

**Scottish Fiscal Commission  
Annual Report and Accounts  
for the year ended 31 March 2018**

---

© Crown copyright 2018

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit: <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.fiscalcommission.scot](http://www.fiscalcommission.scot)

Any enquiries regarding this publication should be sent to us at: Scottish Fiscal Commission, Governor's House, Regent Road, Edinburgh EH1 3DE

Published by the Scottish Fiscal Commission, September 2018

ISBN: 978-1-911637-00-4

Laying Number: SG/2018/153

## Contents

<b>Chair's Foreword</b> .....	<b>2</b>
<b>Performance Report</b> .....	<b>4</b>
Performance Overview.....	4
Performance Analysis .....	9
<b>Accountability Report</b> .....	<b>19</b>
Corporate Governance Report.....	19
Remuneration and Staff Report .....	27
<b>Independent Auditor's Report</b> .....	<b>36</b>
<b>Financial Statements</b> .....	<b>40</b>
Statement of Comprehensive Net Expenditure for the year ended 31 March 2018 .....	41
Statement of Financial Position as at 31 March 2018 .....	42
Cash Flow Statement for the year ended 31 March 2018.....	43
Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018 .	44
<b>Notes to the Accounts for the year ended 31 March 2018</b> .....	<b>45</b>
<b>Annex A Accounts Direction</b> .....	<b>52</b>
<b>Annex B Stakeholder Survey - Summary of Findings</b> .....	<b>53</b>
<b>Annex C Internal Staff Survey - Summary of Findings</b> .....	<b>55</b>

## Chair's Foreword

I'm pleased to publish the Commission's Annual Report and Accounts for 2017-18 which provides details of our performance and activities over the last 12 months.

Our first year of statutory operation has seen us pass a number of important milestones. We became a statutory body on 1 April 2017. During the year, our staff complement has grown from 13 to 24, as those who helped set the Commission up have moved on and new people joined us, building our analytical and corporate capacity.

In our first months of operation, we finalised and published many of our corporate documents. A jointly agreed Protocol with the Scottish Government was also published.

In September, we published our first statutory publication, our Forecast Evaluation Report. We began a series of Parliamentary committee appearances and user engagement events to highlight the work of the Commission and learn from our users' feedback.


Our first edition of Scotland's Economic and Fiscal Forecasts was published in December 2017, to accompany the Scottish Draft Budget. This presented five-year forecasts for Scottish economic growth, income tax, devolved taxes and devolved social security. This was an important moment for the Commission, and I am delighted with how the report was received and used. We spent time producing non-technical summaries, video explanations and social media material in order to disseminate our forecasts more widely. Our stakeholder survey suggests that these efforts were appreciated and we will continue to build on them.

During the year, we have consulted on and finalised our Corporate Plan up to 2020. This document sets out our strategic priorities for this period, which include: delivering trusted, reliable and accessible economic and fiscal forecasts; working openly and constructively with stakeholders while maintaining our independence; increasing understanding through active external engagement and clear publications; building an organisation with robust governance, knowledgeable staff and transparent processes.

2018-19 brings new challenges for the Commission. Our remit is expanding to include VAT, and we published our first forecast to accompany the Medium-Term Financial Strategy in May 2018. We will continue this pattern of publishing winter and summer forecasts alongside the Scottish Government Budget and Medium-Term Financial Strategy. The key priorities for 2018-19 have been set out in our Business Plan for 2018-19.

I'm grateful to my fellow Commissioners Professor Alasdair Smith and David Wilson for their hard work in our first year of operation. In July 2018 David Wilson stood down as a Commissioner as he moved to a new role which meant he could not continue. I trust that he is proud of his contribution to the work of the Commission.

I would also like to record my thanks to the staff at the Commission for their commitment and collegiate approach. In particular I would like to recognise the significant contribution made by Mairi Spowage, our Deputy Chief Executive until July 2018.

A handwritten signature in black ink that reads "Susan Rice". The signature is written in a cursive style with a large, looping initial 'S'.

Dame Susan Rice DBE

4 September 2018

# Performance Report

## Performance Overview

This overview contains an introduction from our Chief Executive, information on the purpose and activities of the Scottish Fiscal Commission, a summary of performance during 2017-18, the key risks, and a summary of future plans. It is followed by a more detailed performance analysis. This is the first year the Commission has operated as a statutory body so there are no comparable figures for the previous year.

## **Chief Executive's Introduction**

The publication of our first Annual Report and Accounts marks the conclusion of a significant year for the Commission. We have achieved a great deal in our first year of operation, building on the work of the previous non-statutory Commission and the transition team to being a fully-fledged and independent non-Ministerial Office.

The Commission has now successfully completed its first annual cycle of publishing its official economic and fiscal forecasts for Scotland. We have also produced our first statutory forecast evaluation report and a number of occasional papers that explain our approach to forecasting in broad terms and also focus on a number of specific issues in more detail. Underpinning all this work has been a programme of model development that is described in this report.

All this has been supported by the hard work of the staff and Commissioners to develop and refine our forecasting models. Our staff numbers have increased over the year, shifting from the transitional phase to the more permanent staffing complement who will build on this year's achievements over the next financial year. I am extremely grateful to the people who have worked at the Commission over the past year and also to the Commissioners.

**John Ireland**

**Chief Executive of the Scottish Fiscal Commission and Accountable Officer**

4 September 2018

## Our Mission

**Mission:** As Scotland's Independent Fiscal Institution, the Scottish Fiscal Commission will produce independent, official forecasts.

**Principles:** The Scottish Fiscal Commission is independent, transparent, accountable and open.

We fulfil this mission through the delivery of our statutory duties and strategic objectives. Building confidence in our forecasts and assessments is essential if we are to meet our objectives effectively and the way we operate as an organisation will underpin this confidence. We have therefore based our approach on the Organisation for Economic Co-operation and Development (OECD) Principles for Independent Fiscal Institutions.

## What we do

The Scottish Fiscal Commission is the Independent Fiscal Institution for Scotland. We are the only sub-national fiscal institution producing our own fiscal and economic forecasts. These forecasts are used to inform the Scottish budget process.

We were established as a statutory body in April 2017 by the Scottish Fiscal Commission Act 2016 (the Act), as a non-Ministerial Office in the Scottish Administration (sometimes known as a non-Ministerial Department). We are separate from, and independent of, the Scottish Government, and the Commissioners are directly accountable to and give evidence to the Scottish Parliament as required.

The Scottish Fiscal Commission Act 2016 sets out the Commission's functions which include providing forecasts on:

- revenue from fully devolved taxes and non-savings non-dividend income tax receipts;
- onshore Gross Domestic Product (GDP) in Scotland; and
- devolved social security expenditure.

These forecasts are produced twice a year, at the same time as the Scottish Government publishes its Budget and Medium-Term Financial Strategy. The Commission also must assess the reasonableness of Scottish Ministers' projections of their borrowing requirements. In addition the Commission must prepare reports on the accuracy of its forecasts each year.

The Act also requires us to produce a report on the Commission's activities during the year as soon as practicable after the end of the financial year. The Commission's performance over its first year as a statutory body is described in detail in this Performance Report. This report is laid in the Scottish Parliament and sent to Scottish Ministers in accordance with the Act.



## Performance summary

The Commission fulfilled its statutory functions by delivering its forecasts and reports on time and in line with the Protocol agreed with the Scottish Government.

The Commission has engaged with a wide range of stakeholders and appeared in front of three Parliamentary Committees. We also published occasional papers and organised public events that explained our forecasts and our approach to forecasting.

In addition to these activities the Commission has completed a transition programme from its previous non-statutory basis to being a fully-fledged statutory public body. This Annual Report is one manifestation of that new status.

To provide us with evidence on our performance we have conducted staff and stakeholder surveys that are summarised in this Annual Report. We have also agreed our Protocol with the Scottish Government and an update following the Budget Process Review. We have agreed Memoranda of Understanding with Revenue Scotland and HMRC to ensure timely provision of data. We have also developed a number of corporate and governance documents including a Corporate Plan.<sup>1</sup>

## Principal risks

During the year the Commission established a system of risk management, documented in its Risk Management Framework, and an Audit and Risk Committee.

At 31 March 2018 the corporate risk register identified the following risks:

- failure to operate and be perceived as a body compliant with Independent Fiscal Institution principles and with public body duties;
- recruitment and staff retention difficulties;
- being too inward-facing;
- challenges in accessing appropriate data sources;
- loss of critical infrastructure and/or relationships with partners;
- political use of our forecasts, compromising the perception of our independence;
- perception that the Commission is a “closed shop” undermining the credibility of our forecasts; and
- misunderstandings and misuse of our analysis.

---

<sup>1</sup> Scottish Fiscal Commission Corporate Plan 2018-20 ([link](#))

These risks are monitored and assessed regularly by the Senior Management Team, the Audit and Risk Committee and the Governance Board. The process will be reviewed by the Audit and Risk Committee and Governance Board at their first meetings in 2018-19 and again half way through the year.

## **Future developments**

In June 2018, the Commission's functions were amended, following the recommendations of the Budget Process Review Group about the scrutiny process for the Scottish Government's Budget. As a result, the Commission must now produce at least two sets of forecasts a year: one alongside the Scottish Budget as before, and one alongside the Scottish Government's new Medium-Term Financial Strategy (MTFS). With the agreement of the Scottish Parliament, and to support the first year of this new budget process, the Commission revised its work plan to prepare for the production of the forecasts to be delivered with the MTFS in May 2018. The Commission agreed a revised Protocol with the Scottish Government to reflect the new process which was published in March 2018.<sup>2</sup> The amending regulations also expanded our remit to include the forecasting of assigned VAT revenue.

The Commission's plans for its second year as a statutory body are set out in our Business Plan for 2018-19.<sup>3</sup> These plans include:

- the formal Parliamentary passage of amendments to our functions, to ensure we are supporting the new Budget process in the Scottish Parliament;
- developing our approach to forecasting VAT receipts in Scotland and the production of our first forecasts to support the assignment of VAT revenues to the Scottish Government;
- developing our models across the areas of tax and social security as well as work on our own economic forecasting model for Scotland;
- further embedding of the corporate governance processes including the review of these in the light of experience from our first year of operation;
- reviewing the operation of our shared service provisions to ensure they provide appropriate support to enable us to deliver our functions; and
- establishing the scope of our first statutory review and the procurement of a reviewer by end of March 2019 to undertake the work.

---

<sup>2</sup> Protocol for engagement between the Scottish Fiscal Commission and the Scottish Government Version 2.0 published March 2018 ([link](#))

<sup>3</sup> Scottish Fiscal Commission (2018) Business Plan 2018-2019 ([link](#))

## Performance Analysis

### Corporate Planning

During 2017-18 the Commission developed its first Corporate Plan covering the period from April 2018 – April 2020.<sup>4</sup> Consultation in September 2017 drew on discussions with partner organisations, a written consultation and in the knowledge of the likely changes to the remit of the Commission. The final Plan was published in April 2018.

The Plan recognises that the Commission is a new organisation operating within a continually evolving fiscal and legislative environment. It has been designed to take into account the statutory review that is required by the Scottish Fiscal Commission Act 2016. The first review team must be appointed by the end of 2018-19 and the Commission anticipates that the results of the review will influence the next Corporate Plan.

The Plan sets out four strategic objectives for the Commission and delivery of these is supported by the annual Business Plan. The Corporate Plan objectives are:

- delivering trusted, reliable and accessible economic and fiscal forecasts;
- working openly and constructively with stakeholders while maintaining our independence;
- increasing understanding through active external engagement and clear publications; and
- building an organisation with robust governance, knowledgeable staff and transparent processes.

Our corporate planning and risk management was, in part, informed by a Gateway Review at the start of the year. The Commission is grateful to the Review Team for its intensive work over a short period and to our stakeholders who spoke to the Review Team.

---

<sup>4</sup> Scottish Fiscal Commission Corporate Plan 2018-2020 ([link](#))

## Measuring performance and dealing with uncertainty

Given the nature of our work, our performance is best measured by the quality of the statutory reports and forecasts we provide, rather than through quantitative data that would be used to measure performance against key performance indicators in other organisations.

The quality of our forecast work will be assessed through our forecast evaluation reports. These are published each autumn so at the time of writing were not yet available for the 2017-18 forecasts. Other evidence about the quality of our work can be gathered from stakeholders' views and external economic commentators' responses to our reports. We publish occasional papers and hold workshops to increase transparency and to aid such external analysis of our approaches.

We commissioned a stakeholder survey with a specific section on the quality of our reports to inform our assessment of our performance. The survey was carried out by an independent research company, Progressive, with the aim of providing us with an insight into the attitudes and perceptions of those who engage with our service in a professional capacity. The first part of the survey was concluded in March 2018 and involved in-depth interviews with a selection of organisations across the range of our stakeholders. This was followed up with a wider online survey. The survey results are reported below and at Annex B.

The delivery and technical quality of our forecasts will be the subject of an independent statutory review at the end of our second year of operation. After the first review in mid-2019 these reviews are required to take place every five years. We will continue to consider whether any meaningful key performance indicators can be developed for our strategic objectives.

The uncertainties inherent in the implementation of the Fiscal Framework and the new financial powers have been highlighted in a series of Audit Scotland reports<sup>5</sup> and are a constant theme in our work. We take great care to make the uncertainties of fiscal and economic forecasting explicit in our publications and our evidence to Parliament. We publish sensitivity analysis for our key forecasts so that anyone who reads our report has a real understanding of the key assumptions that we make, what really matters and what the forecast is sensitive to population, productivity or anything else. We do this to inform readers as to where the real uncertainties lie and what our key assumptions are. As we build up a forecasting record, we will know more about our historical errors. At this stage we do not have a sufficient number of forecast outturns to publish the standard forecast "fan charts" but it is our intention to do so in the future.

---

<sup>5</sup> These reports include Audit Scotland (2018) Managing the implementation of the Scotland Acts March 2018 ([link](#)).

## **Performance against Corporate Plan objectives**

### ***1. Delivering trusted, reliable and accessible economic and fiscal forecasts***

The Scottish Fiscal Commission Act 2016 sets out the Commission's functions which are to provide forecasts twice a year on:

- revenue from fully devolved taxes and non-savings non-dividend income tax receipts;
- onshore Gross Domestic Product (GDP) in Scotland; and
- devolved social security expenditure.

In addition the Commission must prepare reports on the accuracy of its forecasts each year.

The Commission met this objective by:

- publishing its first statutory Forecast Evaluation Report in September 2017;
- publishing its first set of forecasts in December 2017;
- publishing in January 2018 a document explaining that we had made no changes to our forecasts since the Draft Budget;
- publishing updated costings in February 2018 to reflect the final income tax policy in the Budget Bill; and
- preparing for the forecasts to accompany the Scottish Government's new Medium-Term Financial Strategy (MTFS) in May 2018.

All our reports were delivered on time and in line with the Protocol agreed with the Scottish Government.

In assessing whether these forecasts were trusted, reliable and accessible, we draw upon any critique from economic commentators or the Parliament's Finance and Constitution Committee when the forecasts are published, and from our stakeholder survey (Annex B) which was timed and designed to give evidence about our forecasts. In future the Forecast Evaluation Reports and the statutory review will also provide evidence.

The summary findings from the stakeholder survey were:

- The quality of Scottish Fiscal Commission's work was described in very complimentary terms.
- It was not uncommon to hear respondents say the quality of forecasts for Scotland have been improved since SFC became a non-Ministerial Office and took over forecasting responsibilities. There was a sense that they may be more reliable now.

- SFC publications were also well trusted, with *Scotland's Economic and Fiscal Forecast* from December 2017 especially highly regarded.
- There is an element of the unknown with the forecast as it is the first one.
- A suggestion for improvement was to go further into the future with forecasting.

The Act required us to produce two forecasts a year (before the Act was amended via regulations). The first forecasts were due when the Scottish Government's Draft Budget was laid and the second when the Budget Bill was introduced into Parliament. We published our first forecast document, 'Scotland's Economic and Fiscal Forecasts', as a statutory body on 14 December 2017.<sup>6</sup> The forecast was supported by a range of supplementary spreadsheets and graphics on our website. We held a media briefing the day after publication and gave evidence on the forecast to the Parliament's Finance and Constitution Committee on 20 December. The publication was accompanied by an active social media presence on Twitter.

To comply with the Act's requirement to publish a forecast at the introduction of the Budget Bill we published a document on 25 January 2018 that noted our forecasts had remained unchanged since 14 December.<sup>7</sup>

The Commission produced a final costing of the income tax measures included in Stage 2 of the Budget Bill on 6 February 2018.<sup>8</sup>

We also published a Forecast Evaluation Report in September 2017.<sup>9</sup> This report considered the Scottish Government forecasts published in previous years on which the non-statutory Commission had commented. In future we will produce annual forecast evaluations of our own forecasts, as required by the Act.

Underlying our forecasting work has been a programme of model development and quality assurance. Our tax models have a mixed heritage. A number, including the Income Tax model, were originally developed by Scottish Government analysts and then taken as the starting point for the Commission's own models in early 2017. We then re-coded these models and spent time over the summer of 2017 developing them further. Other models, such as the Air Passenger Duty model, were developed from scratch within the Commission. At the end of the summer we asked a number of external academic experts to review the models. They provided reassurance about the models to the Commissioners and their views were fed into the on-going development work.

---

<sup>6</sup> Scottish Fiscal Commission (2017) *Scotland's Economic and Fiscal Forecasts* December 2017 ([link](#))

<sup>7</sup> Scottish Fiscal Commission (2018) *Scotland's Economic and Fiscal Forecasts Supplementary Budget Bill Publication* January 2018 ([link](#))

<sup>8</sup> Scottish Fiscal Commission (2018) *Scotland's Economic and Fiscal Forecasts Supplementary Publication Updated Income Tax Forecasts* ([link](#))

<sup>9</sup> Scottish Fiscal Commission (2017) *Forecast Evaluation Report* 2017 ([link](#))

We have continued to refine the way in which we use the Scottish economic model developed by National Institute of Economic and Social research (NIESR) for the Scottish Government. Our experience in using the Scottish Government's National Institute's Global Econometric Model (NIGEM) model has led us to decide to build our own economic model that is specifically designed for forecasting. Work on this new economic model started in 2017-18 and will continue in 2018-19. Finally, we made use of the Scottish Government's social security models for our December 2017 forecasts. Work on building our own social security models is underway and we now have an operational model for Carer's Allowance.

Our first forecast publication included a voluntary commitment to comply as much as possible with the principles of the Code of Practice for Statistics. In March 2018 we published a detailed statement on our approach to compliance including a revisions and corrections policy. As part of our compliance we produce a monthly list of forthcoming publications pre-announcing our publication dates.

## ***2. Working openly and constructively with stakeholders while maintaining our independence***

Maintaining good relations with our partners and stakeholders is central to the Commission's ability to produce accurate and relevant forecasts.

In 2017-18 the Commission finalised its Protocol with the Scottish Government which governs the process for the production of our forecasts alongside the Government's budget process. This was published in April 2017.<sup>10</sup> Following the completion of the budget process and in light of the Budget Process Review Group's report, the Protocol was revisited and a revised Protocol published in March 2018.<sup>11</sup>

Memoranda of Understanding (MoU) were finalised with Revenue Scotland<sup>12</sup> and HMRC<sup>13</sup> to ensure timely provision of data. Conversations have begun with DWP to put an MoU in place with them. We have a statutory duty of cooperation with the Office of Budget Responsibility (OBR). We are drafting a full MoU with the OBR to be published in 2018-19; in the interim we agreed shared principles for engagement.<sup>14</sup>

The Commission's stakeholder survey also assessed performance against this objective, and it confirms that this objective was met:

---

<sup>10</sup> [Protocol for engagement between the Scottish Fiscal Commission and the Scottish Government published April 2017 \(link\)](#)

<sup>11</sup> Protocol for engagement between the Scottish Fiscal Commission and the Scottish Government Version 2.0 published March 2018 ([link](#))

<sup>12</sup> Memorandum of Understanding between the Scottish Fiscal Commission and Revenue Scotland ([link](#))

<sup>13</sup> Memorandum of Understanding between the Scottish Fiscal Commission and HM Revenue and Customs ([link](#))

<sup>14</sup> Shared principles between the Scottish Fiscal Commission and the Office for Budget Responsibility ([link](#))

- the majority of the respondents' knew the Commission well, respected its work and had a positive relationship;
- the Commission met respondents expectations insofar as being: accurate, neutral, clear, reliable, having technical ability and communicating well; and
- the Commission performed very well against its core values of trust, independence, expertise and efficiency.

### **3. Increasing understanding through active external engagement and clear publications**

The Commission wants to ensure that its forecasts are understood and used appropriately. Therefore in addition to the delivery and evaluation of forecasts, the Commission produced three occasional papers to give details of our approaches and to analyse in more detail the areas which particularly interested users. These were:

- our current approach to forecasting, September 2017;<sup>15</sup>
- our approach to forecasting the long-run potential of the Scottish economy, March 2018;<sup>16</sup> and
- our methodology for producing income tax costings and how we analyse behavioural responses to income tax policy, March 2018.<sup>17</sup>

We also held three events to engage with our user community, and have responded to all correspondence with stakeholders (including Freedom of Information requests) within the 20 working day deadline.

The Commissioners and staff have engaged with three Parliamentary Committees during the course of the year. In September 2017 we gave evidence to the Finance and Constitution Committee on our Forecast Evaluation Report, and then appeared twice more, first in December 2017 to discuss the full range of our forecasts and again in February 2018 to discuss our revised income tax forecasts. We appeared at the Economy, Fair Work and Jobs Committee in October 2017 to discuss economic data and in January 2018 to give evidence on Scotland's economic performance based on our December forecast. In November 2017 we appeared at a private session of the Social Security Committee. On 22 June 2017 we held a lunchtime event in Parliament for MSPs sponsored by Bruce Crawford MSP, the Convenor of the Finance and Constitution Committee.

---

<sup>15</sup> Scottish Fiscal Commission (2017) Current Approach to Forecasting ([link](#))

<sup>16</sup> Scottish Fiscal Commission (2018) Forecasting the long-run potential of the Scottish economy March 2018 ([link](#))

<sup>17</sup> Scottish Fiscal Commission (2018) How we forecast behavioural responses to income tax policy March 2018 ([link](#))



Again, the stakeholder survey gives evidence that this objective was met:

- a number of respondents praised the SFC for being transparent and open on how their estimates are made and the models and methodologies used;
- SFC was described as having improved on previous forecasts by writing in a style that is more accessible and transparent; and
- staff were commended for being able to clearly explain the background to content and assumptions made in the economic and fiscal forecasts as well as other shorter publications.

#### ***4. Building an organisation with robust governance, knowledgeable staff and transparent processes***

The Commission has continued the work of the Transition Programme team to finalise the corporate and governance systems which support its operation. This included:

- an on-going recruitment exercise which saw the Commission's staffing numbers grow from 13 to 24 over the year;
- finalisation of the governance documents; and
- the establishment of an Audit & Risk Committee, including the appointment of an external member.

Staff recruitment has been a significant activity during the course of the year. However recruitment was slower than anticipated, and this is reflected in our underspend for 2017-18, reported on page 17. There were a mix of reasons for this, including the personal circumstances of successful applicants. These vacancies did not impact on our ability to produce forecasts, but did delay the development of our macro-economic and social security models. Vacancies had a greater impact on our corporate administration and whilst there were some delays in developing our finance and corporate governance processes during 2017-18, new staff are now in place and these processes have been strengthened significantly.

We have now recruited the bulk of our analytical staff and most of the permanent corporate services team are now in place, including a Communications Officer, to replace the transition team which comprised of Scottish Government secondees. A new Chief Executive, John Ireland, took over from Sean Neill at the beginning of the year. His appointment runs until June 2021.

Dame Susan Rice was reappointed to a second term as Chair of the Fiscal Commission in January. Her appointment runs until 30 June 2022.

In addition to the Corporate and Business Plans, the Commission uses a forward look management tool to plan its forecasting work for the year. This is a living

document which allows the Commission staff to support the Commissioners in the delivery of the statutory functions. This was used to plan and manage the Commission's activity in 2017-18 ahead of the development of the Corporate Plan.

Commission staff took part in a staff survey, modelled on the UK Civil Service survey. This took place during November 2017 and there was a 100% response rate. The results showed there was a high level of engagement and confidence in the Commission among staff.

The main findings of the staff survey were:

- all employees reported a high level of job satisfaction and a full understanding of how their work contributes towards the SFC's objectives;
- employees have said that their managers are open to their ideas and trust them to carry out their job effectively;
- most employees have been favourable towards working in Governor's House; however many stated that they would like to see the facilities refurbished and additions added to make it a more productive and pleasant environment;
- general wellbeing is high amongst all employees. Responses were 100% positive for employees' satisfaction, feeling worthwhile and happiness, however, a third of staff have said that they suffer from a high level of anxiety;
- employees expressed concern about learning and development activities. 60% of people felt that the learning and development activities they have done while working here have helped them develop within their career and 61% feel that there are opportunities for career development within the SFC; and
- there were no claims of harassment, bullying or discrimination.

More information about the staff survey can be found in Annex C. In 2018-19, the Commission will continue to work on the areas that were raised in the survey to maintain staff trust and engagement, including considering future accommodation provision and developing a learning and development plan. A stress management workshop has already been held.

### *Freedom of Information*

The Commission aims to be fully compliant with Freedom of Information (Fol) legislation. We received six Fol requests 100% of which were completed within the statutory deadline for responses. Substantive Fol responses are published on the Commission's website.<sup>18</sup>

---

<sup>18</sup> See Freedom of Information releases on our website ([link](#))

## *Complaints*

The Commission has a complaints handling policy and procedure in place and received no complaints in 2017-18.<sup>19</sup>

## **Financial Results**

The Commission received a £1.67 million budget in 2017-18 and had net operating costs of £1.484 million. We managed our expenditure carefully and remained within budget, and in November our budget monitoring predicted an underspend. This was mainly due to delays in staff recruitment and a planned postponement of a decision on our permanent accommodation, following a recommendation from the Gateway Review. These resulted in an actual underspend of £186,000.

## ***Supplier Payment Policy***

The Commission aims to pay suppliers within 10 working days of the receipt of a valid and undisputed invoice. During the year ended 31 March 2018, the Commission paid 99 per cent of its invoices within these terms.

## **Non-financial information**

(including social matters, respect for human rights, environmental impact and anti-corruption and anti-bribery matters)

## ***Community, social and human rights***

The Commission is committed to being an open and transparent organisation. We work with other public bodies to improve the economic and fiscal information about Scotland available to the public, and are committed to engaging productively with those communities which are interested in our work.

## ***Fraud, corruption and bribery***

The Commission is committed to preventing fraud, corruption and bribery in relation to its funds and activities. There is a counter-fraud policy in place<sup>20</sup> and staff are bound by the Civil Service Code<sup>21</sup> which governs the behaviour of staff and deals with the receipt of gifts and hospitality. Relevant gifts and hospitality received by staff are recorded and the Commissioners' declarations of interest, gifts and hospitality are made at each Governance Board and Audit and Risk Committee meeting. The register of interest is regularly reviewed by Commissioners. There were no incidences of fraud or bribery in 2017-18.

---

<sup>19</sup> Scottish Fiscal Commission Complaints Policy ([link](#))

<sup>20</sup> Scottish Fiscal Commission Counter-Fraud Policy ([link](#))

<sup>21</sup> The Civil Service Code ([link](#))

The Commission has a shared service agreement in place with the Scottish Government Procurement Directorate and adheres to the Public Sector Procurement guidance.

### ***Environment and sustainability***

The Commission is committed to reducing its environmental impact and to increasing the sustainability of its activities. In 2017-18 Commission staff participated in the Scottish Government's Climate Week for public and private sector bodies

The Commission aims to minimise its use of paper through publishing its reports online with only a limited numbers of printed copies. Copies of our reports are available in accessible formats on request.

Recycling of food, paper and packaging is provided as part of our occupancy agreement for Governor's House.

The Commission is considering its future accommodation options and sustainable transport and environmental performance are part of the criteria for this review, alongside accessibility for staff and visitors.

**John Ireland**

**Chief Executive of the Scottish Fiscal Commission and Accountable Officer**

4 September 2018

# Accountability Report

## Corporate Governance Report

### The Commissioners' report

#### *The Commissioners*

The Scottish Fiscal Commission Act 2016 (the Act) provides that there shall be a Chair and at least two members. As at 31 March 2018 there were three Commissioners, one of whom was Chair. All appointments to the Commission are made by the Scottish Ministers, approved by the Scottish Parliament and are regulated by the Commissioner for Ethical Standards in Public Life.

Chair	Dame Susan Rice
Members	Professor Alasdair Smith David Wilson <sup>22</sup>

The Register of Interests for the Commissioners can be found on the Commission's website [www.fiscalcommission.scot](http://www.fiscalcommission.scot) and is also available from the Commission. All members are required to review and update the register at least annually.

#### *Audit and Risk Committee*

The Commission has established an Audit and Risk Committee to support it through a process of constructive challenge in its responsibilities for establishing and maintaining a comprehensive framework for risk, control, governance and associated assurance. This includes oversight of the corporate risk register and risk management framework, the internal and external audit processes and the production of the Annual Report and Accounts, including the governance statement, and advising the Governance Board accordingly. The Committee was chaired by David Wilson and its other members were Professor Alasdair Smith and an external non-voting member, Gillian Carty. Dame Susan Rice attended as an observer. The Committee met twice during the year 2017-18 and will meet a minimum of four times a year in future years. The Committee is supported by the Chief Executive and the Corporate Services Team who provide the secretariat.

---

<sup>22</sup> David Wilson resigned in July 2018.

### ***Chief Executive and Senior Management Team***

During the year we established a Senior Management Team to support the Chief Executive and the Commissioners. In 2017-18 the team consisted of:

Chief Executive and Accountable Officer, John Ireland;  
Deputy Chief Executive, Mairi Spowage;  
Head of Economic and Income Tax Forecasts, David Stone;  
Head of Devolved Taxes and Social Security Forecasting, Claire Nichols;  
Head of Operations, Gregory Symons; and  
Head of Corporate Services, Laura Bailie.

### ***Personal data related incidents***

The Commission reported one data incident to the UK Information Commissioner which, at the time of writing, has not resulted in further action by the ICO. An earlier minor incident occurred with staff personal data that was not reported to the ICO as the data remained within the SCOTS secure network. Both incidents related to information held by one of our shared service providers and we have been provided with assurance that action has been taken to ensure they are not repeated.

### ***Internal Audit***

Internal Audit is provided by the Scottish Government Internal Audit Directorate (SGIAD). The Audit and Risk Committee reviewed and approved the audit plan produced by SGIAD. Regular updates on progress of this plan were presented by SGIAD at Audit & Risk Committee meetings during the year.

During the year SGIAD carried out a review of the governance systems in the Commission and rated assurance as substantial, the highest possible rating. The report made a number of recommendations which will be followed up in 2018-19.

### ***External Audit***

External Audit is provided by Audit Scotland. Mark Taylor was appointed under the Public Finance and Accountability (Scotland) Act 2000 to carry out the external audit of the Commission. During the year, the Audit and Risk Committee received regular updates from Audit Scotland.

### **Statement of Accountable Officer's responsibilities**

Under paragraph 19(4) of the Public Finance and Accountability Scotland Act 2000, the Scottish Ministers have directed the Scottish Fiscal Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction (Annex A). The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

make judgments and estimates that are reasonable and prudent;

state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and

prepare the financial statements on a 'going concern' basis.

The Permanent Secretary of the Scottish Government, as Principal Accountable Officer for the Scottish Administration, designated the Commission's Chief Executive, John Ireland, as the Accountable Officer for the Commission.

The responsibilities of an Accountable Officer, including their responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping proper records and for safeguarding the Commission's assets, are set out in the Scottish Government Memorandum to Accountable Officers of Other Public Bodies and published within the Scottish Public Finance Manual.

As Accountable Officer, as far as I am aware, there is no relevant audit information of which the Commission's auditors are unaware. I have taken all reasonable steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Commission's auditors were aware of that information.

I take personal responsibility for the annual report and accounts and I confirm that in my opinion these are fair, balanced and understandable.

## **Governance Statement**

This first year has been a time when the organisation, its governance and its corporate systems have been growing and maturing, and they continue to evolve.

### ***Scope of responsibility***

As Accountable Officer, I have responsibility for maintaining a sound system of corporate governance and internal control that supports the achievement of the Scottish Fiscal Commission's policies, aims and objectives, whilst safeguarding the public funds and Commission's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Framework Document.

As Accountable Officer I have specific responsibility in relation to:

- corporate governance;
- planning, performance management and monitoring;
- advising the Commissioners;
- managing risk and resources; and
- accounting for the Commission's activities.

### ***The purpose of the governance framework and systems of internal control***

The Commission's governance framework is clearly defined within the context of the Framework Document which specifically addresses:

- the functions, duties and powers of the Commission;
- the responsibilities of the Chair, the Commissioners and the Chief Executive;
- planning, budgeting and control;
- external accountability;
- staff management;
- reviewing the Commission's role; and
- key financial and operating procedures.

Our Governance Framework accords with the Scottish Public Finance Manual (SPFM). The SPFM is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

When I became Chief Executive in May 2017, the key financial and operating procedures were already defined. As expected, there was significant staff turnover as we moved from a transition team to permanent staff, followed by the process of refining and bedding in our systems. Our governance framework has therefore evolved over this first year. It is further supported by a Code of Conduct<sup>23</sup> for Commissioners and a Risk Management Framework which sets how significant risks facing the Commission in the delivery of its corporate aims and objectives will be identified, evaluated and appropriately managed.

---

<sup>23</sup> Scottish Fiscal Commission (2017) Code of Conduct for Members of the Scottish Fiscal Commission ([link](#))



## ***The Governance Board***

The Governance Board has corporate responsibility for ensuring that the Commission fulfils its aims and objectives and for promoting the efficient and effective use of staff and other resources in accordance with the principles of Best Value. The Governance Board comprises the Commissioners: Dame Susan Rice (chair), Professor Alasdair Wilson and David Wilson (resigned July 2018). The Governance Board meetings are kept distinct from the Commissioners' specific responsibility for the production of the Commission's forecasts. The Chief Executive, Deputy Chief Executive, Head of Corporate Services and Head of Operations also attend Governance Board meetings to support the Commissioners.

During 2017-18 the Governance Board met formally on four occasions. All meetings of the Board were quorate and on each occasion a full set of minutes was produced to record all agreed actions and decisions. On each occasion all Commissioners were asked for any declarations of interest and gifts and hospitality, with a full record made in the minutes in compliance with the Code of Conduct. In accordance with the Commission's Publication Scheme, our website ([www.fiscalcommission.scot](http://www.fiscalcommission.scot)) is updated with minutes which have been drafted in accordance with the Commission's Publication Scheme. In this initial year, the Governance Board has had a particular focus on ensuring that the Commission has appropriate and proportionate controls, systems and processes to support good governance.

The Board has considered its procedures and working practices over its first year, and has made refinements to promote accountability and transparency. It continues to keep these under review.

The Commission provided an internal induction programme for the two new Commissioners (David Wilson and Professor Alasdair Smith), in addition to the opportunity to access an external training course for new Board members, 'On Board'.

## ***Risk Management Arrangements***

All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The risk management arrangements have been developed to be appropriate to the organisation's structure, size and needs and the monitoring process and main risks are set out in the Performance Report above. The consideration of risk was developed through the 2017-18 financial year and is now becoming fully embedded within the operation of the Commission both through the formal processes outlined in the risk management framework and in the day-to-day activities of staff and the Commissioners.

The Commission has a documented risk management framework which is fully supported by procedural guidance, providing advice on the operation of the risk management process. The risk management strategy was fully reviewed during 2017-18 and a corporate risk register produced. Staff are trained to manage risk in a way that is appropriate to their authority and duties.

The Commission's risk management framework specifies the roles of the Board, the Audit and Risk Committee, Senior Management Team and the Chief Executive, and details the process of risk identification in relation to the Commission's objectives. The framework also details the process of risk categorisation and the approval and review structure for the risk register by the Senior Management Team, the Audit and Risk Committee and the Governance Board.

Over the year the Audit and Risk Committee oversaw the development of the corporate risk register and the revision of the risk management framework. This was then agreed by the Governance Board.

The corporate risk register includes the high level risks which are outlined on page 7 in the Performance Report, and I confirm that these were assessed to be at an acceptable level.

### ***Written assurances***

I have received assurance from the Scottish Government's Chief Financial Officer in respect of the financial systems shared with the Commission, from the Scottish Government's People Director in respect of the human resources and payroll systems shared with the Commission, and from the Scottish Government's Director Digital in respect of the IT services shared with the Commission. I have also received from SGIAD a copy of the assurance provided on the Scottish Government's corporate services which deliver our shared services, although only reasonable assurance could be given.

The Commission was subject to a second Gateway Review in June 2017, following the initial review in November 2016. These reviews considered whether the Commission would be likely to be equipped to fulfil its statutory remit, have the necessary governance and administrative systems to fulfil all legal and SPFM requirements, and whether the transition programme has delivered on time and on budget, with proportionate governance and assurance. The review team found that that overall delivery confidence assessment was green-amber. The Gateway Review recorded a high level of confidence in the likelihood of the Transition Programme delivering its aims. The report recommended a review of programme risk and consideration of risk to the statutory Commission, along with increased focus on creation of organisational culture. These recommendations covered both the remainder of the transition programme and the early period of operation of the statutory Commission.

## ***Best Value***

The Commission aims to deliver best value in accordance with the principles outlined within the Scottish Public Finance Manual. We have also taken advantage of Government procurement frameworks in order to achieve best value.

## ***Personal data related incidents***

As reported on page 20, there were two personal data related incidents involving information held by our shared service provider, one minor and one reported to the UK Information Commissioner. I have been provided with assurance that action has been taken to ensure they are not repeated.

## ***Whistleblowing policy***

The Commission's whistle blowing policy is available on our website.<sup>24</sup>

## ***Assessment of Corporate Governance and Risk Management Arrangements***

As Accountable Officer, I have responsibility for overseeing the Commission's corporate governance arrangements including compliance with generally accepted best practice principles and relevant guidance. In addition I have responsibility for reviewing the effectiveness of the Commission's risk management arrangements and system of internal control.

My review of the effectiveness of these systems is informed by:

- discussions with the previous Chief Executive;
- the senior management team, which has responsibility for the development and maintenance of the Commission's governance, performance, risk and internal controls frameworks;
- the Governance Board which has responsibility for receiving, monitoring and commenting on management reports on governance matters, performance and risk management;
- the work of the Commission's Audit and Risk Committee as delegated by the Governance Board which includes on-going review of the Commission's external assurance functions and internal assessments on governance, risk and Best Value;
- the work of the internal auditors (SGIAD), who submit to the Commission's Audit and Risk Committee regular reports which include independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;

---

<sup>24</sup> Scottish Fiscal Commission (2017) Whistleblowing Policy ([link](#))

- completion of the internal control checklist following the format of the SPFM with any identified weaknesses disclosed in the report above; and
- comments made by the external auditors in their management letters and other reports.

As Accountable Officer I can confirm that I am fully content with the effectiveness of the Commission's existing arrangements to ensure appropriate standards of corporate governance, internal controls and effective risk management are met. I also confirm that there were no identified lapses in data security during 2017-18 beyond the two incidents mentioned above.

## Remuneration and Staff Report

The information disclosed in the following tables is audited by the external auditors:

- Single Total Figure of Remuneration
- Fair Pay
- Pensions
- Staff Costs
- Staff Composition

### **Pay and conditions of service**

The staff of the Commission are civil servants. They are part of the Scottish Administration, rather than the Scottish Government, and are required to adhere to the standards set out in the Civil Service Code applicable to staff in the Scottish Administration. Staff are appointed by the Scottish Fiscal Commission and act under the direction of the Commissioners.

The Chief Executive is a Senior Civil Servant whose remuneration is set in accordance with the rules set out in chapter 7.1, Annex A of the Civil Service Management Code and in conjunction with independent advice from the Senior Salaries Review Body (SSRB). Further information about the work of the SSRB can be found at [www.ome.uk.com](http://www.ome.uk.com).

The remuneration of other civil servants within the Commission is set in accordance with Scottish Government Public Sector Pay Policy as part of the Scottish Government Main Bargaining Unit. Further information about the Public Sector Pay Policy can be found at [www.gov.scot/Topics/Government/public-sector-pay/staff-pay](http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay). Unless otherwise stated, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in an individual receiving compensation as set out in the Civil Service Compensation scheme.

The Commissioners are non-executive and are appointed following a public appointments exercise which is regulated by the Commissioner for Ethical Standards in Public Life in Scotland. Their appointment is subject to the agreement of the Scottish Parliament. Commissioners receive fees for duties carried out on behalf of the Scottish Fiscal Commission including attendance at Governance Board and Committee meetings. Fees are paid at the daily rate set out in their letters of appointment. Expenses incurred while carrying out their duties are reimbursed. Fees were also paid to the external member of the Audit and Risk Committee in line with their letter of appointment and expenses for attendance at the Committee meetings are reimbursed. The fees paid to Board and Committee members are governed by the Public Sector Pay Policy for Senior Appointments.<sup>25</sup>

---

<sup>25</sup> The Scottish Government Public Sector Pay Policy for Senior Appointments Technical Guide ([link](#))

## Single Total Figure of Remuneration (audited)

Fees of the Commissioners and external member of the Audit and Risk Committee and the salaries and accrued pension benefits of the Senior Management Team are shown below, following the format and methodology defined by the Cabinet Office and Financial Reporting Manual.

It is not possible to directly compare the accrued pension benefits of different members of the Senior Management Team as they are members of different civil service pension schemes and have differing service and pay history and age and gender. These all have an influence over the accrued pension benefit calculations.

Board Member	2017-18 £'000
Dame Susan Rice DBE (Chair)	35 - 40
Professor Alasdair Smith	25-30
David Wilson	25-30
External Audit Committee Member	2017-18 £'000
Gillian Carty	0-5

Senior Management Team	Basic Salary Band £'000	Accrued Pension Benefits	Total £'000
John Ireland, Chief Executive (1)	60-65 (70-75 full year equivalent)	-2,000 (2)	55-60
Sean Neill, Chief Executive (3)	10-15 (70-75 full year equivalent)	3,000	15-20
Mairi Spowage, Deputy Chief Executive	65-70	30,000	95-100
David Stone, Head of Macroeconomic & Income Tax Forecasting	55-60	22,000	80-85
Claire Nichols, Head of Devolved Taxes & Social Security Forecasting (4)	25-30 (55-60 full year equivalent)	12,000	40-45
Greg Symons, Head of Operations	45-50	17,000	60-65
Laura Bailie, Head of Corporate Services	25-30 (45-50 full time equivalent)	6,000	30-35

(1) John Ireland joined the Scottish Fiscal Commission as Chief Executive on 8 May 2017.

(2) Final member (classic/classic plus/premium) for the whole period. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of them having an extra year's service and by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce; hence the negative values.

(3) Sean Neill was Chief Executive of the Scottish Fiscal Commission until 5 May 2017.

(4) Claire Nichols became a member of the Senior Management Team on 14 September 2017.

None of the above received any benefits in-kind or bonus payments in the year 2017-18.

Salary covers both pensionable and non-pensionable amounts and includes: gross salaries; overtime; recruitment and retention allowances; or other allowances to the extent that they are subject to UK taxation and any ex-gratia payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

The value of pension benefits accrued during the year is calculated as (the real increase multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

### **Fair Pay Disclosure (audited)**

	2017-18
Band of highest paid director £'000	70-75
Median total remuneration	37,727
Ratio	1.922
Range minimum – maximum £'000 (FTE)	20-25 – 70-75

## Pensions (audited)

Senior Management Team	Accrued Pension at NRA as at 31 March 2018 £'000	Real increase in pension and related lump sum at NRA £'000	CETV at 31 March 2018 £'000	CETV at 31 March 2017 £'000	Real Increase in CETV £'000
John Ireland, Chief Executive(1)	35-40	0-2.5	717	678	-3
Sean Neill, Chief Executive (2)	10-15 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0 - 2.5	181	174	1
Mairi Spowage, Deputy Chief Executive	10-15	0-2.5	138	118	9
David Stone Head of Macroeconomic & Income Tax Forecasting	5-10	0-2.5	62	52	4
Claire Nichols, Head of Devolved Taxes and Social Security Forecasting (3)	5-10	0-2.5	39	34	2
Greg Symons, Head of Operations	5-10	0-2.5	89	78	5
Laura Bailie, Head of Corporate Services	5-10 plus a lump sum of 15-20	0-2.5 plus a lump sum of 0	108	100	1



(1) John Ireland joined the Scottish Fiscal Commission as Chief Executive on 8 May 2017.

(2) Sean Neill was Chief Executive of the Scottish Fiscal Commission until 5 May 2017.

(3) Claire Nichols became a member of the Senior Management Team on 14 September 2017.

Pension benefits are calculated on normal retirement age (NRA) where the pension entitlement is due at that age or at current age if over NRA.

The above pension data was supplied to the Scottish Fiscal Commission by MyCSP.

Employer contributions to the plan for 2017-18 were £159,000.

### **Civil Service Pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by the UK Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but those pensions may be payable from different ages.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05%

for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### **The Cash Equivalent Transfer Value (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the

member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Civil Service early departure compensation schemes**

During 2017-18 there were no early departure packages.

### **Staff Report**

The staff report contains information relating to staff numbers and costs.

#### ***Number of senior civil service staff***

As at 31 March 2018, the Commission employed one Senior Civil Servant, the Chief Executive, who is a Band 1.

#### ***Average number of persons employed by the Commission***

The average number of whole-time equivalent staff employed during the year was:

	<b>WTE</b>
Permanent Employees (including staff on loan)	15.5
Agency & Casual	2
Fixed Term Staff	2
<b>Total</b>	<b>19.5</b>
Commissioners	3

In our first months of operation, staff in the transition team on loan from the Scottish Government left and were replaced by permanent staff employed by the Commission, as shown below.

	Permanent staff*	Staff on loan*
1 April 2017	9	10
1 September 2017	11	6
31 March 2018	14	4

\*These figures are based on headcount, so do not reconcile with the average numbers of whole-time equivalent staff above.

### **Staff Costs (audited)**

	£'000
Wages and salaries (including Fixed Term Appointments and staff on loan)	760
Social security costs	80
Other pension costs	159
Agency and casual staff costs	31
Commissioner/Board fees and expenses	105
<b>Total administration staff costs</b>	<b>1,135</b>

Staff costs for the Scottish Fiscal Commission are set out above. Staff from Scottish Government were on loan rather than seconded, and payroll includes staff on loan within the wages and salaries total. Wages and salaries include gross salaries and, performance pay received in year, overtime and any other allowance that is subject to UK taxation. The payment of legitimate expenses is not part of the salary.

### **Staff composition (audited)**

The numbers of people of each sex employed by the Scottish Fiscal Commission by category are set out in the following table. The numbers include temporary and fixed term appointments.

Pay band	Female	Male
Employees	9	9
Non SCS members of the Senior Management Team	3	2
Senior Civil Servants	0	1
<b>Total staff</b>	<b>12</b>	<b>12</b>
<b>Board members</b>	<b>1</b>	<b>2</b>

## **Sickness absence**

Pay band	Average total of sick days per employee
Short term absence	2.8
Long term absence (>20 days)	12.8
Total	15.5

## **Equal opportunities and diversity**

The Scottish Fiscal Commission is not yet subject to the Public Sector Equality Duty under the Equality Act 2010, however, the intention is that it will be. The Commission aims to comply with the spirit of the Act and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 until it is legally required to do so. The Commission is committed to promoting equality and diversity in its activities and operation, including in the recruitment and employment of staff.

As an equal opportunities employer we are always open to attracting candidates from under-represented groups and/or those who may have found it difficult to find or get back into employment. This includes individuals from protected characteristics groups as defined by the Equality and Human Rights Commission in Scotland.

The Commission follows the requirements of the Civil Service Code of Practice on the employment of people with disabilities in relation to the recruitment and employment of its staff. This includes:

- giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities;
- continuing the employment of, and arranging for appropriate training for, employees who have become disabled persons during the period when they were employed by the Commission; and
- providing training, career development and promotion opportunities for disabled persons employed by the Commission.

**John Ireland**

**Chief Executive of the Scottish Fiscal Commission and Accountable Officer**

4 September 2018

# Independent Auditor's Report

## **Independent auditor's report to the Scottish Fiscal Commission, the Auditor General for Scotland and the Scottish Parliament**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I have audited the financial statements in the annual report and accounts of the Scottish Fiscal Commission for the year ended 31 March 2018 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

#### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern basis of accounting**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Other information in the annual report and accounts**

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Report on regularity of expenditure and income**

### **Opinion on regularity**

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.



## **Report on other requirements**

### **Opinions on matters prescribed by the Auditor General for Scotland**

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### **Matters on which I am required to report by exception**

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Mark Taylor CPFA  
Audit Director  
Audit Scotland  
4th Floor  
102 West Port  
Edinburgh  
EH3 9DN

5 September 2018

# Financial Statements

## **Introduction**

This statement of accounts reports the results of the Scottish Fiscal Commission (the Commission) for the year 1 April 2017 to 31 March 2018. It has been prepared in accordance with the Accounts Direction given by the Scottish Ministers under section 19(4) of the Public Finance and Accountability Scotland Act 2000.

These financial statements were authorised for issue by the Chief Executive, who is the Accountable Officer, on 4 September 2018.

Statement of Comprehensive Net Expenditure  
for the year ended 31 March 2018

	Note	2017-18
<b>ADMINISTRATIVE COSTS</b>		<b>£'000</b>
Staff costs	2	1,135
Other admin costs	3,4	348
Depreciation	5	1
<b>NET OPERATING COST</b>		<b>1,484</b>

The notes on pages 45 to 51 form part of these financial statements.

## Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 £'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5	4
<b><i>Total non-current assets</i></b>		<b>4</b>
<b>CURRENT ASSETS</b>		
Trade and other receivables	6	13
Cash and cash equivalents		0
<b><i>Total current assets</i></b>		<b>13</b>
<b>TOTAL ASSETS</b>		<b>17</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payable	7	(94)
<b><i>Total current liabilities</i></b>		<b>(94)</b>
<b><i>Total assets less current liabilities</i></b>		<b>(77)</b>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<b>(77)</b>
<b>TAXPAYERS EQUITY</b>		
General Fund	SOCTE	77
<b>TOTAL TAXPAYERS EQUITY</b>		<b>77</b>

The notes on pages 45 to 51 form part of these financial statements.

**The Chief Executive and Accountable Officer authorised these financial statements for issue on 4 September 2018**

**John Ireland**  
**Chief Executive of the Scottish Fiscal Commission and Accountable Officer**

Cash Flow Statement  
for the year ended 31 March 2018

	Note	2017-18 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net operating cost	SOCNE	(1,484)
Adjustments for non-cash transactions		
* Depreciation/Amortisation	5	1
* Notional Costs	4	30
Movements in working capital		
* (Increase)/decrease in trade and other receivables	6	(13)
* Increase/(decrease) in trade and other payables	7	94
<b>Net cash outflow from operating activities</b>		<b>(1,372)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	5	(5)
<b>Net cash flow from investing activities</b>		<b>(5)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Funding	SOCTE	1,377
<b>Net cash flow from financing activities</b>		<b>1,377</b>

The notes on pages 45 to 51 form part of these financial statements.

Statement of Changes in Taxpayers' Equity  
for the year ended 31 March 2018

	Note	General Fund
		£'000
<b>Balance at 1 April 2017</b>		-
Non-cash charges – notional costs	4	30
Net operating costs for the year	SOCNE	(1,484)
Net funding		1,377
<b>Balance as at 31 March 2018</b>		<b>(77)</b>

The notes on pages 45 to 51 form part of these financial statements.

# Notes to the Accounts

## for the year ended 31 March 2018

### 1. Statement of accounting policies

In line with section 12 of the Scottish Fiscal Commission Act 2016, and in accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2017-18 issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstance for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Scottish Fiscal Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In accordance with the FReM these accounts have been prepared on a going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future.

#### (a) Accounting convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets to fair value as determined by the relevant accounting standard.

#### (b) Property, plant and equipment

Depreciated historic cost has been used as a proxy for the fair value of all assets. All of the assets in these categories have:

- low values or short useful economic lives which realistically reflect the life of the asset and;
- an amortisation charge which provides a realistic reflection of consumption.

The capitalisation thresholds for the principal categories of assets is £5,000, with the exception of IT assets, where the capitalisation threshold is £1,000. Assets below these thresholds may be capitalised if they fall within the same project.

Assets under construction are held at cost until operational. Thereafter they are valued as above in accordance with all other assets in the same category and will become subject to depreciation in line with note 1c).

(c) Depreciation

Depreciation is provided on property, plant and equipment, on a straight line basis at rates sufficient to write down their cost over their estimated useful lives. The depreciation periods for the principal categories of assets are: -

Plant and machinery	15 years
Fixtures and fittings	5 years
Office equipment	5 years
Software	3 years

A full year is charged in the year of acquisition, and there is no charge in the year of disposal.

(d) Government grants

All of the expenditure of the Scottish Fiscal Commission is met from funds advanced by the Scottish Government within an approved allocation. Cash drawn down to fund expenditure within this approved allocation is credited to the general fund. Funding for the acquisition of non-current assets received from the Scottish Government is credited to the general fund.

(e) Amortisation of rent-free periods

The benefit of rent-free periods on leases of premises is amortised over the period of the lease or over the period to a lease break point when this is the most probable end of lease, whichever is the shorter.

(f) Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive net expenditure over the term of the lease.

(g) Value added tax

Scottish Fiscal Commission is registered for VAT as part of the Scottish Government VAT group registration which is responsible for recovering VAT on behalf of Scottish Fiscal Commission.

Irrecoverable tax is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

(h) Receivables

All material amounts due as at 31 March 2018 have been brought into the account irrespective of when actual payments were received.



(i) Payables

All material amounts outstanding as at 31 March 2018 have been brought into account irrespective of when actual payments were made.

(j) Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) which are described in the staffing and remuneration report. These are unfunded multi-employer defined benefit schemes in which the Scottish Fiscal Commission is unable to identify its share of the underlying assets and liabilities of the scheme. Therefore the Scottish Fiscal Commission has accounted for the contributions to the scheme as if it was a defined contribution scheme. This is in accordance with FRS 17.

(k) Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. The Commission has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2017-18 has been confirmed in the Budget Act. It is therefore considered appropriate to prepare the accounts on a going concern basis. In addition, the OECD's principles for independent fiscal institutions include having assurance about future funding. The Commission's Framework document with Scottish Ministers provides that the Commission may identify its multi-year resource needs and the Scottish Minister would 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 if there are significant changes in circumstances.

(l) Disclosure of new accounting standards

The Scottish Fiscal Commission have considered the expected impact of new accounting standards issued but not yet in effect. The Scottish Fiscal Commission consider the impact is not material. These include:

IFRS 9 – relating to financial instruments does not apply to the Scottish Fiscal Commission as all of its funding is provide via the Scottish Government.

IFRS 15 – relating to revenue from contracts with customers does not apply to the Scottish Fiscal Commission the it does not enter into contracts which would provide revenue.

IFRS 16 – relating to leases (with effect from 1 January 2019,) does not apply as the Scottish Fiscal Commission does not have any leases.

## 2. Staff costs

Staff costs in 2017-18 amounted to £1,135,000. A break-down of these costs is given in the Remuneration and Staff report.

### 3. Other operating costs

Other Operating costs	2017-18 £'000
Accommodation, including rent and rates	64
Maintenance and Cleaning	1
Computer Equipment	4
Office Equipment	5
Research and Consultancy	26
IT	70
Travel and Subsistence	17
Legal Fees	1
Training	23
Telephones	1
Projects	4
Printing and Publications	32
Internal audit fee	12
Recruitment	29
Stationery	1
Catering & Hospitality	2
Other Office costs	26
<b>Total other operating costs</b>	<b>318</b>

#### 4. Notional Costs

<b>Notional costs</b>	<b>2017-18</b>
	<b>£'000</b>
Internal Accountancy Fees	3
External Audit Fees	27
<b>Total notional costs</b>	<b>30</b>

#### 5. Property, plant and equipment

	<b>Information Technology £'000</b>	<b>2017-18 £'000</b>
<b>Cost</b>		
At 1 April 2017	0	0
Additions	5	5
Disposals	0	0
Transfers to Assets	0	0
At 31 March 2018	<b>5</b>	<b>5</b>
<b>Depreciation</b>		
At 1 April 2017	0	0
Charge for year	1	1
Disposals	0	0
At 31 March 2018	<b>1</b>	<b>1</b>
<b>NBV at 31 March 2018</b>	<b>4</b>	<b>4</b>
<b>Analysis of asset financing</b>		
Owned	4	4
Finance leased	0	0
<b>NBV at 31 March 2018</b>	<b>4</b>	<b>4</b>

## 6. Trade receivables and other current assets

2017-18  
£'000

### Amounts falling due within one year

Other receivables	13
<b>Total receivable within one year</b>	<b>13</b>

### Intra Government Receivables

There were balances within other receivables of £6,000 due from central government bodies

## 7. Trade payables and other current liabilities

2017-18  
£'000

Trade payables	9
Other payables	85
<b>Total due within one year</b>	<b>94</b>
<b>Amounts falling after more than one year</b>	
<b>Total due after more than one year</b>	<b>0</b>

### Intra Government Payables

There were balances within other payables of £60,000 due to central government bodies.

## 8. Related party transactions

The Scottish Fiscal Commission is a non-ministerial office of the Scottish Administration and it considers that the Scottish Government is a related party within this context. During the year the Commission has had a number of material financial transactions with the Scottish Government.

Neither the Commissioner nor any key managerial staff have undertaken any material transactions with the Scottish Fiscal Commission during the year.

## **9. Capital commitments and contingent liabilities**

There were no contracted capital commitments or contingent liabilities.

## **10. Segmental reporting**

The Scottish Fiscal Commission is considered to have just one operating segment and therefore no segmental information is produced.

# Annex A Accounts Direction



## SCOTTISH FISCAL COMMISSION

### DIRECTION BY THE SCOTTISH MINISTERS

The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability Scotland Act 2000, hereby give the following direction:

1. The statement of accounts for the financial year ended 31 March 2018, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM), which is in force for the period for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial period, and of the state of affairs as at the end of the financial period of Scottish Fiscal Commission in the exercise of its functions.
3. This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Scottish Ministers

A handwritten signature in black ink, appearing to read 'Gordon Wales', written in a cursive style.

GORDON WALES  
Chief Financial Officer  
3 May 2018

## Annex B

# Stakeholder Survey - Summary of Findings

### **Method**

The stakeholder survey was undertaken in March 2018 by independent researchers Progressive Partners, drawing on a small sample of 142 targeted stakeholders. Stage 1 was an in-depth qualitative interview with 20 respondents. Stage 2 was an online survey designed to gain clear measures arising from the qualitative stage.

### **Findings**

The majority of respondents knew the Commission well, respected its work and felt their relationship was positive. Publications were described in very positive terms. The Commission met respondents' expectations insofar as being: accurate, neutral, clear, reliable, having technical ability and communicating well.

The Commission performed very well against its core values of trust, independence, expertise and efficiency.

### **Understanding and Relationships**

The levels of understanding about the Commission's role, its people and commissioners was high. Those who had a narrower set of interactions felt they knew what they needed to know. The majority of respondents described their relationship with the Commission cordially with very few exceptions. A sense from many was that while the relationship is friendly, all parties understood that a level of independence and separation is required.

### **Publications**

The comments made were all positive. Since the Commission began producing Scotland's forecast reports, there was a feeling that the style had become more accessible and transparent. The staff were commended for being able to clearly explain the background to the forecasts and the assumptions made in the forecast as well as other publications.

### **Values**

Trust - Respondents overwhelmingly viewed the Commission as trustworthy and authoritative, and had faith in the forecasts and figures it produces. This trust partly rested on their perceptions of the Commission as truly independent.

*Independence* – The Commission was clearly understood as being an independent organisation. Some pointed out that the Commission needs to work closely with Scottish Government, but it is understood as being a separate body, not a part of the Government.

*Expertise* - The Commission's expertise was not in doubt amongst respondents. They were highly regarded as experts in what they do.

*Efficiency* – The overall perception and experience was that the Commission works in a highly efficient way. Accuracy of data and responsiveness to queries was universally good.

Some respondents did highlight rare occasions where they felt the Commission could have done better. One anecdote described how there was confusion when the Commission required to know a policy decision sooner than understood by the Government.

### **Qualities sought**

The qualities most often mentioned were accuracy, detail and relevance. Being impartial, open and transparent was seen as important, as was providing good forecasts. Individual respondents mentioned that the service should be easy to access, provide regular outputs and to allow direct relationships to be developed with its key staff.

### **Brand Assets and Communications**

*Website* – Ratings fairly good but one respondent considered navigation poor.

*Social Media* – About a third of respondents had experience of the Commission's Twitter feed. Most of these felt the volume and tone were about right.

*Events* – Rated very highly. All those who had attended events rated honesty and transparency as good or very good.

*Communication* – Most respondents preferred email as a communications channel, followed by face-to-face meetings and then web updates. Suggested improvements included the appointment of a permanent communications officer.



## Annex C

### Internal Staff Survey - Summary of Findings

#### **Survey Participants**

At the time of the survey (December 2017) the staff comprised 67% male and 33% female employees with the majority being aged 25-34 (44%). By the end of the financial year there was a 50:50 gender balance.

#### **Findings**

There was a 100% response rate to the survey. The summary Engagement Index was 85% (compared against 63% for the Scottish Government as a whole and 72% for the Office of the Chief Economic Adviser). All employees reported a high level of job satisfaction and a full understanding of how their work contributes towards the Commission's objectives. Employees said that their managers are open to their ideas and trust them to carry out their job effectively.

#### **Facilities**

Most employees felt positive about working in Governor's House but many said they would like to see the facilities refurbished and additions added to make it a more enjoyable environment. Half of employees thought that the spaces in the workplace helped them work well together.

#### **Wellbeing**

In general there was a high sense of wellbeing among employees. Responses were 100% positive for employee satisfaction, feeling worthwhile and happiness, however, a third of staff said that they also suffered from a high level of anxiety.

#### **Teams and workload**

Every question regarding the helpfulness of employees' teams recorded scores between 95% and 100%. Every employee agreed or strongly agreed that they are able to achieve a good work/life balance.

#### **Learning and Development**

60% of people felt that the learning and development activities they had done while working at the Commission have helped them develop their career and 61% feel that there were opportunities for career development within the Commission.

## **Awareness of Civil Service Code**

Most employees were aware of the civil service code but there appeared to be uncertainty around the UK Government's Civil Service Vision (44% aware) and how their job contributes to a 'Brilliant Civil Service' (56%). About 70% were aware of how to raise a concern under the Civil Service Code but 100% of employees felt confident that the Commission would investigate any concerns properly.

## **Harassment, Bullying, and Discrimination**

There was a 0% response to claims of harassment, bullying or discrimination.

## **Payment and the future**

61% felt that compared to people doing a similar job in other organisations, their salary is reasonable. 77% of participants felt they would like to stay at the Commission for at least the next year.



© Crown copyright 2018

This publication is available at [www.fiscalcommission.scot](http://www.fiscalcommission.scot)

Published by the Scottish Fiscal Commission, September 2018

ISBN: 978-1-911637-00-4

Laying Number: SG/2018/153

