



**Scottish Fiscal Commission  
Framework Document**

**Agreement between Scottish Government  
and the Scottish Fiscal Commission**

**June 2019**

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**\* The term "Chief of Staff" used in section 22 of the Scottish Fiscal Commission Act 2016 is replaced throughout this document by "Chief Executive".**

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## **9. REVIEW AND PUBLICATION**

## 1. INTRODUCTION

1.1 The Scottish Fiscal Commission (“the Commission”), established by section 1(1) of the Scottish Fiscal Commission Act 2016 (“the SFCA”), is a body corporate and part of the Scottish Administration, but not the Scottish Government. In terms of its classification as a Scottish public body, it is a non-Ministerial Office, thus ensuring its operational independence. The Commission is directly accountable to the Scottish Parliament for the delivery of its functions. The Commission is known in Gaelic as *Coimisean Fiosgail na h-Alba*.

1.2 The SFCA established the Scottish Fiscal Commission as the independent body responsible for preparing the forecasts for the Scottish Budget. The agreement between the Scottish and United Kingdom Governments on the Scottish Government’s fiscal framework confirms the Commission’s role in the Budget process. The SFCA provides a basis for expanding its functions in line with any expansion of the fiscal powers of the Scottish Parliament. The Scottish Government has since used the regulation-making powers in section 8 of SFCA to expand the Commission’s functions from 1 April 2017 to reflect the tax, borrowing and social security powers devolved in the Scotland Act 2016.

1.3 The Framework Document has been drawn up jointly by the Commission and the Scottish Government. It sets out the terms of an agreement between the Scottish Fiscal Commission and the Scottish Ministers in relation to the governance, financing and operation of the functions of the Commission. It forms a key part of the governance and accountability framework within which the Commission operates. The document does not create legal obligations or confer legal powers or responsibilities on either party. Legislative provisions shall take precedence over any part of this document.

1.4 This agreement recognises the Commission’s unique relationship with the Scottish Parliament and role in the Scottish Budget process. While the Framework Document’s principal purpose is to define key roles and responsibilities underpinning the relationship between the Commission and the Scottish Government, it fully reflects the Commission’s direct accountability to the Scottish Parliament. **Nothing in this document affects, or is intended to affect, in any way the direct accountability of the Commission to the Scottish Parliament, including its Finance Committee, for the performance of its statutory functions. See Section 5.**

1.5 The document begins by setting out a number of shared principles to which Scottish Government and the Commission will adhere. It then summarises the functions of the Commission and sets out the roles and responsibilities of the Scottish Ministers; the Chair and Members of the Commission; the Commission’s Chief Executive, including the specific role of Accountable Officer; the staff of the Commission; and the Scottish Government Director General Scottish Exchequer and her staff.

1.6 The document also sets out roles, responsibilities and requirements in relation to: financial management and resources including budget allocation, audit and risk management, and shared services and contracts; planning and reporting including forecasts and assessments, reports on other fiscal factors, reviews of forecasting

accuracy, publication of reports, annual report and accounts, corporate plan; Freedom of Information; accountability to the Scottish Parliament; and information and data sharing, including the protocol between the Commission and the Scottish Government. Finally, provision is made for review and publication of the Framework Document.

## 2. SHARED PRINCIPLES

2.1 The Scottish Fiscal Commission (“the Commission”) and the Scottish Ministers (“Ministers”) confirm that they will adhere to the following shared principles:-

(a) In accordance with the Organisation for Economic Co-operation and Development (OECD) principles for independent fiscal institutions, the independence of the Commission, as enshrined in its founding legislation, will be respected at all times. (See section 9 of the SFCA.) The Commission is free to determine how it fulfils its functions. Ministers will not direct or seek to direct, or control or seek to control, the Commission in relation to the performance of its functions. Communications between the Scottish Government and the Commission will not seek to influence the Commission’s judgements or methodologies for producing its forecasts, assessments and analysis, which are determined independently and free from Ministerial involvement.

(b) The Commission will not act in such a way as might compromise, or be seen to compromise, its own independence.

(c) The Commission will remain politically neutral.

(d) The Commission will carry out its functions with integrity and in such a way as to promote transparency, ensuring that its forecasts, assessments and reports are available for scrutiny by Parliament, academic commentators and others, and that records are retained to provide an audit trail for the external assessment of its work and its use of public funds.

(e) With a view to increasing the transparency of interactions between the Commission and the Scottish Government during the forecasting, assessment and reporting processes, both bodies will abide by the jointly agreed Protocol established and published under section 6 of the SFCA. This protocol, further details of which are at section 9 of this document, sets out arrangements for communications and meetings, expectations on information sharing including arrangements for handling draft reports, and the publication of other papers produced to support the exercise of the Commission’s functions.

(f) The Commission and Ministers are committed to good and effective communications with each other, especially where the work of one has bearing on the responsibilities of the other. They wish to ensure that (i) tax and social security policy development and budget setting and (ii) forecasts of tax receipts and social security expenditure are informed by a good shared understanding of the policy and fiscal context. The term “shared understanding” should not be taken to imply that the Scottish Government and the Commission must reach a consensus on modelling or forecasting: the Commission is free to carry out its functions as it wishes.

(g) Also in the interest of ensuring transparency, and in accordance with the requirements of section 2(3) of the SFCA, when preparing and publishing reports containing its forecasts of tax receipts, social security expenditure and on-shore GDP and setting out its assessment of the reasonableness of Scottish Ministers’ projections

as to their borrowing requirements, the Commission will publish alongside these a detailed explanation of the methodology used and of factors that it has taken into account, in particular assumptions and risks.

(h) The Scottish Government recognises that accurate, timely and good quality data are essential to providing good quality forecasts. The Commission has under section 10 of the SFCA a statutory right of access at reasonable times to any relevant information held by the Scottish Government and other specified public bodies that the Commission may reasonably require for the purpose of performing its functions. This right of access is subject to any enactment or rule of law that prohibits or restricts access or relates to the disclosure of any information, for example the General Data Protection Regulation or the Revenue Scotland and Tax Powers Act 2014. The Commission may also reasonably require access to data held by bodies other than those specified in section 10 of the SFCA, for the performance of its functions. If requested by the Commission, the Scottish Government will use its best endeavours to help the Commission secure access to such data.

(i) The Commission is bound by the confidentiality requirements set out in the *Code of Conduct for Members of the Scottish Fiscal Commission*. Privileged budget information will include tax policy decisions and social security policy decisions which the Scottish Government intends to announce in the Scottish Budget.

(k) The Scottish Government will provide the Commission with timely notice of all Budget decisions which have an impact on the work of the Commission, including any proposed changes to tax rates or bands or to social security provision, or any policies that are likely to have a significant impact on the economy. The arrangements around timings for this notification are set out in the protocol between the Commission and the Scottish Government.

(l) The Commission and the Scottish Ministers will both work in ways which support the best principles of corporate governance and financial accountability as set out in the Scottish Public Finance Manual.

### 3. FUNCTIONS OF THE SCOTTISH FISCAL COMMISSION

#### **Forecasts, Assessments and Reports**

3.1 The Scottish Fiscal Commission prepares economic and fiscal forecasts and assessments to inform the Scottish Budget. The SFC's statutory functions are set out sections 2 – 5 of the SFCA.

3.2 In particular, the Commission will prepare a report twice a year to accompany the Scottish Budget and the Medium Term Financial Strategy. The report will include:

- 5-year forecasts of receipts from the devolved taxes, non-domestic rates, Scottish income tax and assigned taxes;
- 5-year forecasts of demand-led social security expenditure in Scotland; and
- 5-year forecasts of onshore GDP in Scotland; and
- the Commission's assessment of the reasonableness of Scottish Ministers' projections of borrowing requirements.

3.3 Reports will include detailed explanations of the methodology used by the Commission and the factors which have been taken into account, in particular the assumptions made by the Commission and the risks considered by the Commission to be relevant. By doing this, the Commission will promote transparency and ensure that the basis for the forecasts are available for scrutiny by the Parliament, academic commentators and others.

3.4 As provided in section 2(4) of the SFCA, the Commission may from time to time also prepare reports on other fiscal factors. A "fiscal factor" is anything that Scottish Ministers use to ascertain the resources likely to be available for the Scottish Budget.

3.5 As provided in section 2(7) of the SFCA, in carrying out its forecasting, assessment and reporting functions, the Commission must have regard to relevant Scottish Government policy. The SFCA stipulates that, in order for the Commission not to be drawn into political discussion, it may not consider what the effect of alternative policies would be. It, may, however, consider the effect of alternative forecasting assumptions or methodologies on revenue forecasts.

3.6 Under section 4 of SFCA, the Commission must produce a report each financial year on the accuracy of its previous forecasts of tax receipts, demand-led social security expenditure and Scottish GDP. This will allow the Commission to build on and learn from its previous experience, enabling continuous improvement of forecasting methodologies underpinning the Scottish Budget. These reports will evaluate methodologies, assumptions, risks and projections used by the Commission in light of actual outturn.

## **Independence and Transparency**

3.7 Section 9 of the SFCA sets out that the Commission cannot be directed or controlled by any member of the Scottish Government in relation to the performance of its functions. This safeguards the operational independence of the Commission, which is to be free to determine how it fulfils its functions.

## **Access to Information**

3.8 The Commission requires access to data and information held by the Scottish Government and other bodies to perform its functions. Section 10 of the SFCA gives the Commission a reasonable right of access to information held by the Scottish Government and specified public bodies. Section 9.2 gives further details.

## **Other Provisions**

3.9 The Commission has a statutory duty under section 11 of the SFCA to co-operate with the Office for Budget Responsibility (OBR) in the performance of the OBR's functions. The UK Government has placed a reciprocal duty on the OBR to co-operate with the Commission through an amendment to the National Audit and Budget Responsibility Act 2011.

3.10 The Scottish Fiscal Commission in carrying out its functions is also subject to the jurisdiction of the Scottish Public Sector Ombudsman (SPSO). The Commission will maintain a complaints and appeals procedure which complies with the statement of principles published by the SPSO and which it will publish on its website and via other appropriate media.

## **Chief Executive and Staff**

3.11 The members of the Commission provide strategic leadership and direction to the staff whom it employs and will hold the Chief of Staff - referred to throughout this Framework Document as the Chief Executive - to account for the Commission's performance. The Chief Executive is responsible for providing operational leadership of the Commission. The respective responsibilities of Commissioners and the Chief Executive are set out in more detail at paragraphs 4.17 - 4.19 and 4.20 - 4.25; the Chief Executive's responsibilities as Accountable Officer are set out at paragraphs 4.26 - 4.31. The Commission's staff are civil servants, employed by and accountable through the Chief Executive to the Commission (see paragraphs 4.32 - 4.40).

## 4. ROLES AND RESPONSIBILITIES

4.1 The relevant powers and duties of the Scottish Fiscal Commission and of the Scottish Ministers are set out in the SFCA. The Commission is directly accountable to the Scottish Parliament for carrying out its statutory functions. The Chief Executive, as Accountable Officer, is personally responsible for safeguarding the public funds for which he or she has charge and for ensuring propriety and regularity in the handling of those funds.

### **The Scottish Ministers**

4.2 In accordance with section 15 of the SFCA, the Scottish Ministers will appoint between three and five individuals to be members of the Scottish Fiscal Commission. One member will be appointed by Ministers as Chair. All appointments are subject to the approval of the Scottish Parliament. Appointments to the Commission are public appointments and subject to the Public Appointments and Public Bodies etc. (Scotland) Act 2003; appointments are made after fair and open competition and the appointments process is regulated by the Commissioner for Ethical Standards in Public Life in Scotland.

4.3 The SFCA allows for Ministers to determine the period of appointments of members of the Commission, up to a maximum of 5 years. Ministers may reappoint members on one occasion only; members may thus serve a total of two consecutive terms, subject to the requirements of the Code of Practice for Ministerial Appointments to Public Bodies in Scotland which specifies that public appointments should not be held for more than 8 years. To allow flexibility around the timing of reappointments (for example, in obtaining Parliamentary approval), an individual may be reappointed if currently a member or having been a member in the three months prior to reappointment. Reappointments are subject to evidence of effective performance and to members continuing to have the skills, knowledge and experience required on the Commission at the time of reappointment.

4.4 The Scottish Ministers will usually use the forecasts prepared by the Commission in preparing the Scottish Budget or the Medium Term Financial Strategy. If - exceptionally - they do not do so, then section 7 of the SFCA requires the Scottish Ministers to provide a statement to the Parliament at the same time as the Budget documentation explaining why they disagree with the Commission's forecast and they must lay this statement before the Parliament at the same time as the Budget documentation. Further details are set out in the Protocol between the Commission and the Scottish Government.

4.5 Ministers will also consult the Commission formally if they propose to modify the Commission's functions by means of Regulations under section 8 of the SFCA; further details are set out in the Protocol.

4.6 Section 9 of the SFCA provides that the Commission cannot be directed or controlled by any Scottish Minister in relation to the performance of its functions. This safeguards the independence of the Commission. Scottish Ministers are not responsible for the Commission's day to day operations or for the judgements made and reports published by the Commission.

4.7 The Scottish Ministers are responsible for determining fiscal and other policy within their area of responsibility. Where such a policy is relevant to the Commission's preparation of forecasts, assessments and reports under section 2 of the SFCA, the Commission must have regard to the policy and it is not to consider what the effect of any alternative policy would be.

4.8 The Scottish Ministers will ensure that any privileged budget information, including tax and social security policy decisions which the Scottish Government intends to announce in the Scottish Budget, provided to the Commission prior to publication in confidence will be communicated to specific individuals within the Commission solely on a need-to-know basis. All such information will be clearly identified as privileged budget information.

4.9 The Scottish Ministers determine all the Budget proposals to be submitted to the Parliament in the Budget Bill, including the proposed budget for the Scottish Fiscal Commission. Ministers are responsible for ensuring that this budget is sufficient to enable the Commission to carry out its remit effectively. The Scottish Ministers will also provide a clear indication of indicative funding for the following two years thereafter. The process for agreeing the Commission's budget allocation is described under Section 6: *Financial Management and Resources*.

### **The Scottish Fiscal Commission**

4.10 The Scottish Fiscal Commission consists of between three and five members (the Commissioners) who are collectively responsible for fulfilling the functions and duties set out in the SFCA. They must prepare five-year forecasts of the economy, devolved taxes and devolved social spending, and assess the reasonableness of the Scottish Ministers' borrowing plans. These reports must be made twice a year, in line with the Scottish Budget process, and presented to Parliament. A report evaluating those forecasts must be made and presented to Parliament once a year.

4.11 The Commission has full discretion over how it fulfils and delivers its statutory functions, including determining its judgements, selecting its methods and deciding the content of its analytical publications and work plan.

4.12 Commissioners are appointed by the Scottish Ministers with the approval of the Scottish Parliament; one member is appointed as Chair. The Commission will have an appropriate mix of a range of relevant knowledge, skills and experience.

4.13 If legal proceedings are brought against any Commission member by a third party, the Commission will meet any civil liability which is incurred by that Commission member in the execution of his or her functions, provided that he or she has acted honestly and in good faith and did not act recklessly or negligently.

### **The Governance Board**

4.14 The Commissioners act corporately as a Governance Board, collectively responsible for the leadership and direction of the Scottish Fiscal Commission, and for ensuring that it carries out its statutory functions effectively and efficiently and that it

achieves its published aims and objectives as recorded in the Corporate Plan. Governance Board meetings are distinct from the technical, forecasting, scrutiny or modelling meetings of Commissioners.

4.15 The Governance Board operates within *Standing Orders* which are published on the Commission website. The Standing Orders also set out a *Code of Conduct for Members of the Scottish Fiscal Commission* and provide for the circumstances in which Commission members must declare any interest on a subject under discussion or consideration.

4.16 The Chief Executive, the Head of Strategy, Governance and Corporate Services and one other member of the Senior Management Team usually attend Governance Board meetings, but formal decisions are reserved to the Commissioners.

4.17 In particular, the Governance Board will:

- (a) establish and maintain the strategic direction of the organisation, consistent with its statutory framework;
- (b) maintain the Commission's independence from the Scottish Government;
- (c) communicate widely the Commission's aims and objectives;
- (d) protect and enhance public confidence in the Commission, including its recognition by the international network of Independent Fiscal Institutions and within Scotland as a source of fiscal knowledge;
- (e) ensure that the Commission conducts its business with integrity and transparency, and that the Commission demonstrates high standards of corporate governance at all times;
- (f) comply with any statutory or administrative requirements specified in the Scottish Public Finance Manual (SPFM) for the use of public funds, including requirements relating to Value for Money; Best Value; and risk management, governance and internal control;
- (g) assure itself of the effectiveness of the internal control and risk management systems of the Commission, by establishing an Audit and Risk Committee;
- (h) ensure that records are retained to provide an audit trail for the external assessment of its work and its use of public funds;
- (i) ensure that all legal responsibilities are complied with;
- (j) provide leadership and commitment to the development and promotion of effectiveness, efficiency, economy and equality throughout the Commission;

(l) oversee, within the Human Resources policies applying to Commission staff, the recruitment, retention and motivation of staff with the required technical, management and administrative skills to carry out the Commission's functions, (although as the creation of Senior Civil Service posts, and their reward, is part of a UK-wide scheme, the Commission will require to agree with the Scottish Government the creation of these posts, the means of recruitment, and levels of reward);

(m) agree and oversee arrangements for obtaining access to data and information held by the Scottish Government and other bodies which support the production of the Commission's forecasts, and any other data or information which the Commission may consider relevant to the performance of its functions; and

(n) ensure that strong working relationships are established and maintained between the staff employed by the Commission and staff of the Scottish Government and of the Commission's other key stakeholders.

4.18 As set out in paragraph 4.13, the Commission may also under section 26 of SFCA authorise a Commissioner, a committee, the Chief Executive or any other member of staff to perform any of its functions to whatever extent the Commission decides ("internal delegation"); or it may delegate a function to a third party. However, in doing so the Commission remains responsible for the performance of its statutory functions.

### **Role of Commissioners as individuals**

4.19 Individual commissioners are accountable to the Chair for their conduct as members of the Commission. Commissioners should act in accordance with the responsibilities of the Commission as a whole and must comply at all times with the Code of Conduct and with the rules relating to conflicts of interest and to the use of public funds. In this context, "public funds" means not only funds provided to the Commission by the Scottish Ministers but also other funds falling within the stewardship of the Commission. Commissioners' conduct should also be consistent with the Commission's independence.

4.20 Commissioners who have received privileged budget information or commercial in confidence information will hold any such information in the strictest confidence. All such information will be clearly identified before being sent to a Commissioner.

### **Chair of the Scottish Fiscal Commission**

4.21 The primary duty of the Chair of the Commission is to lead the Commission in the successful performance of its functions. In doing so, the Chair will exercise particular leadership responsibilities in the following matters:

(a) formulating and articulating the Commission's strategy and direction;

- (b) ensuring that in reaching decisions the Commission and its Committees have due regard to all appropriate data, information and guidance;
- (c) ensuring that actions and decisions taken by the Commission are in accordance with its statutory obligations and are consistent with its aims and objectives;
- (d) ensuring high standards of propriety and regularity throughout the Commission and its staff; and
- (e) building relationships with, and representing the views of, the Commission to the Scottish Parliament, the Scottish Ministers and other key stakeholders.

4.22 The Chair will also ensure:

- (a) that all members of the Commission, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities; and that they receive appropriate induction and on-going training, including on the financial management, reporting requirements and other duties of public bodies in Scotland;
- (b) in exercising responsibility for taking forward succession planning for the Commission, that the Commission has and continues to have the skills, experience, knowledge and diversity that it needs to be effective;
- (c) that best use is made of the Commission's skills mix in carrying out its functions; that the Commission takes appropriate action to address any skills gaps; and that effective arrangements are in place for the on-going review of Commission members' contribution to the Commission's work, including ensuring that a suitably rigorous process is in place for annual appraisal by the Chair of all Commission members; and
- (d) that the performance of the Chief Executive is managed to meet both the needs of the Commission and the requirements of the Cabinet Office Strategy on Senior Civil Service performance management.

### **Chief Executive of the Scottish Fiscal Commission**

4.23 The Chief Executive is a senior civil servant, appointed by, employed by and accountable to the Commission for the day-to-day running of the organisation and its operational performance. The Chief Executive is not a member of the Commission.

4.24 In exercising responsibility for the day-to-day operation of the functions of the Commission, the Chief Executive works under the direction of the Chair of the Commission and in accordance with this Framework Document. In particular, the Chief Executive is held to account by the Commission for the management of the Commission's budget and business plans, the leadership of its staff, and the efficient and effective delivery of Commission business.

4.25 The Chief Executive is designated as the Accountable Officer for the Commission by the Permanent Secretary of the Scottish Government, as the Principal Accountable Officer for the Scottish Administration, in accordance with sections 14

and 15 of the Public Finance and Accountability (Scotland) Act 2000. Further details of the Accountable Officer's responsibilities are set out at paragraphs 4.26 below.

4.26 The appointment of the Chief Executive is conducted in line with the Civil Service Commissioners' Recruitment Principles as they apply to senior civil servants in Scotland. The Chief Executive's remuneration is agreed in accordance with the performance and award arrangements for members of the relevant Senior Civil Service pay band.

4.27 The Chief Executive's main responsibilities include:-

(a) being the primary source of advice to the Commissioners and ensuring that they are provided with high-quality, impartial, transparent and honest information and advice on all areas of the Commission's responsibilities;

(b) providing effective leadership to the staff of the Commission, exercising responsibility for their recruitment, retention, management, motivation and determining the organisational and management structure and the number and levels of staff below the level of the Senior Civil Service and ensuring appropriate workforce planning arrangements are in place;

(c) the learning and development of staff, both as individuals and collectively, ensuring that staff have the knowledge, skills and experience required for the Commission to deliver its functions effectively;

(d) ensuring that relevant financial considerations are made clear to the Commission at all stages in reaching and executing decisions;

(e) ensuring that the Commission and staff remain alert to the public interest in ensuring that their decisions are taken in a fully informed legal context and ensuring that the legal implications of any course of action are considered at the earliest opportunity and that all briefing to the Commission is informed by such advice;

(f) delivering the efficient and cost-effective day-to-day management of the Commission's functions;

(g) overseeing the commitment of the Commission to good and effective communications with the Scottish Parliament, the Scottish Government, partners and stakeholders;

(i) ensuring the efficient and effective use of staff and other resources in line with the principles of Value for Money and Best Value, including where appropriate through participation in collaborative procurement and shared service arrangements (see paragraph 6.14 below);

(i) ensuring that human resource policies and procedures - maintained by the Scottish Government and delivered within the Commission under a shared service arrangement (see paragraph 6.12) - are effectively managed to the required standards for all staff employed by the Commission;

- (j) ensuring that the workplace is free from discrimination and bullying, that all staff are treated fairly and that the Commission supports staff health, safety and wellbeing;
- (k) putting in place robust systems of management and control within the organisation which support the fulfilment of the Commission's statutory functions, aims and objectives; and ensuring the identification, management and mitigation of risks to inform decisions on financial and operational planning;
- (l) ensuring that adequate resources are in place for the Commission to fulfil its planning and reporting responsibilities as set out in Section 7 of this Framework Document;
- (m) overseeing the preparation for each financial year of the annual accounts of the Commission; arranging for an audit of the annual accounts to be carried out by the Auditor General for Scotland (AGS), or by auditors appointed by the AGS, in the appropriate time period; and signing the annual accounts and associated governance statements (as Accountable Officer – see paragraphs 4.20 - 4.33 below);
- (o) preparing the Commission's annual report, laying the annual report and accounts before the Scottish Parliament and arranging for their publication and;
- (p) ensuring that appropriate organisational policies and procedures are in place to fulfil the Commission's duties and responsibilities in respect of Freedom of Information, data protection, the promotion of equality and diversity, health and safety.

### **Accountable Officer**

4.28 The Chief Executive is designated as the Accountable Officer by the Permanent Secretary of the Scottish Government, as the Principal Accountable Officer for the Scottish Administration, in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000. As Accountable Officer, the Chief Executive is personally responsible for safeguarding the public funds for which he or she has charge and for ensuring propriety and regularity in the handling of those public funds. The Accountable Officer has a duty to obtain Value for Money and Best Value in the operational performance of the organisation and for ensuring that effective governance and operational arrangements are in place to secure internal control and risk management.

4.29 As Accountable Officer, the Chief Executive is personally responsible for ensuring that the Commission complies with the requirements of the Scottish Public Finance Manual (SPFM). The Chief Executive should act, and take steps necessary to ensure that the Commission corporately acts, in accordance with the principles of the SPFM and the terms of relevant guidance in the SPFM and other financial instructions and guidance issued by the Scottish Ministers. (See also paragraph 6.7 below.) The full range of responsibilities of the Accountable Officer are set out in the *Memorandum to Accountable Officers for Parts of the Scottish Administration*, published in the SPFM.

4.30 It is incumbent on the Chief Executive to combine his or her Accountable Officer responsibilities to the Scottish Parliament with responsibilities to the Commission. The Chair and members of the Commission should be fully aware of, and have due regard to, the responsibilities and statutory duties placed upon the Chief Executive as the Accountable Officer.

4.31 The Accountable Officer may consult with the Director General Scottish Exchequer on any aspects of the duties applying to Accountable Officers in the Scottish Administration. The Accountable Officer must consult the Director General on any action which he/ she considers is inconsistent with his/ her duties on financial, regulatory or propriety grounds, and specifically where he/ she seeks written authority from the Scottish Ministers in terms of section 8 of the SPFM or a direction from the Commission.

4.32 In practice, the Chief Executive will delegate authority widely to other employees of the Commission but he/ she cannot on that account disclaim responsibility. The Chief Executive cannot assign accountability to any other person for any of the responsibilities set out in this Framework Document (subject to section 10 of the *Memorandum to Accountable Officers for Parts of the Scottish Administration*, which covers absence of the Accountable Officer).

4.33 The Chief Executive is responsible for informing the Principal Accountable Officer for the Scottish Administration about any complaints about the Commission accepted by the Scottish Public Services Ombudsman (SPSO) for investigation and about the Commission's response to any subsequent recommendations from the SPSO.

### **Staff of the Scottish Fiscal Commission**

4.34 Commission Staff are civil servants and are required to adhere to the standards set out in the Civil Service Code (specifically, the version applicable to staff in non-Ministerial Offices in Scotland); this sets out the framework within which all civil servants work, and the core values and standards of behaviour which they are expected to uphold. Staff are appointed by open and fair competition; and the Commission is responsible for ensuring that staff recruitment arrangements are fair, open and transparent in line with the Civil Service Commissioners' Recruitment Principles. All recruitment, including for Senior Civil Service posts, will adhere to the Scottish Government's recruitment policies and procedures.

4.35 Commission staff are civil servants, as part of the Scottish Administration, and not the Scottish Government. Under section 22 of SFCA, staff are employed by the Commission.

4.36 All staff employed by the Commission have a duty to the Chief Executive, and through the Chief Executive to the Commission, to support the efficient and effective operation of the Commission's statutory functions and the achievement of the Commission's aims and objectives.

4.37 The Commission has made the initial decision that HR management (including pay negotiations, pay awards, payroll and pensions) for the Commission staff will be

provided by the Scottish Government under a shared services agreement. The Commission has further decided that staff will be part of the Scottish Government Main (SGM) bargaining unit and will be subject to SGM terms and conditions of employment and to Scottish Government HR policies and procedures. The Commission will review these decisions from time to time to ensure that these arrangements continue to meet its operational needs.

4.38 Staff members are eligible to join the Civil Service pension arrangements.

4.39 The Scottish Government has a Partnership Agreement with its recognised trade unions covering all matters relating to the general welfare, terms, conditions and working practices of staff. For the purposes of SGM terms and conditions and collective bargaining the recognised unions are the Public and Commercial Service Union (PCS), Prospect and FDA. Collectively the recognised unions form the Council of Scottish Government Unions (CSGU).

4.40 The Commission is committed to effective communication with its staff and staff representatives and will offer local partnership arrangements with staff representatives and CSGU. These partnership arrangements complement the wider Scottish Government agreement with CSGU which encompasses the Commission as part of SGM.

4.41 Although it is not open to the Commission, while it remains part of SGM, to undertake independent review of terms and conditions, specific elements can be discussed centrally with Scottish Government HR and the CSGU, where variation might be in the interests of improved efficiency and effective management and having regard to the need to recruit, retain and motivate staff. Any Commission-specific changes to terms and conditions will only be made after discussion and agreement between Scottish Government HR and the Commission and following consultation with the CSGU.

4.42 Specific individual staff members who have received privileged budget information or commercial in confidence information will hold any such information in the strictest confidence. All such information will be clearly identified before being sent to a Commission staff member.

#### **Director General Scottish Exchequer, Scottish Government**

4.43 DG Scottish Exchequer is responsible for ensuring that effective working relationships are maintained between the Scottish Government and the Commission. DG Scottish Exchequer will work closely with the Chair of the Commission and will be answerable to the Scottish Ministers for maintaining and developing with the Commission positive relationships characterised by openness, trust and respect. The Deputy Director for Tax, supported by their team, will have day-to-day delegated responsibility for discharging these functions, working with colleagues across the Scottish Government as necessary.

4.44 DG Scottish Exchequer will ensure that:

- the Chief Executive or, where appropriate, the Chair and members of the Commission, are aware of strategic developments and corporate decisions which may affect the Commission's functions or operations;
- the Commission is taken into account in relevant Scottish Government policy and procedural decisions; and
- an appropriate Framework Document (i.e. this document) is in place, and is reviewed and maintained as appropriate under the arrangements set out in section 10 below.

4.45 The DG Scottish Exchequer:

- may consult with the Accountable Officer of the Commission on any aspect of that person's duties in terms of the SPFM;
- will provide guidance on any matter where the Accountable Officer seeks advice in relation the SPFM; and
- will provide advice to the Accountable Officer on any matter which would require a direction from the Commissioners.

4.46 Other responsibilities of the DG Scottish Exchequer include:

- supporting the Scottish Ministers in the discharge of their duties in respect of the Commission;
- ensuring, where necessary, that appropriate core Scottish Government corporate services are available to support and facilitate the work of the Commission;
- carrying out annual appraisal of the Chair; and
- countersigning the annual appraisal of the Chief Executive, in his/ her capacity as a Senior Civil Servant.

4.47 The DG Scottish Exchequer will meet the Chair of the Commission at least twice annually to discuss Scottish Government policy and strategy as they relate to the work of the Commission and, as appropriate, to discuss matters of governance including arrangements for the appointment and appraisal of Commissioners.

4.48 The DG Scottish Exchequer will notify the Chair and/ or Chief Executive of appropriate points of contact. In particular, the DG will provide the Commission with a single point of contact in Tax Directorate who will be responsible for ensuring efficient and effective communication between the Commission and the Scottish Government on operational and administrative matters.

4.49 The Scottish Government will provide information and data requested by the Commission in a timely manner and ensure that the Commission has access to all data and information held by the Scottish Government which is relevant to the Commission's discharge of its duties and functions. (See also section 9 below.)

## 5. THE SCOTTISH FISCAL COMMISSION AND THE SCOTTISH PARLIAMENT

### **Accountability to the Scottish Parliament**

5.1 The Commission is directly accountable to the Scottish Parliament for the performance of its statutory functions. The principal routes of accountability to the Parliament are through the Chair, and through the Chief Executive as Accountable Officer. The Parliament has the power to require any Commissioner or Commission staff member to attend a Parliamentary Committee.

5.2 At least twice each year, Commissioners, the Chief Executive or, where appropriate, members of the Commission staff give oral evidence to the Scottish Parliament Finance and Constitution Committee on the Commission's reports, as part of its scrutiny of the Scottish Budget and the Medium Term Financial Strategy.

5.3 Commissioners, the Chief Executive or, where appropriate, members of the Commission staff will also give oral or written evidence to any Committee of the Parliament, when requested to do so.

5.4 The Scottish Parliament must approve all Commissioner appointments before they can be made. The Finance and Constitution Committee takes evidence from the proposed Commissioners before a full vote of the Parliament to approve the appointment.

5.5 The Commission lays its reports before the Scottish Parliament directly. The Commission may also prepare and lay reports in relation to any fiscal factor it considers appropriate, in addition to the reports required by the SFCA.

5.6 The Commission also lays reports on its performance before the Scottish Parliament directly. These are the Commission's annual report and accounts, the annual review of forecasting accuracy and quinquennial external review of the Commission's performance.

5.7 The Chief Executive, as Accountable Officer, is personally responsible, and accountable to the Parliament, for safeguarding, and for ensuring efficiency, propriety and regularity in the use of, public funds for which he or she has charge.

### **Parliamentary Questions**

5.8 The Scottish Ministers will not be accountable through Parliamentary Questions for the operations of the Commission. Operations of the Commission include its forecasts, assessments and reports, including models and methodologies used, factors taken into account, assumptions made and risks which the Commission considered to be relevant.

5.9 Where a Parliamentary Question relates to operational matters of the Commission, the Ministerial reply will indicate that this is the case and that the Question has been passed to the Chief Executive of the Commission. Further details are set out in the Protocol with the Scottish Government.

5.10 Parliamentary Questions to the Scottish Ministers may, however, seek information about fiscal matters for which the Scottish Government has a general responsibility, but which the Scottish Ministers cannot provide without assistance from the Commission. While remaining responsible for their answers to Parliamentary Questions, the Scottish Ministers may seek information from the Commission to enable them to respond to such questions. For Parliamentary Questions where the Scottish Government quotes directly or indirectly from the Commission's work in its answer, as outlined in the Protocol between the Commission and the Scottish Government, the Scottish Government should inform the Commission in advance and provide a copy of the response for fact checking in advance of issue.

### **Correspondence from Members of the Scottish Parliament**

5.11 When Members of the Scottish Parliament (MSPs) seek information from the Commission on matters for which it is responsible - whether directly or in a Parliamentary Question passed to the Chief Executive by the Scottish Ministers under paragraph 8.4 above - the Chief Executive will reply, normally within 20 working days of receipt of the correspondence or, as the case may be, the forwarded Parliamentary Question.

5.12 Correspondence from and with MSPs will normally be published on the Commission website, in the same way that Answers to Parliamentary Questions are publicly available, subject to the requirements of the Freedom of Information (Scotland) Act 2002, General Data Protection Regulation (GDPR) and Part 3 of the Revenue Scotland and Tax Powers Act 2014 (in respect of protected taxpayer information).

## 6. FINANCIAL MANAGEMENT AND RESOURCES

### **Scottish Fiscal Commission Budget Allocation**

6.1 The Scottish Fiscal Commission is funded directly from the Scottish Consolidated Fund.

6.2 The Commission is part of the Scottish Administration and will have its own level 2 budget set out in the annual Budget Bill. The Scottish Government will liaise with the Commission to identify its budgetary requirements, which will be reflected in the Budget Bill that Ministers present to the Scottish Parliament. It is for the Scottish Ministers to determine the budget proposals to be submitted to the Scottish Parliament within the Budget Bill, including the proposed budget for the Commission.

6.3 When setting budgets as part of the annual Budget process, the Commission may identify its multi-year resource needs. The Scottish Ministers will subsequently provide a clear indication of funding for the forthcoming financial year (year 1) and indicative funding for years 2 and 3, which can be reviewed should there be significant changes in circumstances.

6.4 Where agreement on the Commission budget cannot be reached between the parties, there will be a right of representation. In the first instance, this will be between the Chief Executive, as Accountable Officer, and the DG Scottish Exchequer. If agreement cannot be reached at official level, there will be a right of representation between the Chair of the Commission and the Cabinet Secretary for Finance, Economy and Fair Work and the Constitution. Every effort will be made by both parties to ensure agreement. It will ultimately be for the Scottish Ministers to determine the budget allocations within the Budget Bill and for the Scottish Parliament to approve those allocations.

6.5 The Commission is responsible for managing its budget to meet its statutory functions and for ensuring that expenditure does not exceed the approved Parliamentary budget. Subject to the limits imposed by the budget allocated to the Commission and other applicable guidance from the Scottish Ministers, the Commission has full authority to incur expenditure on individual items.

6.6 However the Scottish Ministers must approve the rates of remuneration and expenses for: Commissioners (s21) and Committee members who are not Commissioners (s25(3)), and the terms of employment of the Chief Executive and staff (s22(3)). Ministers also have a specific role in relation to approving any payment made by the Commission in connection with conducting the external review of the Commission's performance (s13(3)).

6.7 The Commission will maintain appropriate financial procedures in accordance with the principles of, and restrictions within, the SPFM and will ensure that appropriate delegated authority, counter-fraud and anti-bribery, IT and information security, and whistle-blowing policies are in place and rigorously applied.

6.8 The Commission will, as requested throughout the financial year, provide to the Scottish Government Financial Management Directorate's Programme Management Division budget and monitoring information on performance and forecast outturn in relation to its own internal administrative budget.

### **Audit and Risk Management**

6.9 As the Scottish Fiscal Commission is part of the Scottish Administration, the Principal Accountable Officer requires that the Commission has in place systems that give her assurance on the propriety and regularity of the Commission's use of Scottish Administration resources. The Commission is required to implement appropriate Audit arrangements in accordance with the SPFM. Internal Audit of the Commission is undertaken by the Scottish Government Internal Audit Directorate. The Commission is subject to external Audit by the Auditor General for Scotland (AGS) and/ or other auditors appointed by the AGS.

6.10 The Commission's internal and external audit work is overseen by its Audit and Risk Committee. The Audit and Risk Committee is chaired by a Commissioner (but not by the Chair of the Commission). The Committee's membership includes the Committee Chair and one other Commissioner and may include members who are not Commissioners (but such members may not vote). The Committee's Terms of Reference are set by the Commission, to which the Committee reports.

6.11 The Commission is required to implement and monitor appropriate risk management arrangements as part of a comprehensive corporate governance framework in accordance with relevant guidance in the SPFM. This involves the active identification, monitoring, and reporting of risk and risk profile changes, in order to gain assurance that risk management is effective and to identify when further mitigating action is necessary as part of a comprehensive and co-ordinated approach to managing risk and the successful delivery of the Commission's functions. The Audit and Risk Committee will oversee this important work.

### **Shared Services and Contracts**

6.12 In the interests of efficiency, effectiveness and economy, the Commission and the Scottish Ministers are committed to identifying appropriate opportunities for shared services. The Scottish Government will initially provide corporate support for the following functions:

- (a) Human Resource management (including, for example: general terms and conditions of service, pay negotiations, pay awards, payroll, pensions and recruitment for senior civil service posts);
- (b) Financial Management (Scottish Government Accounting Systems: SEAS and EaseBuy);
- (c) Information Systems, Telephony and Information and Library Service;
- (d) Estates and Facilities Management;

- (e) Internal Audit;
- (f) Procurement; and
- (g) Legal Services.

6.13 The Scottish Government and the Commission will agree individual shared service arrangements for each of the corporate functions listed, including costs, service arrangements and service standards.

6.14 The relevant Scottish Government officials will provide appropriate assurance to the Commission's Accountable Officer within the required timeline for Commission audit and assurance processes and procedures.

6.15 The Commission will make use of contracts placed by the Scottish Government - including framework agreements - for the provision of products and services. The Commission may, however, enter into contracts on its own behalf, if allowable under statutory responsibilities and procurement law, where the Commissioners and the Accountable Officer consider this to be the most efficient and effective option that delivers Best Value in meeting the Commission's business requirements.

## 7. PLANNING AND REPORTING RESPONSIBILITIES

7.1 The Commission's reporting duties in relation to its statutory functions are set out in sections 2 and 5 of the SFCA. The protocol between the Commission and Scottish Government sets out the detail of how and when the Commission reports.

### **Annual Report and Accounts**

7.2 As soon as reasonably practicable after the end of each financial year, the Commission will prepare an annual report on how it has carried out its statutory functions during that year. The annual report will contain an outline of the Commission's main activities and performance. As part of the Scottish Administration, the Commission is subject to the accountability and audit provisions of Part 2 of the Public Finance and Accountability (Scotland) Act 2000, including the duty to prepare annual accounts. For each financial year the Commission will produce accounts of expenditure incurred in the fulfilment of its statutory functions. The annual accounts must be prepared in accordance with the relevant legislation and the specific Accounts Direction (including compliance with the Financial Reporting Manual (FRoM)) and other relevant guidance issued by the Scottish Ministers. The annual accounts will be audited by the Auditor General for Scotland (AGS) or by auditors appointed by the AGS.

7.3 The annual report and audited accounts will be laid before the Scottish Parliament and will be published. A copy will be provided to the Scottish Government in advance of publication.

### **Corporate Plan**

7.4 The Commission will prepare and publish a Corporate Plan covering the period April 2017 to March 2020 and each subsequent planning period of 3 years. The Corporate Plan will set out the Commission's vision, values and strategic objectives; the outcomes by which these objectives will be measured; and its main activities for the planning period to support these objectives and outcomes. The Plan will also contain financial and resource forecasts for the efficient and effective operation of the Commission and will be supported by annual business plans.

### **Review of the Scottish Fiscal Commission's Performance**

7.5 As required by section 13 of SFCA, the Commission will, at least once in every period of 5 years, appoint a suitable person or body to conduct an external review of its performance in carrying out its functions. The Commission will publish the report of each review in such a manner as it considers appropriate, lay a copy before the Parliament and send a copy to the Scottish Ministers. The SFCA also requires that the first external review of performance be commissioned by 31 March 2019. That report is due to be published in 2019-20.

### **Freedom of Information**

7.6 The Commission will adopt the *Model Publication Scheme 2018* (or as revised) produced by the Scottish Information Commissioner.

## 8. INFORMATION AND DATA SHARING

8.1 In this section “information” encompasses information held in all media, including electronic, and extends to numerical and other data.

### **Protocol between the Scottish Fiscal Commission and the Scottish Ministers**

8.2 With a view to increasing the transparency of interactions between the Commission and the Scottish Government during the forecasting, assessment and reporting processes, both bodies have agreed to abide by the terms of the Protocol established and published under section 6 of the SFCA. The Protocol sets out arrangements for communications and meetings, expectations on information sharing including arrangements for handling draft reports, and the publication of other papers produced to support the exercise of the Commission’s functions.

### **Access to Information**

8.3 The Commission uses a broad range of economic and fiscal data and access to timely and high quality data is vital to its ability to understand the economic and fiscal context and produce forecasts. Its forecasts inform the Scottish Government’s Budget and it is in everyone’s interests that those forecasts are based on the best quality data possible. Therefore the Commission requires access to data and information held by the Scottish Government and other bodies to support the production of forecasts.

8.4 Section 10 of the SFCA gives the Commission a right of reasonable access to information held by the Scottish Government (including Social Security Scotland), Revenue Scotland, Registers of Scotland, the Scottish Environment Protection Agency, a local authority, or a valuation authority or assessor (subject to any enactment or rule of law that prohibits or restricts the disclosure of any information) for the purpose of performing its functions.

8.5 The Commission will produce an annual statement of its data needs, following the recommendations of the Economy, Jobs and Fair Work Committee. It will outline the data it requires to create forecasts, which organisations provide those data, highlight areas for improvement and evaluate progress.

8.6 If requested by the Commission, and where reasonable and appropriate, the Scottish Government will use its best endeavours to improve the provision of data required for Scottish economic and fiscal forecasting, working with the Commission, local authorities, devolved public bodies, UK public bodies and UK Government Departments as appropriate.

### **Confidentiality and Privileged Budget Information**

8.7 The Commission is bound by the confidentiality requirements set out in the *Code of Conduct of Members of the Scottish Fiscal Commission*. In particular, the Commission and its staff will keep all privileged budget information confidential in advance of publication of the Scottish Budget; privileged budget information will include tax policy decisions, such as tax rates and bands. The Scottish Government

will ensure that all documents provided to the Commission which contain privileged budget information are provided in confidence to specific individuals, and marked as such. The Commission will similarly protect all information which is “commercial in confidence”; the Scottish Government will ensure that any information which it passes to the Commission which may be regarded as commercial in confidence is marked as such.

### **Public Communications**

8.8 Consistent with the shared principle of good and effective communications outlined in Section 2 of this Framework Document, the Commission and the Scottish Government will wherever possible share with each other, in advance, any public communications that either intends to issue which have a bearing on the functions of the Commission.

## 9. REVIEW AND PUBLICATION

9.1 This Framework Document will be reviewed in consultation with the Scottish Ministers every three years.

9.2 It may be reviewed at any other time if either the Scottish Ministers or the Commission so wish, on the basis of arrangements that they will agree in writing at that time. Any proposals to amend the Framework Document either by the Scottish Government or the Commission will be taken forward in consultation.

9.3 Copies of this Framework Document, and of any subsequent editions following amendment, will be placed in the Scottish Parliament Information Centre and published on the Commission's website. The Framework Document will form part of the Commission's publication scheme under Freedom of Information provisions.