

## **Attendees**

Dame Susan Rice – Chair  
Professor Alasdair Smith – Commissioner  
Professor Francis Breedon – Commissioner  
Professor David Ulph - Commissioner

John Ireland - Chief Executive  
Claire Murdoch, Head of Social Security and Public Funding  
David Stone, Head of Economy and Tax  
Susie Warden – Head of Strategy, Governance and Corporate Services  
James H White – Governance Manager, secretariat

## **1. Welcome and Introduction**

Dame Susan Rice welcomed all to the meeting, noting that there were no apologies. There were neither declarations of interest in relation to agenda items nor notification of any other business beyond that already included in the agenda. The minutes of the meeting on 9 March were agreed as an accurate record and the action log was noted, in particular action points 2 and 4 were now complete, and action point 3 had been overtaken by events.

## **2. Chair's Update**

Dame Susan Rice reported that she and Claire Murdoch had participated in an OECD video conference about how Independent Financial Institutions were responding to COVID-19, and what they were being asked to provide, commenting that some established Independent Financial Institutions were facing issues in accessing data.

There were regular monthly conversations with DG Scottish Exchequer, which focus mainly on Scottish Government's COVID-19 response; it was confirmed that Scottish budget consequentials from UK announcements were estimates and not yet finalised.

As Chair of the Banking Standards Board, which is of a similar size and type of workforce to Scottish Fiscal Commission, Dame Susan Rice observed that its staff survey results showed similarities with the Commission's staff survey results.

## **3. Chief Executive's Update**

In addition to the update paper, John Ireland reported that the Senior Management Team would be approaching the Race Equality Network for advice about making our Commission more inclusive.

## **4. Audit and Risk Committee**

David Ulph reported that the Audit and Risk Committee had covered a number of important issues, including the need to make progress with refurbishment work on the toilets in Governor's house to avoid losing funding made available in 2020-21 money, reduce the potential for cost increases, and not being able to take the work forward should contractor capacity be reduced after COVID-19 lockdown is ended.

The Committee had noted that: Audit Scotland’s work may be delayed; and Scottish Government Internal Audit Directorate had given the Commission substantial assurance (the highest level of assurance) and the four recommendations which had been made were all low priority.

It had been reported that work on the new Corporate Plan had been paused due to current events and availability of stakeholders for meaningful engagement.

There had been a good discussion about the risk management process and need for congruence between risk cards and the day to day to management of risk. The Committee had agreed the overall risk scores as:

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>
Corporate Systems	3	4
Reputation	3	3
Independence (of the Commission)	2	4
Staffing	4	4
Partnership	4	3

There had been a number of useful reflections on the importance of good line management in current circumstances with home-working the norm. The COVID-19 check list developed by Internal Audit Directorate had been reviewed and, although most points were already covered, there were a couple of items which could be usefully added to the Commission’s internal control check list.

In relation to reputation, John Ireland asked if the Governance Board was content with the proposed work plan. On balance there was a consensus that the plan for the next main forecast to be in December was the right decision but there was acknowledgement that there were tensions and agreement that the narrative explaining the Commission’s decision needed to be expanded.

In relation to the independence of the Commission, John Ireland felt that the Commission was in a good position but there was concern about how best to balance working cooperatively with SG during a time of national crisis with maintaining the Commission’s operational independence. The change in Cabinet Secretaries should also be taken into account.

## **5. Finance**

Susie Warden highlighted the key points from the paper which confirmed the provisional outturn for 2019-20 as around £1,848,000. This includes provision for payment to HMRC of circa £12,000 in relation to the tax liability for Commissioner travel expenses. The underspend of around £84,000 was caused by reduced staff costs from the delay to the Budget for 2020-21 and cancellation of events due to COVID-19 which were due to take place in March.

The second part of the paper set out the proposed budget for 2020-21 and the potential risks to it, including issues related to the planned refurbishment of the toilets in Governor’s House toilets. It was recognised that as lockdown is eased, there may be an adverse impact on the refurbishment as a result of increased demand and contractor capacity, as well as cost pressures. There was a consensus that it would be good, not least of all for staff morale, for this work to be completed before staff return to work in Governor’s House. A list of potential options for using the anticipated underspend to improve the working environment had been devised for use as and when appropriate.

In relation to the current recruitment freeze, it was confirmed that at present there were two vacant posts. Although this was manageable, it was hoped to make progress on filling the posts and extending a fixed term appointment until a recruitment could take place. Should further vacancies arise that would put an additional downward pressure on the budget, and may start to impact on overall staff morale.

John Ireland, confirmed that in future Commissioner expenses would be grossed up and that the intention would be that expenses would be paid via payroll, and taxed at source. He also reported that the Public Sector Pay Policy for 2020-21 allowed for an increase of £8 per day to the day rates payable to Commissioners and that Corporate Services would be taking forward implementation of that increase, backdated to 1 April 2020, for Commissioners and the external member of the Audit and Risk Committee.

The Governance Board noted the paper and agreed for implementation of the terms of the Public Sector Pay Policy for 2020-21, an increase of £8 to the day rate.

**Action Point 1 – Corporate Services to take forward implementation of the increase in day rates, backdated to 1 April 2020, for Commissioners and the external member of the Audit and Risk Committee.**

## **6. Corporate Policies and Statutory Reporting**

### ***Corporate Plan 2020-23 and Business Plan 2020-21***

Susie Warden outlined the proposal to pause work on the new Corporate Plan until a better idea of how things might be post COVID-19 lockdown and pressures had reduced on stakeholders which would allow a more meaningful consultation. The aim was to consult on the new Corporate Plan by end of the financial year.

John Ireland confirmed that discussions ongoing with Scottish Government and Parliament on planning for fiscal events which would allow an interim business plan to be produced thereafter.

The Governance Board indicated that it was content with what was proposed for the Corporate Plan and Business Plan.

### ***Records Management Plan***

It was reported that work was ongoing with development of the Records Management Plan; the draft plan circulated had been reviewed by Dr Hugh Hagan of the National Records of Scotland, who had made a number of positive comments and suggestions to take forward the draft plan. A final draft of the plan would be circulated to the Governance Board for approval in due course.

**Action Point 2 – A final draft of the Records Management Plan would be circulated to the Governance Board for approval in due course.**

## **7. Other Issues**

### **Analytical Work Planning**

John Ireland highlighted the key issues from the paper. There was concern about the ability to produce forecasts in a home-working situation, particularly should the high volume of work proposed for autumn coincide with a second wave of COVID-19. Concern was noted that Scottish Government had not yet begun detailed planning for this work, and that timings would reflect only political pressures, rather than data

or staffing pressures. The Commission would also need to consider the potential impact of the 2021 Scottish Parliament elections (and associated pre-election period) on the publication of the Medium Term Financial Strategy Forecast in May 2021. SMT is considering how to hold on-line media events using video conferencing tools and a potential programme is being worked on by the Communications Manager. The Governance Board noted the paper.

### **Annual Report and Accounts 2019-20**

Susie Warden reported that Corporate Services Team was on track for producing the papers, though there is a reliance on other bodies for information such as HR, Accountancy Services and MyCSP. A new template was in place which should help production of the Report. A draft of the Performance Report would be circulated for review by the Governance Board later this month.

**Action Point 3 – A draft of the Performance Report would be circulated for review by the Governance Board later this month.**

### **8. Any other business**

#### ***Staff Survey 2019***

John Ireland reported that the Senior Management Team was developing a plan in response to the staff survey, based on discussions with staff, which would focus on relations between line-managers and their staff, improvement of monthly conversation and coaching to improve the quality of the conversation.

Reports of bullying and harassment in the staff survey were of great concern and having reflected on this Senior Management Team would be seeking targeted advice about addressing this from out with the Commission. David Ulph observed, based on his experience with the NHS Pay Review Body, that this was an issue not restricted to the Commission, however, it does need to be taken seriously and the root cause understood. Such behaviour could mean many different things, including being the result of pressured, fraught situations.

**Action Point 4 – Senior Management Team to seek targeted advice about addressing bullying and harassment from out with the Commission.**

#### ***Implementation of Business Continuity Plan and COVID-19***

John Ireland commented that a number of issues about homeworking, the refurbishment of the toilets in Governor's House etc had already been touched on in earlier discussions. He noted that the Pulse Survey had been quite positive and indicated that morale was reasonably high. People had been provided with equipment required to make home-working more manageable. It was recognised that, depending on home circumstances and caring responsibilities, home working may be more challenging for some. It was also recognised that caring responsibilities can be wider, such as caring for older relations.

### **9. Date of Next Meeting**

The next meeting was scheduled for Tuesday, 8 September 2020.

Scottish Fiscal Commission  
10 June 2020