

## **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 opened the meeting. There were no declarations of interests nor notification of any other business. The minutes of the meeting held on 4 November 2020 were agreed as an accurate record and the action log was noted.

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

Dame Susan Rice thanked her fellow Commissioners and Commission staff for their input and hard work on the recently published Scotland's Economic and Fiscal Forecasts – January 2021 which had been well received, and for their involvement in the on-line events and attendances at Scottish Parliament meetings. She had recently spoken with Richard Hughes, Chair of the OBR who was open to working with the Commission. A meeting with the Budget Responsibility Committee was planned for 11 March 2021. Dame Susan Rice confirmed that Alasdair Smith had agreed to be reappointed for up to a further year to allow a recruitment process to be rerun later this year, and thanked him for agreeing to stay longer.

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

In addition to the written report it was reported that the proposed reappointment of Alasdair Smith was currently with the Finance and Constitution Committee for its recommendation in advance of Parliamentary approval.

Claire Murdoch was working with OECD on the review of the Latvian Fiscal Discipline Council which was an excellent development opportunity for her and a reflection of the Commission's reputation.

In relation to the refurbishment, it was confirmed that the contractors have been good at asking clearance for any additional work as and when it has been identified. The work to the Board Room will include an induction loop.

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

David Ulph recorded thanks to Susie Warden and her team for their work on the Risk Framework and Cards; there had been a good discussion at the Audit and Risk Committee about on the risk cards, with the Committee agreeing the proposed risk scores albeit with some changed narrative.

The Governance Board considered the three risks that had been escalated to it: staffing, independence and partners.

*Staffing* – There was concern about the impact should high numbers of staff choose to leave this year, as normal patterns of turnover would suggest, for many staff had been recruited at the same time. Other organisations were also expecting increased turnover once lockdown ended.

There was concern that the remuneration package available would adversely affect recruitment and retention. Because the Commission followed Scottish Government remuneration, the package could not be improved, but there should be a continued focus on nurturing the positive culture within the Commission.

There was particular concern about the adverse impact of the uncertainty over the timing of fiscal events, and the resulting relentless and intensive work programme, on staff wellbeing, morale, and ability to take leave. Governance Board confirmed that it was content for John Ireland to formally discuss the need to set out a more fixed timetable for fiscal events with Scottish Parliament and Scottish Government, recognising the risks posed to Commission staff and the need to allow time for forecasting work to be done as well as possible.

Other concerns discussed included the impact of adjusting to hybrid office/home working, and the increasing work programme of the Commission with limited staffing.

*Independence* – Audit and Risk Committee had recommended a different narrative, encompassing both the difficulties of always being perceived to be impartial in the heightened political climate of a potential second Scottish independence referendum, and the need for an independent forecaster as discussions about the fiscal framework review begin. It was also noted that there may be implications and challenges from finding a new chair. Governance Board agreed to have a more detailed discussion in coming months.

*Partners* – Audit and Risk Committee had noted that good relationships with OBR were crucial for our forecasts.

## **5. Finance**

Although the overall projected underspend had not changed, the factors underlying it had. Governance Board noted the paper and the proposed budget allocation for 2021-22. In relation to the refurbishment of Governor's House, the Board confirmed its decision that the higher spend was appropriate, enabling long standing maintenance and improvement issues to be addressed, adaptations for working in Governor's House post COVID-19 and increased use of video conferencing.

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

*Business Plan 2020-21, Business Plan 2021-22 and Corporate Plan - A* retrospective business plan for 2020-21 had been prepared late last year, however, the Governance Board agreed not to publish the backdated plan as 2020 had been an exceptional year requiring fluid planning as we adapted to COVID-19 lockdown and remote working.

Work had already started on the business plan for 2021-22. Governance Board made some initial suggestions for particular areas of work.

Although the previous intention had been to publish a new Corporate Plan in 2020, work was delayed until the longer term context became clear after the uncertainties of COVID-19. Governance Board agreed that the new Corporate Plan should take into account the legacy report from the Finance and Constitution Committee and post-election the views of the new Finance Committee and new Scottish administration. The new Corporate Plan should be published in September 2021.

*Records Management Plan* - The Governance Manager reported the plan, which had been submitted on 31 July 2020 to the Keeper of the Records, had not yet been reviewed by National Records for Scotland staff. This was due to both COVID-19 and staff shortages. Now that new staff have been recruited it was hoped that the Plan would be reviewed in the next few months and that the Governance Manager would be informed of progress and Governance Board would be updated.

**Action Point 1 – Commissioners would share suggestions with John Ireland by start of play on 22 February for strategic priorities for inclusion in the forthcoming Business Plan 2021-22.**

## **7. Staff Survey 2020**

John Ireland confirmed that Progressive, who analysed the survey, would present the results to staff, to which Commissioners would be invited. This would be followed by more detailed discussions with Senior Management Team and staff to identify priority actions which would be shared with Governance Board in due course.

**Action Point 2 – Senior Management Team would work with staff to identify priority actions from the Staff Survey, sharing these with the Governance Board in due course.**

## **8. Any other business**

*Fiscal Update Report* - John Ireland reported that it was likely that a Fiscal Update Report might need to be published post UK budget, which would take into account the announcement made on 16 February by the Cabinet Secretary for Finance confirming amongst other things extension of NDR relief and the further £1.1 billion COVID-19 support funding announced on 15 February.

*Public Sector Pay Policy 2021-22* – the Governance Manager confirmed that the policy, published on 28 January, allowed for an increase in day rates paid to public body chairs and members of £3 per day. Arrangements were being made to obtain approval from Public Sector Pay Policy Team for this to be paid to Commissioners (and the Audit and Risk Committee external member) with effect from 1 April 2021.

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

The next meeting was scheduled for Tuesday, 25 May 2021.

Scottish Fiscal Commission  
17 February 2021