

### **Attendees**

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

## **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 25 February 2025 were agreed as an accurate record, and the action log was noted and a number of actions were updated as completed.

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

Graeme Roy noted that since the last Governance Board there had been a number of publications including, FSR, SEFF and later today a SEFF Update. He expressed his thanks to the team for their hard work in producing these.

He had spoken to the Scottish Government Executive Team about the FSR, reflecting that the Commission was in a good space by informing discussion on fiscal sustainability.

The OECD review of the Commission was published in April, which was very positive about the Commission, making helpful recommendations for the development of the Commission.

Commissioner recruitment was ongoing, with shortlisting completed and interviews due to take place in July, and appointments due to start in October 2025. The recruitment had attracted a high standard of applicants with a good mixture of applicant skills and experience.

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

John Ireland commented that the MTFS update publication process had gone well, though there was added strain on staff, as well as time lost on model development. Recruitment of two B3 posts (Economy and Public Funding) is ongoing with interviews due to take place shortly.

The Finance and Public Administration Committee had published its report on the Budget Process report which made some recommendations for the Commission that were broadly in line with the OECD recommendations about development of the Commission's role.

Renegotiation of the Framework Agreement will address and strengthen the provision of indicative budgets in addition to confirmation of the current year budget. The intention was to manage pressure for additional information for Ministers through the multi-year ask and including efficiency savings within the Annual Report and Accounts.

John Ireland reported that the Scottish Government was using the outcome from the FSR report to identify opportunities to reduce its longer term funding gap in their recent Public Service Reform strategy.

Finally, following a successful recruitment round, the new Office Manager is due to start with the Commission in early July.

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

David Ulph commented that the Audit and Risk Committee had seen the SGDIAA Annual Assurance Report for 2024-25, and was pleased to report that the Commission had again been given a substantial assurance. This was not affected by the assessment of the Scottish Government Corporate Systems, and the review of the Commissions Resource Capability and Capacity which were both assessed as reasonable assurance.

The Committee had supported the current risk appetite assessments. Three of the risks scores had remained the same, though staffing score had improved and independence risk had increased slightly. There were no risks within the red zone.

The Audit and Risk Committee had approved the paper for contracting out the finance function subject to appropriate contractual arrangements being put in place.

#### **5. Finance**

Susie Warden reported no further update since paper was presented to the Audit and Risk Committee earlier in June 2025. The outturn had been reduced by around £5,000 due to recalculation of the annual and flexi leave accrual (excluding pension costs). Graeme Roy commented that the key issue was the appropriate management of staffing risks. Governance Board agreed to note the update paper.

#### **Outsourcing Finance Function**

In addition to the arguments in her paper, Susie Warden commented that current experience of the 2024-25 audit suggests that outsourcing of the finance function is a good idea and beneficial for both the smaller and larger parties in taking forward future audit work.

It was recognised that getting the right contractual arrangements and have a clear understanding of the service to be provided is key to this working successfully.

Governance Board confirmed that it was content with the general principle, which would allow progress to be made on developing the right contractual framework. This would be shared with the Governance Board for comment in due course when the details of the outsourcing had been agreed with the provider. The Board also agreed that legal advice should be obtained on the final contract to ensure that its terms mitigated the risk of an adequate service not being delivered.

**Action Point 1 – Susie Warden would ensure final approval for outsourcing the finance function is given by the Governance Board when details of the outsourcing had been agreed with the provider.**

**Action Point 2 – Susie Warden would obtain legal advice the proposed contract to ensure that its terms mitigated the risk of an adequate service not being delivered.**

## **6. Engagement Log**

John Ireland outlined that we continue to engage widely. The Chair and him are due to meet with the Chief Executive of the Scottish Parliament to discuss induction training for MSPs following the election due in May 2026 and the role of the SFC. Having attended an IPFIN conference earlier in 2025, John Ireland shared that he had some useful feedback from the House of Commons Library (responsible for supporting their Committees and MPs) on managing MP induction training.

It was confirmed that Ross Burnside, recently appointed C1 was now responsible for looking after the engagement log.

**Action Point 3 - An updated engagement log would be shared with Commissioners after today's meeting.**

## **7. Succession Planning and Commissioner Appointments**

As noted earlier, shortlisting of applicants has been completed and interviews are scheduled for next month.

The Governance Manager confirmed that the two external Audit and Risk Committee members have been reappointed for a further two year period.

## **8. Board Effectiveness Review**

The Governance Board noted that the review had taken place, and a report produced, which gave a positive, helpful assessment of the Board's strengths and suggestions for areas to be considered for future development. It was agreed to invite the reviewer to a future Governance Board meeting.

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

*Corporate Policy and Statutory Reporting – Summary – May 2025* – Governance Board noted for information the summary.

*Audit and Risk Committee Self-assessment Checklist* – Governance Board approved the checklist which had been reviewed by the Audit and Risk Committee.

*Internal Control Checklist* – Governance Board approved the checklist which had been reviewed by the Audit and Risk Committee.

*Business Continuity Plan* – Governance Board approved the plan which had been reviewed by the Audit and Risk Committee.

*Out of Hours Working* - Governance Board approved the paper which had been reviewed by the Audit and Risk Committee. It also approved revision of the review cycle from 2 to three years.

The Governance manager clarified that should policies or plans would be reviewed earlier than set out in the summary document should the need arise.

## **10. Any other business**

There was no other items of business.

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

The next Governance Board meeting is scheduled for Wednesday, 26 August 2025.

Scottish Fiscal Commission  
25 June 2025