

Governance Board Meeting Minutes
17 May 2023 11:25 – 12:20
Via Video Conference



Attendees

Professor Graeme Roy - Chair
Professor Francis Breedon - Commissioner
Professor David Ulph - Commissioner
Dr Domenico Lombardi - Commissioner
John Ireland - Chief Executive
Claire Murdoch - Head of Social Security and Public Spending
James H White - Governance Manager, secretariat

Apologies

Susie Warden - Head of Strategy, Governance and Corporate Services

1. Welcome and Introduction

Graeme Roy opened the meeting. There were no declarations of interests or notification of any other business, and there were no apologies. The minutes of the meeting held on 22 February 2023 were agreed as an accurate record, and the action log was noted.

2. Chair's Update

Graeme Roy noted that the Commission's first Fiscal Sustainability Report was published at the end of March. He formally recording his thanks to the Commission's staff team for taking forward a challenging piece of work, and delivering an outstanding report. It had received a positive response from stakeholders, including the Scottish Government, Parliament, and UK Government. The public event, and the business breakfast with MSPs had gone well, and he was preparing to address the Scottish Government's Executive Team later this month. He had written to Local Authority and NHSScotland Chief Executives as part of the wider engagement process.

The ongoing work on forthcoming SEFF - May 2023 was reported, noting that there are good processes in place for both drafting of the report, and engagement with stakeholders.

Graeme Roy had met recently with the recently appointed DFM to discuss the work of the Commission, with further engagement anticipated before publication of the SEFF - May 2023. It was highlighted that the last letter from the previous DFM, confirming the date of the MTFs, had included very positive comments about the work of the Commission.

Graeme Roy finished his update by welcoming back Claire Murdoch and recording his thanks to Michael Davidson for his work with the Commission.

3. Chief Executive's Update

John Ireland echoed Graeme Roy's thanks by highlighting the positive contribution by Michael Davidson to successful production of the SEFF and FSR and for the advance preparatory work undertaken by Claire Murdoch and Caroline Carney.

It was confirmed that staffing levels would being considered the in light of the updated budget forecasts for 2023-24.

Recognising the impact of recent sick absence on the Corporate Services Team, John Ireland was considering what additional support could be put in place over the summer months. He noted that there had been progress in writing the Business Plan 2023-24, including a session at the staff session in April, but it needed to be finalised and published.

There had been some engagement with Scottish Government colleagues about their expectations of the Public Service Reform on the Commission, however, further detail on the implications for the Commission was not yet clear.

The next statutory review was due to take place in 2024 (the first having been undertaken by OECD in the summer of 2019). Claire Murdoch had offered to start the process by reviewing the specification over the summer 2023. Appointment of the reviewing organisation needs to be made by the end of March 2024, with the review hopefully taking place in the Summer 2024.

Domenico Lombardi noted that there is another body which helps to share fiscal council best practice, the Centre for European Studies (CEPS). He would be having an introductory meeting with them in June, and would share information about this should others wish to attend.

Action Point 1 – Corporate Team to finalise the Business Plan 2023-24 for agreement by the Governance Board before publication.

4. Audit and Risk Committee

David Ulph reported that the Audit and Risk Committee had met last week, highlighting that:

- the Audit Plan 2022-23 produced by Deloitte LLP, which was helpful and detailed piece of work, had been approved by the Committee.
- SGDIAA's Annual Review and Assurance Report, which gave a substantial assurance, the highest level possible and that work on minor suggestions was in hand with Commission Staff. Both of these reports had been approved by the Committee.
- Risks Cards had been reviewed and risks had either improved or remained static (staffing risk recognising potential SMT movement). Two risks were now in the green area, independence, and reputation.

It was confirmed that two new external members had been appointed and that they had attended their first Committee meeting, when they made a positive contribution to discussions, and will be a valuable asset to the level of scrutiny provided by the Committee.

David Ulph reported that the Audit and Risk Committee was content that risk was being managed appropriately and could give the annual assurance required by the Governance Board.

5. Finance

This item would be dealt with by correspondence. John Ireland confirmed that work was ongoing to confirm the final outturn for 2022-23. He expected an underspend of around £80-120k, in part due to the consequences of IFRS16 about the accounting treatment of the lease element of the accommodation payments for Governor's House.

In addition, the projection for projected spend in 2023-24 was being worked on. There will be discussions with the Governance Manager about what additional support is needed to complete this work and the projections required to support the budget bid for 2024-25, and subsequent two years. It was confirmed that the budget bid was likely to be submitted to the Scottish earlier in the year than previous bids.

In relation to future budget requirements, in his letter responding to the FSR, the Convenor of the Finance and Public Administration Committee Convenor had highlighted the need to ensure funding for future FSR work. The Committee has expressed its preference for more frequent publication of FSRs, which would have resource implications.

In addition, increased costs associated with increased engagement was recognised. John Ireland highlighted the recent work on video graphics, which had been very well received had produced good quality graphics, reusable in future videos, and reducing future costs.

Work is ongoing to finalise the finance update paper and issue it to Audit and Risk Committee and Governance Board as quickly as possible.

Action Point 2 – Work will be taken forward to finalise the finance update paper and issue it to Audit and Risk Committee and Governance Board as quickly as possible.

6. Corporate Policies and Statutory Reporting

Meeting our Diversity and Equality Requirements

The Governance Board noted our commitment to meet diversity and equality requirements. In relation to staff, the Annual Report includes information on the gender pay gap and sets out our equality targets.

In relation to stakeholders, the main area was to improve website accessibility, including making pdf documents available as html. Work on addressing this was ongoing.

Commissioner Succession Planning

The succession planning paper set out planning for Commissioner recruitment. The key issue, however, was probably the level of time commitment required from Commissioners (1.5 days a week) and the limited number of people who could commit to that. David Ulph commented that intellectually the Commission's work was very interesting, however, over time the work of the Commission had increased.

There is a tie between succession planning and the forthcoming statutory review (due to take place in 2024) which would provide an opportunity to consider how best to manage the Commissioners workload, including the number of Commissioners, and required time commitment. Claire Murdoch was engaging with OECD for its perspective on recruitment of Commissioner type appointments in other Independent Fiscal Institutions.

The Governance Board agreed that the optimum solution needed to be identified and plans developed to allow it to be achieved. Accordingly, the Board confirmed that it was content for John Ireland and colleagues to continue working on this as outlined in the paper keeping Commissioners informed.

Biodiversity Report – 2020-23 – the Governance Manager confirmed that the report had been incorporated comments made by Commissioner and had been finalised and published on the Commission's website.

Business Continuity Plan – the Governance Board noted and approved the light touch update. It was confirmed that the plan would be circulated to staff and that the staff handbook included a reference to it.

Out of Hours Working Q and A Guidance - Governance Board noted and approved the light touch update. It was confirmed that the plan would be circulated to staff and that the staff handbook included a reference to it.

Action Point 3 - The Governance Manager to share with all staff a copy of the Business Continuity Plan and Out of Hours Working Q and A Guidance (including advice about saving and accessing in the event of network failure).

7. Any other business

Engagement Strategy Roadmap

John Ireland highlighted key points from the paper. Although it was recognised that the Commission had a good track record in its engagement and communications with stakeholders, the purpose of the roadmap was to set out a more systematic and targeted approach that drew on external research and own internal feedback. Annex A, which sets out our stakeholders and their priority, would be used to help target engagement and communications most effectively.

Given levels of understanding of fiscal issues, Graeme Roy sees most benefit in engagement with key decision makers, such as the Finance and Public Administration Committee, Scottish Government Executive Team, MSPs and key decision-makers in business and public bodies through business breakfasts, training, targeted engagement etc. This could be complemented by ongoing media and broader engagement, including the creation of short videos such as the recent Fiscal Framework Explainer which has received positive feedback.

It was recognised that informal engagement can also be very powerful, and that there needs to be a regional element to engagement. For example, SOLACE could be a useful conduit for this.

Governance Board noted the paper and agreed that the plans for engagement and communication, including ongoing tracking and evaluation of the new approach, - should be this should be a standing agenda item.

Action Point 4 - Engagement and Communications Strategy Delivery would be added as a standing agenda item with the latest version of the tracker being included in Governance Board papers.

8. Date of Next Meeting

The next meeting is scheduled for Wednesday, 23 August 2023.

Scottish Fiscal Commission
17 May 2023