

### **Committee Members**

Professor David Ulph - Chair  
Professor Alasdair Smith  
Professor Francis Breedon  
Gillian Carty - External Member

### **Attendees**

Dame Susan Rice - Chair, Scottish Fiscal Commission  
John Ireland - Chief Executive  
Stephanie Harold - Audit Scotland  
Rachel Brough - Audit Scotland  
Martin Nolan - Audit Scotland  
Kate Moffat - SG Directorate for Internal Audit and Assurance  
Jim Montgomery - SG Directorate for Internal Audit and Assurance  
Susan Marvel - SG Directorate for Internal Audit and Assurance  
James H White - Governance Manager - secretariat

### **Apologies**

Mark Taylor - Audit Scotland  
Joseph Reid - SG Directorate for Internal Audit and Assurance  
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

## **1. Welcome and Introduction**

Professor David Ulph opened the meeting, noting apologies given and welcoming new attendees from Audit Scotland and SG Directorate for Internal Audit and Assurance. There were no declarations of interests or notification of any other business. The minutes of the meeting held on 25 October 2021 were agreed as an accurate record, and the action log was noted.

## **2. Risk Management**

*Staffing* - the proposed score reflected that recruitment had taken place and had been filled; the previous score reflected concerns about the impact of staffing on production of the SEFF December 2021.

However, several Committee members suggesting raising the score as many organisations were still suffering widespread turnover and attrition. In addition it was noted that although new recruitment processes had been implemented they were still not showing consistent improvement; that newer staff represented a higher percentage of staff and therefore had less experience. The appointment of new Commissioners could also cause additional pressure on staff as new appointees settle into their roles. The Committee agreed a score of likelihood 4, and impact 4.

*Independence* - concern was expressed that the prospect of a referendum may put more pressure on the Commission's perceived independence. However, it was felt

that this had been reflected in the discussions at the previous committee meeting, and the risk remained constant. The Committee agreed for the score to remain at likelihood 3, and impact 4.

*Reputation* - noted recent favourable media comments on the SEFF December 2021. The Committee agreed for the score to remain at likelihood 3, and impact 3.

*Partners* - the increased score reflected changes in SG liaison team and some issues with communications with other SG colleagues during the last forecast. There was no suggestion of a change in strategy towards the Commission and SG colleagues accepted that communications could and should have been better. A number of process improvements were in the pipeline. The Committee agreed the proposed score of likelihood 2, and impact 4.

*Corporate Systems* - While the proposed score reflected an overall view of all shared services, there was particular concerns with the continued poor quality of HR services. It was reported that public bodies were working together to address these concerns. The Committee agreed the proposed score of likelihood 2, and impact 3.

The agreed risk score were:

	Likelihood	Impact
Staffing	4	4
Independence	3	4
Reputation	3	3
Partners	2	4
Corporate Systems	2	3

### 3. Audit Scotland

Stephanie Harold confirmed that Martin Nolan was moving on promotion and that Rachel Brough was taking over from him. The Audit Plan for 2021-22 had been agreed with John Ireland and Susie Warden.

It was highlighted that Audit Scotland directly around 65% of its public bodies and that external companies are used for around 35%. This is usually reviewed every 5 year, but had been delayed by a year due to COVID-19. Paragraph 10 of the plan confirms that when a decision is made about the Commission's future auditor explanation about the review of who performs our audit (Audit Scotland or an external company) more detail expected by March or April 2022 when decisions about future audit will be available.

The Committee confirm that it was content with the draft plan, included the audit fee for 2021-22.

### 4. SG Directorate for Internal Audit and Assurance

Kate Moffat noted the usual update paper and Audit Plan for 2022-23, reporting that her role would be taken over by Jim Montgomery and that Susan Marvel would be taking over from Lorraine Twyford. It was confirmed that the Corporate Review,

which supports and informs Audit Scotland's work, would be delivered by the end of March 2022. David Ulph thanked Katie Moffat for her service to the Committee and Commission, wishing her well in her new roles.

## **5. Accommodation**

John Ireland reported that, following work undertaken last year to parts of Governor's House, offices on the ground, first and second floor were currently being repainted and carpeted with the work due to finish next week. It was also confirmed that work was in hand to ensure that all desks were fully equipped to support more staff being based in Governor's House.

Work with staff is ongoing to gauge their views about returning to Governor's House, including consideration of how teams would work together and how Governor's House could be used as effectively as possible. A recent survey suggested that about 90% of staff expected to be in Governor's House for at least 1-2 days a week.

Allowing for changes to SG and Commission guidance, it was hoped that the building layout of Governor's House, over a number of rooms rather than open plan offices, could support 50% staff occupancy at any one time. The Governance Manager will be updating the Governor's House guidance in line with SG updated guidance and will be liaising with the Trades Union to obtain their agreement.

Reflecting on the outcome from the staff survey, in particular line manager relationships with staff, it was recognised that these discussions were important and better when face to face.

It was also recognised that future working arrangements would not be a return to the way things were pre COVID-19 and working would involve a wider range of choices, balancing individual preference and work requirements. It may also reflect requirements for particular sections of the staff, for example newer staff may prefer more face to face contact.

Hybrid meetings can raise particular challenges; the equipment required for meetings can be very expensive and not necessarily effective. SGDIAA agreed to share any examples of best practice they identify with their work with other public bodies.

## **6. Finance**

John Ireland noted the updated paper which incorporated late breaking information on accruals and spend, resulting in an expected underspend of £56,000. The savings achieved by delays in recruitment was being used to invest in redecoration of Governor's House (painting and carpeting) and staff training (such as report writing, economics for non-economists, and statistics).

It was confirmed that the Commission's funding request for 2022-23 had been met in full including additional resourcing for the fiscal sustainability work.

## **7. Corporate Policies**

*Terms of Reference* – there were no changes to the terms of reference, which were agreed by the Committee.

*Code of Conduct* – It was explained that the updated Code of Conduct was based on the recently published new Model Code of Conduct. There were two new sections, one relating to election expenses (though as Commissioners are appointed after a fair and open recruitment this does not apply to the Commission), and one relating to close family members who have transactions with the Commission or is likely to have transactions or do business with it. The Committee confirmed it was content with the updated Code of Conduct. The Code will need to be approved by the Governance Board and Ethical Standards Commission before an updated Register of Interests can be produced.

*Register of Interests November 2021* – This was circulated in correspondence in November 2021, based on the existing Code of Conduct. The committee confirmed it was content with the Register.

## **8. Any other business**

Corporate Plan 2022-25 - The Governance Board had agreed that the existing Corporate Plan would be extended to March 2022. A draft of the plan for 2022-25 had been prepared, with the aim of consulting on it in March 2022 and publishing in early April 2022.

Business Plan - a draft business plan was in hand with the aim of publication by the end of March 2022.

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

The next meeting is to be arranged for a date to be confirmed in May 2022.

Scottish Fiscal Commission: Strategy, Governance and Corporate Services  
17 February 2022