

**Scottish Fiscal Commission**

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**Corporate Plan 2022 - 2025**



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## Foreword

**A**s we enter our sixth year, we look back at how the Commission has matured. We have built our own models of the Scottish economy, of the various devolved taxes and of the various social security payments. We have developed an expert staff, collaborative working culture and strong relationships with Scottish Government, Scottish Parliament, Office for Budgetary Responsibility and our data providers. The OECD's review in 2019 concluded that we have firmly established our independence.

We've brought complex issues into the spotlight of the Budget scrutiny process, such as variations in forecasts and block grant adjustments, fiscal framework borrowing and reserve limits, high earners and income

tax revenues, and in-year funding changes. We've published new information about public finances and persuaded other organisations to publish more data. The Covid-19 pandemic and the UK's exit from the European Union have made this a particularly difficult period for economic forecasting. The invasion of Ukraine and energy price rises will further affect the economic outlook.

From this solid foundation we look forward to the challenges and opportunities of the next three years.

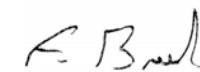
Our work will expand to include fiscal sustainability – the analysis of the long-term risks and uncertainties that face the Scottish Government's public finances. The new Scottish disability payments that have

been launched will be in. Reconciliations will continue to be a routine part of the Scottish Budget process. The fiscal framework will be reviewed, and public debate on an independence referendum may bring more attention to the future of Scottish public finances.

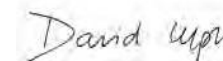
Guarding our independence will remain crucial so that people can trust our forecasts and assessments. The objectives and values in this Corporate Plan will guide us through these coming years, helping us to bring further rigour, clarity and transparency to the Scottish Budget.



**Dame Susan**



**Professor Francis**



**Professor David**

## About us

### We are an independent fiscal institution, created by the Scottish Parliament.

What are independent fiscal institutions?

As defined by the Organisation for Economic Co-operation and Development, independent fiscal institutions are “publicly funded, independent bodies [with] statutory authority ... which provide non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance.”<sup>1</sup>

We exist for two main purposes.

Firstly, the Scottish Budget being based on independent forecasts means that the public can have confidence in the figures used.

Secondly, reporting regularly on how the Scottish Budget is funded and on the changes and risks that arise, improves transparency and aids scrutiny of the Budget.



[1] OECD (2014) Recommendation on Principles for Independent Fiscal Institution ([link](#))



## Summary

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### What we do

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We produce independent, robust forecasts and assessments to improve the transparency and scrutiny of the Scottish Budget.

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### Our Strategic Objectives

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Provide robust, independent, official forecasts of Scotland's economy, devolved tax revenues and social security spending.

Explain what our forecasts and analysis mean for the Scottish Budget.

Analyse and explain the medium and longer term risks to the Scottish Budget.

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

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### Our Vision

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The Scottish Budget is transparent and well-scrutinised, and Government and Parliament understand the uncertainties and risks relating to devolved public finances.

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### Our Commissioners

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Dame Susan Rice

Professor Francis Breedon

Professor David Ulph

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### Our Resources in 2022-23

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£2.303 million

23.4 staff (full-time equivalent)

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### Our Values

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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 mission - what we do

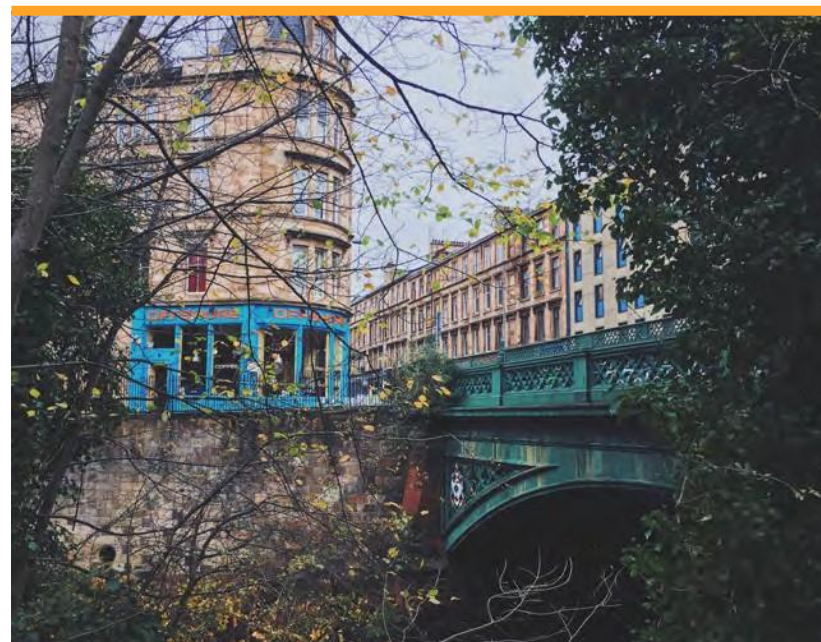
### We produce independent, robust forecasts and assessments to improve the transparency and scrutiny of Scotland's Budget.

We produce the official, independent economic, tax and social security forecasts. These include the official costings for tax and social security policies. We provide these independent forecasts and assess the Scottish Government's borrowing twice a year, usually alongside the Scottish Budget and Medium Term Financial Strategy.

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 are available.

We can choose to report on anything that influences the resources available to the Scottish Government. We publish information about changes to the Scottish Budget during the year, and we will publish our first Fiscal Sustainability Report for Scotland in 2023.

We also publish statements of our data needs which describe the main areas where we believe improvements are required in the data and information we use for forecasting, and occasional papers explaining particular issues.



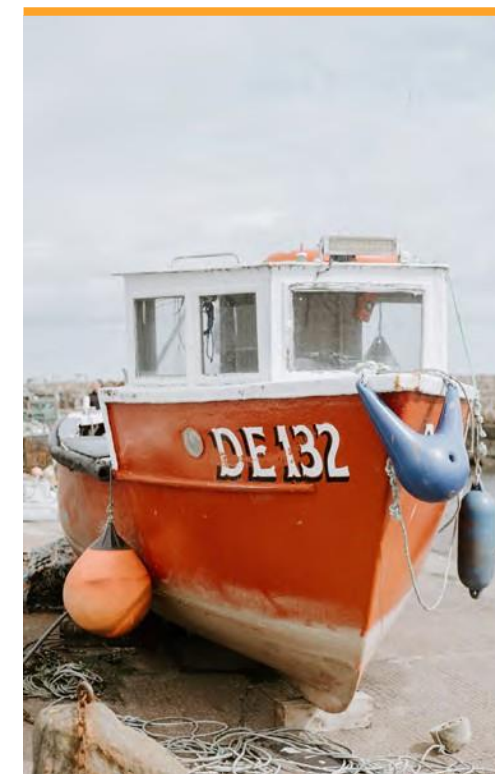
## Our vision – why we do it

The Scottish Budget is transparent and well-scrutinised, and Government and Parliament understand the inevitable uncertainties and risks relating to devolved public finances.

The OECD explains that “Independent fiscal institutions have the potential to enhance fiscal discipline, promote greater budget transparency and accountability and raise the quality of public debate on fiscal policy... They are associated with stronger fiscal performance... and can help countries to address bias towards spending and deficits.”

When we consider new areas of work, alternative approaches, or think about whether we have been successful, we can ask ourselves “Has this / Will this make the Scottish Budget better-scrutinised or more transparent? Will this help Government make the best possible use of finances despite uncertainties? Will this help Parliament understand an important risk to the Scottish Budget?”

We don't expect to be able to deliver this vision alone, but we do want to make a clear statement of why the Commission exists.



## Strategic Objectives

Our strategic objectives set out what we do to fulfil our mission - producing independent, robust forecasts and assessments to improve the transparency and scrutiny of the Scottish Budget. Our annual business plans give more detailed information about the work planned.



Provide robust, independent, official forecasts of Scotland's economy, devolved tax revenues and social security spending



Explain what our forecasts and analysis mean for the Scottish Budget



Analyse and explain the medium and longer term risks to the Scottish Budget



Be an effective and efficient organisation with skilled, knowledgeable people





*Strategic*

## Provide robust, independent, official forecasts of Scotland's economy, devolved tax revenues and social security spending.

To produce good forecasts our data, models and judgements must all be robust.

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.<sup>2</sup>

<sup>2</sup> Scottish Fiscal Commission (2022) Statements of Data Needs ([link](#))

Forecasting models can be complicated; with all our models we aim to find the right balance between transparency, storytelling, complexity and forecast accuracy. The OECD technical assessment deemed all of our models appropriate. We follow a rigorous quality assurance process, with three rounds of checks for every major report.

For good judgements, we need expert Commissioners with diversity of thought, good intelligence about potential developments and a culture of debate and constructive challenge.

*Strategic*

## Explain what our forecasts and analysis mean for the Scottish Budget

We have developed unique expertise by producing economic and fiscal forecasts. This means we can produce high quality, independent analysis of important issues that are not generally well understood. We try to explain both how our forecasts are produced and what they mean for the Budget - the "so what?" – 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.



Strategic

## Analyse and explain the medium and longer term risks to the Scottish Budget

The Scottish Budget, and scrutiny of it, needs to consider both the immediate financial year and the potential effect on future years. Currently we explain the risks which we anticipate becoming important to the Scottish Budget over a five year horizon. We also give clear assessments of how accurate our forecasts turned out to be, so that everyone can understand the risks associated with forecasting and the effects that can have on the Budget.

In 2023 we will produce our first fiscal sustainability report which considers the likely path of spending, tax revenues and other balance sheet items over the next 30 to 50 years. Issues such as health spending, income tax revenues, Scottish social security payments and net zero emissions could be covered. We anticipate that future reports will be published at least once in each Parliamentary session.

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.



Strategic

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

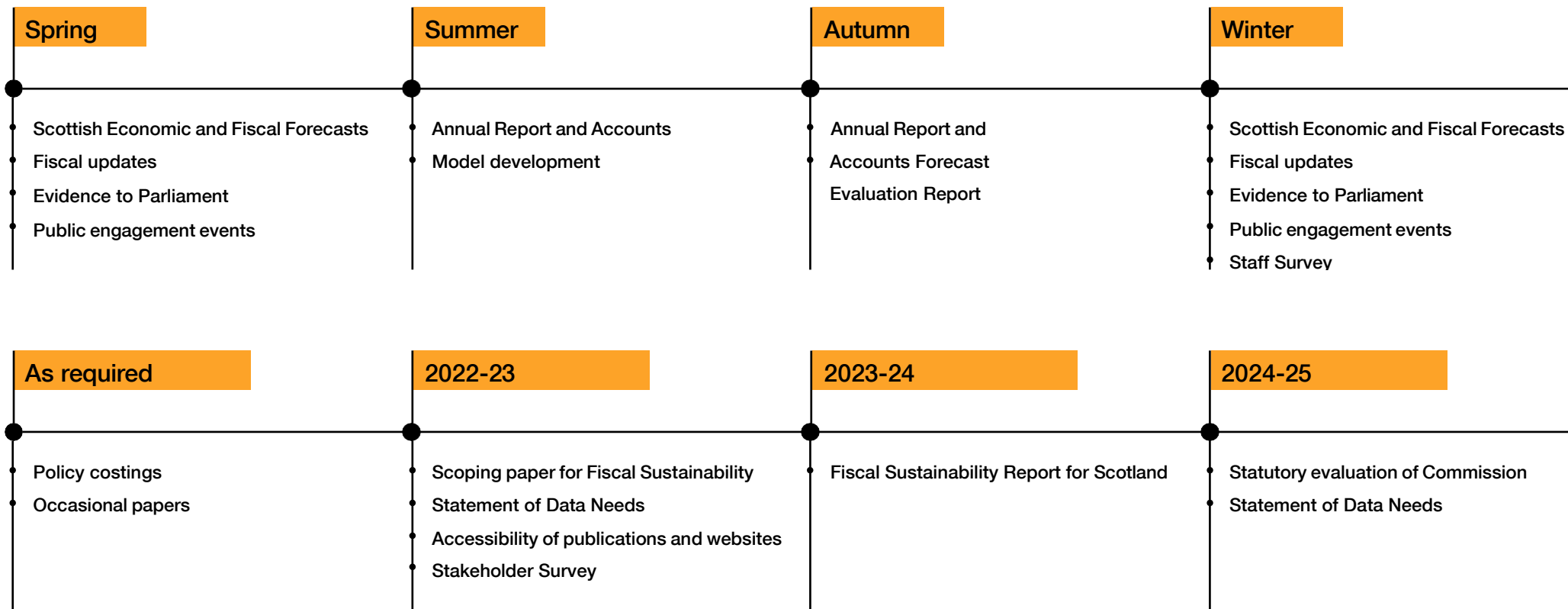
Having the right people, performing well, is essential for our small organisation. Our people should be able to bring their whole selves to work and thrive in our culture. They should feel empowered, respected and supported. We invest in our people and we make specific commitments to make us a more inclusive and diverse organisation. We want the capacity for economic and fiscal analysis in Scotland to grow.

We want to make sure the SFC 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.

We review our work programme to see where we can add greater value and best use our resources to improve quality.



## Our main activities





## How are we performing

We report on our performance in our annual report and accounts, and in our annual forecast evaluation reports. Every five years we also commission an external, statutory, independent review of our performance; the next review is due in 2024-25.

Much of our performance should be judged on the quality of our outputs: we strive for accurate forecasts. Our performance can rarely be measured by figures alone. Where we do publish numerical indicators, we will explain the context and how to interpret the indicator.



Measuring

Robust, independent, official forecasts

What we

Forecast evaluation

When and

Annually Website

What does it show?

How our past forecasts compare to outturn data

Evaluates how our past forecasts compare to outturn data

How our forecast accuracy compares to that of the OBR's forecasts for the rest of the UK

Lessons for our next forecast

Other indicators of good performance

Maintain voluntary compliance with the official code of statistics

What we

Statement of data needs

When and

Biannual Website

What does it show?

Outline the data we require to create our forecasts

What we

Number of forecasts and policy costings

When and where?

Annual report

What does it show?

Volume of forecasting work produced





Measuring

### Explain what forecasts mean for Scottish Budget

### Explain medium and longer term risks

*What we*

Parliamentary Indicators

*When and*

Annual Report

*What does it show?*

How often we appear at Scottish Parliament Committees

How often we are referenced in Committee reports

How often we are cited in Committee meetings

*What we*

Interest and Coverage

*When and*

Annual Report

*What does it show?*

Website hits on publication pages

Media coverage

Twitter coverage

*What we*

Events indicators

*When and*

Annual report

*What does it show?*

Number of events and attendance

Summary event feedback



Measuring

### Explain what forecasts mean for Scottish Budget

### Explain medium and longer term risks

*What we*

Website accessibility

*When and*

Website (approximately every three years)

*What does it show?*

Results of an independent audit of website accessibility

*What we*

Stakeholder survey

*When and*

Website (approximately every three years)

*What does it show?*

Results of qualitative and quantitative survey of our key stakeholders

*What we*

Website user survey

*When and*

Website (approximately three years)

*What does it show?*

User views on content and ease of use

#### Other indicators of good performance

Invitations to present to other organisations or externally organised events



## Measuring

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

### What we

Staffing and Diversity Information

### When and

Annual Report

### What does it show?

Staff survey results

Number of leavers and joiners in a year and turnover

Sickness absence

Gender Pay Gap

Pay ratio

Gender composition of Commissioners, staff and committee appearances

Summary recruitment diversity information

### What we

Public body corporate indicators

### When and

Annual Report

### What does it show?

Number of complaints

Number of leavers and joiners in a year and turnover

Number of freedom of information requests

Invoices paid within 10 days

### What we

External Audit report

### When and

Annually  
Website

### What does it show?

Audit opinion on annual report and accounts

Audit conclusions on performance management, corporate governance, financial position and financial sustainability

## Our values

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.

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.



OECD Principles for Independent Fiscal Institutions, the Civil Service Code, the Code of Practice for Statistics and the Code of Practice for Commissioners.



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



We work well with others



We are as transparent as we can be 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.

Values



We follow the OECD Principles for Independent Fiscal Institutions, the Civil Service Code, the Code of Practice for Statistics and the Code of Practice for Commissioners.

Code of Practice for Statistics <sup>3</sup>

Trustworthiness - having confidence in the people and organisations that produce statistics and data.

Quality - using data and methods that produce assured statistics.

Value - producing statistics that support society's needs for information.

[3] Code of Practice for Statistics ([link](#))

[4] The Civil Service Code ([link](#))

[5] OECD (2014) Recommendation on Principles for Independent Fiscal Institutions ([link](#))

[6] Scottish Fiscal Commission (2021) Code of Conduct for Members of the Scottish Fiscal Commission ([link](#))

Civil Service Code <sup>4</sup>

Integrity is putting the obligations of public service above your own personal interests

Honesty is being truthful and open

Objectivity is basing your advice and decisions on rigorous analysis of the evidence

Impartiality is acting solely according to the merits of the case and serving equally well governments of different political persuasions

OECD IFI core values <sup>5</sup>

Independence

Non-partisanship

Transparency

Accountability

Technical competence

Relevant work of the highest quality

Commissioner Code of Conduct <sup>6</sup>

Duties

Selflessness

Integrity

Objectivity

Accountability and Stewardship

Openness

Honesty

Leadership

Respect



## Values



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

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.

Our structural and operational independence is set out in the Scottish Fiscal Commission Act 2016.

In particular:

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The content and conclusions of our reports are the sole responsibility of the Commissioners

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The Chief Executive is accountable to the Scottish Parliament for the use of resources

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Commissioner appointments must be approved by the Scottish Parliament

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:

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Comply voluntarily with the Code of Practice for Statistics, including pre-announcing publications

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Publish a log of our correspondence and contact with Scottish Government Ministers and Special Advisers

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Require a written indication of our funding from the Scottish Government for the next three years

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Always have independence as a category in our risk management framework

## Values



### We work well with others.

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:

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We have a collaborative culture: we ask for help, we encourage our colleagues to critique our work and we offer support and challenge

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We seek feedback on our processes, reports, events and website

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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

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We work with partners and peers in the UK and internationally to share knowledge and best practice.

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We are active in networks of other Independent Fiscal Institutions and other Scottish Public Bodies



Values



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

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.

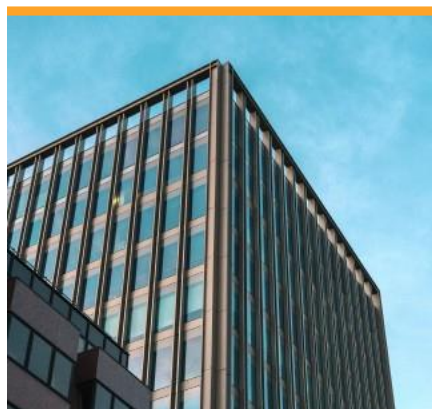
We welcome scrutiny. Most obviously this takes place through our appearances in front of the Scottish Parliament's Committees. We also engage actively with the media, external experts and other stakeholders, and hold public events to make it easier to question our work. We publish our Forecast Evaluation Report annually to help people to scrutinise our work.

We 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 comply with the Code of Practice for Statistics voluntarily and in 2020, we won the first ever Voluntary Application of the Code Award.

We publish our corporate policies, reports and minutes.

We follow a robust error policy and publish our corrections and revisions.



Values



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

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 raise awareness of our work, for example through holding our own media conferences and open public events following the Scottish Budget.

We produce a detailed report and supplementary tables for more technical users

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 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.



## Values



### 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:

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We engage with the Scottish Government, Scottish Parliament and other stakeholders to check that the work we plan will be useful to them.

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We recruit openly to find the best people then support and develop them, so that we have highly skilled people performing well.

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We have a rigorous internal quality assurance process for our reports and voluntarily comply with the Code of Practice for Statistics.

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We do not shy away from delivering analysis which the UK Government, Scottish Government or Scottish Parliament might find challenging.

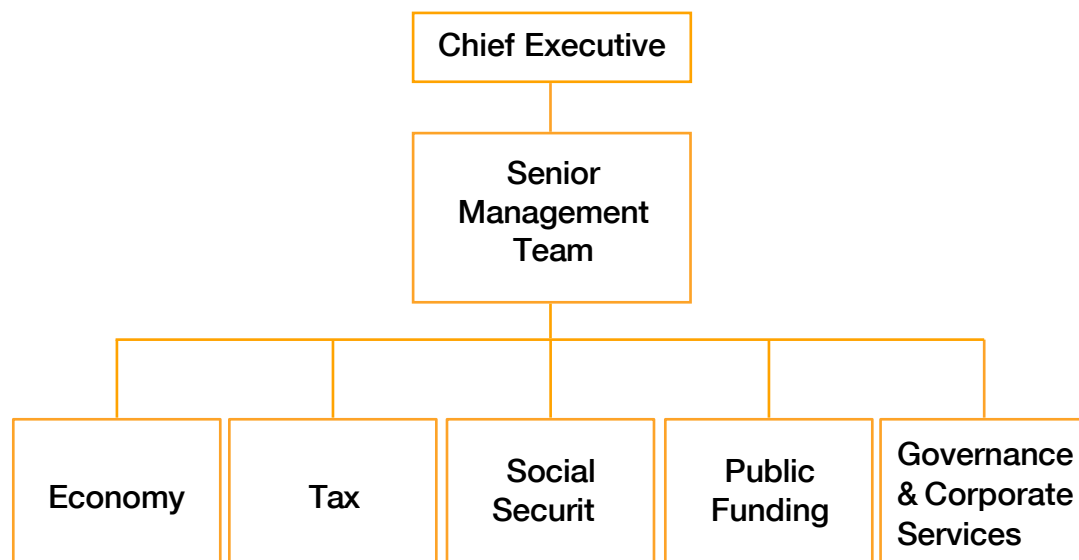




## Resources

### People

The Commission employs around 23.4 FTE (full-time staff equivalent) permanent staff, led by John Ireland, the Commission’s Chief Executive.



### Commissioners



**Dame Susan Rice**

Chair

Appointment ends  
June 2022



**Professor David Ulph**

Appointment ends  
October 2022



**Professor Francis Breedon**

Appointment ends  
October 2022

## Finance

The Commission receives an annual budget approved by Parliament in the Scottish Budget process. We also receive an indicative budget for the subsequent two financial years, in line with the OECD’s Principles for Independent Fiscal Institutions.<sup>7</sup>

Around 75 per cent of the Commission’s core budget is allocated to staffing, with the remaining covering running costs. Staff are employed on the same terms, conditions, grading, and remuneration arrangements as Scottish Government staff.

The Commission uses shared corporate services for IT, HR, payroll, finance systems, legal services, procurement and internal audit. The current provider for these is the Scottish Government.

<sup>7</sup> Correspondence (2022) Cabinet Secretary for Finance and Economy to Dame Susan Rice DBE ([link](#))

<sup>8</sup> Scottish Fiscal Commission (2021) Annual Report and Accounts ([link](#))

### 2022-23 Budget

£2,303,000

### 2023-24 (indicative)

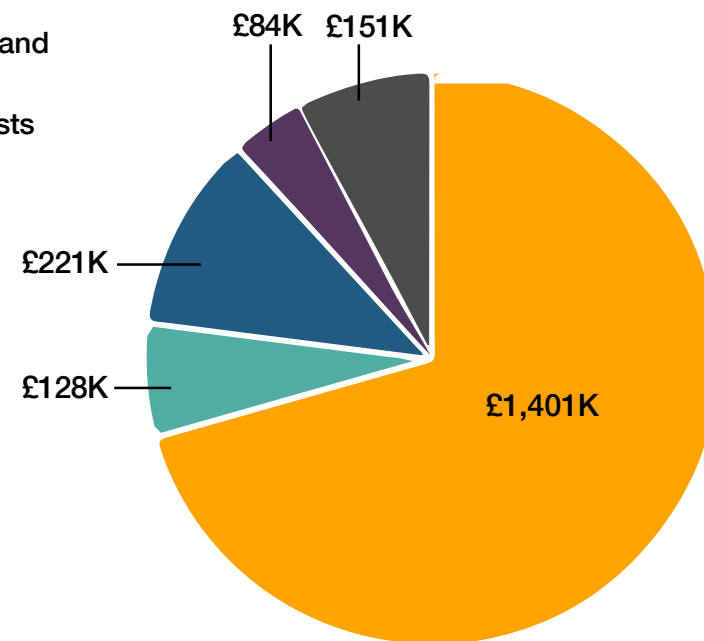
£2,383,000

### 2024-25 (indicative)

£2,557,000

### Operating costs 2020-21<sup>8</sup>

- Staff costs
- Commissioner costs
- Shared services and audit
- Other costs



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