
Annual Report and Accounts for the year ended 31 March 2022

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Contents

Performance Report	2
Accountability Report.....	25
Independent Auditor’s Report	42
Financial Statements	46
Notes to the Accounts for the year ended 31 March 2021	50
Annex A Accounts Direction	56

Performance Report

Chair's Foreword

I am pleased to publish the Commission's Annual Report and Accounts for 2021-22, which detail the Commission's activities during the year ending 31 March 2022. I do so with thanks to our staff, our former Chair Dame Susan, serving Commissioners Professor Francis Breedon, Professor David Ulph, and to Professor Alasdair Smith who left the Commission following five years of outstanding service.

This was Dame Susan Rice's last full financial year as chair of the Commission. As the Commission's first Chair appointed in July 2014, she has established the Commission's role in Scotland's fiscal process and instilled a culture of independence, transparency and high quality work. I feel honoured to have been appointed as her successor and am committed to playing my part in upholding the excellent reputation the Commission has developed under her leadership.

The story of 2021-22 was one of recovery from the COVID-19 pandemic both in terms of winding down government interventions and a gradual resumption of former work and social patterns for many of us.

The pandemic inevitably caused some disruption to our usual work. For instance, we were obliged to publish the evaluation of our 2020-21 forecast in two parts in July and August due to the later availability of data for income tax and non-domestic rates. However, 'equilibrium' in terms of the Budget cycle timetable was restored in 2020-21. We published two sets of forecasts through the year - our second set accompanying the Scottish Government's Budget announcement in December 2021.

Following a recommendation from the OECD in 2019, there have been discussions about the Commission producing an analysis and discussion of the long-term sustainability of Scotland's devolved public finances. I am pleased that the Parliament's Finance and Public Administration Committee welcomed our proposal last September and that the Scottish Government agreed to our request for additional funding in last December's Budget. This additional responsibility is a welcome endorsement of the quality of the Commission's work.



Professor Graeme Roy

13 October 2022

Overview

- 1 The purpose of this overview is to give a short summary of the Commission, its objectives, performance during 2021-22, the principal risks it faces and a summary of future plans. It is followed by a more detailed performance analysis.

Chief Executive's Introduction

- 2 This report covers our fifth year as Scotland's official economic and fiscal forecaster.
- 3 In many respects, 2021-22 has been a year of great change for the Commission. Following a period of stability in our staffing, we've had substantial staff turnover as COVID-19 restrictions ended. We've produced our first forecasts of Adult Disability Payment (ADP)¹ the Scottish Government's flagship disability payment replacing the Personal Independence Payment. Spending is forecast to reach £3.7 billion by 2027-28. And we have gradually reopened our office as COVID-19 restrictions have been lifted.
- 4 We have developed a new corporate plan which sets out our values and objectives to 2025². We will also broaden our work by producing our first fiscal sustainability report for Scotland in 2023. We take on this new responsibility with the endorsement of the Scottish Parliament's Finance and Public Administration Committee and agreement by the Scottish Government to additional funding. This report will consider the likely path of spending, tax revenues, and funding over the next 50 years. It represents a further step in the Commission's development, and in the scrutiny of the fiscal landscape in Scotland.
- 5 Despite all the change this year, some things have remained constant. The diligence, collaboration and standards of excellence from our staff that I am so proud of have continued throughout the year. Maintaining that culture and standards is particularly impressive given that this year we have continued home working, welcomed many new staff virtually, and some of our forecasts have been produced by completely new teams who had not met in person. I thank each member of staff for their hard work.
- 6 This has also been a year of farewells. A number of the staff who have left us have been with the Commission from its earliest days and did much to establish the culture and processes we value today. Professor Alasdair Smith ended his term as Commissioner, and we will greatly miss his insight and wit.
- 7 Our Chair, Dame Susan Rice, also reached the end of her second term. I am personally grateful to her for her counsel, support and kindness over my time as Chief Executive.
- 8 Looking forward, we welcomed a new Chair, Professor Graeme Roy, and a new Commissioner, Dr Domenico Lombardi.

John Ireland

Chief Executive of the Scottish Fiscal Commission and Accountable Officer

¹ Scottish Fiscal Commission (2022) Scotland's Economic and Fiscal Forecasts – May 2022 (link)

² Scottish Fiscal Commission (2022) Corporate Plan 2022-25 (link)

About the Scottish Fiscal Commission

What we do

- 9 We produce independent, robust forecasts and assessments to improve the transparency and scrutiny of Scotland's Budget. These include the official, independent economic, tax and social security forecasts and the official costings for tax and social security policies. We provide these independent forecasts and assess the Scottish Government's borrowing twice a year, usually alongside the Scottish Budget and Medium Term Financial Strategy. The Scottish Fiscal Commission Act 2016 sets out the Commission's functions.³
- 10 The Commission has full discretion in how we deliver our statutory functions and this safeguards our independence. We make our own forecast judgements, choose our own methods and decide the content of our analytical publications and work plan.
- 11 For transparency, we publish information on how our forecasts are produced, and the assumptions and judgments we made in producing the forecasts. We also publish evaluations of the accuracy of our forecasts once outturn data are available. We can also choose to report on anything that influences the resources available to the Scottish Government. We publish information about changes to the Scottish Budget during the year in our Fiscal Updates, and we will publish our first Fiscal Sustainability Report for Scotland in 2023. We publish statements of our data needs which describe the main areas where we believe improvements are required in the data and information we use for forecasting, and occasional papers explaining particular issues.

What we are

- 12 The Scottish Fiscal Commission is a non-Ministerial Office. This means we are part of the Scottish Administration but not part of the Scottish Government, ensuring our operational independence.

Organisational structure

- 13 The Scottish Fiscal Commission consists of Commissioners who are collectively responsible for fulfilling the functions and duties set out in the Scottish Fiscal Commission Act 2016. Our Commissioners are appointed by Scottish Ministers with the approval of the Scottish Parliament.

³ Scottish Fiscal Commission Act 2016 (link)

14 We have had some change in Commissioners after 31 March 2022:

1 April 2021 – 31 March 2022	1 April - 31 May 2022	1 June – 30 June 2022	From 1 July 2022
Dame Susan Rice (Chair)	Dame Susan Rice (Chair)	Dame Susan Rice (Chair)	Professor Graeme Roy (Chair)
Professor Francis Breedon	Professor Francis Breedon	Professor Francis Breedon	Professor Francis Breedon
Professor Alasdair Smith	Professor David Ulph	Dr Domenico Lombardi	Dr Domenico Lombardi
Professor David Ulph		Professor Graeme Roy	Professor David Ulph
		Professor David Ulph	

15 The Commissioners are supported by a small staff of 27 analysts and support staff, grouped into three teams, as shown below (as at September 2022).



Strategic objectives

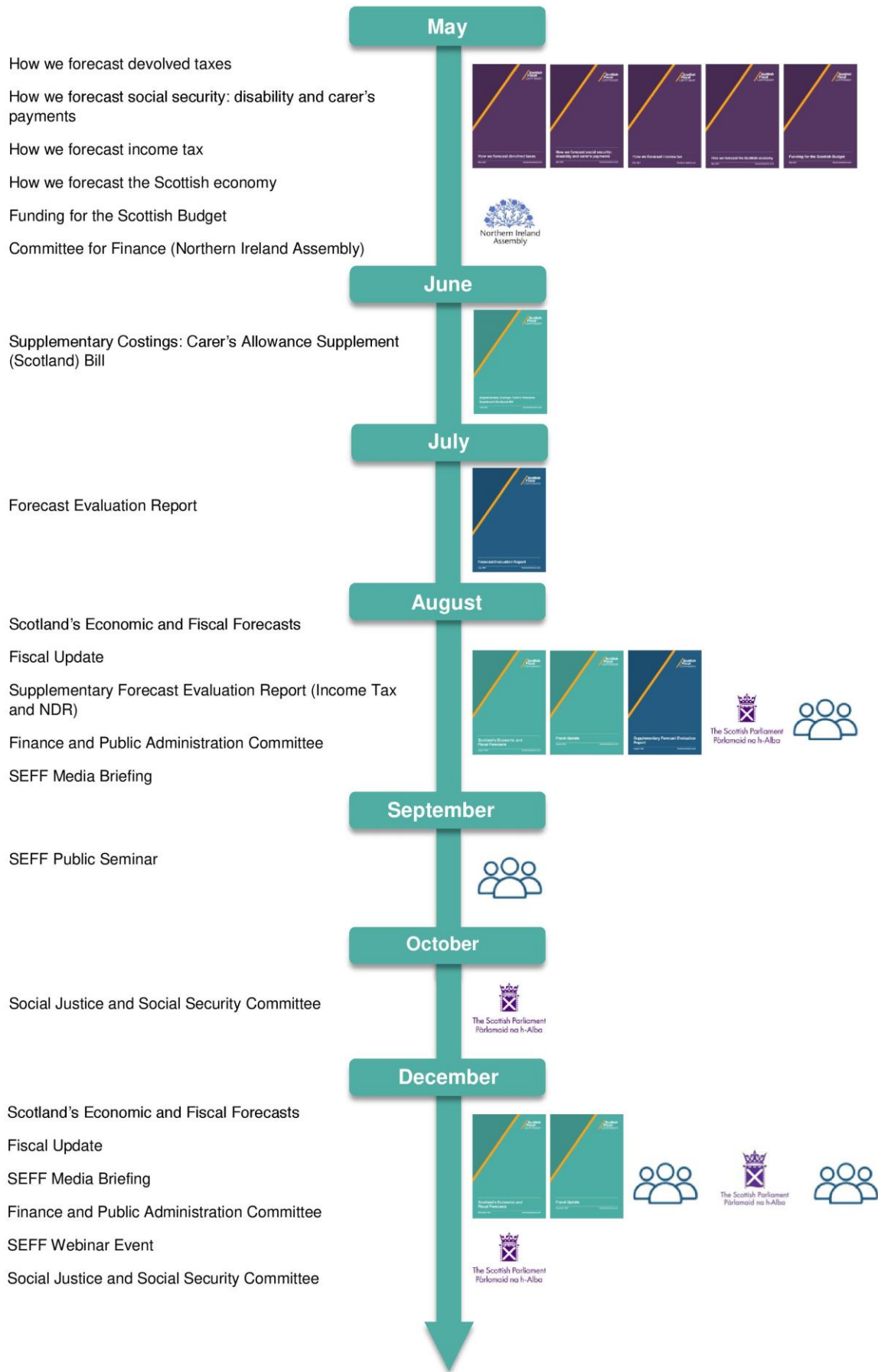
16 The Commission's Corporate Plan that covered 2021-22 sets out four strategic objectives for the Commission:

- delivering trusted, reliable and accessible economic and fiscal forecasts
- working openly and constructively with stakeholders while maintaining our independence
- increasing understanding through active external engagement and clear publications
- building an organisation with robust governance, knowledgeable staff and transparent processes.⁴

⁴ Scottish Fiscal Commission (2018) Corporate Plan 2018-2020 (link): this plan had been extended to March 2022
Scottish Fiscal Commission Annual Report and Accounts for the year ending 31 March 2022

Performance summary

2021-22 publications, events and evidence



- 17 We delivered our functions through publications, Committee appearances in the Scottish Parliament and public events. We published two sets of forecasts, including our first forecasts of spending on the new Adult Disability Payment (ADP). This year was the first time we published a set of forecasts without the Scottish Government holding a fiscal event at the same time. The May 2021 Scottish Parliament elections meant that no Medium Term Financial Strategy (MTFS) took place in May. The gap between our forecasts in January 2021 and the planned Scottish Budget and MTFS in December 2021 was significant, particularly because of the evolution of the COVID-19 pandemic. Following a recommendation from the previous Finance and Constitution Committee we published our first set of forecasts in 2020-21 in August 2021.
- 18 We have welcomed a new Chair and Commissioner, to replace Dame Susan Rice and Professor Alasdair Smith, who reached the end of their respective terms. We developed a new Corporate Plan for 2022-25.⁵ We have also refreshed our website and begun to improve its accessibility.
- 19 At the start of 2020-21, many of our staff had been with us since the Commission was launched in early 2017. We have had high staff turnover this year, as our staff progressed their careers and after extremely low turnover through the pandemic. We think this level of turnover was a one-off related to the pandemic and the context of a relatively new organisation reaching the point where many of our original staff wanted to move on, and not indicative of any underlying problems with staff retention. We anticipated our recruitment needs and were able to attract suitable candidates.
- 20 We gradually reopened our office, as COVID-19 restrictions eased, and did so informed by surveys of our staff and advice from our trade unions. Staff can currently choose to work in the office, from home or a combination of the two.

Principal risks

- 21 Our risks are identified, monitored and assessed regularly by the Senior Management Team, the Audit and Risk Committee and the Governance Board, in line with our risk management framework. We have identified five key risks:
- Staff - The Commission cannot deliver its functions effectively because we do not have appropriate staff or Commissioners, or staff or Commissioners cannot work effectively. This encompasses COVID-19 related risks of availability of staff and Commissioners and their ability to work effectively, as well as managing, motivating, recruiting and retaining people with the skills we need. This was consistently our highest risk through the year as we progressed through vacancies and the loss of experienced staff, pressure on remaining staff, recruitment process delays and inducting many new staff. The appointment of a new Chair and Commissioner were also included in this risk. These risks affected our reputation and partner organisation risks.
 - Partner organisations - A deterioration in relationships with the Commission's partner organisations limits its ability to deliver quality forecasts and reports, through limited access to data and information, or limited time in fiscal event processes. This includes partner organisations' ability to supply data being compromised by COVID-19 related issues. This risk decreased through the year as new teams in the Commission and our partners built their relationships.
 - Independence - The Commission's political and institutional independence is undermined, or is perceived to be undermined. The consensus that a Scottish independent fiscal institution is needed breaks down. This risk decreased during the year as our publications were well-received, a crucial factor in achieving that being our transparent engagement with stakeholders.

⁵ Scottish Fiscal Commission (2022) Corporate Plan 2022-2025 (link)

- Corporate Systems - The Commission's corporate systems are not sufficient to deliver its work (financial systems, IT, shared services and governance). This risk covers internal systems, those purchased from the Scottish Government as shared services and website providers. This risk increased a little over the year, reflecting issues with and changes in recruitment systems. This affected our staffing risk.
- Reputation - The Commission suffers a loss of reputation because of its failure to deal with complex contextual change or the perceived quality of its analysis. Political controversy and adverse expert commentary can undermine our reputation regardless of whether it is justified. This risk increased over the year as staffing risk could have affected the quality of our work, and because of uncertainty before our new Chair and Commissioner were announced. Taking on a new area of work (fiscal sustainability), and the potential political profile of that work also increases this risk.

Performance Analysis

22 The purpose of this section is to give a detailed view of the Commission's performance. It reports performance against our each of our strategic objectives, our risk profile, financial performance, equality and diversity, non-financial information, and a summary of future plans.

Delivering trusted, reliable and accessible economic and fiscal forecasts

23 The Commission met this strategic objective by publishing two sets of forecasts, on 26 August 2021 and 9 December 2021.^{6 7} All our reports were delivered on time and in line with the Protocol agreed with the Scottish Government. The Scottish Parliament election in May 2021 meant there was no fiscal event in May 2021. The August 2021 publication was the first time that we published forecasts outside a Scottish fiscal event. It was requested by the previous Parliament's Finance and Constitution Committee given the lack of a May forecast. The December 2021 publication accompanied the Scottish Budget 2022-23⁸, the Medium Term Financial Strategy⁹ and the Scottish Government's Resource Spending Review Framework¹⁰.

24 We report our activities relating to how we make sure our forecasts are accessible in the strategic objective "Increasing understanding through active external engagement and clear publications".

25 To make sure our forecasts can be trusted, we take great care to safeguard our independence and reputation. We do so through our risk management framework; independence and reputation are two of our risk themes against which we consider all our activities, as well as the external context we face at any time.

26 Our delivery model is also designed to make sure our forecasts can be trusted and are reliable. Forecasts are prepared in-house by the Commission's staff, using models developed and maintained by the Commission. Our Commissioners are personally and collectively responsible for the judgements that underpin our forecasts.

27 To ensure our forecasts are reliable, we undertake a variety of work to refine our models and to ensure the data we use are as valuable as possible.

Economy

28 We have been analysing a key issue for our income tax forecast and the Scottish Budget which is Scotland's lagging earnings growth compared to the UK. We have explored the main long-term factors behind this, including demographic trends and the long-term structural decline of the North Sea oil and gas sector, and what this might mean for the Scottish economy in coming years.

29 In the same area, we have been analysing the new region-by-sector breakdowns of PAYE Real Time Information data to better understand the possible drivers of Scotland's widening gap in employees and mean pay growth, relative to the UK since the start of the COVID-19 pandemic.

30 We have continued to develop and improve our new in-house Scottish economy forecasting model which we completed in 2020-21. We have also continued to develop and update our Scottish

⁶ Scottish Fiscal Commission (August 2021) Scotland's Economic and Fiscal Forecasts ([link](#))

⁷ Scottish Fiscal Commission (December 2021) Scotland's Economic [and](#) Fiscal Forecasts ([link](#))

⁸ Scottish Government (December 2021) Scottish Budget 2022-23 ([link](#))

⁹ Scottish Government (December 2021) Medium Term Financial Strategy ([link](#))

¹⁰ Scottish Government (December 2021) Resource Spending Review Framework ([link](#))

Uncertainty Index, first published in our August 2021 forecast report, to monitor the level of uncertainty in Scotland and help us assess how uncertainty might affect our economy forecast.

Tax

- 31 We continue to improve the Scottish income tax model and how we document it. We have incorporated Real Time Information (RTI) tax data publications from HM Revenue & Customs as it is far more timely than other sources of income tax data. This has helped us to capture the effects of the COVID-19 on the income tax forecast.
- 32 We are using the income tax model to explore the income tax net position, which is the difference between our income tax forecast and the income tax Block Grant Adjustment. This is a key element of the fiscal framework which determines the funding available for the Scottish Budget.
- 33 Turning to the other taxes we forecast, we focussed on pandemic effects in the housing market and how Land and Buildings Transaction Tax might change in an environment of rising interest rates. We quality assured our Non-Domestic Rates model and revisited key assumptions.

Social Security

- 34 We continued monitoring the significant economic, demographic, and social effects of COVID-19 and adjusted our models to reflect the social, demographic and policy changes because of COVID-19. This includes changes to our population assumption or costing of the extension to the eligibility of the Self-Isolation Support Grant or the double payment of the Carer's Allowance Supplement.
- 35 We costed the launch of Adult Disability Payment for the first time, which replaces Personal Independence Payment in Scotland. We developed a suit of models to cost the effect of the policy and operational changes introduced when the new payment launches. We conducted a sensitivity analysis of the main assumptions for our new ADP costing. This analysis demonstrated the potential scale of uncertainty associated with the introduction of new payments.
- 36 We also developed our models to forecast the expansion of the Scottish Child Payment for low-income families with children up to the age of 16 and increase their weekly payment; and assess the impact of these changes on eligibility and take-up.
- 37 We published a supplementary policy costing to accompany the Carer's Allowance Supplement (Scotland) Bill on 23 June 2021¹¹.

Public Funding

- 38 We continue to cover the Scottish Government's overall funding position as part of our assessment of borrowing. We explain how our forecasts and the fiscal framework influence the Scottish Budget. In December 2021 we included five-year forecasts of the Scottish Government's resource and capital funding position for the first time.

Fiscal sustainability

- 39 Since January 2022 we have been working on plans for a fiscal sustainability report in 2023 and have recruited two additional staff members. We have been developing a methodology to project long term revenue and spend for Scotland. After the Finance and Public Administration Committee of the Parliament supported our proposal for starting work on fiscal sustainability in October 2021,

¹¹ Scottish Fiscal Commission (June 2021) Supplementary Costing – Carer's Allowance Supplement (Scotland) Bill ([link](#))
Scottish Fiscal Commission Annual Report and Accounts for the year ending 31 March 2022

we published a scoping paper in August 2022 considering the potential nature and coverage of a Scottish Fiscal Sustainability Report in more depth.

Evaluation of forecasts

- 40 We report our forecasting performance in our forecast evaluation reports, which give detailed quantitative and qualitative analysis of how accurate our forecasts were and what the factors determining this have been. These evaluate the analytical work of the prior financial year and earlier, rather than our work in 2021-22.
- 41 The accuracy of our forecasts only gives a partial picture of our overall performance as forecasters. Large differences can occur even when perfectly sound approaches were used. Unexpected and unpredictable events, such as the COVID-19 pandemic and Russian invasion of Ukraine, can change the course of the economy. Other reasons include the available historic data on which our forecasts are based being revised, or the Scottish Government changing its policy during the year which would change the amount of tax collected or benefits paid (for example, changing the start date of a new policy). So to fully understand our performance, both the quantitative data in our forecast evaluation reports and the primarily qualitative reporting here should be considered.
- 42 Our August 2022 forecast evaluation report ¹² evaluates our January 2021 forecasts of the economy, devolved taxes and social security, comparing them to outturn data. It also evaluates our February 2020 forecast of income tax.

Figure 1: Summary of January 2021 forecast errors

Forecast	Forecast (£ million)	Outturn (£ million)	Error (£ million)	Relative Error (%)
Economy				
GDP growth [1]				4.2
Tax				
Income Tax [2]	12,365	11,948	-417	-3
Total devolved taxes, of which:	2,813	3,040	227	8
Non Domestic Rates	2,139	2,108	-31	-1
Land and Buildings Transaction Tax	586	807	221	38
Scottish Landfill Tax	88	125	37	42
Devolved social security total, of which:	3,618	3,754	136	4
Attendance Allowance	550	524	-25	-5
Carer's Allowance	306	295	-11	-3
Disability Living Allowance	696	702	6	1
Personal Independence Payment	1,669	1,784	115	7
Other payments [3]	398	450	52	13

Source: Scottish Fiscal Commission

Figures may not sum because of rounding. Sources specific to each forecast are provided in the relevant chapters.

[1] The error for the GDP growth forecast is expressed in percentage points rather than as a relative error and refers to calendar year 2021.

[2] Income tax forecast error is measured against our February 2020 forecast for the financial year 2020-21, the outturn data for which became available in July 2022.

¹² Forecast Evaluation Report – August 2022 ([link](#))

[3] Other payments are Best Start Foods, Best Start Grant, Carer's Allowance Supplement, Discretionary Housing Payments, Child Winter Heating Assistance, Fair Start Scotland, Funeral Support Payment, Industrial Injuries Disablement Scheme, Scottish Child Payment, Scottish Welfare Fund, Self-Isolation Support Grant and Severe Disablement Allowance.

43 Figure 1 summarises the errors for the forecasts. The tax and economy errors have changed significantly since the previous Forecast Evaluation Report, with more positive figures as our figures underestimated GDP growth and income from devolved taxes, although income tax showed a small overestimate. For social security spend the overall error was positive as we underestimated spending. COVID-19 has continued to contribute to the forecast errors in all three areas.

Working openly and constructively with stakeholders while maintaining our independence

44 This objective concerns how we deliver our functions, rather than what we deliver, so our report against this objective is primarily qualitative.

45 August 2021 was the first time we published our forecasts outside a formal Scottish fiscal event. We felt it was important for both financial planning and budget scrutiny to return to having two forecasts each year. But the May 2021 Scottish Parliament election meant there would again be only one fiscal event that year. We engaged with both the previous Finance and Constitution Committee and the Scottish Government about the potential timing of our forecasts during the winter. The outcome of those discussions was public, with letters published setting out the timings agreed.¹³ Pre-announcing the timings of our forecasts is an important principle in our Statement of Voluntary Compliance with the Code of Practice for Statistics.¹⁴ An updated Statement of Compliance was subsequently agreed and published in April 2022.¹⁵

46 Following publication of our August 2021 forecast we organised sessions internally and with the Scottish Government's analytical and policy teams to review and improve the processes. We published an updated version of our Protocol with the Scottish Government in October 2021.¹⁶

47 In previous years we have published Statements of Data Needs, which described the main areas where we believed improvements are required in the data and information we use for forecasting, so as to bring greater transparency to the Scottish Budget and better enable scrutiny of how it is managed. We now think that the process of constructive discussions with our data providers has delivered sufficient improvement in data and relationships that annual statements are no longer needed. We intend to publish these statements every two years, so no statement was published in 2021-22.

48 Interaction with our main stakeholders remained virtual during 2021-22. With virtual meetings having become the norm, and video calls replacing telephone calls, virtual working has enabled more frequent communication.

49 These relationships are underpinned by a formal agreement with each our main data providers, called a memorandum of understanding (MoU). We agreed an updated MoU with DWP in June 2021.¹⁷ We reached an agreement with HM Treasury to provide us with access to information on UK Government policies affecting Scottish Government revenues and social security spending

¹³ Letter to Finance and Constitution Committee from Dame Susan Rice on Budget Scrutiny Report – 3 March 2021 ([link](#)), letter from Dame Susan Rice on the Fiscal Update 9 March 2022 ([link](#)), letter from Dame Susan Rice on Scotland's Economic and Fiscal Forecasts on August 2021 – 23 March 2021 ([link](#)), and letter to Dame Susan Rice from the Finance and Constitution Committee on Timing of Fiscal Events – 8 April 2021 ([link](#))

¹⁴ Scottish Fiscal Commission (2018) Statement of Voluntary Compliance with the Code of Practice for Statistics ([link](#))

¹⁵ Scottish Fiscal Commission (2022) Statement of Voluntary Compliance with the Code of Practice for Statistics ([link](#))

¹⁶ Protocol for engagement between Scottish Fiscal Commission and Scottish Government October 2021 ([link](#))

¹⁷ Memorandum of Understanding with Department for Work and Pensions – June 2021 ([link](#))

immediately following the UK Budget on 27 October 2021 and the UK Spring Statement on 23 March 2022. The process was a trial whereby Commission staff met officials from HM Treasury, relevant UK departments and the OBR in a working group to allow Commission staff to understand the policy changes and how they have been modelled. A Memorandum of Understanding has been published,¹⁸

- 50 In November 2021 we attended the annual OECD meeting, which was again held virtually, of Independent Fiscal Institutions (IFIs) to discuss OECD reviews and macroeconomic modelling.
- 51 The Commission gave evidence to the Committee for Finance in the Northern Ireland Assembly on 12 May 2021 on their inquiry into a Fiscal Council for Northern Ireland on the set up of the Commission, our role in Scotland and the relationship with the SG and UK Government departments.

Increasing understanding through active external engagement and clear publications

- 52 We continued our publication of the Fiscal Overview chapter in our Scotland's Economic and Fiscal Forecasts reports, which provides information on the Scottish Government's overall funding position and includes our assessment of the reasonableness of borrowing and of assumed future income.
- 53 We review in-year changes to the Scottish Budget, which can arise from changes to UK spending plans and to the decisions and assumptions of the Scottish Government. We published Fiscal Updates in August and in December to provide the Scottish Parliament and the public with transparent information on these changes to the Scottish Budget. In the previous year, 2020-21, we had published four Fiscal Updates because of unprecedented in-year changes to funding, and the profound effect the COVID-19 pandemic had on fiscal and economic outlook in Scotland and the UK.
- 54 We responded to the previous Finance and Constitution Committee's request to facilitate comparison between our income tax forecasts and the OBR's. We and the OBR will both publish a standard set of comparisons with each of our forecast updates.
- 55 In order to make sure our work is clear and accessible, we offered staff training on writing clearly and we employed a temporary graphic designer to improve our charts, visual summary and twitter graphics. Work has started on reviewing our website for its accessibility, including an independent examination of the site to identify where it is doing well and if anything should be changed to ensure that it meets accessibility requirements.
- 56 We published five occasional papers on 26 May 2021 to explain how we make our forecasts and funding assessments, as listed below:
- How we forecast Devolved Taxes¹⁹
 - How we forecast Social Security: disability and carer's payments²⁰
 - How we forecast Income Tax²¹

¹⁸ Memorandum of Understanding with HM Treasury – August 2022 ([link](#))

¹⁹ Scottish Fiscal Commission (May 2021) How we forecast Devolved Taxes – ([link](#))

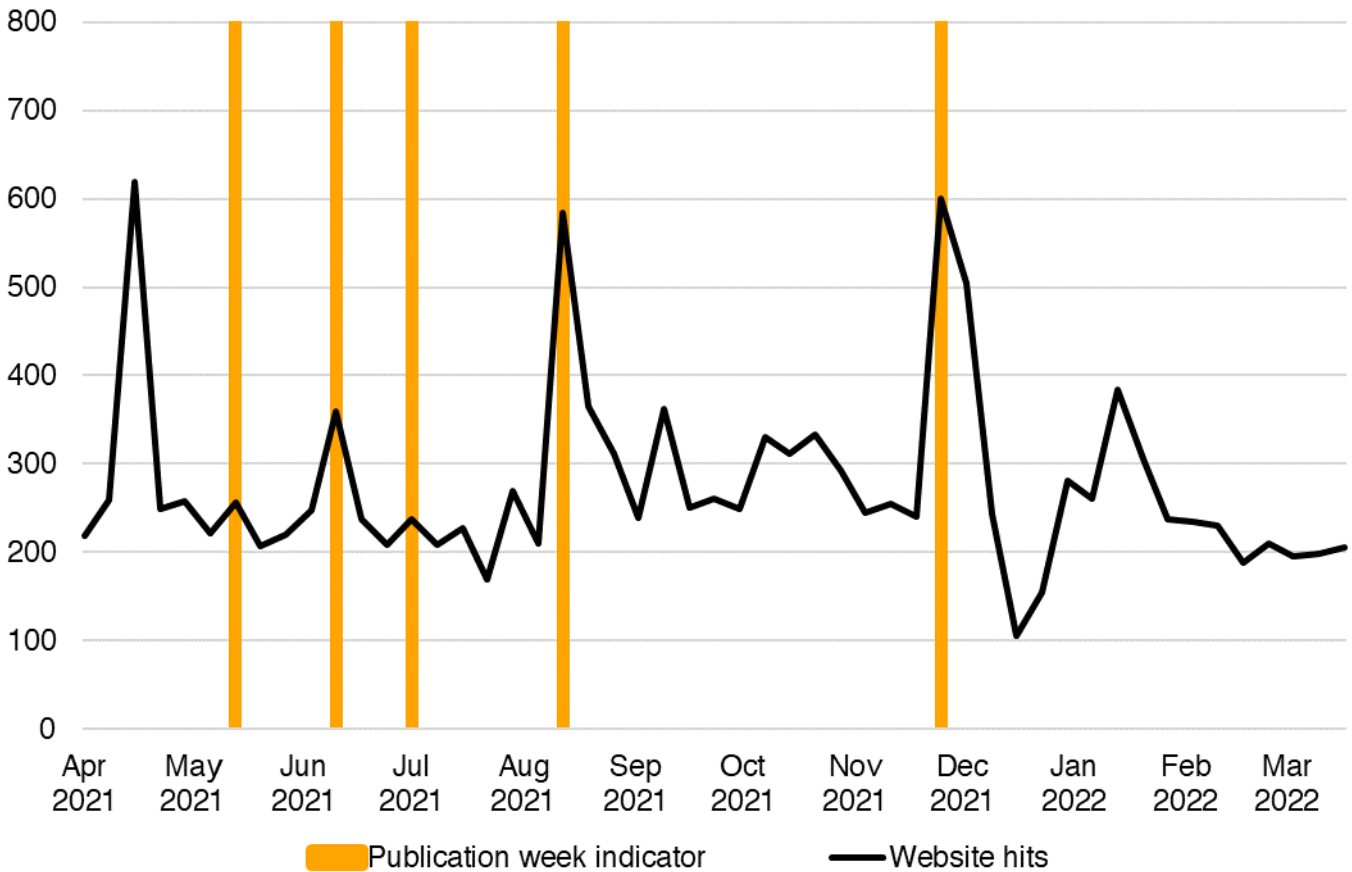
²⁰ Scottish Fiscal Commission (May 2021) How we forecast Social Security: disability and carer's payments ([link](#))

²¹ Scottish Fiscal Commission (May 2021) How we forecast Income Tax ([link](#))

- How we forecast the Scottish Economy²²
- Funding for the Scottish Budget²³

- 57 Commissioners and members of the Senior Management Team gave evidence to the Finance and Public Administration Committee two times and the Social Justice and Social Security Committee two times. We have put links to these sessions on our website to make them more accessible. We also met with the new Finance and Public Administration Committee and Social Justice and Social Security Committee for ‘informal’ information sessions following the 2021 parliamentary elections.
- 58 We held four online events throughout the year – two open events following our August forecast and our main forecast publication in December and media briefing for journalists after each. Our December webinar attracted over 200 registrations – our highest ever number of registrations.
- 59 We publish all our reports on our website, along with summaries, spreadsheets, infographics and news stories. We also refreshed our website to better organise our different types of publication.

Weekly visits to Scottish Fiscal Commission website, April 2021 to March 2022



Source: Scottish Fiscal Commission

- 60 In 2021-22 views of our website increased compared to the previous year. This was positive given the work we undertook to improve accessibility of our publication pages.

	Page Views	Users	New Users
2020-21	45,614	7,150	6,897
2021-22	58,549	10,392	10,107

²² Scottish Fiscal Commission (May 2021) How we forecast the Scottish Economy ([link](#))

²³ Scottish Fiscal Commission (May 2021) Funding for the Scottish Budget ([link](#))

Scottish Fiscal Commission Twitter metrics

Forecast	Twitter impressions* in publication week	Increase in followers during publication month
December 2017	34,100	142
May 2018	41,500	57
December 2018	41,300	76
May 2019	52,100	150
February 2020	22,200	48
January 2021	15,000	32
August 2021	276,000	36
December 2021	25,400	83

Source: Scottish Fiscal Commission

* Twitter impressions show how many times a tweet has been seen including timeline, search and conversation impressions, but doesn't include how many people have seen it as one person can see a particular tweet several times.

- 61 We ensured all of our publications and fiscal updates were promoted via Twitter, LinkedIn and our website. Basic analysis shows website traffic across the year has remained reasonably constant. Our Twitter traffic during our one publication week was increased considerably compared with other publication weeks, but the reason for that spike is not clear.
- 62 Our Twitter impressions also increased significantly, from 109.4 in 2020-2021 to 361.1 impressions in 2021-2022 but Twitter can be highly volatile in its reach.
- 63 Increases in both website visits and twitter impression will have been influenced by the fact that we published two forecasts during 2021-22 year as opposed to one in the previous year.
- 64 We continued to have positive relations with the media, responding to all enquiries within an hour of receiving their calls or emails. At 17 registrations, our media briefing in December attracted a record number of journalists. As in previous years coverage occurred in intensive periods following our forecast publications and focused on our output rather than the Commission – although where our reputation was referenced, this was in positive terms.

Building an organisation with robust governance, knowledgeable staff and transparent processes

- 65 We continued to develop the transparency of our work, particularly through our voluntary compliance with the Code of Practice for Statistics. Although we do not produce official statistics, the Code has provided us with a framework for approaching a number of operational issues including how we handle revisions and errors in our modelling. In turn, this helps us to help us ensure that our forecasts can be trusted, and are reliable and accessible.
- 66 We prepared for the appointment of a new Chair and new Commissioner, in anticipation of Dame Susan Rice and Professor Alasdair Smith's respective terms ending. Following the regulated public appointments process, Professor Graeme Roy was appointed as Chair and Dr Domenico Lombardi as a Commissioner.
- 67 As COVID-19 restrictions eased, we gradually reopened Governor's House. This began in August 2021, allowing staff with a business or wellbeing need to access the building. Working in the office remains voluntary and we have seen a gradual increase in use of the building since it was first reopened. We surveyed staff about how they would like to use the building, engaged with Trade Unions, committed to give staff at least four weeks' notice of any requirement to work in Governor's House and provided CO₂ monitors to assess the quality of ventilation. Minor maintenance to

Governor’s House was undertaken before the building fully reopened and Wi-Fi within the building has been enhanced to facilitate collaboration. The staff survey in December 2021 reported that a large majority of staff were happy with the COVID-19 procedures and protocols that have been put in place around returning to the office.

- 68 In April 2022, we published our corporate plan for April 2022 to March 2025.²⁴ The corporate governance report at paragraph 144 gives more details about our new mission, vision objectives and values.
- 69 We also published our business plan for 2022-23 to present our priorities for the year ahead and set out how we plan to deliver our strategic objectives.²⁵

Staffing

- 70 Our staff are crucial to our ability to achieve our corporate objectives. There has been an increased focus on staff welfare over this year, given the challenges posed by the pandemic.
- 71 We have surveyed staff regularly to ask how they are, what support they need and what their capacity to work from home is. They reported being supported by their manager, team and senior management; high levels of confidence in how the senior management team were handling the impact of COVID-19 on the organisation and most people being able to work mostly or completely as effectively as before the pandemic.
- 72 The staff survey looked at the impact of COVID-19 on staff. Many continued to report no impacts, especially on work, caring responsibilities and relationship with manager. There were, however, some increase in negative impacts on physical health. Most staff felt supported to adapt the way they work due to the pandemic, and most felt confident they could challenge or raise issues with senior staff about their actions.
- 73 We anticipated high staff turnover this year, after extremely low turnover through the pandemic and as many of our staff reached three years or more in post, the point at which staff might think about a new post, particularly junior staff. All analytical vacancies were advertised externally and we were able to attract suitable candidates from a variety of backgrounds.

Backgrounds of successful candidates, 1 April 2021 to 31 March 2022

SFC	Scottish Administration	Other Government Departments	External	Total vacancies filled
4	5	3	3	15

Note: This table refers to posts rather than people joining the Commission, so does not tally with the staff report. This table includes permanent and temporary posts and inward loans.

- 74 The destination of our leavers shows that the experience and training we offer helps our staff to develop their careers.

²⁴ Scottish Fiscal Commission (April 2022) Corporate Plan 2022-2025 ([link](#))

²⁵ Scottish Fiscal Commission (April 2022) Business Plan 2022-23 ([link](#))

Destinations of those leaving a post, 1 April 2021 to 31 March 2022

Promotion within SFC	Promotion within Scottish Administration	Level Transfer within Scottish Administration	Academia/ Career Break	Total leaving post
4	3	2	1	10

Note: This table refers to posts rather than people leaving the Commission, and includes career breaks, so does not tally with the staffing report. This table includes permanent and temporary posts.

- 75 Over the year, our headcount has increased from 22 to 27 at 31 March 2022, partly because of extra resource for the new fiscal sustainability work, partly because more of our staff work part-time and partly because we were able to make two temporary appointments to help cover work between staff leaving and joining, and to help cover parental leave. (This does not tally with the staffing report because it includes inward loans and temporary appointments).
- 76 The staff report contains further information relating to staff numbers and costs.
- 77 The Commission's 2021 staff survey took place during December 2021. It was modelled on the UK Civil Service survey and there was a 96 percent response rate (there had been a 95 per cent response rate for the 2020 survey).
- 78 Results were generally positive overall and on a par with 2020. Managers were generally regarded as respectful and open; most staff felt they inspired confidence and recognised good performance. Perceptions of leadership and change management remain positive and mostly comparable with 2020 figures. Staff generally continue to have strong faith in the Senior Management Team (SMT) and what they do. Feelings of engagement with and confidence in decisions made by the Commissioners remained positive and stable overall. The main concerns were around feeling involved in decisions affecting work and in aspects of interactions with managers, in particular around regular conversations and feedback.

Risk profile

- 79 This section discusses the risks we face, how they have affected the Commission's achievement of its objectives, how they have been mitigated and how this may affect future plans and performance.
- 80 As reported in paragraph 21, we have identified the following five risks:

Risk	Description	Summary
Staffing	The Commission cannot deliver its functions effectively because we do not have appropriate staff or Commissioners, or staff or Commissioners cannot work effectively. This encompasses COVID-19 related risks of staff and Commissioner availability, effective virtual working, as well as managing, motivating, recruiting and retaining people with the skills we need	This was consistently our highest risk through the year as we progressed through vacancies and loss of experienced experience staff, pressure on remaining staff, recruitment process delays due to the Scottish Government's shared HR service and inducting many new staff. The uncertainties in the recruitment of a new Chair and Commissioner were also included in this risk. These risks affected our reputation and partner organisation risks.

Risk	Description	Summary
Reputation	The Commission suffers a loss of reputation because of its failure to deal with complex contextual change or the perceived quality of its analysis. Political controversy and adverse expert commentary can undermine our reputation regardless of whether it is justified.	This risk increased over the year. Vacancies were a risk to the quality of our work. Taking on a new area of work (fiscal sustainability), and the potential political profile of that work increased this risk. The uncertainty as to our new Chair and Commissioner before the appointments were confirmed also affected this risk.
Independence	The Commission's political and institutional independence is undermined, or is perceived to be undermined. The consensus that a Scottish independent fiscal institution is needed breaks down.	This risk decreased during the year as our publications were well-received.
Partners	A deterioration in relationships with the Commission's partner organisations limits its ability to deliver quality forecasts and reports, through limited access to data and information, or limited time in fiscal event processes. This includes partner organisations' ability to supply data being compromised by COVID-19 related issues.	This risk decreased through the year as new teams in the Commission and our partners built their relationships.
Corporate systems	The Commission's corporate systems are not sufficient to deliver its work. This risk covers internal systems, shared services purchased from the Scottish Government and website providers.	This risk increased a little over the year, reflecting issues with and changes in recruitment systems. This affected our staffing risk.

81 Of these, staffing was again the persistently highest scoring risk this year. With a small staff, absences of relatively few people could have had a significant impact. We took various measures to monitor this risk, reduce the likelihood, reduce the potential impact, and to mitigate potential impacts.

Nature of staffing risks in 2021-22	Impact and control / mitigation measures taken
Loss of capacity and knowledge as experienced staff leave	<p>Minimal impact due to mitigation which included the following:</p> <ul style="list-style-type: none"> Model documentation to support better understanding of how the model works and sharing of knowledge with newer team members Allocate work preparing for publications widely across the organisation to give more people experience. Delay internal moves to give experienced cover for certain teams

Nature of staffing risks in 2021-22	Impact and control / mitigation measures taken
Loss of capacity because of persistent vacancies, due to lack of applicants of suitable calibre	<p>Did not materialise</p> <p>Advertise internally and externally at the same time</p> <p>Circulate vacancies widely</p> <p>Hold reserve lists so that future vacancies could be filled quickly</p> <p>Contingency planning for changing work priorities if needed</p>
Loss of capacity because of persistent vacancies, due to HR delays	<p>Did have some impact, increasing pressure on existing staff.</p> <p>Frequent contact with Scottish Government shared HR service - escalating business critical delays did give partial resolution</p> <p>Separate contact with successful candidates</p> <p>Information-sharing and joint approaches with other public bodies</p> <p>Contingency planning for changing work priorities if needed</p>
New relationships with line managers, teams and key partners are poor because all virtual / so many people have moved	<p>Minimal impact</p> <p>Key part of induction</p> <p>Give opportunities and encouragement for informal chats and online social events</p> <p>Governor's House open from August 2021. Teams encouraged to meet face to face from April 2022.</p>
New staff not settling well	<p>Buddies for new staff</p> <p>Revised staff handbook</p> <p>Ensure new staff have the equipment they need at home</p> <p>Give opportunities and encouragement for informal chats and online social events</p>
Experienced staff diverted to induct and train new staff	<p>Has had some impact but was necessary to mitigate the risk above</p> <p>Increase in overall numbers by making temporary appointment to mitigate this impact</p>
Failure to attract new Commissioner or Chair	<p>Did not materialise</p> <p>Advertised widely and ensured Finance and Public Administration Committee agreed recruitment plans in advance</p> <p>Recruitment consultant was used</p>

82 Looking forward, we continue to expect significant staffing risks, but of a different nature. We expect to return to usual turnover in our analytical staff, but we expect higher turnover in our SMT and corporate team as all but one have been at the Commission for over four years. We also expect parental leave and have made a temporary appointment to provide cover.

83 We would also expect our reputation risk to increase in 2022-23. We have our first change of Chair, expected high forecast errors because of the impact of the pandemic, inflation and the Russian invasion of Ukraine, and a heightened political context around Scottish independence. The latter will also impact on the independence (of the Commission) risk as we face the challenge of giving clear

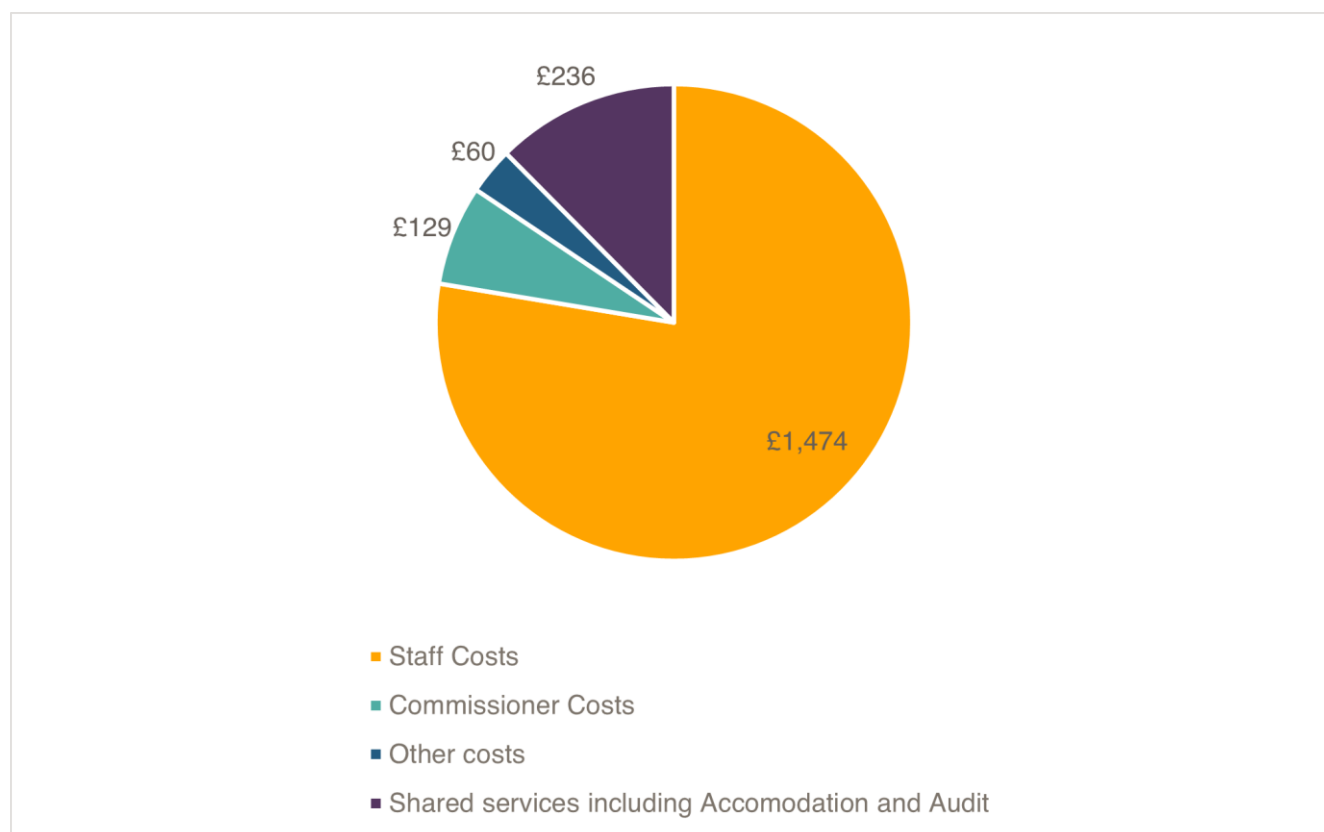
and informative analysis to inform public debate on whilst remaining, and being perceived as, completely impartial.

- 84 In 2022-23 we expect our corporate systems risks may increase slightly, with staff changes and our shared services providers working to replace finance and HR systems in autumn 2023.
- 85 We expect our partners risk to be within our tolerance levels in 2022-23.

Financial performance

- 86 The Commission received a £2.005 million budget in 2021-22 and had net operating costs of £1.899 million, resulting in an underspend of £0.106 million. (In 2020-21 we had a budget of £2.048 million, net operating costs of £1.985 million and an underspend of £0.063 million.)
- 87 Staff and related costs continue to be our biggest category of expenditure, at 77.6 per cent of our operating costs. Staff costs have increased as staff progress up their pay scales, and there has been a small increase in staff numbers.
- 88 Shared services (including accommodation costs and audit costs) account for approximately 12.4 per cent of our operating costs.

Operating Costs 2021-22 (£'000)



- 89 The dominance of staffing costs in our budget, coupled with the small number of staff we have, means that our budget is vulnerable to changes in staffing levels. COVID-19 restrictions also continued to reduce our costs this year as travel and physical events did not take place.
- 90 The Commission aims to pay suppliers within 10 working days of the receipt of a valid and undisputed invoice. During the year ended 31 March 2022, the Commission paid 95.9 per cent of its invoices within these terms (100 per cent in the year ended 31 March 2021).

Diversity and Inclusion

91 In last year's annual report, we made a number of commitments to improving our diversity and inclusion.

Work with our HR shared services provider to obtain diversity data on our staff and on our recruitment exercises

92 We have received data encompassing all our recruitment from inception in 2017 to September 2021, which we can use as our baseline. Due to small numbers, we much of the diversity information on those who agreed to start has had to be suppressed to prevent disclosure of protected characteristics, so only age and gender are reported here.

Characteristic	Applied	Successful At Sift	Attended Interview	Successful At Interview	Agreed To Start
Female	85	50	38	22	14
Male	162	65	46	15	7
Prefer Not to Say	8	*	*	*	*
Unknown	*	*	*	*	*
Total	256	117	85	38	21

* suppressed due to the small numbers involved

Characteristic	Applied	Successful At Sift	Attended Interview	Successful At Interview	Agreed To Start
20-29	109	46	40	14	8
30-39	77	36	23	10	7
40-49	44	20	12	7	*
50-54	13	8	*	*	*
55-59	*	6	*	*	*
60+	*	*	*	*	*
Unknown	*	*	*	*	*
Total	256	117	85	38	21

* suppressed due to the small numbers involved

Increase diversity of applications and diversity of those interviewed

93 Because of small numbers, we cannot obtain a diversity breakdown of applicants on an annual basis; data from a number of years needs to be grouped in order to get large enough numbers to carry out analysis. Therefore we can only report on the actions we undertook, not the results those actions achieved.

94 Our last three external recruitment exercises have included a number of innovations including increasing the number of assessment centre slots to reduce our reliance on the application form, and trialling anonymising applications before sifting for interviews. A de-briefing session with our external assessors considered how the assessment centre could be modified to improve recruitment from more diverse backgrounds. We ran job advertisements through a gender bias analysis test.

Offer advice for all applicants for staff positions as to how to complete the application form and how to perform at their best at interview and assessment centre

95 We provided additional information to applicants on how to prepare for the assessment centre, and ran webinars for potential applicants to the B band posts.

Strengthen the individual diversity objectives of our staff by a process of support and review with line managers

- 96 We circulated practical suggestions to support creating of individual diversity objectives that would have higher impact.

Report on the gender balance of our appearances at Scottish Parliament Committees

- 97 We are committing to reporting the gender balance of our appearances at Scottish Parliament Committees. Of 14 witness appearances in 2021-22, 36 per cent were female. Of 22 Committee appearances in 2020-21, 50 per cent were female.

Ensure that our next corporate plan includes a goal to improve diversity and inclusion.

- 98 The corporate plan commits us to publishing a number of diversity indicators which we will publish each year. It says “we make specific commitments to make us a more inclusive and diverse organisation”. These commitments will be set out in each year’s business plan. For 2022-23 these are to:

- increase the proportion of applicants who are disabled or who do not identify as male
- increase the information available to management about the experience of working in SFC
- introduce more stretching inclusion objectives for staff
- implement a programme of activities to raise awareness of equalities issues.

Other activity

- 99 SMT has quarterly diversity conversations and includes two other members of staff on an annual rotating basis, to assist us in making progress on our equality and diversity priorities. SMT also circulates information regularly on diversity and inclusion issues, such as pronoun awareness day, black history month and LGBTQI+ history month.
- 100 Work has started on reviewing our website for its accessibility. A formal audit process has been carried out, which is an independent examination of the site to identify where it is doing well and if anything should be changed to ensure that it meets accessibility requirements.
- 101 Paragraph 198 in the staff report reports the gender balance of our Commissioners.

Non-financial information

Complaints

- 102 The Commission has a complaints handling policy and procedure in place and received no complaints in 2021-22 (and none in 2020-21).²⁶

Information Security

- 103 There were no known data breaches in 2021-22 (there were none in 2020-21).

Freedom of Information

²⁶ Scottish Fiscal Commission (2017) Complaints Policy ([link](#))

- 104 The Commission aims to be fully compliant with Freedom of Information legislation. We received seven Freedom of Information requests, six of which were completed within the statutory deadline for responses, and one was withdrawn (five requests and all were completed within deadline in 2020-21). Substantive responses are published on the Commission's website.²⁷

Community and social

- 105 The Commission is committed to being an open and transparent organisation. We work with other public bodies and government departments to improve the economic and fiscal information about Scotland available to the public, and are committed to engaging productively with those communities who are interested in our work.

Fraud, corruption and bribery

- 106 The Commission is committed to preventing fraud, corruption and bribery in relation to its funds and activities. There is a counter-fraud policy in place and staff are bound by the Civil Service Code which governs the behaviour of staff and deals with the receipt of gifts and hospitality. Relevant gifts and hospitality received by staff are recorded.^{28 29}
- 107 The Commissioner Code of Conduct sets out the behaviours expected of our Commissioners.³⁰ It is based on the Scottish Government's Model Code of Conduct for Members of Devolved Public Bodies. Declarations of interest are made at each Governance Board and Audit and Risk Committee meeting. The register of interests for Commissioners and external member of the Audit and Risk Committee, which includes gifts and hospitality received, is updated by Commissioners and the external member as and when required and formally reviewed at least annually.³¹
- 108 There were no known incidences of fraud or bribery in 2021-22 (there were none in 2020-21).
- 109 The Commission has a shared service agreement in place with the Scottish Government Procurement and Property Directorate and adheres to the Public Sector Procurement guidance.

Environment and sustainability

- 110 In response to COVID-19, all staff worked fully remotely for the first part of 2021-22, with Governor's House being opened up in August 2021 to limited numbers of staff. Meetings continue to be held online, which reduced considerably the Commission's immediate carbon footprint. We recognise that this will, of course, have increased the footprint for individuals.
- 111 Our experience of working remotely during the pandemic is that it is possible to undertake more activities virtually than we might have previously imagined. We hope that this will help us to reduce longer distance travel in future.

Future plans

- 112 In terms of future performance, we anticipate greater forecast errors in our evaluations over the next couple of years where we couldn't factor in to our forecasts the unexpected impact of the pandemic, and the Russian invasion of Ukraine.

²⁷ Freedom of Information releases on our website ([link](#))

²⁸ Scottish Fiscal Commission Counter-Fraud Policy and Response Plan ([link](#))

²⁹ UK Government (2015) The Civil Service Code ([link](#))

³⁰ Scottish Fiscal Commission (2019, updated 2022) Code of Conduct ([link](#))

³¹ Scottish Fiscal Commission (2021) Register of Interests ([link](#))

- 113 We have begun work on fiscal sustainability following a recommendation from the OECD and with support from the Scottish Parliament's Finance and Public Administration Committee. The Scottish Government have provided the Commission with some additional funding for this work. We published a scoping paper in August 2022, to be followed by our first fiscal sustainability report in 2023.
- 114 We plan to carry out a formal stakeholder survey, to help us make sure we are meeting their needs.
- 115 At an organisational level, we plan to hold our first away day since the pandemic so that the staff and Commissioners who have joined us in that time can meet in person. We expect that there will continue to be a level of turnover at all levels, in particular those who have been with the Commission for a number of years.
- 116 The Commission is committed to promoting equality and diversity in its activities and operation, and in our new Corporate Plan 2022-25 we say we will make commitments to improving diversity and inclusion and report upon them in our annual reports. For 2022-23 our priorities are to:
- increase the proportions of applicants who are disabled or who do not identify as male
 - increase the information available to management about the experience of working in SFC
 - introduce more stretching inclusion objectives for staff
 - implement a programme of activities to raise awareness of equalities issues.
- 117 We will co-host the annual Inter-Parliamentary Finance Network Event for parliamentary finance teams and independent fiscal institutions from across the UK and Ireland jointly with the Scottish Parliament's Information Centre, in October 2022.
- 118 We continue to plan for a small underspend as a prudent measure to allow for contingencies and potential cover for parental leave, as overspends are not possible. As there tends to be a fiscal event towards the end of the financial year it is also prudent for us to make provision for overtime payments, as a contingency. However, this does mean we will underspend in years in which overtime payments are not required.

John Ireland

Chief Executive of the Scottish Fiscal Commission and Accountable Officer

Accountability Report

Corporate Governance Report

119 This section reports the composition of the Governance Board and senior management over the year, the Commission's governance framework, the Accountable Officer's responsibilities, his sources of assurance and his assessment of the Commission's corporate governance and risk management arrangements.

The Commissioners' Report

The Commissioners

120 The Scottish Fiscal Commission Act 2016 provides that there shall be a Chair and at least two members. All appointments to the Commission are made by Scottish Ministers, approved by the Scottish Parliament and regulated by the Ethical Standards Commissioner. As reported in paragraph 136, the Commissioners act corporately as our Governance Board.

121 There were no changes to the Commissioners during the year (there were changes after year end as set out in paragraph 14 of the Performance Report), and as at 31 March 2022 there remained four Commissioners, one of whom was Chair:

Chair	Dame Susan Rice
Members	Professor Alasdair Smith (whose appointment ended on 31 March 2022) Professor Francis Breedon Professor David Ulph

122 The Register of Interests for the Commissioners is available on the Commission's website³² and on request. All members are required to review and update the register at least annually.

Audit and Risk Committee

123 The Audit and Risk Committee supports and advises the Governance Board through constructive challenge of the Commission's risk, governance and financial management including the policies, controls and assurance in place for each. The Committee focuses upon the Commission's risk assessment and management, the internal and external audit processes and the production of the Annual Report and Accounts, including the governance statement.

124 The Committee met four times in 2021-22, and its members are:

Chair	Professor David Ulph
Members	Professor Alasdair Smith Professor Francis Breedon
External Member	Gillian Carty
Attendees	Dame Susan Rice Audit Scotland Scottish Government Internal Audit and Assurance Directorate

³² Scottish Fiscal Commission Register of Interests ([link](#))

Chief Executive and Senior Management Team

125 Members of the Senior Management team during 2021-22 were:

Chief Executive and Accountable Officer	John Ireland
Head of Economy and Tax	David Stone
Head of Social Security and Public Funding	Claire Murdoch
Head of Strategy, Governance and Corporate Services	Susie Warden

126 No member of the senior management team held a directorship or significant interest which may have conflicted with their management responsibilities.

Internal Audit

127 Internal Audit is provided by Scottish Government Directorate for Internal Audit and Assurance (SGDIAA). The Audit and Risk Committee considered the two reports produced by SGDIAA for 2021-22, which consisted of an Annual Corporate Review which considered Corporate Governance and Finance, and an Annual Assurance Report. Regular updates on progress were presented by SGDIAA at Audit and Risk Committee meetings during the year. The SGDIAA Annual Assurance Report provided reasonable assurance on the Scottish Fiscal Commission's risk management, control and governance arrangements. This means that the Commission's risk, governance and control procedures are adequate but some improvements are required to enhance the adequacy and effectiveness of procedures. There are weaknesses in the risk, governance and/or control procedures in place but not of a significant nature.

External Audit

128 External Audit is currently provided by Audit Scotland. Mark Taylor was appointed under the Public Finance and Accountability (Scotland) Act 2000 to carry out the external audit of the Commission. During the year, the Audit and Risk Committee received regular updates from Audit Scotland. Deloitte LLP had been confirmed as the Commission's auditors for 2022-23 onwards.

Statement of Accountable Officer's responsibilities

129 Under paragraph 19(4) of the Public Finance and Accountability Scotland Act 2000, the Scottish Ministers have directed the Scottish Fiscal Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction (Annex A). The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

130 In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a 'going concern' basis

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.
- 131 The Permanent Secretary of the Scottish Government, as Principal Accountable Officer for the Scottish Administration, designated the Commission's Chief Executive, John Ireland, as the Accountable Officer for the Commission.
- 132 The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in the Scottish Government Memorandum to Accountable Officers of Other Public Bodies and published within the Scottish Public Finance Manual.
- 133 As Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the Commission's auditors are unaware. I confirm that the annual report and accounts as a whole is fair, balanced and understandable, and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

- 134 This statement sets out how the Commission manages and controls its resources and risk. It covers the period from 1 April 2021 to the date of signing.

Governance framework

- 135 The foundation of our governance framework is the Framework Document, which sets out the relationship between the Commission, Scottish Ministers and Scottish Parliament with regards to governance, finance and the operation of functions of the Commission. It specifically addresses:
- the functions, duties and powers of the Commission
 - the responsibilities of the Chair, the Commissioners and the Chief Executive
 - planning, budgeting and control
 - external accountability
 - staff management
 - reviewing the Commission's role
 - key financial and operating procedures.
- 136 As a small organisation we have a simple governance structure. The Commissioners act corporately as our Governance Board. The Board is supported and advised by our Audit and Risk Committee, and both are supported by the Senior Management Team. The Scheme of Internal Delegation documents any functions which Commissioners have delegated to the Audit and Risk Committee, Chief Executive and Senior Management Team, whilst still being responsible for them.
- 137 The Governance Board has corporate responsibility for ensuring that the Commission fulfils its aims and objectives and for promoting the efficient and effective use of staff and other resources in

accordance with the principles of Best Value. The Governance Board comprises the Commissioners. The Governance Board meetings are kept distinct from the Commissioners' specific responsibility for the production of the Commission's forecasts. The Chief Executive and various members of the senior management team also attend Governance Board meetings to support the Commissioners.

- 138 We have had some change in Commissioners after 31 March 2022, see paragraph 14.
- 139 The operation of the Governance Board is governed by the Standing Orders, which set out arrangements for the Commissioners acting corporately as a Governance Board. The Code of Conduct sets out the expected behaviours of our Commissioners. Our Code of Conduct is based on the Model Code of Conduct for Members of Devolved Public Bodies. The Governance Board also takes cognisance of the Scottish Government guidance for statutory public body boards: "On Board: a guide for members of statutory boards".
- 140 The Audit and Risk Committee supports and advises the Governance Board through constructive challenge of the Commission's risk, governance and financial management including the policies, controls and assurance in place for each. The Committee focuses upon the Commission's risk assessment and management, the internal and external audit processes and the production of the Annual Report and Accounts. It uses the Scottish Government Audit and Assurance Committee Handbook to guide its work. The Committee now publishes its minutes on our website³³.
- 141 As our Governance Board is limited to between three and five Commissioners by statute, our choice of members for the Audit and Risk Committee is limited. Having all the Commissioners (except the Commission Chair, reflecting accepted good practice) as formal members gives us some resilience against absence. We have an external member to bring a fresh perspective and better hold the Board to account. This member was reappointed for a further two years from 13 September 2020. In addition, the Audit and Risk Committee benefits from the helpful and expert input of Audit Scotland and the Scottish Government Directorate for Internal Audit and Assurance who attend Audit and Risk Committee meetings. We are taking forward recruitment of a replacement member of the Audit and Risk Committee and an additional member to further strengthen the Committee.
- 142 Despite the challenges posed by COVID-19, there was limited effect on the Commission's governance arrangements which continued to be appropriate and were operating effectively. The Governance Board and Audit and Risk Committee continued to operate albeit were meeting virtually using video-conferencing tools.
- 143 The other documents which form part of our governance framework are:
- the Scottish Fiscal Commission Act 2016, which sets out our powers, functions and duties;
 - the Corporate Plan, which sets out our mission, values and objectives;
 - the Risk Management Framework, which sets out how significant risks facing the Commission in the delivery of its corporate aims and objectives will be identified, evaluated and appropriately managed; and
 - our various corporate policies and procedures.

³³ Audit and Risk Committee minutes ([link](#))

144 We developed a new Corporate Plan, setting out our mission, vision, objectives and values from April 2022 to March 2025.³⁴

Summary of our Corporate Plan

What we do: our mission

We produce independent, robust forecasts and assessments to improve the transparency and scrutiny of the Scottish Budget.

Why we do it: our vision

The Scottish Budget is transparent and well-scrutinised, and Government and Parliament understand the inevitable uncertainties and risks relating to devolved public finances.

What we do: our strategic objectives

Provide robust, independent, official forecasts of Scotland's economy, devolved tax revenues and social security spending.

Explain what our forecasts and analysis mean for the Scottish Budget.

Analyse and explain the medium and longer term risks to the Scottish Budget.

Be an effective and efficient organisation with skilled, knowledgeable people.

Our values

Everyone can trust our work because:

we are independent – we are impartial, honest and objective

we work well with others

we are transparent and we promote transparency in Scottish public finances

we explain complex matters clearly and make our work easy to access

we produce quality work which informs public debate

The Governance Board

145 During 2021-22 the Governance Board met formally on four occasions. A full set of minutes was produced to record all agreed actions and decisions and these are published on our website³⁵ in accordance with the Commission's Publication Scheme.³⁶ At each occasion all Commissioners were asked for any declarations of interest with a full record made in the minutes in compliance with the Code of Conduct.

³⁴ Scottish Fiscal Commission (2022) Corporate Plan 2022 – 2025 ([link](#))

³⁵ Scottish Fiscal Commission Governance Board Minutes ([link](#))

³⁶ Scottish Fiscal Commission Publication Scheme ([link](#))

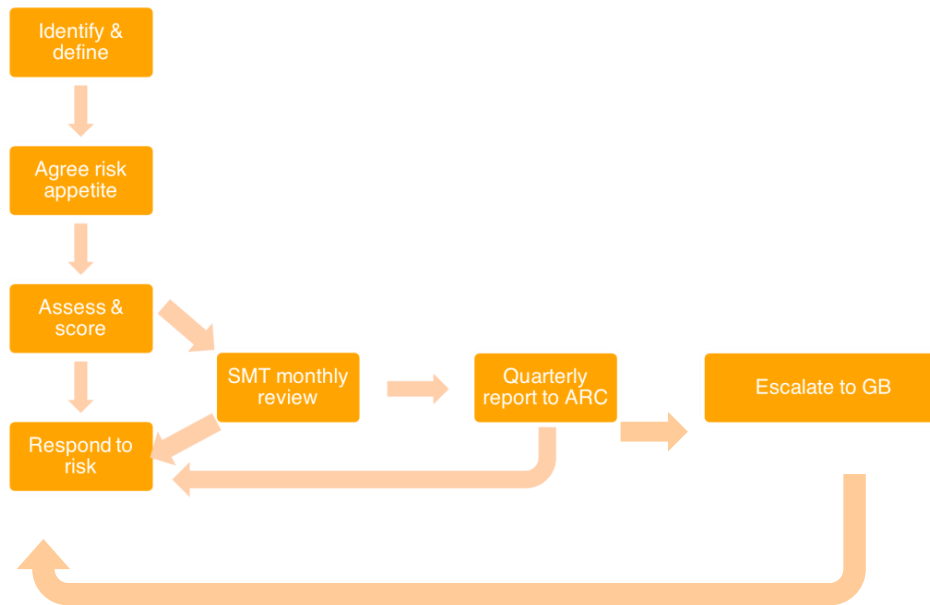
Corporate Governance

- 146 “Corporate governance concerns the strategic direction and effective stewardship of the organisation” and “Corporate governance is the way in which organisations are directed, controlled and led and defines where accountability lies throughout the public body” – so says the Scottish Government guidance for members of statutory boards, On Board. It defines the three main dimensions of corporate governance as: roles, responsibilities and relationships; effective financial management, and ethics and standards of behaviour.
- 147 The Governance Framework section above sets out how our roles, responsibilities and relationships are defined. Our corporate policies are reviewed regularly to an agreed schedule and are published on our website.
- 148 The Scottish Public Finance Manual (SPFM) applies to the Commission. The Commission aims to deliver best value in accordance with the principles outlined within the SPFM. We have also taken advantage of Government procurement frameworks in order to achieve best value. We use Scottish Government financial management software and systems which provide compliant controls. Over 2021-22 we received reasonable assurance from internal audit following their assessments this year.
- 149 Rules on ethics and standards of behaviour for our Commissioners are set out in our Code of Conduct, which is based on the Model Code of Conduct for Members of Devolved Public Bodies. The Standards Commission deals with alleged breaches of the code, as provided for by the Ethical Standards in Public Life etc. (Scotland) Act 2000. Following publication of the updated Model Code of Conduct in December 2021 by Scottish Government, the Commission’s Code of Conduct was updated in February 2022 and subsequently approved in June 2022.
- 150 Rules on ethics and standards of behaviour are set out in the Civil Service Code, and this forms part of the terms and conditions for staff. We also follow the Scottish Government’s Fairness at Work policy.
- 151 The Commission’s whistle-blowing policy sets out how all those who work within the Commission can raise concerns about malpractice. It is subject to regular review by the Governance Board (last review on 4 November 2020) and is available on our website. To date, no concerns about malpractice have been raised.

Risk Management

- 152 All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.
- 153 The Commission’s risk management framework specifies the roles of the Board, the Audit and Risk Committee, Senior Management Team and the Chief Executive, and details the processes of risk identification, review and escalation. The framework is reviewed and approved by the Governance Board at least every two years.

Risk Management Process



154 The aims of our approach are to make sure that:

- risk management is part of day to day decision-making and not an industry in its own right
- risk management is effective at increasing the likelihood of achieving our objectives
- risks are recorded and reported in a way that the Audit and Risk Committee can scrutinise how the organisation manages risks
- Commissioners are aware of, and make decisions about, the most serious risks

155 The current key risks are reported in the performance analysis section at paragraph 79.

156 I am content that the Commission's management of risk is effective. I assess our risk profile to be acceptable.

Written assurances

157 I have received assurance from the Scottish Government's Director Financial Management in respect of the financial systems shared with the Commission, from the Scottish Government's Director Digital in respect of the IT services shared with the Commission and from the Scottish Government's People Director in respect of the human resources and payroll systems shared with the Commission. These confirm that internal control matters in the respective Directorate have been, and are, working well and that there were no significant matters arising which would require to be raised specifically in the respective governance statement.

158 The Financial Management Directorate faced significant challenges. Addressing this will need to continue to be a priority in 2022-23 as we look to support sound financial management activities; the implementation of the Scottish Government's new Enterprise Resource Planning (ERP) system; and delivery of the wider finance transformation programme. Measures to upgrade the SEAS financial system are ongoing and expected to conclude in summer 2022-23. This is essential to de-risk the existing platform during the design and implementation of the Scottish Government's new ERP system. Ongoing investment in capacity and capability will be required to maintain these business critical systems and prepare for a seamless transition to the new arrangements. Management processes are being strengthened in relation to information governance. This work is focused on developing additional controls where necessary to minimise the risk of data handling issues, and

ensuring that all staff undertake mandatory training and have a strong awareness of the Scottish Government's corporate information management strategy and associated responsibilities.

159 I have also received from Scottish Government's Directorate of Internal Audit and Assurance a copy of the assurance provided for 2021-22 on the Scottish Government's corporate services which deliver our shared services. As with the previous year, a reasonable assurance was given because of identified risks of aging systems. Scottish Government is continuing to work on a transformation programme which should improve key corporate systems in the longer-term. This is reflected in our risk profile, reported at paragraph 84.

Data security

160 There were no known data breaches in 2021-22 (there were none in 2020-21).

Assessment of Corporate Governance and Risk Management Arrangements

161 As Accountable Officer, I have responsibility for overseeing the Commission's corporate governance arrangements including compliance with generally accepted best practice principles and relevant guidance. In addition I have responsibility for reviewing the effectiveness of the Commission's risk management arrangements and system of internal control.

162 My review of the effectiveness of these systems is informed by:

- regular discussions with the senior management team and senior analysts covering planning, performance, risk and use of resources
- regular discussions with the Head of Strategy, Governance and Corporate Services including on governance matters
- insight into the Commission's performance from our internal auditors (SGDIAA), and their audit opinion on the quality of systems of governance, management and risk control
- the Governance Board's views on management reports, including on governance matters, performance and risk management
- the views of the Commission's Audit and Risk Committee on the Commission's management of risk and assurance arrangements
- comments made by the external auditors in their reports and attendance at Audit and Risk Committees
- completion of the internal control checklist (recognising that this provides reasonable assurance but can never provide absolute assurance)

163 I confirm that I am content with the effectiveness of the Commission's existing arrangements to ensure appropriate standards of corporate governance, internal controls and effective risk management are met.

Remuneration and Staff Report

Remuneration Report

- 164 The remuneration and staff report sets out the Commission's remuneration policy for Commissioners and senior management, reports on how that policy has been implemented and sets out the amounts awarded.
- 165 The information disclosed in the following tables is audited by the external auditors:
- Single Total Figure of Remuneration
 - Pensions
 - Average number of persons employed by the Commission
 - Staff Costs
 - Fair Pay

Pay and conditions of service

- 166 The Chief Executive is a Senior Civil Servant whose remuneration is set in accordance with the rules set out in chapter 7.1, Annex A of the Civil Service Management Code³⁷ and in conjunction with independent advice from the Senior Salaries Review Body (SSRB).³⁸
- 167 The staff of the Commission are civil servants. They are part of the Scottish Administration, rather than the Scottish Government, and are required to adhere to the standards set out in the Civil Service Code applicable to staff in the Scottish Administration. Staff are appointed by the Scottish Fiscal Commission and act under the direction of the Commissioners. Their remuneration is set in accordance with Scottish Government Public Sector Pay Policy as part of the Scottish Government Main Bargaining Unit.³⁹ Unless otherwise stated, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in compensation as set out in the Civil Service Compensation scheme.
- 168 The Commissioners are non-executive and are appointed following a public appointments exercise regulated by the Commissioner for Ethical Standards in Public Life in Scotland. Their appointment is subject to the agreement of the Scottish Parliament. Commissioners receive fees for duties carried out on behalf of the Scottish Fiscal Commission including attendance at Governance Board and Committee meetings. Fees are paid at the daily rate set out in their letters of appointment. Expenses incurred while carrying out their duties are reimbursed. Fees are also paid to the external member of the Audit and Risk Committee, set out in their letter of appointment, and expenses for attendance at Committee meetings are reimbursed. The fees paid to Board and Committee members are governed by the Scottish Public Sector Pay Policy.⁴⁰

³⁷ Civil Service Management Code ([link](#))

³⁸ Information about the work of the SSRB can be found ([link](#))

³⁹ Information about the Public Sector Pay Policy ([link](#))

⁴⁰ The Scottish Government Public Sector Pay Policy 2021-22 ([link](#))

Single Total Figure of Remuneration (audited)

169 Fees of the Commissioners and external member of the Audit and Risk Committee and the salaries and accrued pension benefits of the Senior Management Team are shown below, following the format and methodology defined by the Cabinet Office and Financial Reporting Manual.

Total Figure of Remuneration	2021-22	2020-21
Board Member	£'000	£'000
Dame Susan Rice DBE (Chair)	35-40	35-40
Professor Alasdair Smith	25-30	25-30
Professor Francis Breedon	25-30	25-30
Professor David Ulph	25-30	25-30
External Audit and Risk Committee Member	£'000	£'000
Gillian Carty	0-5	0-5

Senior Management Team	Wages & Salary Band £'000		Accrued Pension Benefits £'000		Total £'000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
John Ireland, Chief Executive	80-85	80-85	0	65	80-85	145-150
Claire Murdoch, Head of Social Security and Public Funding	75-80	65-70	30	27	105-110	95-100
David Stone,* Head of Economy and Tax	65-70	65-70	26	26	90-95	95-100
Susie Warden, Head of Strategy, Governance and Corporate Services	FTE** 75-80	FTE 65-70	29	31	75-80	75-80

* part time working from November 2020

** FTE means full time equivalent

170 None of the above received any benefits in-kind or bonus payments in 2021-22 or 2020-21.

171 Salary covers both pensionable and non-pensionable amounts and includes: gross salaries; overtime; recruitment and retention allowances; or other allowances to the extent that they are subject to UK taxation and any ex-gratia payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

172 It is not possible to directly compare the accrued pension benefits of different members of the Senior Management Team as they are members of different civil service pension schemes. Differing service, pay history, age and gender all have an influence over the accrued pension benefit calculations.

173 The value of pension benefits accrued during the year is calculated as (the real increase multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Pensions (audited)

Senior Management Team	Accrued Pension as at 31 March 2022 and related lump sum £'000	Real increase in pension and related lump sum £'000	CETV at 31 March 2022 £'000	CETV at 31 March 2021 £'000	Real Increase in CETV £'000
John Ireland, Chief Executive	45-50	0	998	970	-7
Claire Murdoch, Head of Social Security and Public Funding	10-15	0-2.5	105	88	9
David Stone Head of Economy and Tax	15-20	0-2.5	135	119	8
Susie Warden, Head of Strategy, Governance and Corporate Services	10-15 plus lump sum of 25-30	0-2.5 plus lump sum of 0-2.5	202	176	15

Pension benefits are calculated on normal retirement age (NRA) where the pension entitlement is due at that age or at current age if over NRA.

174 The above pension information was supplied to the Scottish Fiscal Commission by MyCSP.

175 Employer contributions to all pension plans for 2021-22 were £272,602 including £80,036 for the Senior Management Team.

Civil Service Pensions

176 Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

177 These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the

appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

- 178 Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.
- 179 The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
- 180 The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)
- 181 Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

The Cash Equivalent Transfer Value (CETV)

- 182 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.
- 183 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction

to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

184 This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Civil Service early departure compensation schemes

185 During 2021-22 there were no early departure packages.

Fair Pay Disclosure (audited)

Heading	2021-22	2020-21
Band of highest paid director £'000	80-85	80-85
Per cent increase in highest paid Director over previous year, based on mid-point of salary band	0%	6.5
25 percentile*	31,542	33,624
25 percentile Ratio*	2.6	2.5
Median total remuneration	39,659	46,599
Median Ratio	2.1	1.8
75 percentile*	49,861	59,785
75 percentile Ratio*	1.7	1.4
Range minimum – maximum £'000 (FTE)	25-30 to 80-85	25-30 to 80-85
Total staff remuneration - see note 2	1,030	1,017
Per cent decrease over previous year (the average percentage change from the previous financial year in respect of the employees of the entity taken as a whole, excluding the highest paid director)* **	-6.5%	-

* additional categories added by the FReM for 2021-22 – this information was not included in the 2020-21 report.

** due to both turnover and employment of new staff, more of whom are at the lower end of pay ranges which is why the average percentage change for employees has fallen.

Staff do not receive bonuses or performance pay.

Staff Report

186 The staff report contains information relating to staff numbers and costs.

Number of senior civil service staff

187 As at 31 March 2022, the Commission employed one Senior Civil Servant, the Chief Executive, who is a Band 1 (also one senior civil servant at 31 March 2021).

Average number of whole-time equivalent persons employed by the Commission (audited)

	2021-22 WTE	2020-21 WTE
Permanent Employees (including staff on loan)	20.1	20.4
Fixed Term Staff	0.9	0.8
Total	21.0	21.1*
Commissioners**	4	4

* This total is affected by rounding differences

** headcount rather than WTE

Staff Costs (audited)

£ thousand	2021-22 £'000	2020-21 £'000
Wages and salaries (including Fixed Term Appointments and staff on loan)	1,030	1,017
Social security costs	114	111
Other pension costs	286	273
Commissioner/Board fees and costs	129	128
Total administration staff costs	1,559	1,529

188 Staff costs for the Scottish Fiscal Commission are set out above. Wages and salaries include gross salaries, non-consolidated payments, overtime and any other allowance that is subject to UK taxation. The payment of legitimate expenses is not part of the salary.

Staff Composition

189 The numbers of people of each sex employed by the Scottish Fiscal Commission on 31 March 2022 are set out in the following table by category. The numbers include temporary and fixed term appointments and are headcount, not whole-time equivalent (WTE).

Category	31 March 2022		31 March 2021	
	Female	Male	Female	Male
Employees – non-Senior Management Team	10	13	9	9
Non Senior Civil Service members of the Senior Management Team	2	1	2	1
Senior Civil Servants	0	1	0	1
Total staff	12	15	11	11
Board members	1	3	1	3

Sickness Absence

	Average total of sick days per employee 2021-22	Average total of sick days per employee 2020-21
Short term absence (<20 working days)	3.4	2.4
Long term absence (>20 working days)	1.8	0.0
Total	5.2	2.4

Staff turnover percentage

Headcount at 31 March 2021*	Headcount at 31 March 2022	Average Headcount	Leavers	Turnover %
22	24	23	5	22%

* Permanent head count, excluding FTA and inward loan staff

Staff survey engagement score

190 Our staff survey mirrors the Civil Service People Survey. The employee engagement index reflects employees' responses to five questions measuring pride, advocacy, attachment, inspiration and motivation.

	2021	2020
Scottish Fiscal Commission employee engagement score	77	77
Scottish Government employee engagement score	75 ⁴¹	69 ⁴²

Staff policies for disabled persons

191 The Commission has joined the Scottish Government Main bargaining unit, and mirrors those terms, conditions and staff policies. The Commission follows the requirements of the Civil Service Code of Practice on the employment of people with disabilities in relation to the recruitment and employment of its staff, and follows the Scottish Government recruitment process. These mean we:

- Ensure that all disabled applicants who meet the minimum advertised criteria for a job vacancy will be invited for interview. Disabled candidates are guaranteed the chance to be judged along with everyone else on their abilities.

⁴¹ Civil Service People Survey 2021 ([link](#))

⁴² Civil Service People Survey 2020 ([link](#))

- Continuing the employment of, and arranging for appropriate training for, employees who have become disabled persons whilst employed by the Commission.
- Provide training and career development opportunities for disabled persons employed by the Commission.
- Allow for reasonable adjustments to be made to either the work environment or terms and conditions of employment, as and when required.

Employee relations

192 As a small organisation the Commission consults staff directly on relevant issues, and we also engage with the Council of Scottish Government Unions as required. Many aspects of employee relations are covered in our membership of the Scottish Government Main bargaining unit, including pay policy. One member of staff fulfils the role of Health and Safety Liaison Officer as part of their duties. This year we have curated a source of learning materials and training opportunities suitable for our staff. Of our 27 staff (as at 31 March 2022), 22 are economic and fiscal analysts and five provide corporate support services.

Expenditure on Consultancy

193 The Commission did not incur any consultancy costs in 2021-22 (in 2020-21 no costs were incurred).

Diversity and Inclusion

194 The Scottish Fiscal Commission is not yet subject to the Public Sector Equality Duty under the Equality Act 2010; however, the intention is that it will be. The Commission aims to comply with the spirit of the Act and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 and 2016 until it is legally required to do so. The Commission is committed to promoting equality and diversity in its activities and operation, including in the recruitment and employment of staff and Commissioners.

195 We think about diversity and inclusion in three facets: recruitment of staff and Commissioners, how we operate as an organisation, including retention and progression, and how we deliver our work to the public. We report on our specific activities in the performance analysis, at paragraph 91 onwards.

196 A specific issue for us is that economics graduates are not representative, particularly by gender and socio-economic status. Women accounted for 27 per cent of economics undergraduates in 2018-19.⁴³ At school level, in 2021 of 610 pupils entered for Higher Economics, 59 per cent attended independent schools and 38 per cent were female. Even fewer pupils were entered for National 5 economics where of the 297 pupils entered 97 per cent attended independent schools and 27 per cent were female.⁴⁴

197 We are committed to helping to grow Scotland's capacity for economic analysis, and developing a diverse, talented pool of analysts in Scotland. We sit on the steering group for the Economic Futures programme, which aims to improve economics capacity on behalf of all higher education institutions in Scotland.⁴⁵

⁴³ The Gender Imbalance in UK Economics, Royal Economic Society 2021 ([link](#))

⁴⁴ SQA statistics 2021 ([link](#))

⁴⁵ Information about Economic Futures ([link](#))

198 We are also subject to the Gender Representation on Public Boards (Scotland) Act 2018.⁴⁶ Our gender balance at 31 March 2022 was 25:75 but following the appointment of a male Chair and male Commissioner, we will have an entirely male set of Commissioners and will not achieve the gender representation objective of 50:50 by December 2022. Our Commissioners are recruited primarily for their economic and fiscal forecasting expertise, rather than governance, management or lived experience, as with many non-executive positions. That recruitment pool is primarily male: amongst academic economists in the UK, women comprise only 15 per cent of professors, and no Black female professor of economics was employed anywhere in the UK for the entire period from 2012-2019.⁴⁷ Beginning in Summer 2022, we are developing a succession plan to ensure that we do all we can to attract diverse, high calibre candidates in future, and will report on the measures we are taking as required by the Gender Representation on Public Boards (Scotland) Act 2018.

Gender Pay Gap

199 The gender pay gap is calculated as the difference between average hourly earnings of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings. A positive pay gap means that men earn more than women on average and a negative gap the reverse. The gender pay gap is a means of highlighting a disparity in the pay received by men and women and is influenced by both the pay levels for equivalent jobs and the distribution of men and women across the grades within the workforce.

200 The Scottish Fiscal Commission pays women and men undertaking work of an equal value on the same scale (i.e. within the same pay range) with the exact pay depending on length of service.

	31 March 2022	Scotland 2021 ⁴⁸	31 March 2021
Median gender pay gap	-21.2	10.1	14.9
Arithmetic mean gender pay gap	-8.6	11.5	7.9

201 The median gender pay gap for all staff at Scottish Fiscal Commission at 31 March 2022 has reversed since March 2021 with women now being paid more on average than men. With relatively small numbers of employees the pay gap measure is sensitive to quite small changes in staffing and pay. In the Commission there has been an increase in the number of male staff employed and more male staff employed in the B band at the lower end of the pay ranges, reflecting the date of their appointment or promotion to their current grade, reducing the average male hourly rate. This was also reflected in the median male who receives a lower level of pay than the median female, so our median pay gap has been reversed. As these males move up the pay scale the pay gap is likely to close and possibly reverse again. In this sense the improvement in the pay gap is likely to be only transitory rather than permanent.

John Ireland

Chief Executive of the Scottish Fiscal Commission and Accountable Officer

⁴⁶ The Gender Representation on Public Boards (Scotland) Act 2018 – Statutory Guidance, June 2020 ([link](#))

⁴⁷ The Gender Imbalance in UK Economics, Royal Economic Society 2021 ([link](#))

⁴⁸ Office for National Statistics – Gender pay gap – Scotland average– updated provisional 2020 Table 3.12 ([link](#))

Independent Auditor's Report

Independent auditor's report to the Scottish Fiscal Commission, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Fiscal Commission for the year ended 31 March 2022 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and Notes to the Accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 26 January 2018. The period of total uninterrupted appointment is five years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to

adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the

skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Taylor CPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Financial Statements

Introduction

- 2.1 This statement of accounts reports the results of the Scottish Fiscal Commission (the Commission) for the year 1 April 2021 to 31 March 2022. It has been prepared in accordance with the Accounts Direction given by the Scottish Ministers under section 19(4) of the Public Finance and Accountability Scotland Act 2000.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

(£ thousand)	Note	31 March 2022	31 March 2021
Staff costs	2	(1,559)	(1,529)
Other operating costs	3	(305)	(422)
Depreciation	5	(3)	(3)
Notional Costs	4	(32)	(31)
NET OPERATING COST		(1,899)	(1,985)

The notes on pages 50 to 55 form part of these financial statements.

Statement of Financial Position as at 31 March 2022

(£ thousand)	Note	31 March 2022	31 March 2021
NON-CURRENT ASSETS			
Property, plant and equipment	5	6	9
Total non-current assets		6	9
CURRENT ASSETS			
Trade and other receivables	6	-	-
Cash and cash equivalents		-	-
Total current assets		-	-
TOTAL ASSETS		6	9
CURRENT LIABILITIES			
Trade and other payables	7	(153)	(134)
Total current liabilities		(153)	(134)
Total assets less current liabilities		(147)	(125)
TOTAL ASSETS LESS TOTAL LIABILITIES		(147)	(125)
TAXPAYERS' EQUITY			
General Fund	SOCTE	(147)	(125)
TOTAL TAXPAYERS' EQUITY		(147)	(125)

The notes on pages 50 to 55 form part of these financial statements.

The Chief Executive and Accountable Officer authorised these financial statements for issue on 13 October 2022.

John Ireland
Chief Executive of the Scottish Fiscal Commission and Accountable Officer

Statement of Cash Flows for the year ended 31 March 2022

(£ thousand)	Note	31 March 2022	Restated 31 March 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating cost	SOCNE	(1,899)	(1,985)
Adjustments for non-cash transactions			
* Depreciation/Amortisation	5	3	3
* Notional Costs	4	32	31
Movements in working capital			
* (Increase)/decrease in trade and other receivables	6	-	22
* Increase/(decrease) in trade and other payables	7	25	(19)
Net cash outflow from operating activities		(1,839)	(1,948)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(6)	-
Net cash flow from investing activities		(6)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in deferred lease payments	7	-	-
Funding	SOCTE	1,845	1,948
Net cash flow from financing activities		1,845	1,948

The 2020-21 cash flow statement has been restated: the values for trade and other receivables and trade and other payables have both increased by £6k.

The notes on pages 50 to 55 form part of these financial statements.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

£ thousand	Note	General Fund 2021-22	General Fund 2020-21
Balance at 1 April		(125)	(119)
Non-cash charges – notional costs	4	32	31
Net operating costs for the year	SOCNE	(1,899)	(1,985)
Net funding		1,845	1,948
Balance as at 31 March		(147)	(125)

The notes on pages 50 to 55 form part of these financial statements.

Notes to the Accounts for the year ended 31 March 2022

Statement of accounting policies

1. Statement of accounting policies

In line with section 12 of the Scottish Fiscal Commission Act 2016, and in accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2021-22 issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstance for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Scottish Fiscal Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In accordance with the FReM these accounts have been prepared on a going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future.

(a) Accounting convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets to fair value as determined by the relevant accounting standard.

(b) Property, plant and equipment

Depreciated historic cost has been used as a proxy for the fair value of all assets. All of the assets in these categories have:

- low values or short useful economic lives which realistically reflect the life of the asset and;
- an amortisation charge which provides a realistic reflection of consumption.

The capitalisation thresholds for the principal categories of assets is £5,000, with the exception of IT assets, where the capitalisation threshold is £1,000. Assets below these thresholds may be capitalised if they fall within the same project.

Assets under construction are held at cost until operational. Thereafter they are valued as above in accordance with all other assets in the same category and will become subject to depreciation in line with note 1c).

(c) Depreciation

Depreciation is provided on property, plant and equipment, on a straight line basis at rates sufficient to write down their cost over their estimated useful lives. The depreciation periods for the principal categories of assets are:

- Plant and machinery 15 years
- Fixtures and fittings 5 years
- Office equipment 5 years
- Software 3 years

A full year is charged in the year of acquisition, and there is no charge in the year of disposal.

(d) Government grants

All of the expenditure of the Scottish Fiscal Commission is met from funds advanced by the Scottish Government within an approved allocation. Cash drawn down to fund expenditure within this approved allocation is credited to the general fund. Funding for the acquisition of non-current assets received from the Scottish Government is credited to the general fund.

(e) Amortisation of rent-free periods

The benefit of rent-free periods on leases of premises is amortised over the period of the lease or over the period to a lease break point when this is the most probable end of lease, whichever is the shorter.

(f) Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive net expenditure over the term of the lease.

(g) Value added tax

Scottish Fiscal Commission is registered for VAT as part of the Scottish Government VAT group registration which is responsible for recovering VAT on behalf of Scottish Fiscal Commission.

Irrecoverable tax is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

(h) Receivables

All material amounts due as at 31 March 2022 have been brought into the account irrespective of when actual payments were received.

(i) Payables

All material amounts outstanding as at 31 March 2022 have been brought into account irrespective of when actual payments were made.

(j) Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) which are described in the remuneration and staff report. These are unfunded multi-employer defined benefit schemes in which the Scottish Fiscal Commission is unable to identify its share of the underlying assets and liabilities of the scheme. Therefore the Scottish Fiscal Commission has accounted for the contributions to the scheme as if it was a defined contribution scheme. This is in accordance with FReM requirements.

(k) Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. The Commission has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2022-23 has been confirmed in the Budget Act. Scottish Government funding is provided to meet liabilities as they fall due. It is therefore considered appropriate to prepare the accounts on a going concern basis. In addition, the OECD's principles for independent fiscal institutions include having assurance about future funding. The Commission's Framework document with Scottish Ministers provides that the Commission may identify its multi-year resource needs and the Scottish Minister would subsequently provide a clear indication of funding for the forthcoming financial year (year 1) and indicative funding for years 2 and 3, which can be reviewed if there are significant changes in circumstances.

(l) Disclosure of new accounting standards

The Scottish Fiscal Commission have considered the expected impact of new accounting standards issued but not yet in effect. The Scottish Fiscal Commission consider the impact is not material. These include:

IFRS 16 – Leases

Although IFRS has been issued it will not be effective until 2022-23. Initial assessment of the new standard on leases indicates that this will not have a significant impact on the Scottish Fiscal Commission.

2. Staff Costs

£ thousand	2021-22 £'000	2020-21 £'000
Wages and salaries (including Fixed Term Appointments and staff on loan)	1,030	1,017
Social security costs	114	111
Other pension costs	286	273
Commissioner/Board fees and costs	129	128
Total administration staff costs	1,559	1,529

Staff costs for the Scottish Fiscal Commission are set out above. Wages and salaries include gross salaries, non-consolidated payments, overtime and any other allowance that is subject to UK taxation. The payment of legitimate expenses is not part of the salary.

3. Other Operating Costs

Other Operating Costs (£ thousand)	2021-22	2020-21
Staff related costs:		
HR service	19	18
Recruitment	18	12
Training	26	19
Travel, subsistence and catering	-	-
Non-staff related costs:		
Accommodation (includes rates, maintenance and cleaning)	150	130
Refurbishment of parts of Governor's House	-	151
Office and IT equipment (includes furniture and telephones)	18	14
IT and telephone services (includes software)	42	50
Office Supplies (includes stationery and printing)	1	3
Communications and events (includes website development and website hosting)	15	6
Consultancy and outsourced professional services (includes procurement, internal audit and legal)	16	19
Total Other Operating Costs	305	422

4. Notional Costs

Notional Costs (£ thousand)	2021-22	2020-21
Internal Accountancy Fees	3	3
External Audit Fees	29	28
Total notional costs	32	31

5. Property, plant and equipment

Property, plant and equipment (£ thousand)			2021-22			2020-21
Cost	Plant & Machinery	Information Technology	Total	Plant & Machinery	Information Technology	Total
At 1 April	6	10	16	-	10	10
Additions	-	-	-	6	-	6
Disposals	-	-	-	-	-	-
Transfers to Assets	-	-	-	-	-	-
At 31 March	6	10	16	6	10	16
Depreciation						
At 1 April	1	6	7	-	4	4
Charge for year	1	2	3	1	2	3
Disposals	-	-	-	-	-	-
At 31 March	2	8	10	1	6	7
NBV at 31 March	4	2	6	5	4	9
Analysis of Asset Financing						
Owned	4	2	6	5	4	9
Finance Leased	-	-	-	-	-	-
NBV at 31 March	4	2	6	5	4	9

6. Trade receivables and other current assets

Trade receivables and other current assets (£ thousand)	2021-22	2020-21
Amounts falling due within one year		
Other receivables	-	-
Total Receivable within one year	-	-

7. Trade payables and other current liabilities

Trade payables and other current liabilities (£ thousand)	2021-22	2020-21
Trade payable	-	-
Other payables	153	134
Total due within one year	153	134
Amounts falling after one year	-	-
Total due after more than one year	-	-

8. Related party transactions

The Scottish Fiscal Commission is a non-Ministerial Office of the Scottish Administration and it considers that the Scottish Government is a related party within this context. During the year the Commission has had a number of material financial transactions with the Scottish Government.

Neither the Commissioners nor any key managerial staff have undertaken any material transactions with the Scottish Fiscal Commission during the year.

9. Capital Commitments and contingent liabilities

There were no contracted capital commitments or contingent liabilities.

10. Segmental reporting

The Scottish Fiscal Commission is considered to have just one operating segment and therefore no segmental information is produced.

Annex A

Accounts Direction



SCOTTISH FISCAL COMMISSION

DIRECTION BY THE SCOTTISH MINISTERS

The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability Scotland Act 2000, hereby give the following direction:

1. The statement of accounts for the financial year ended 31 March 2018, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM), which is in force for the period for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial period, and of the state of affairs as at the end of the financial period of Scottish Fiscal Commission in the exercise of its functions.
3. This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Scottish Ministers

GORDON WALES
Chief Financial Officer
3 May 2018

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