

Attendees

Professor Graeme Roy - Chair
Professor Francis Breedon - Commissioner
Professor David Ulph - Commissioner
Dr Domenico Lombardi - Commissioner
John Ireland - Chief Executive
Susie Warden - Head of Strategy, Governance and Corporate Services
James H White - Governance Manager, secretariat

Apologies

Claire Murdoch - Head of Fiscal Sustainability and Public Funding
David Stone - Head of Economy and Income Tax
Michael Davidson - Head of Devolved Taxes and Social Security

1. Welcome and Introduction

Graeme Roy opened the meeting. There were no declarations of interests or notification of any other business. The minutes of the meeting held on 17 May 2023 were agreed as an accurate record, and the action log was noted. It was confirmed that the updated draft of the Business Plan 2023-24 would be shared for final review within the next two weeks.

Action Point 1 - Corporate Team to share with Commissioners the updated draft of the Business Plan 2023-24 for final review within the next two weeks.

2. Chair's Update

Graeme Roy highlighted that the SEFF - May 2023, and the FER - August 2023 had both been published, and that he and colleagues have given evidence to the Finance and Public Administration Committee, formally recording his thanks to the team for their support and helpful briefing.

He outlined the engagement work undertaken by him, including meeting the Scottish Government's Executive Team on 30 May, and with Paul Johnstone of Public Health Scotland, who was very interested in the fiscal sustainability work, particularly the impact on health spending. Graeme Roy had recently attended with a staff member the Finance and Public Administration Committee's public engagement event in Largs on 30 August.

3. Chief Executive's Update

John Ireland noted that since the update paper was produced, there have been further staffing changes, including a B3 analyst who will be leaving the Commission on promotion to a C1 role in Scottish Government, and the promotion of a B2 analyst to a B3 role within the Commission.

Senior Management Team will be considering how to address the resultant vacancies, which may result in further recruitment at B2 level.

It was noted that Michael Davidson had been appointed as the Head of Social Security and Devolved Taxes. A number of SMT members were reducing their hours, however, priority would be given to forecast periods when more input would be required.

In relation to Public Service Reform, Scottish Government work on the second round of public service reform activity has begun. There is a public commitment from the Scottish Government to develop transformation plans in time for the next Budget and the

Commission has been asked for a further contribution by the end of September on our cost pressures and demand pressures over the next 1, 3, 5, and 10 years.

4. Audit and Risk Committee

David Ulph reported that the Audit and Risk Committee had met on 23 August, highlighting that the Committee had considered the following:

- SGDIAA assurance on improvement programme – the Committee had considered the Assurance report on SG corporate systems provided by SGDIAA, who had given a reasonable assurance about progress on the new systems. The Committee had been assured that the Commission's smaller size was not a factor in the quality of service provided, SGDIAA commenting that the service is fairly uniform across all sectors, but the impact might be more keenly felt by smaller organisations where there may be less scope for mitigation.
- SGDIAA papers had noted that a 'critically low level of investment' in internal audit had been reported, SGDIAA commenting that this was more of a concern for Core SG rather than public bodies like the Commission, who pay for a set number of audit days per year.

5. Finance

Current Year Projection and Previous Year Spend - Susie Warden confirmed that there had been no change to the Finance Update paper as presented to the Audit and Risk Committee on 23 August.

In relation to the 2022-23 outturn, in the course of providing evidence for Deloitte LLP, the Corporate Team had found that staff costs had been journaled twice in error for a member of staff who had moved on promotion to the Scottish Government. The receiving Directorate have now confirmed that they were not looking for any further action on this. The Corporate Team had also found that costs of around £3,000 relating to 2021-22 had been wrongly accrued to 2022-23. Advice is being sought from Accountancy Services about resolving this.

Multi-year spend ask - it was highlighted that, as previously agreed with our SG liaison team, this year's budget ask would be considered earlier than previous years, to avoid any perceived conflict of interest with production of the Budget SEFF later in the year. This process will be formally agreed in the next revision of the Framework Document.

The recently announced pay award for 2023-25 has a significant impact on the projected spend, particularly in the light of future budget pressures and additional workload pressures in relation to a higher frequency of fiscal sustainability reporting and a further statutory forecast relating to Scottish Aggregates Tax.

There was agreement that the fiscal sustainability work needs to be protected, given the positive reception of the first Fiscal Sustainability Report - March 2023. The Finance and Public Administration Committee of the Scottish Parliament has requested increased fiscal sustainability reporting, and this has been affirmed by both the UK and Scottish Governments in the communique accompanying the fiscal framework review. Other key stakeholders including Scottish Government's Permanent Secretary have welcomed this work.

It was clarified that work was ongoing to quality assure the numbers in the paper, which would be submitted in due course to Scottish Government. Commissioners would be kept informed about progress with the future spending bid before its formal submission to the Scottish Government.

Action Point 2 - Commissioners would be kept informed about progress with the future spending bid before its formal submission to the Scottish Government.

6. Engagement Plan

John Ireland summarised the engagement work undertaken to date mainly by Graeme Roy, commenting that further work was required to identify new engagement opportunities, and involve other Commissioners and Commission staff.

In developing the Engagement Plan, Graeme Roy commented that it would be helpful to identify areas for proactive engagement, such as health. Domenico Lombardi stated that he had a range of contacts who may be helpful in taking forward the Engagement Plan, such as the Centre for European Studies (CEPS) which he met with in May of this year.

John Ireland confirmed that work was ongoing with building the tracker, and to capture engagement activity in the past as well as future planned activity.

It was agreed that an area could be set up in Objective Connect where presentations on the FSR, SEFF and relevant training material could be available for use by Commissioners. It was also confirmed that video presentations made by Graeme Roy are published and available on the Commission's website and YouTube channel.

As agreed at the previous Governance Board, this will be a standing item on future Board agenda.

7. Statutory Review 2024

This had been discussed twice by Commissioners during regular weekly calls in August. The outcome of those discussions was that Commissioners were content to explore the option of appointing the Organisation for Economic Cooperation and Development (OECD) as an external reviewer rather than go through a competitive procurement. This was on the basis of the strengths of the OECD as a reviewer and the fact that they were not allowed to bid for work in a competitive process. The Commissioners had asked that two alternative reviewers also be considered. We now understood that neither undertake this sort of work. It was therefore recommended that we explore with the OECD their undertaking the statutory review in 2024 with a view to appointment. The Commissioners would be asked to approve that appointment once terms of reference are agreed.

It was clarified that the next stage of the process would be to draft the terms of reference for the review. The draft would be shared with Commissioners for comment before sharing with Parliament and Scottish Government for their input.

Governance Board confirmed that it was content with this approach.

8. Corporate Policies and Statutory Reporting

Meeting our Diversity and Equality Requirements

In light of recent recruitment rounds, Senior Management Team was considering how to increase the diversity of applicants and how best to reach them. In the recent rounds, videos uploaded to the website by existing staff had been useful, as had the online session about the roles being offered, and advice on the application process.

It was recognised that there is an imbalance in the numbers studying economics, though there may be opportunities to look for staff from a broader spectrum such as those with numerate degree level qualifications. It was proposed that Discover Economics might be a useful organisation to engage with to address diversity in the longer term: they produce podcasts about careers in economics, and it would be helpful if the Commission could

participate in this. Francis Breedon, who has a contact in Discover Economics agreed to liaise with them about this.

It was reported that analytical staff were keen to undertake engagement work with schools and at careers fairs. Graeme Roy would use his university contacts to engage with careers advisors about forthcoming careers fairs.

Governance Board noted that work was progressing with improving the accessibility of the Commission's website, such as making HTML content available in addition to pdf content. It was noted that accessible or tagging pdfs might be a viable alternative.

Information Security and Security Breach Management

The Governance outlined that the above had been given a light touch review, reflecting that there have been no recent security breaches. Should the Security Breach Management policy be activated, then both policies would be reviewed to ensure they were fit for purpose.

Governance Board confirmed it was content with both of the revised policies.

9. Any other business

There were no other items of business.

10. Date of Next Meeting

The date of the next meeting is scheduled for Wednesday, 11 October 2023, when the only matter of business will be consideration of the Annual Report and Accounts. The next standard Governance Board meeting is scheduled for Wednesday, 29 November 2023.

Scottish Fiscal Commission
13 September 2023