

Scottish Fiscal Commission
Public Services Reform (Scotland) Act 2010
Duties to Publish Information
Report for the year ended 31 March 2019

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Any enquiries regarding this publication should be sent to us at: Scottish Fiscal Commission, Governor's House, Regent Road, Edinburgh EH1 3DE

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1. Introduction

This document details the information Scottish Fiscal Commission is required to publish as prescribed in the Public Services Reform (Scotland) Act 2010. It has been compiled with reference to the guidance issued by Scottish Government¹. All amounts stated include VAT where applicable.

Further information on the work of Scottish Fiscal Commission can be found on its website², in particular in the following documents:

Corporate Plan 2018-2020³

Business Plan 2019-20⁴

Annual Report and Accounts for the year ended 31 March 2019⁵

Should you require further information in relation to the activities or operations of the Scottish Fiscal Commission, please contact the Commission at:

Scottish Fiscal Commission
Governor's House
Regent Road
Edinburgh
EH1 3DE

0131 244 6388

info@fiscalcommission.scot

¹ www.gov.scot/publications/duties-on-public-bodies-to-provide-information-guidance/

² Scottish Fiscal Commission www.fiscalcommission.scot

³ Scottish Fiscal Commission Corporate Plan 2018-2020 www.fiscalcommission.scot/about-us/corporate-governance/corporate-governance/corporate-plan-2018-20

⁴ Scottish Fiscal Commission Business Plan 2019-20 www.fiscalcommission.scot/about-us/corporate-governance/corporate-governance/scottish-fiscal-commission-business-plan-2019-20/

⁵ Scottish Fiscal Commission Annual Report and Accounts for the year ended 31 March 2019 www.fiscalcommission.scot/about-us/corporate-governance/corporate-governance/scottish-fiscal-commission-annual-report-and-accounts-for-the-year-ended-31-march-2019/

2. Expenditure Information

Public Relations

This amount includes: stakeholder engagement events, printing a limited number of our reports in-house, and the costs of the Commission's in-house Communications Officer, a part time post which started in April 2018.

Amount for 2018-19: £53,972 (2017-18 £17,713)

Overseas Travel

In 2018-19, expenses on the following overseas travel were incurred:

Dates	Commissioner/Official	Destination	Reason
30 June to 6 July 2018	Dame Susan Rice	Seoul	OECD Conference
3-5 February 2019	Dame Susan Rice	Lisbon	OECD Conference
27-28 February 2019	Claire Murdoch	Brussels	European Fiscal Board

Amount for 2018-19: £6,295 (2017-18 £0)

Hospitality and Entertainment

These costs relate to refreshments and catering at meetings with stakeholders.

Amount for 2018-19: £1,062 (2017-18 £400)

External Consultancy

The costs of external Communications expertise provided as a consultancy have been included in the amount for Public Relations and are not included here. In 2017-18 included expert review of and advice on the Commission's models.

Amount for 2018-19: £0 (2017-18 £16,360)

Payments in excess of £25,000

In 2018-19, the Scottish Fiscal Commission made no payments which fall within the reporting definition (this does not include remuneration paid to Commissioners or Commission staff). However for transparency we report the following payments:

Non-cash payments:

Audit Scotland - £27,720 (2017-18 £29,800) for the cost of auditing the Commission.

Payments for the same services totalling more than £25,000 per annum:

Scottish Government - £67,283 (2017-18 £64,119) for the Memorandum of Terms of Occupation for Governor's House which included non-domestic rates and maintenance/service charges, and which was paid over four payments.

3. Remuneration

Scottish Fiscal Commission had no staff members who received remuneration in excess of £150,000 during 2018-19. (2017-18 no staff received remuneration in excess of £150,000)

No member of Scottish Fiscal Commission staff received a bonus or other discretionary performance related payment in 2018-19. (Similarly in 2017/18 no staff received a bonus or performance related payment.)

4. Steps to Promote Sustainable Economic Growth

The Scottish Fiscal Commission is the independent fiscal institution for Scotland. We produce the official fiscal and economic forecasts used in the Scottish Budget and assess the reasonableness of the Government's borrowing projections.

Healthy, sustainable public finances directly support sustainable growth in a number of ways including:

- impact on the economy
- ability to fund public services
- ability to invest in public infrastructure

The accuracy of the Commission's forecasts is directly linked to Scotland's public finances through the operation of the fiscal framework. So by producing high quality, credible reports we play our part in making sure Scotland has healthy and sustainable public finances.

To ensure high quality forecasts, each year we publish a detailed forecast evaluation report⁶ comparing our forecasts to published outturn data to help others to scrutinise our work and to identify how we can improve.

To be credible, our work must be free from political influence. Our statutory basis and the way we operate both safeguard our independence. We are a non-Ministerial Office, not part of the Scottish Government. This means the Commission is directly accountable to the Scottish Parliament for the delivery of our functions. The Commission has full discretion in how we deliver our statutory functions: we make our own forecast judgements, choose our own methods and decide the content of our analytical publications and work plan.

The other mechanisms by which the Commission's work supports sustainable growth is by working to improve the range and quality of Scottish economic data that are published, and by improving transparency in Scottish public finances and scrutiny of them. Better data help us to produce more accurate forecasts and can give businesses and government better evidence for decision making. By adding to fiscal transparency we assist good governance that in turn supports economic growth.

The recently published OECD Review of the Scottish Fiscal Commission⁷ stated that although the Scottish Fiscal Commission has only been operating as a statutory body for two years, stakeholders credit it with increasing fiscal transparency in Scotland. The establishment of the Scottish Fiscal Commission has increased public sector capacity and generated new information in the fiscal sphere. The Scottish Fiscal Commission is viewed as having helped to depoliticise discussions on the forecasts and having helped to start shifting the budget debate from an annual to a more medium-term focus. While timings remain tight, the need to build in time for the Scottish Fiscal Commission to develop its forecasts is seen as having helped to create a more disciplined and orderly budget process.

In particular, the evidence the Scottish Fiscal Commission provided to the Economy, Jobs and Fair Work Committee inquiry into economic data⁸ and the resulting recommendation to the SFC to publish an annual statement of data needs has helped push the Scottish Government to provide new data and improve existing data.

The Scottish Fiscal Commission's Statement of Data Needs 2019 identifies areas of progress since its initial statement in 2018. It cites "encouraging improvements in both the range and quality of Scottish economic data available", including the two top

⁶ Scottish Fiscal Commission Forecast Evaluation Report September 2019
www.fiscalcommission.scot/publications/forecast-evaluation-reports/forecast-evaluation-report-september-2019/

⁷ OECD Review of the Scottish Fiscal Commission www.fiscalcommission.scot/about-us/corporate-governance/corporate-governance/oecd-review-of-the-scottish-fiscal-commission/

⁸ See www.parliament.scot/parliamentarybusiness/CurrentCommittees/105164.aspx

priorities for the Scottish Fiscal Commission: GDP by component of expenditure in constant prices and a detailed breakdown of Scottish household income in the Quarterly National Accounts Scotland. Revenue Scotland further enhanced the already high-quality statistics the Scottish Fiscal Commission uses to produce its Land and Buildings Transaction Tax (LOTT) and the Scottish Landfill Tax (Sifts) forecasts, published guidance on its differing accounting approaches for LOTT in its first Annual Summary of Trends in the Devolved Taxes, and published provisional and pre-audit figures for the devolved taxes. UK stakeholders have also improved the range of data available, for example, HMRC delivered the Scottish Fiscal Commission's three top priorities for income tax data, including the development of an official statistics publication of Scottish outturn income tax data, and a significant improvement to the main underlying survey data source used for the Scottish Fiscal Commission's forecast.

Stakeholders provided additional examples of progress, such as improvements in statistics on construction output by the Scottish Government after the Scottish Fiscal Commission identified problems with this data during the forecasting process. They also noted that the work undertaken by the Scottish Fiscal Commission has helped bring about improvements to the design and implementation of tax policy in Scotland, for example through increased consideration of issues such as forestalling.

We work transparently and encourage others involved in Scottish public finance to do the same. A Memorandum of Understanding (MoU) was agreed with Office for Budget Responsibility⁹ in early 2019 and the MoU with HMRC¹⁰ was updated. We do our best to explain our forecasts and their impact on Scotland's public finances as clearly as we can, so that Parliament, the media, academia and others can better understand and scrutinise public finances. Good scrutiny and transparency can improve the health and sustainability of public finances, thus supporting sustainable growth.

⁹ Scottish Fiscal Commission and Office for Budget Responsibility (2019), *Memorandum of Understanding between the Scottish Fiscal Commission and the Office for Budget Responsibility*, www.fiscalcommission.scot/media/1446/memorandum-of-understanding-scottish-fiscal-commission-and-office-for-budget-responsibility-january-2019.pdf

¹⁰ Scottish Fiscal Commission and HM Revenue and Customs (2019), *Memorandum of understanding between the Scottish Fiscal Commission and HM Revenue and Customs*, www.fiscalcommission.scot/media/1506/hmrc-sfc-updated-memorandum-of-understanding.pdf

5. Steps to Improve Efficiency, Effectiveness and Economy

During 2018-19 staff costs were our highest costs, some 82% of our operating cost. We approached our full complement of staff, and we began to settle into a regular pattern of turnover, in part as temporary contracts, secondments or rotations ended as anticipated, and in part as individuals moved away to promotions or new opportunities. We have taken the opportunity to restructure our analytical and corporate teams to improve efficiency, as we move from transitional arrangements towards business as usual. We have used a flexible mix of permanent, fixed term and agency contracts to meet our staffing needs, and benefited from a strong and diverse pool of candidates applying for our analytical posts.

In line with the guidance that public bodies should actively explore and implement as appropriate all opportunities for sharing the provision of back office and front line functions, the Scottish Fiscal Commission make use of a range of shared service agreements with the Scottish Government to achieve efficiency and economy. These cover the following areas:

- Human Resources and payroll;
- IT;
- Accommodation;
- Finance and Accountancy, including access to the Scottish Governments Enterprise Accountancy System, ePC card and EASEbuy purchasing and payment system;
- Procurement; and
- Legal services.

In relation to procurement, the Commission undertakes limited levels of procurement activity, making use of call off contracts where possible, and using shared service agreement to access procurement expertise when required.

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