

### **Attendees**

Professor Graeme Roy - Chair  
Professor Francis Breedon - Commissioner  
Professor David Ulph – Commissioner (part meeting)  
Professor Domenico Lombardi - Commissioner  
John Ireland - Chief Executive  
Claire Murdoch - Head of Fiscal Sustainability and Public Funding  
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**

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. It was noted that the Draft Business Plan 2024-25 would also be considered in the discussions about Corporate Policies and Statutory Reporting.

The minutes of the meeting held on 28 November 2023 were agreed as an accurate record, and the action log was noted.

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

Graeme Roy reported that since the last Governance Board, the SEFF – December 2023 had been published. He gave his thanks to the hard work of the whole team for achieving this. Work was being taken forward to learn lessons from that forecasting round to looking for the forthcoming SEFF in December.

There had been a lot of engagement work, including the media webinar in December 2023, and public webinar in January 2024 as well as attendances at Committee, and a breakfast session at the Parliament on 31 January 2024. Graeme Roy had spoken to SOLACE about the 2024-25 Budget, where the main focus had been on demographics and the practical impact of demographic changes at a local level.

He noted that the next Fiscal Sustainability Perspectives: Climate Change was due to be published on 14 March, which will contribute positively to the fiscal debate on climate change.

Finally, Graeme Roy acknowledged the preparatory work undertaken in advance of the forthcoming OECD review of the Commission was noted. He commented that this, the second external review, will be important in the ongoing development of the Commission.

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

In addition to the update provided in the table report, John Ireland commented that the initial feedback from the Stakeholder Survey was positive. The final report is to be provided by the end of March 2024, and the outcome of the survey would inform the forthcoming OECD review of the Commission.

In relation to the previous Budget Forecast, John Ireland confirmed that he had discussed this with Scottish Government Directors, who were aware of the impact of delayed Scottish

Government decision making on the ability of the Commission to produce forecasts within the required timescales. He was also speaking with the Parliament about reviewing the written agreement between the Parliament and Government and the time between a UK and Scottish fiscal event, reflecting a recommendation made by OECD in the Commission's first external review in 2019.

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

The Governance Manager noted discussions on risk had focussed on the Corporate Services, Partners, and Reputation risks. The Committee agreed not to reduce the risk score for Reputation in light of the discussions about the Partners risk. Graeme Roy commented that the discussion about risk had been very productive. Governance Bard noted the summary paper from the Committee without comment.

#### **5. Finance**

John Ireland reported that intention had been to provide a forward looking paper on the budget for 2024-25. Further work was required on staffing numbers and building work costs which meant that the paper was not yet ready. Helpfully the two-year pay deal provides more certainty for staff costs in next year's budget. John Ireland reported the intention to plan for a reduced overspend.

It was confirmed that the paper on the Budget for 2024-25 would be finalised and shared with Commissioners for discussion by them before the end of March 2024.

Governance Board Committee confirmed that it was happy with that approach, including the proposal to plan for a reduced underspend.

There was no change to the Finance Paper as considered by the Audit and Risk Committee on 28 February. Susie Warden noted that colleagues in Scottish Government Accountancy Services had confirmed that the cost of purchasing replacement fire alarm, and intruder detection system could be charged to the 2023-24 budget as they were treated as service charges.

**Action Point 1 - the paper on the Budget for 2024-25 would be finalised and shared with Commissioners for discussion by them before the end of March 2024.**

#### **6. Engagement Plan**

Claire Murdoch highlighted two strands from the Engagement Log:

- engaging with stakeholders, such as Sustainable Scotland, Royal Geographic Society etc on the Climate Change work
- presentations about the Budget and the work of the Commission, for publication on the Commission's website and use with stakeholders, and sharing more widely.

Graeme Roy commented that there was a good level of interest and engagement in the work of the Commission. David Ulph noted it was helpful to see the range of activities undertaken, and Francis Breedon commented that engagement should be seen as a two way conversation, and an opportunity for the Commission to inform itself about its stakeholders. It was noted that it would be helpful if the draft Business Plan 2024-25 could include more about the plans for stakeholder engagement. John Ireland invited Commissioners to provide feedback on the format and content of the engagement log, including any omission or errors.

**Action Point 2 – Commissioners were invited to provide feedback on the format and content of the engagement log, including any omission or errors by Friday 22 March 2024.**

## 7. Statutory Review

Claire Murdoch noted that in addition to agreement from the Governance Board, the Scottish Fiscal Commission Act 2016 requires the Cabinet Secretary for Finance to approve the cost of the external review. It was understood that arrangements were in hand to obtain that approval in time to allow the appointment letter to be sent to OECD before the end of March 2024. The timetable for the review was to be finalised, however, time within the third week in April had been set aside for it.

## 8. Succession Planning

Graeme Roy noted that a lot of work had gone into preparing him and John Ireland for the evidence session earlier in the year with the Finance and Public Administration Committee on the Commission's governance arrangements.

In relation to replacement Commissioners, the plan was to start the next recruitment round in Summer 2024, for appointment in October 2025. This would allow any recommendations from the OECD review to be addressed.

## 9. Staff Survey

John Ireland commented that the results from the survey had not yet been shared with staff. Senior Management Team have, however, discussed the results, noting improvements in some areas, as well as reductions in others. There were no big red lags identified. The issues to be addressed relationships with line managers, and addressing staff motivation.

Graeme Roy reflected that the Commission was not unique and that many other organisations are facing workplace challenges, including continued adjustments to the long-term effects of working from home. There's an opportunity to learn from other organisations. He confirmed that he, and fellow Commissioners, are happy to attend staff away days and events and to speak with staff.

Francis Breedon highlighted the potential for on the job training support improved staff training and development. For example, one of the analysts is undertaking a 12 month training course with ONS on data science, spending three days a month.

John Ireland confirmed that, as the issues were broadly similar, the intention was to reinvigorate the plan devised last year as a tool to address this year's survey. The action plan would be shared with Commissioners.

**Action Point 3 – John Ireland to share with Commissioners last year's Staff Survey action plan.**

## 10. Corporate Policies and Statutory Reporting

Travel Policy - the update to the policy, to make clear that the purchase of alcoholic drinks could not be claimed as an expense, had been approved in correspondence by Commissioners. This item was to formally record that agreement to the updated policy. The update policy had been published on the Commission's website.

Whistleblowing Policy - review of this policy had been overlooked in November 2022. To date the policy has not been used. The main update to the policy had been update the information included about obtaining independent advice from Protect. It was also proposed to reset the review period to every three years. As with all policies, should the need arise, then an earlier review would be undertaken. Governance Board agreed both the policy and the revision to the review period.

Standing Orders - the main change was to update the members of Senior Management Team to reflect their current roles, and to add additional detail about Commissioner expenses. It was confirmed that guidance about claiming expenses would be shared with Commissioners in due course and that improvements to the tracking of expenses was now in place.

Audit and Risk Committee Terms of Reference - Governance Board approved the terms of reference without comments

Scheme of Internal Delegation - although the Governance Board was largely content with the scheme, however after discussion it was agreed that the scheme would be revised to:

- include a comment about the Chair's role
- make clear who would be designated by the Chair to act on behalf of the Chief Executive in the event that the Chief Executive was absent for more than two weeks
- clarify that information shared by staff with any Commissioner would also be made available to all the other Commissioners.

It was agreed that the Scheme of Internal delegation would be revised by the Governance Manager and shared with Commissioners for approval by correspondence.

**Action Point 4 - Guidance about claiming expenses would be shared by the Governance Manager with Commissioners in due course.**

**Action Point 5 - the following would be published on the Commission's website:**

- **Whistleblowing Policy**
- **Standing Orders**
- **Audit and Risk Committee Terms of Reference**

**Action Point 6 - the Scheme of Internal delegation would be revised by the Governance Manager and shared with Commissioners for approval by correspondence.**

## **9. Any other business**

The draft Business Plan for 2024-25 was shared with Governance Board, who were invited to comment on it by Friday, 22 March 2024.

### **Action Point**

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

The next Governance Board meeting is scheduled for Wednesday, 21 May 2024.

Scottish Fiscal Commission  
6 March 2024