

Committee Members

Professor David Ulph - Chair
Professor Francis Breedon
Dr Domenico Lombardi
Gillian Carty - External Member

Attendees

Professor Graeme Roy - Chair, Scottish Fiscal Commission
John Ireland - Chief Executive
Susan Marvell - SG Directorate for Internal Audit and Assurance
Susie Warden - Head of Strategy, Governance and Corporate Services
James H White - Governance Manager – secretariat

Apologies

Pat Kenny - Associate Partner, Deloitte LLP
Gregory Oduor - Audit Manager, Deloitte LLP
Jim Montgomery - SG Directorate for Internal Audit and Assurance

1. Welcome and Introduction

David Ulph opened the meeting, noting that there were no attendees from Deloitte LLP. He welcomed Stephanie Harold from Audit Scotland. Apologies as given above were noted, and there were no declarations of interests or notification of any other business.

The minutes of the meeting held on 12 October 2022 were agreed as an accurate record by those who had attended it, and the action log was noted.

2. External Audit – Deloitte LLP

Stephanie Harold reported that the formal handover to Deloitte LLP had not yet taken place: this would take place later this week when she and Mark Taylor are meeting Pat Kenny, Associate Partner from Deloitte LLP to share information about the Commission's audit, including key Audit Scotland reports and previous audit timetabling. However, the timing of the 2022-23 audit would be a matter for Deloitte LLP to decide. An introductory meeting between Deloitte LLP and John Ireland has been arranged and a meeting with SGDIAA would be arranged.

3. SGDIAA Update

Susan Marvell noted the content of the update paper, clarifying that section 2 of the report was more for general awareness rather than specific concerns for the Commission.

SGDIAA was grateful for the positive discussions that they have had to date with individual SMT members and Commissioners, with further meetings being arranged. These meetings have been very helpful to understand better the work of the Commission. The meetings had demonstrated that there is a clear, consistent

approach to understanding and managing risks, which feels very much embodied in the day to day management of Commission. Discussions at these meetings will be used to inform the audit plan for 2022-23. Susan Marvell commented that she anticipated that the assurance assessment outcome would be likely to be very positive.

4. Risk Management

John Ireland highlighted the two risks in the paper assessed with red scores, Staffing and Partnership.

Staffing - the score reflected the impact of two periods of maternity leave; one ongoing and another one in March 2023. Very high turnover of staff had caused concerns about loss of shared knowledge, particularly in the tax team. However, the tax model had been operated effectively without problem. There was also a concern about pressure on the staffing budget in 2022-23.

Gillian Carty noted that as a smaller organisation, the Commission was more sensitive to staffing turnover, highlighting that other organisations focus on in person training to help create a better sense of belonging to help staff retention. The likelihood of fewer vacancies in the Scottish Government in future and the fact that previous turnover had been well managed gave the Committee confidence. It was clarified that the previous staffing score should have read likelihood 4 and impact 4. The Committee agreed to maintain the score for this risk as likelihood 4 and impact 4.

Partnership risk - There was a significant increase in scoring, with the main concern being the impact of not getting the necessary policy information in time and the consequent impact on the Commission's ability to do its work. In particular the SFC might produce forecasts which met statutory requirements but with no accompanying narrative or to a lower quality than they could have been. The Committee acknowledged the broader political landscape in the UK, and the potential for new policy options to be identified late in the forecast process. It was noted that partnership relationships at the analytical level were strong. The Committee agreed to maintain the score for this risk as likelihood 4 and impact 4.

The Committee also discussed the Reputation risk – The Committee discussed the greater uncertainty of the current political and economic climate and that any forecast would be less such precise in such circumstances. The Committee agreed the score for this risk as likelihood 3 and impact 3.

It was confirmed that the staffing and partnership risks would be brought to the attention of the Governance Board. The Committee agreed the scores as:

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

5. Finance

Susie Warden highlighted the key points from the paper, noting that interim pay roll report for November included the pay award backdated to from 1 April, which suggests an additional underspend of around £20k, but this will be confirmed when the final pay roll report is produced at the end of the month. The level of overtime remains uncertain until the level of overtime working required is known and whether staff opt for overtime to be paid or taken as time off in lieu.

It was highlighted that non-staff base costs are low, and other payments, such as quarterly payments for accommodation, HR shared service and IT shared services, are not spread evenly across the year.

Graeme Roy and David Ulph both expressed thanks for the level of detail in the finance update paper and asked that future reports include this level of detail.

6. Any other business

There were no other items of business

7. Date of Next Meeting

The date of the next meeting is scheduled for Wednesday, 15 February 2023.

Scottish Fiscal Commission: Strategy, Governance and Corporate Services
23 November 2022