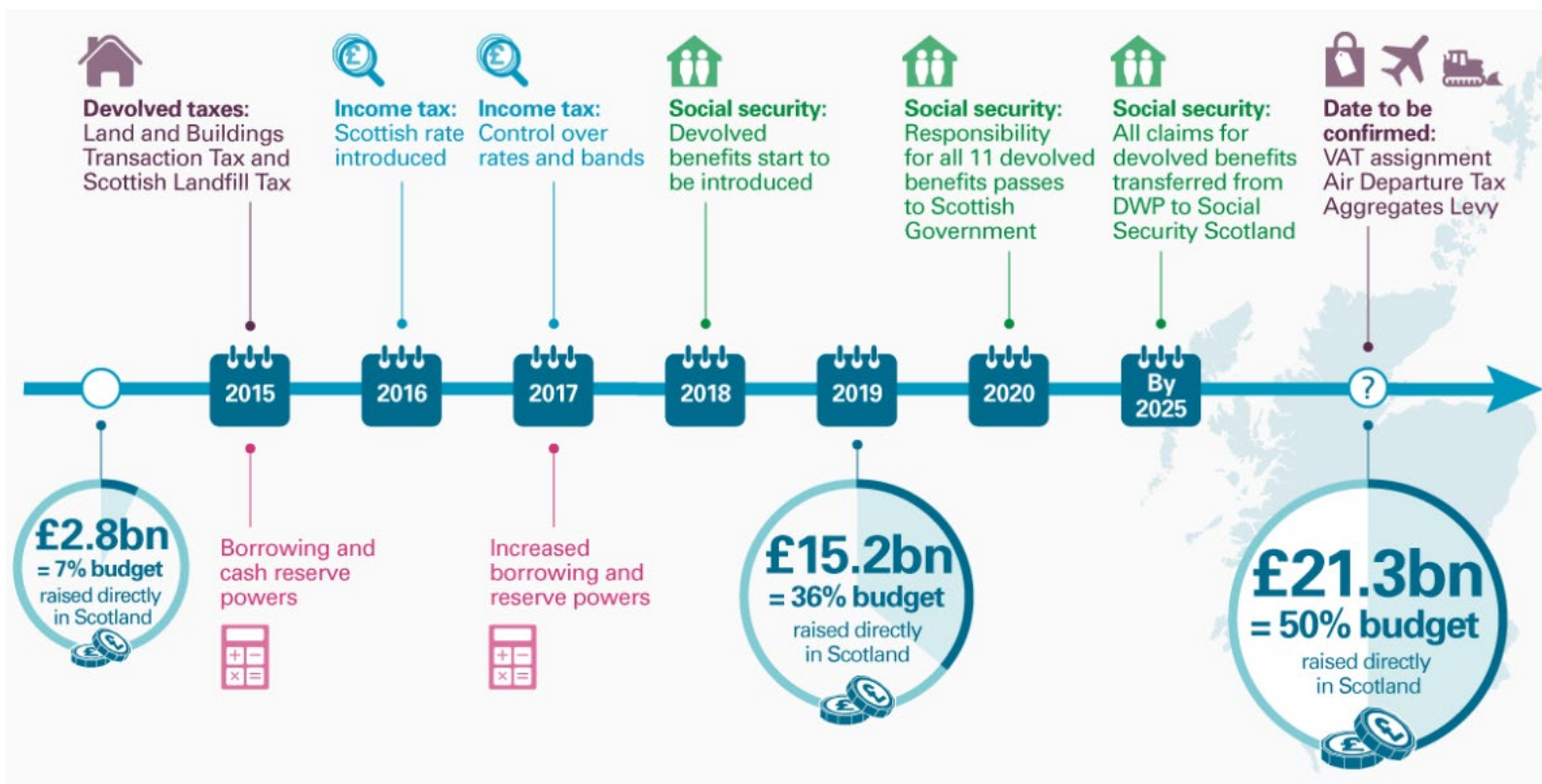


EU withdrawal



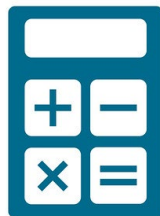
Small leadership pool

Fundamental changes to public finances





- Economic performance risk
- Policy risk
- Forecasting risk



- Budget management risk



Budget risks affect:

- The level of resources available to enable policy choices about tax and spending.
- The extent to which unexpected changes in available resources may impact on their economic, efficient and effective use.



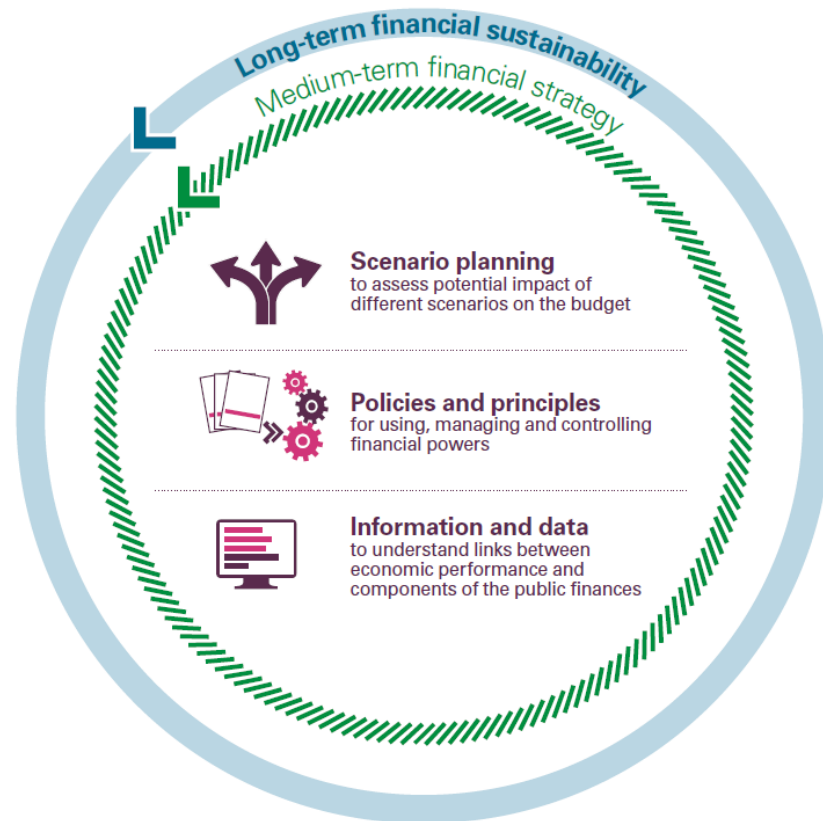


Effective budget management is required to:

- Keep Scottish public finances stable
- Deliver Scottish Government policies
- Minimise disruption to public services
- Provide value for money

Financial sustainability requires an understanding of:

- extent of financial commitments
- long-term implications of policy decisions
- expected changes in revenues, spending and the economy



- More complexity, uncertainty and volatility in the budget as effects of fiscal framework start to be felt
- Budget risks affect level of resources available
- Financial sustainability relies on understanding budget risks and responding effectively
- Effective budget management, scrutiny and transparency more important than ever

