

Attendees

Professor Graeme Roy - Chair
Professor Francis Breedon - Commissioner
Professor David Ulph - Commissioner
Dr Domenico Lombardi - Commissioner
John Ireland - Chief Executive
David Stone - Head of Economy and Tax
Michael Davidson - Head of Social Security and Public Spending
Susie Warden - Head of Strategy, Governance and Corporate Services
James H White - Governance Manager, secretariat

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 23 November 2022 were agreed as an accurate record, and the action log noted.

2. Chair's Update

Graeme Roy noted that alongside the Budget 2023-24, Scotland's Economic and Fiscal Forecast – December 2022 was published on 15 December, formally recording his thanks to Commission staff for its production in difficult circumstances. Deputy First Minister and DG Scottish Exchequer had shared with him their appreciation to the Commission on their flexibility with final policy deadlines. He reflected that the media briefing and public event had both been well received, supported by the quality of briefing provided.

Publication of the Fiscal Sustainability Report in March will be an important milestone, however, what happens thereafter in terms of follow-up work and engagement will be equally important.

Work has started on considering a long term engagement strategy to identify key stakeholders, to raise the profile of the Commission and its work. In discussion, Commissioners suggested that hybrid public events might improve a more active engagement with attendees, as well as designing a programme of face to face events across Scotland, using the Fiscal Sustainability Report as a focus. Another option could be to identify other events and conferences at which Commissioners and/or Commission staff could give presentations on the work of the Commission.

It was noted that the recent breakfast meeting with MSPs hadn't been as well attended as the first one, though this may have been caused by the gap between it and publication of Scotland's Economic and Fiscal Forecasts, and the later than usual finish of Parliamentary business the previous day. The next breakfast event after the Fiscal Sustainability Report publication would help evaluate the level of interest in these events and what work might be needed with Clerks and Scottish Parliament Information Centre (SPICe) to ensure that take-up is as high as possible.

3. Chief Executive's Update

John Ireland commented that two post forecast washup sessions had been held, at official level, and Director level. The outcome of these sessions would be reviewed and shared with Commissioners for discussion at one of the regular weekly meetings.

Although the Staff Survey 2022 results were still positive, the results did indicate a slight drop in several indicators, reflecting in part the changed makeup of staff, and a bigger gap between B and C band. SMT will be working with staff to establish an action plan to the issues identified by the survey.

It was noted quite a discrete change in the responses to the 2022 survey and an increased perception that pay within other organisations was higher. The interaction of these factors may increase the potential for staff movement.

There was nothing to indicate a risk to Commission operations, and on the whole the results were positive. It was acknowledged, however, that engagement with staff in a post COVID-19 environment was a big challenge for all organisations.

The survey indicated that there was a perception by some staff that the Commission's work was not as stretching as it had been. That may reflect that the Commission's level of organisational maturity, the advanced development of forecasting models, and that work is becoming business as usual. At the same time the work on the fiscal sustainability report is both new and challenging though not all staff are involved in it. Regular staff rotation may help to address this as well as enhance the Commission's resilience.

It was also recognised that some colleagues felt less engaged with the Commissioners, however, the move to weekly virtual meetings post COVID-19 means that many staff are having more regular, meaningful engagement with Commissioners than with the previous approach of irregular day long person to person meetings.

John Ireland thought that the 2022 survey was a faint amber and reflected how we cope with the post COVID-19 environment, and that it highlights the need to organise more frequent sessions throughout the year, for example a half on business planning. Graeme Roy commented that it would be good to have key people at all levels in the various teams to be involved in the wider engagement across Scotland (discussed earlier in the meeting).

Unlike the previous survey which had a very light touch review, the plan was to be more proactive and be more visible about the management response to the survey. SMT was working with staff to given them an opportunity to have their say about the survey results and the actions they felt should be taken forward.

Commissioners confirmed that they were content to consider how to engage and be more visible to staff, and looked forward to being updated about the action plan developed by SMT to respond to the 2022 Staff Survey, taking into account the feedback from staff about the required actions.

Public Service Reform work was ongoing, and some baseline information had been provided to Scottish Government, but there was still a lack of clarity on future plans the Government may have although it was expected work on transformation plans would start at some point and continue over the summer.

Action Point 1 - The outcome of forecast washup sessions would be shared with Commissioners for discussion at on the regular Commissioner meetings.

Action Point 2 - Governance Board would be updated at a subsequent meeting about the action plan developed by SMT to respond to the 2022 Staff Survey, taking into account the feedback from staff about the required actions.

4. Audit and Risk Committee

David Ulph reported that the Audit and Risk Committee had welcomed Deloitte LLP as first time attendee, and that the Committee looked forward to working with them.

The Committee had reviewed the Risk Management Framework, agreeing that it was a helpful account of the risk management framework. The Committee agreed that an additional section should be added to state more explicitly the Commission's commitment to transparency through the publication of forecasts (and supporting material) and to neutrality were important features of how it worked in order to manage its risks. The Governance Board confirmed that it was content with that addition to the Framework.

Risk Cards – The Committee had discussed level of risk appetite for each of the five risks, agreeing that they were felt to be appropriate, noting both red and amber risk were being managed appropriately. The Committee had agreed with the scores recommended by Senior Management Team, noting that the two scores which had been red had been reduced.

Graeme Roy noted that the current political risks seem to be quite fluid, and that should there be new Ministers, they may have less experience of the Commission: early engagement with a new Cabinet Secretary might be helpful.

The Audit and Risk Committee had also noted the delay in paying Dr Lombardi's fees and the steps underway to rectify this. More broadly, the Committee noted the work underway to ensure that Dr Lombardi could continue to contribute to the Commission's work fully including his application for a visa. Graeme Roy noted the need for this to be resolved as soon as possible.

5. Finance

Susie Warden noted that this was the same paper presented to the Audit and Risk Committee meeting on 15 February. The Governance Board noted it without comment.

John Ireland commented that, subject to Royal Assent, Parliament had approved the Budget Bill. He expected that a formal letter would be sent from Cabinet Secretary confirming the Commission's budget for 2023-24, and indicative budgets for the subsequent two years.

It was also noted that the timing of future budget requests to the Scottish Government could take place earlier in the year, for example Summer 2023 for the financial year 2024-25.

John Ireland confirmed that the next statutory evaluation of the Commission was due to take place in 2024 (five years after the first review in 2019). The plan was to scope the specification this year, obtain Cabinet Secretary approval on expenditure, with appointment of the reviewing organisation by March 2024.

6. Corporate Policies and Statutory Reporting

Commissioner Succession Planning and Meeting our Diversity and Equality Requirements – the Board noted that further work was being done on the paper which would be discussed one of the forthcoming Commissioner calls. This item would continue to feature on Governance Board meeting agenda.

Gender Representation on Public Boards (Scotland) Act 2018 – April 2023 – subject to the corrections identified by the Governance Manager, the Governance Board was content to approve the draft report. The report would be shared with Scottish Government (as Scottish Ministers reporting requirements, Sections 3 and 4, is included within this report) before its publication in April

Action Point 3 - The Governance Manager would share the draft Gender Representation on Public Boards (Scotland) Act 2018 – April 2023 with Scottish Government colleagues for clearance in advance of its publication in April.

Standing Orders – the Governance Manager highlighted that the only change was in paragraph 39, changing approval of Governance Board agenda from Commissioners to the Chair (reflecting recent practice). It was clarified that a mechanism existed for Commissioners to add items to the agenda, either in advance of, or at the Board meeting. The Governance Committee agreed the revision to the Standing Orders.

Action Point 4 - The Governance Manager would publish the revised Standing Orders on the Commission's website.

Audit and Risk Committee Terms of Reference – the Governance Manager highlighted that the Committee had reviewed its Terms of Reference, the only change was in relation to the external member of the Committee, which would be updated when the External Member recruitment had been completed. Governance Board agreed the revised Terms of Reference.

Action Point 5 - The Governance Manager would publish the revised Terms of Reference on the Commission's website.

Scheme of Internal Delegation – The Board noted the scheme commenting that it was a helpful document. It was agreed to potentially amend the budget adjustment authority from £50,000 to £200,000, with the reasons for the change to be agreed with Graeme Roy.

After the meeting, it was agreed by email with Graeme Roy to change the limit to £125,000. The email (which the other three Commissioners were copied into) said:

“In 2023-4 the annual projected cost of a full time C2 post is circa £117,000 giving one indication of possible scale of a transfer between staff and non-staff costs at a grade where the Commission may face some risks. In addition, the sophistication of our budget projections has improved over the past couple of years, but there's now a £85,000 difference between our expected outturn of staff costs and the May 2022 projection. A limit of £125,000 would give an appropriate degree of flexibility without the formal need to refer the issue to the Governance Board. Transfers greater than £125,000 would still be possible with the approval of the Governance Board, taking into account the amount of committed non-staff costs.”

7. Any other business

There was no other business.

8. Date of Next Meeting

The next meeting is scheduled for Wednesday, 17 May 2023.

Scottish Fiscal Commission
22 February 2023