

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
Claire Murdoch - Head of Fiscal Sustainability and Public Funding
Susie Warden - Head of Strategy, Governance and Corporate Services
James H White - Governance Manager, secretariat

Apologies

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 June 2025 were agreed as an accurate record, and the action log was noted. Susie Warden confirmed that the Service Level Agreement for outsourcing our accountancy and finance functions was being drafted. The Commissioners had been emailed to confirm that they were content for legal advisers to draft the agreement. They confirmed that they were content with that approach.

2. Chair's Update

Graeme Roy noted that the new Commissioner recruitment process was ongoing and that the current plan was for the candidate(s) to appear at the Finance and Public Administration Committee on 7 September, for appointment from 8 October 2025 subject to Parliamentary approval.

Graeme Roy thanked Commission team for their work on recent publications, especially the Fiscal Update. There had been a very well attended media briefing yesterday, with 11 journalists which generated good discussion and media coverage. The Finance and Public Administration Committee would be taking evidence on the Fiscal Update on 2 September, with David Ulph, Francis Breedon and Claire Murdoch giving evidence alongside him.

Graeme Roy had presented at the recent Festival of Politics alongside the Scottish Parliament Chief Executive on future challenges for the next decade. The opportunity was also taken to engage with Parliamentary colleagues about induction training for new MSPs.

3. Chief Executive's Update

John Ireland noted that the timetable for appointing Commissioners may be subject to change and that the Parliamentary evidence session may need to be deferred. However, the aim was still to appoint from 8 October 2025.

He reported that there had been positive press coverage following yesterday's publications, noting that improvements to the IT used had resulted in a higher quality video production. Further options for improving the Commission's video output were being considered.

Work was ongoing with Scottish Government on the Protocol with the aim of the draft being shared with Commissioners shortly for approval. Work is also ongoing with preparation for the multi-year funding request. We were also talking with the Scottish Government about progressing the OECD recommendation to strengthen the multi-year funding commitments.

John Ireland noted that since the last meeting a C1 and B2 had joined the staff, a C1 maternity cover had joined, a B2 had left the Commission on a career break, and a B2 secondment and B2 temporary posting had ended.

He confirmed that at C Band level new staff had settled in well. At B band level where there was the potential for more change, resilience was built into how staff work which helps to manage transitions of staff. Recruiting was currently in hand for a temporary 6 month B2 appointment to improve resilience against further departures. Claire Murdoch highlighted the high quality of applicants in recent recruitment rounds, indicating that the Commission was seen as a good place to work.

4. Audit and Risk Committee

David Ulph highlighted the discussion at last week's meeting of the Audit and Risk Committee about risk and finance.

Risk

Staffing Risk – The likelihood score had increased to 4, where a number of factors were identified as potentially increasing this risk. Although B3 recruitment had been completed with two appointments being made (with candidates on the reserve list), the Scottish Government is recruiting, which may attract some of the junior analytical staff. Mitigation includes recruitment for 6 month fixed term appointment. Work on internal resilience continues with staff being encouraged to work on more than one forecasting model and cover a number of other tasks. Continued Government delays in making policy decisions at pinch points in the forecast could lead to extra pressure on staff.

The Corporate Services score had been reduced following the start of the new Business Manager.

The focus of discussion was on the Partners risk which was now scored as a red risk with likelihood 4, and impact 5. Within the Scottish Government three key Deputy Directors are being moved before the Budget, and Scottish Government is currently advertising for replacements. DG Scottish Exchequer is retiring in early September, and an interim DG Scottish Exchequer is being advertised for 8 months pending longer term replacement and possible restructure. There was concern that the complexity of the spending review and late tax or social security policy decisions would have timetabling implications for our forecast, and that having new people in senior Scottish Government

roles would make managing such situations more difficult. Relationships with other partners and at more junior levels with Scottish Government are going well. Governance Board agreed that this risk should be monitored.

David Ulph reported that an issue with the Fiscal Sustainability forecasting model was recently identified. Work was ongoing to examine the stability of the model, including bringing in staff from other teams with significant modelling experience. The model was not being directly used by Scottish Government at present. The intention is to publish a revised set of projections taking on board new data and model revisions in February 2026 along with the next Fiscal Sustainability Report.

Graeme Roy confirmed that while the issue impacts on the specific numbers it did not change the overall narrative: long term fiscal challenges facing Scotland as a result of health and demographic trends, and that the scale of the fiscal challenge was greater once those in the rest of the UK was included.

Governance Board discussed the challenge of fiscal sustainability projections being mis-interpreted as point forecasts and the need for us to explain how the modelling output should be used. This could be mitigated by reflecting on the language we used to explain the modelling, and possibly by publishing sensitivity analysis to show the impact of changing assumptions.

Governance Board discussed how, more generally as the complexity of models increases, the risk of modelling errors increases. Francis Breedon highlighted the role for quality assurance. David Stone had previously analysed the complexity and risk factors in each of our models and this work would be refreshed.

Governance Board discussed the impact of this on the reputation risk score and agreed that risk score should remain as it is. If the modelling issue was not resolved as we approached February 2026 the reputation score should be reconsidered. The Governance Board agreed to reflect on broader issues about model complexity and the impact of that on risk of modelling error at a future Commissioner Call before October 2025.

Action Point 1 – The fiscal sustainability team should revise the language in future publications to emphasise how projection modelling should be interpreted.

Action Point 2 – A future Commissioner Call before October 2025 would have a discussion about model complexity and the associated impact of that on risk of modelling error.

Finance – David Ulph highlighted the discussion about the pressure on staffing costs partly due to partial funding in 2025-26 for the increase in employer NIC from April 2025, and the impact of the 35 hour working week (pro-rata for part time members of staff).

5. Finance

Susie Warden reported no changes since the paper was discussed at the Audit and Risk Committee discussions. The typographical errors identified by David Ulph had been corrected for today's meeting.

6. Engagement Log

Governance Board noted that an updated engagement log had been shared with Governance Board, and that this would be shared regularly with Governance Board at its future meetings.

7. Succession Planning and Commissioner Appointments

This had been addressed as part of the updates from the Chair and Chief Executive respectively.

8. Corporate Policies and Statutory Reporting

Fraud Prevention Policy and Response Plan – Governance Board noted that the policy and plan had been finalised and published.

Gender Representation on Public Boards (Scotland) Act 2010 – 2023-2025 – Governance Board noted that the report had been finalised and published.

Information Security Policy Statement – Governance Board approved the policy which had been reviewed by the Audit and Risk Committee.

Security Breach Management – Governance Board approved the policy which had been reviewed by the Audit and Risk Committee.

9. Any other business

There was no other items of business.

10. Date of Next Meeting

The next Governance Board meeting is scheduled for Tuesday, 23 September 2025 to consider the Annual Report and Accounts, with the next regular meeting scheduled for Tuesday, 18 November 2025.

Scottish Fiscal Commission
27 August 2025