

## **Attendees**

Professor Graeme Roy - Chair  
Professor Francis Breedon - Commissioner  
Professor David Ulph – Commissioner  
Professor Domenico Lombardi - Commissioner  
John Ireland - Chief Executive  
Claire Murdoch - Head of Fiscal Sustainability and Public Funding  
David Stone - Head of Economy and Income Tax  
Michael Davidson - Head of Devolved Taxes and Social Security  
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 apologies, nor were there any declarations of interests. The minutes of the meeting held on 21 May 2024 were agreed as an accurate record, and the action log was noted.

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

Graeme Roy reported that it had been a busy few months, and on reflection the correct decision had been made about prioritising the Fiscal Update in August 2024. Engagement with stakeholders was continuing with three forthcoming Committee appearances, and a training event with Parliament. The outcome of the recent OECD review was waited with interest.

He confirmed that he would be meeting DG Scottish Exchequer soon, as well as ongoing discussions with Directors in SG. He would be attending the Finance and Public Administration Committee away day on Thursday, 29 August when it was hoped that a date for the Scottish Budget 2025-26 would be discussed.

David Ulph asked that the minutes formally record the thanks of Commissioners for the hard work and dedication of staff which allowed publication of today's reports.

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

In addition to the paper tabled for today's meeting, John Ireland echoed his thanks for the co-operation and flexibility of staff whilst decisions about the MTFs forecast were being made in May and June.

Graeme Roy confirmed that he and the other Commissioners appreciated feedback from SMT in response to their asks of staff, particularly where it highlighted the need to prioritise analytical work when there is time pressure. Claire Murdoch noted the need to start planning for 2026 when the timing of the MTFs will be changed due to the Scottish Parliamentary election, and any potential impact of new Commissioners being appointed from October 2025

**Action Point 1 – It was agreed that after the next Fiscal Sustainability Report is published (probably March 2025), a subsequent Commissioner Meeting should discuss the implications of the May 2026 Scottish Parliament Election on the Commission.**

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

In addition to the summary of the committee discussions held on 20 August 2024, David Ulph noted that there had been considerable discussion at the Committee about shared services provided by SG, and that it should be brought to the attention of the Governance Board. However, David Ulph suggested given the imminent implementation of the new Oracle Fusion system, it should be allowed time to bed in. Accordingly, the new shared services should be monitored and their audit arrangements discussed fully in 12-18 months time.

It was agreed that John Ireland, Susie Warden and the Governance Manager would consider when this would be brought back for discussion, recognising this will also be monitored through the Corporate Systems risk card. Susie Warden noted that we are working with other Public Bodies on the new systems which allows for any concerns identified and lessons learned to be shared.

In the discussion on risk, the agreed Partner Score had improved as likelihood had reduced, reflecting the appointment of a very experienced set of Ministers. All other recommended scores remained unchanged though there were factors which off-set each other. Domenico Lombardi suggested that the risk associated with new Commissioner appointments, and implications for Commission working, and the outcome of the OECD review should be discussed by ARC. Graeme Roy agreed that these things should be considered from a risk perspective by the Audit and Risk Committee.

**Action Point 2 – The Audit and Risk Committee would consider at an appropriate point the risk implications of managing the transition to new Commissioners following appointment in October 2025.**

**Action Point 3 – When published, the Audit and Risk Committee should consider the risk implications of the OECD review of the Commission.**

#### **5. Finance**

John Ireland confirmed that there was no update to the paper as discussed at the Audit and Risk Committee on 20 August 2024. He highlighted concerns about the implementation of emergency budget controls for the Commission given its status as Non-Ministerial Office.

Governance Board noted that there was limited scope for further in-year budget reduction given that the majority of spend is on staffing.

Governance Board agreed that the Commission's independence as a Non-Ministerial Office needs to be protected, however, accepted the need to engage with the new controls, emphasising and that any in-year savings proposals must be a result of Scottish Fiscal Commission decisions. Accordingly, it was suggested that around £70 thousand should be offered back to the Scottish Government.

Governance Board instructed John Ireland to write to DG Scottish Exchequer about the Scottish Fiscal Commission's engagement with the budget control process whilst recognizing its operational independence of the Scottish Government.

**Action Point 4 – Governance Board agreed that John Ireland, as Accountable Officer, would write to DG Scottish Exchequer about how the Commission**

**should engage with the overall budget process, recognising its independence. (With the Chair's agreement John wrote to the Director of Exchequer Strategy copied to DG Scottish Exchequer.)**

## **6. Engagement Log**

In addition to engagement noted by Graeme Roy, Claire Murdoch highlighted that engagement on climate change, and health spending was ongoing. She confirmed that short videos are to be produced by staff on various budget related issues for publication on the website and sharing with our stakeholders. In addition the updated slide presentation set will be shared with Commissioners and published on the website.

Claire Murdoch reported that there had been recent, positive discussion with OECD and a further draft report of their review was due to be shared. Domenica Lombardi suggested that there should be a substantive discussion on the published OECD report, to consider engagement implications. Graeme Roy suggested that the published OECD report and all of its recommendations would be discussed at a future Commissioner meeting.

**Action Point 5 – Governance Manger to ensure the updated slide presentation set is shared with Commissioners, and published on the website.**

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

John Ireland commented that the Commissioner Appointment paper focussed on timelines of around 40 weeks for recruiting new Commissioners for October 2025. The timescale for the Commissioners whose term ended in May 2026 would be similar if external recruitment was required, however, the implications of the Scottish Parliamentary election in May 2026, and the pre-election period, need to be taken into account.

The Governance Board confirmed it would like to see one Commissioner from a broader background (such as spending, or communication skills) which may help to improve the Commissioner gender balance, and to consider the number of Commissioners. It was also recognised that the need to address social security spend when we lose David Ulph and Francis Breedon's expertise when they step down as Commissioners.

It was agreed after discussion, that it would be helpful to draft an outline person specification and a brief paper on the roll of the Commission. These could be used by Commissioners, or staff members to identify potential applicants in advance of the recruitment process formally starting in 2025. It would be helpful to have this completed by December 2024 at the latest.

Domenico Lombardi asked if there are any structural issues which prevent achieving a more diverse set of Commissioners, and David Ulph asked if consideration had been given to increasing the number of Commissioners to better spread the workload. Graeme Roy commented that by focussing on a different pool of potential applicants could have a positive impact on the appointments made. As we can control only the recruitment process but not the outcome, our focus should be on identifying and engaging with potential applicants. Graeme Roy expressed some

concerns about the loss of engagement if there were appointments with a lower time commitment.

**Action Point 6 – John Ireland to arrange for a draft outline person specification and briefing note for use when engaging with potential applicants for Commissioner posts.**

**Action Point 7 – John Ireland would prepare a briefing note on Commissioner recruitment for Graeme Roy’s forthcoming meeting with DG Scottish Exchequer.**

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

Fairness at Work Policy – The Policy had a light touch review with the main changes being to update the link to guidance on Saltire about Standards of Behaviour, replacing the previous Fairness at Work Policy. It was clarified that the Accountable Officer is responsible for ensuring that the policy is followed. Governance Board was content to approve the reviewed policy.

Scheme of Internal Delegation – this had been updated in track change to clarify paragraph 8 and the delegation of budgets to SMT members in the absence of the Chief Executive. Governance Board noted and approved the updated scheme.

## **9. Any other business**

John Ireland raised a concern about the need for the orderly provision of information to the Commission in line with the agreed protocol. This allows for fully informed forecasting and other reports.

It was agreed that Graeme Roy would discuss this with DG Scottish Exchequer when he meets her in September, particularly in the light of numerous media reports and speculation.

**Action Point 8 – Graeme Roy would discuss with DG Scottish Exchequer issues relating to the orderly provision of information to the Commission during forecasts against the background of media reports and speculation**

## **10. Date of Next Meeting**

The next Governance Board meeting is scheduled for Tuesday, 12 November 2024. An additional meeting to consider the Annual Report and Accounts for the year ended 31 March 2024 was now planned to take place after the Audit and Risk Committee meeting scheduled for 15 October 2024.

Scottish Fiscal Commission  
27 August 2024