
Business Plan 2023-24

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Introduction

1. This business plan presents our priorities for the year ahead and sets out how we plan to deliver our strategic objectives. Our strategic objectives and values are set out in our corporate plan for April 2022 to March 2025.¹

Box 1: 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

2. Many of our activities contribute to more than one of our strategic objectives, as illustrated in Figure 1.
3. Our aim is to produce regular sets of forecast publications. Our main forecasts usually accompany Scottish Government fiscal events (the Scottish Budget and Medium Term Financial Strategy) which can also be affected by the timing of UK fiscal events. This means the timing of our forecasts is not typically determined by the Commission. In the past, both UK and Scottish fiscal events have not followed a regular timetable which means it can be difficult to plan our core and most substantial publications.

¹ Scottish Fiscal Commission (2022) Corporate Plan 2022-25 ([link](#))

4. We anticipate a more regular publication schedule this year, although the dates of some of our activities may have to change as the timetable of fiscal events unfolds. We continue to try to give as much clarity as we can about when we expect to be able to publish our forecasts through our monthly list of our forthcoming publications. This may also affect how much progress we can make on the development work listed in Annex A.
5. We will report on our activities in two ways. Firstly, 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. Secondly, we report on our corporate work and stakeholder engagement in our annual report and accounts.

2023-24 Activities

Planned analytical publications

6. Our 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.
7. We will publish two sets of economic and fiscal forecasts during the year. The first usually informs the Scottish Government's Medium Term Financial Strategy and Resource Spending Review in May. The second will inform the Scottish Budget later in the year.
8. We will publish our Forecast Evaluation Report (FER) covering the economy, tax and social security forecasts later in the summer. The precise date depends on when outturn data become available. Our Statement of Data Needs is now a biannual publication and is next due in autumn 2024.
9. We now undertake work on fiscal sustainability, following a recommendation from the OECD and with support from the Scottish Parliament's Finance and Public Administration Committee. We published our first Fiscal Sustainability Report in March 2023.² It identified key long-term pressures and opportunities facing the economy and public finances over the next 50 years. It explained how our ageing population might lead to increased demand on some services (such as health) and reduced demand for others (such as education), and what these changes in demographics means for the tax base and future tax revenue.
10. The long term nature of the work means that substantive conclusions do not change sufficiently to justify annual reports, therefore we plan to publish a full fiscal sustainability report for each Parliamentary term, roughly every five years. To supplement the full reports we plan to publish shorter fiscal sustainability papers on specific topics on more regularly. In 2023-24 we plan to publish a short paper on productivity scenarios for fiscal sustainability and will develop work on climate change and long-term health spending.
11. When the Scottish Government makes a policy change to an existing tax or benefit, we publish a policy costing. The quantity and timing of this work depends on Scottish Government policy decisions.
12. The Fiscal Framework is due to be reviewed. Prior to the review commencing, in 2022-23 the Scottish and UK Governments ran a call for evidence, which we contributed to.³ In 2023-24 we will support the review of the Fiscal Framework by responding to requests for information and analysis as and when required.
13. Annex A details the analytical development work we are considering undertaking this year.

² Scottish Fiscal Commission (2023) Fiscal Sustainability Report – March 2023 ([link](#))

³ Letter from Professor Graeme Roy – 18 September 2022 ([link](#))

Strategy, Governance and Corporate Services

14. On the corporate governance side, we have controls and monitoring necessary for the proper stewardship of our resources that are appropriate to our scale and functions. These ensure that we manage our people, budget, risk, information and records appropriately. We will be engaging with Scottish Government's work to deliver a new, more integrated finance and HR Oracle based system to ensure that it will be able to meet our needs when they are launched, with implementation of the new HR system due in October 2023, and the new finance system due in Spring 2024.
15. COVID-19 restrictions have been lifted, and Governor's House is fully open for use. Although more staff are working from the office a few days a week, it is expected that hybrid working will be a feature of future working patterns in the future.
16. Informed by academic evidence and our own analysis, we are developing a new communications and engagement strategy that will take account of the different channels through which different audiences most effectively engage with the work of the SFC. Following the publication of our first Fiscal Sustainability Report last March we have put in place a plan to communicate its messages to key decision makers. This engagement will be phased over a number of months in contrast to the shorter term engagement around our two forecast reports. We intend to commission a stakeholder survey late in the year that will provide a baseline for an evidence based approach to our work on engagement. We are also developing evaluation tools to develop evidence on specific events and engagement.
17. The Governance Board will consider the refreshed engagement strategy, regularly reviewing its implementation.
18. We will continue to develop our communication over the year, developing our approach to graphics that aid understanding of our analysis and Scottish public funding. We intend to work with SPICe and Committee clerks to develop our offer to Parliament.
19. We want everyone who visits our website to have a positive experience, and easily find and use the information they need. We have undertaken an audit of the accessibility of our website, and it contains many PDFs and Excel documents which are not fully accessible. A significant area of work this year will be to make sure that both new and existing content is more accessible.
20. Work is progressing on agreeing the Framework Agreement between the Commission and Scottish Government based on the recently updated model Framework published by the Scottish Government. This work should be completed and the Framework finalised in the first quarter of 2023-24.
21. A new Chair and Commissioner were appointed from 1 June 2022. The two Commissioners who were eligible for reappointment, have had their appointments extended until 7 October 2025. A replacement and an additional external member for our Audit and Risk Committee were both recruited by 31 March 2023. Both external members were appointed from 2 May 2023 for a two year term.
22. The Commission is committed to promoting equality and diversity in its activities and operation, and we wish to make commitments to improving diversity and inclusion and intend to report on them in our annual reports. This year our priorities are to:
 - continue our work on staff recruitment with the aim of employing more women and people with disabilities; paying particular attention to how we advertise vacancies, provide information to applicants and design the application and selection processes.

- ensure that staff and Commissioners are aware of equalities issues both in the way that we work together and also in our published outputs and external engagement.
- build on last year's work on inclusion objectives for staff by adding an inclusion discussion into our "monthly conversations" with line manager.
- continue our internal programme of activities to raise awareness of equalities issues.

Figure 1: How our core work delivers our strategic objectives

Activities	Provide robust, independent, official forecasts	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
Scotland's Economic and Fiscal Forecasts	✓	✓	✓	
Evidence to Parliamentary Committees		✓	✓	
Events		✓	✓	
Policy costings	✓			
Forecast evaluations	✓	✓	✓	
Fiscal updates		✓	✓	
Fiscal sustainability analysis			✓	
Model development	✓			✓
Corrections and error log	✓	✓	✓	✓
Annual review of protocol with Scottish Government	✓			✓
Reviewing / developing Memorandum of Understanding (MoUs)		✓		
Discussions with stakeholders	✓	✓	✓	✓
Participate in international IFI networks		✓		✓
Corporate policies, processes & controls				✓
Annual report and accounts				✓
Review Framework Document				✓
Staff development and training	✓	✓	✓	✓
Recruitment processes				✓
Support Governance Board and Audit and Risk Committee				✓
Transition to new Scottish Government systems				✓
Website accessibility and maintenance		✓	✓	✓

Key risks

23. We consider our risks in five broad themes: corporate, reputation, independence, staffing and partners.
24. Staffing has consistently proved our highest scoring risk in the previous year and we are conscious that the Commission can only achieve its objectives through the expertise, diligence and commitment of our staff. Staff wellbeing and development will therefore continue to be a focus for us. Maintaining our open, supportive, collaborative culture will continue to require conscious effort as continue with hybrid working. Although there was turnover of analytical staff in the latter part of 2022, as staff moved to progress or develop their careers, new staff have settled well into their new roles in post. The risks to the quality of the shared HR service provided by the Scottish Government, including the move to a new Oracle based HR system in October 2023, continues to cause us concern and this adds to the potential staffing risks if recruitment is delayed.
25. Our new Chair and Commissioner were appointed in June 2022 and both have settled well into their new roles. In the latter part of 2022-23, we recruited two new external members of the Audit and Risk Committee, one to replace the previous external member, and an additional external member. This will help to strengthen the scrutiny which the Audit and Risk Committee provides and give additional sources of insight and experience from other areas of work.

Resources

26. As at 1 April 2023 we have four Commissioners:
- Professor Graeme Roy - Chair
 - Professor Francis Breedon
 - Professor David Ulph
 - Dr Domenico Lombardi
27. As at 1 April 2023 we have 27 staff (making a full time equivalent of 23.4).
28. The Senior Management Team comprises:
- Chief Executive – John Ireland
 - Head of Economy and Tax – David Stone
 - Head of Social Security and Public Funding – Claire Murdoch
 - Interim Head of Social Security and Michael Davidson (until July 2023)
 - Head of Strategy, Change and Corporate Services – Susie Warden
29. The Scottish Fiscal Commission’s budget for 2023-24 is £2.485 million. In line with the OECD Principles for Independent Fiscal Institutions, the Scottish Government have provided us with an indication that our funding for 2024-25 will be £2.558 million and for 2025-26 £2.526 million. This resource allocation reflects our current remit, which would need to be adjusted should that remit be altered.

Annex A – Development work

Overview

30. In this Annex we detail development work by area and cross-cutting projects. These have been drawn from discussions within each team, external commitments, discussions with Commissioners, developments from our Forecast Evaluation Reports, the independent review by the OECD in 2019, feedback from stakeholders as well as development work that we were not able to complete in 2022-23.

Figure 2: Development work – Economy

Project	Description & output	Benefits
Scotland-UK relative economic performance	<ul style="list-style-type: none"> Analyse how activity in the UK Continental Shelf might affect the Scottish economy in coming years and contribute to possible Scotland and UK economic asymmetries. Explore the new region-by-sector breakdowns of PAYE Real Time Information (RTI) data to better understand the possible drivers of the gap in employees and earnings growth between Scotland and the UK, and how this might evolve in future. Understand divergences in data sources: participation, employment, earnings, income tax revenues. Understand reasons for divergences between Scottish and UK economy forecasts (data or methodology as opposed to judgements). 	<ul style="list-style-type: none"> Improved economy and fiscal forecasts and narrative Improved understanding of income tax net position
Nowcasts and short-run forecasts (Dashboard)	<ul style="list-style-type: none"> Look more at short-run forecasts using novel leading indicators and sectoral analysis. Consider how to formalise and extend sectoral analysis. Continue to develop and update our Scottish Uncertainty Index, first published in our August 2021 forecast report, to monitor the level of uncertainty in Scotland and consider how this might affect our economy forecast. 	<ul style="list-style-type: none"> Improved forecasts Improved communication of our forecasts
Student dissertations	<ul style="list-style-type: none"> Research on labour market inactivity, inflation and wages, inflation and house prices 	<ul style="list-style-type: none"> Improved forecasts
Model development and simplification	<ul style="list-style-type: none"> Clean up and streamline models Documentation Standardisation of structure 	<ul style="list-style-type: none"> Improved efficiency Improved internal processes
Links with work of public funding team	<ul style="list-style-type: none"> Contribute to the ongoing fiscal sustainability work. Continue to build a complete and coherent picture of Scottish Government funding and spending, and to ensure internal consistency of public sector employment and earnings forecasts (total public sector pay bill) with public sector output forecasts and budget plans. 	<ul style="list-style-type: none"> Improved forecasts Openness and transparency Improved communication of our forecasts

Figure 3: Development work – Public funding

Project	Description & output	Benefits
Supplementary FSR work	Develop work on topics of interest to the Finance and Public Administration Committee and other stakeholders, including: <ul style="list-style-type: none"> - Modelling alternative productivity scenarios - Climate change outline paper - Health spending trends 	<ul style="list-style-type: none"> • Retain interest in our FSR work during parliamentary terms • Remain relevant to ongoing discussion of long-term challenges for the Scottish Government • Maintain communication channels with FPAC and others
Model development – FSR	Review models and guides <ul style="list-style-type: none"> - Clean up the current models, ready for other staff to use them - Standardisation of structure and graphs across FSR models - Comprehensive set of internal guides to each model 	<ul style="list-style-type: none"> • Business continuity as our team changes • Make the process of updating the models with new data straightforward • Set models up ready for additional analysis
Stakeholder engagement – FSR	Engage with external stakeholders around our future, supplementary reports: <ul style="list-style-type: none"> - Productivity - Health - Climate Change 	<ul style="list-style-type: none"> • Provide additional insight, particularly as these papers are likely to be more qualitative in nature
Communications	Develop alternative ways to communicate our results across all our publications <ul style="list-style-type: none"> - Dashboards - GIFs - Videos 	<ul style="list-style-type: none"> • Develop skills within team • Move away from long format reports for all publications, provide information in different ways to suit different audiences
Model development – SEFF	Make models clearly updateable, so that SEFF updates do not depend on any one team member Review internal funding handbook to update for current processes	<ul style="list-style-type: none"> • Improved forecasts • Improved internal management
Chapter development – SEFF	Continue to work with Tax and Social Security teams to develop links in the SEFF	<ul style="list-style-type: none"> • Improved communication on Scottish Government funding
Implications of forecast errors chapter – FER	Add new chapter in FER, to show how forecast errors will affect future Scottish Budget funding	<ul style="list-style-type: none"> • Improved understanding of how forecast errors affect Scottish Budget funding

Figure 4: Development work – Tax

Project	Description & output	Benefits
NDR	Incorporate new appeals data as it comes in to better model the effect of the new 3-year appeals process	<ul style="list-style-type: none"> • Improved forecasts
LBTT	With help from a summer internship project through the economics futures programme, we'll be looking at house prices and transactions links to broader economy	<ul style="list-style-type: none"> • Improved forecasts • Improved economy and fiscal narrative • Improved understanding of LBTT
SLfT	Monitor changes that affect BMW ban - increasing incineration capacity	<ul style="list-style-type: none"> • Improved forecasts
Income Tax	Behavioural effects on income tax – continuing to review Model streamlining and documentation Continue to assess multiple data sources and which are most appropriate for forecasting purposes, with focus on RTI and PUT	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved economy and fiscal narrative • Improved understanding of income tax net position • Improved internal processes
Aggregates Levy	Preparing to move from illustrative forecast as devolved aggregates tax implemented	<ul style="list-style-type: none"> • Improved forecasts
Cross-cutting	Baselines consultation QA strategy	<ul style="list-style-type: none"> • Improved forecast transparency • Improved internal processes

Figure 5: Development work – Social security

Project	Description & output	Benefits
Stakeholders	Review our stakeholder approach to ensure a consistent process across payments and fluid communication between the Commission and the policy and analytical teams within the Scottish Government, UK Government Departments, Scottish Parliament, and other institutions.	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved internal processes
Policy costing	<p>Develop a policy costing model for Carer Support Payment (CSP) which we will include in our SEFF in May. The Scottish Government’s response to CSP consultation was published on 24 March 2023 and legislation will be laid in September 2023.</p> <p>The policy costing will replace the indicative forecast for the replacement of the Carer’s Allowance presented in previous publications.</p>	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved internal processes
Documentation and standardisation	<p>Continue the development of internal guides for all our models – these are to include model background and step-by-step guides on how to update models. Aim to implement principles to standardised existing guide and models. Principles will broadly define the key elements to be included in our models, while this will not be restrictive, it should provide an indication of the desired structure of models and guides.</p>	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved internal processes
Policy costings	<p>Develop a consistent approach to producing costings for the payments being introduced by Social Security Scotland.</p> <p>This includes engagement with Scottish Government programme, policy and analytical officials, and Social Security Scotland officials to discuss our data needs.</p>	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved internal processes • Improved stakeholder relations
Collaboration	Work collaboratively with analytical teams in Social Security Scotland and Scottish Government who are developing the statistical publications for the payments administered by Social Security Scotland.	<ul style="list-style-type: none"> • Improved efficiency • Improved forecasts • Improved stakeholder relations
Summer internship	Summer internship project through the Economic Futures programme. Student will look at the changes in distribution of disability across the population and the effects that this may have for the number of people in receipt of disability benefits in Scotland.	<ul style="list-style-type: none"> • Improved outreach to potential candidates • Improved forecasts

Figure 6: Development work – Cross-cutting analytical

Project	Description & output	Benefits
Planning ahead of next SEFF publication	On-going work to do internal wash-ups from each publication and prepare and plan for the next publications.	<ul style="list-style-type: none"> • Improved internal processes • Improved efficiency
Population projections	Continue to update our own bespoke population projections and improve model documentation and extend projection dates to support Fiscal Sustainability work.	<ul style="list-style-type: none"> • Improved internal processes • Improved forecasts
Costings database	Creating a costings database of all previous costings.	<ul style="list-style-type: none"> • Openness and transparency • Improved internal processes • Improved forecasts
Quality Assurance	Undertake a light QA exercise across the Commission. Encouraging teams to action their previous QA modelling results and offering support where required.	<ul style="list-style-type: none"> • Improved internal processes • Improved forecasts
Interns	Offer paid opportunities to students through Economics Futures Programme	<ul style="list-style-type: none"> • Improved outreach to potential candidates • Improved forecasts
Review Protocol with Scottish Government	Annual review and update of the Protocol between the Commission and Scottish Government	<ul style="list-style-type: none"> • Improved relationship with stakeholder
Develop greater infographics capability	Explore how we can improve interpretation of our work on our website, Twitter and LinkedIn through better use and quality of graphics	<ul style="list-style-type: none"> • Improved communication of our forecasts

Figure 7: Development work – Corporate

Project	Description & output	Benefits
New HR and Finance Systems	Engage with Scottish Government shared service providers with preparations for implement of the new Oracle based: <ul style="list-style-type: none"> - HR system from October 2023 - Finance systems in Spring 2024 	<ul style="list-style-type: none"> • Improved internal processes • Streamlined and integrated systems • Opportunities for improved management reporting
Statutory Review	Co-ordinate compilation of the specification for the next statutory review due in 2024 and appointment of an external reviewer (subject to approval of Scottish Ministers and the Scottish Parliament) for appointment by March 2024.	<ul style="list-style-type: none"> • Meet requirements of the Scottish Fiscal Commission Act 2016 • Assurance about the quality of reporting • Assurance about the underpinning internal forecasting process • Opportunity to identify areas for further development
Engagement	Corporate contribution to implementation engagement strategy including commissioning stakeholder survey and developing evaluation tools for engagement events.	<ul style="list-style-type: none"> • Evidence base for engagement work to allow informed decisions on prioritisation of communication channels.

Abbreviations

CSP	Carer Support Payment
FER	Forecast Evaluation Report
FSR	Fiscal Sustainability Report
HR	Human Resources
IFI	Independent Fiscal Institution
MoU	Memorandum of Understanding
NDR	Non-Domestic Rates
OECD	Organisation for Economic Co-operation and Development
QA	Quality Assurance
RTI	Real Time Information
SEFF	Scotland's Economic and Fiscal Forecasts
SPICe	Scottish Parliament Information Centre
SLfT	Scottish Landfill Tax

A full glossary of terms is available on our website: [Glossary | Scottish Fiscal Commission](#)

Professional Standards

The Commission is committed to fulfilling our role as an Independent Fiscal Institution, in line with the principles set out by the Organisation for Economic Cooperation and Development (OECD).⁴

The Commission also seeks to adhere to the highest possible standards for analysis. While we do not produce official statistics, we voluntarily comply as far as possible with the UK Statistic Authority's Code of Practice for Statistics. Further details and our updated statement of voluntary compliance can be found on our website.⁵

⁴ OECD (2014) Recommendation on Principles for Independent Fiscal Institutions ([link](#))

⁵ Scottish Fiscal Commission (2022) Compliance with the Code of Practice for Official Statistics ([link](#))

Correspondence and enquiries

We welcome comments from users about the content and format of our publications. If you have any feedback or general enquiries about this publication or the commission, please contact info@fiscalcommission.scot. Press enquiries should be sent to press@fiscalcommission.scot.

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