

### **Attendees**

Professor Graeme Roy - Chair  
Professor Francis Breedon - Commissioner  
Professor David Ulph – Commissioner  
Professor Domenico Lombardi - Commissioner  
John Ireland - Chief Executive  
David Stone - Head of Economy and Income Tax  
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  
Michael Davidson - Head of Devolved Taxes and Social Security

## **1. Welcome and Introduction**

Graeme Roy opened the meeting. Apologies as given above were noted. There were no declarations of interests. The minutes of the meeting held on 11 December 2024 were agreed as an accurate record, and the action log was noted.

## **2. Chair's Update**

Graeme Roy noted that since the last Governance Board, there had been various follow-up activities following publication of the SEFF December 2024, including 'Mitigating the two-child limit and the Scottish Budget' report on 7 January. He was looking forward to publication of the OECD's review of the Scottish Fiscal Commission in March, the Fiscal Sustainability Report on 8 April and the MTFS SEFF on 29 May. It was confirmed that John Ireland would share the final version of the OECD review with Commissioners.

Graeme Roy formally expressed his thanks to the Commission staff for all their hard work in taking the forecasting work forward.

Finally, it was noted that discussions would be starting in earnest on taking forward recruitment of two new Commissioners.

**Action Point 1 – John Ireland would share with Commissioners the final version of the OECD review.**

## **3. Chief Executive's Update**

John Ireland confirmed that the formal notification was received yesterday that the MTFS would be published on 29 May. It was anticipated that there would be pressure after the UK Spring Statement when teams would be working on the SEFF as well as the FSR.

Work was proceeding on the next Corporate Plan 2025-2028, which would also address the key recommendations from the OECD review. It was intended to have a

separate session with Commissioners to consider the Corporate Plan and the linked issue of the OECD review.

The Finance and Public Administration Committee has invited the Commission to give evidence on its governance on 1 April. The Committee is also holding a quick inquiry into the Budget process and timetable (including the Budget, and MTFS and the relationship between them and UK fiscal events). As well as a written response, the Committee would be taking evidence from the Commission on the same day as the Governance evidence session.

#### **4. Audit and Risk Committee**

David Ulph highlighted that the staffing risk which had been assessed as red because of a number of staffing pressures (though contingency plans are in place to manage these), as well as staffing budget pressures, including the increase to employer NICs.

John Ireland commented that Susie Warden had produced a new set of budget risk projections which addresses the overcommitment on staff budget. A combination of staff moves and ongoing discussions on maternity leave costs, and timing, means that the staff budget pressure should be manageable. In terms of staffing, the timing of staffing changes helped alleviate some of the pressures, and he was moderately confident that the staffing pressures could be managed.

David Ulph expressed concern about the impact of FSR on the overall workload for staff across the year. It was intended that the new C1 post would be able to provide additional resource to support that work.

David Stone reflected that the staffing risk would have an impact over the next 6-12 months but didn't think that there was an underlying cause to be concerned about. Pressures are being spread across different teams, and they may reflective the stability of staffing in the last 18 months or so.

David Ulph commented that the Partners risk had increased because of late policy decisions by SG and the impact on production of the SEFF – December 2024. However, Audit and Risk Committee had noted the situation had been handled well by the Commission though it needs to be monitored. Graeme Roy agreed that this needed to be acknowledged, as reflected in the evidence session with the Finance and Public Administration Committee.

Governance Board agreed to note the red staffing risk and that it felt that this was being managed appropriately. Given the recruitment of new Commissioners later in 2025, and other work pressures, it also agreed that this needs to be monitored.

#### **5. Finance**

Susie Wardie reported no further update since paper was presented to the Audit and Risk Committee. Graeme Roy commented that the key issue was the appropriate management of staffing risks. Governance Board agreed to note the update paper.

## 6. Engagement Log

John Ireland would share an updated engagement log with Commissioners by 28 February. Engagement was going well and the new C1 would provide additional support on engagement.

Graeme Roy reflected that discussions with opposition Finance Spokespersons was helping to develop a deeper understanding of the budget process and the SFC's role in that process, as well as consolidating the credibility and independence of the Commission. This should feature within the engagement plan as will ongoing work to explain the bigger public finance and budget picture with stakeholders.

**Action Point 2 - John Ireland would share an updated engagement log with Commissioners by 28 February.**

## 7. Succession Planning and Commissioner Appointments

The main issue is the Commissioner recruitment and the work to expand the pool of potential applicants. John Ireland confirmed that the appointment panel chaired by Graeme Roy, with Jennie Barugh (Scottish Government) and a representative from the Ethical Standards Commissioner would be meeting next week. An external member of the panel has to be identified. The intention was to identify potential applicants using contacts from the existing Commissioners and other networks. It was hoped to advertise the in early May 2025.

John Ireland agreed to review the paperwork before it is shared with the appointment panel for its consideration. In addition the Cabinet Secretary and the Finance and Public Administration Committee need to approve the recruitment process and the Committee approve the proposed appointees.

Audit and Risk Committee external members – It was reported that David Ulph and other Commissioners were content with reappointment of the existing external members. Governance Board agreed that Susie Warden would have informal discussions with both external members about reappointment, including options on staggering appointment terms. Depending on the outcome of those discussions that would allow David Ulph to formally write offering reappointment.

**Action Point 3 – Susan Warden to have informal discussions with both external members about reappointment, including options on staggering appointment terms.**

## 8. Staff Survey 2024

The final report of the Staff Survey had been shared with Commissioners. Senior Management Team would discuss the results of the survey and would report to Governance Board with the plan to address priority actions and next steps.

## **9. Corporate Policies and Statutory Reporting**

Standing Orders – The Governance Manager explained there had been a light touch of the Standing Orders , noting that they remained fit for purpose. Governance Board approved the reviewed Standing Orders.

Audit and Risk Committee Terms of reference – The terms of reference had been reviewed by the Committee. Governance Board approved the reviewed Terms of Reference.

FoI EIR and Data Protection - Publication Scheme - Privacy Notice - February 2025 – The Governance Manager confirmed that the main change had been to update the information about the social media used by the Commission. Graeme Roy commented that it was helpful for the correct procedures to be followed, in particular in light of experience from recent Freedom of Information requests about mitigating the two-child cap. Governance Board approved the updated policy.

## **10. Any other business**

Self Assessment of the Governance Board – Susie Warden commented that it was good practice for Boards to review their effectiveness, and to identify strengths and weaknesses.

The consensus of opinion was that most helpful way to take this forward would be to engage an external facilitator as Commissioners would benefit from the experience of the facilitator. Governance Board agreed that Susie Warden should consider options for taking this forward.

**Action Point 4 - Susie Warden should consider options for taking forward the self Assessment of the Governance Board using an external facilitator.**

## **11. Date of Next Meeting**

The next Governance Board meeting is scheduled for Tuesday, 5 May 2025.

Scottish Fiscal Commission  
25 February 2025