

Finance and Public Administration Committee
4th Meeting 2026, (Session 6)
Tuesday 27 January 2026

Scottish Fiscal Commission: annual evidence session

Purpose

1. The Committee is invited to take evidence from the Scottish Fiscal Commission (SFC) as part of its scrutiny of relevant bodies directly accountable to Parliament.
2. The SFC representatives attending this session are—
 - Professor Graeme Roy, Chair,
 - John Ireland, Chief Executive, and
 - Susie Warden, Head of Strategy, Governance, and Corporate Services.

Background

3. The SFC is directly accountable to the Scottish Parliament and sits within the Committee's remit. The Finance and Public Administration Committee has agreed to undertake annual scrutiny of how the SFC fulfils its functions, to take place after it has laid its annual accounts in Parliament. The Committee's [last annual evidence session with the SFC](#) took place on 1 April 2025.
4. Some of the issues covered in the Committee's previous annual evidence session with the SFC included—
 - The Organisation of Economic Co-operation and Development (OECD) [second review](#) of the SFC published on 10 March 2025. The OECD made a number of recommendations including that the SFC should broaden and deepen its spending analysis beyond security, to “help support a more informed debate around the trade-offs needed to ensure public finances are on a sustainable path”.
 - The SFC's strategic objectives, risks, and approach to diversity and inclusion.
 - The SFC's independence from the Scottish Government and the security of its budgets.
 - The SFC's working relationship with the Office for Budget Responsibility and with other key stakeholders.

5. The SFC's [Annual Report and Accounts for 2024-25](#) was published in October 2025. The Annual Report encloses a report by Deloitte LLP, an independent auditor, and contains an unmodified 'clean' opinion. In the opinion of the auditors, the accounts "give a true and fair view" of the SFC's affairs.

SFC functions and composition

6. The SFC's functions are set out in the [Scottish Fiscal Commission Act 2016](#). The SFC produces independent forecasts and assessments which aim to improve the transparency and scrutiny of Scotland's budget. These include independent economic, tax and social security forecasts and official costings for tax and social security policies. The SFC's latest Economic and Fiscal Forecasts were published alongside the Scottish Budget 2026-27 on 13 January.
7. The SFC also produces long-term fiscal sustainability reports of the Scottish Government's budget by making 50-year projections of spending and funding. The SFC's latest Fiscal Sustainability Report published in April 2025 updated demographic projections and informed the Committee's pre-budget 2026-27 scrutiny on Responding to long-term fiscal pressures.
8. The SFC's Annual Report 2024-25 states that its operational independence is ensured by its position as a non-Ministerial Office, meaning that it is part of the Scottish Administration but not part of the Scottish Government. The Report also notes that the SFC has full discretion over how it fulfils its statutory functions, and that this safeguards its independence.
9. The SFC consists of Commissioners with collective responsibility for fulfilling the functions and duties set out in the 2016 Act. These Commissioners are appointed by Scottish Ministers with the approval of the Scottish Parliament. Two new Commissioners were appointed on 8 October 2025.¹ The Commissioners are supported by "around 28 staff" grouped into four teams.

SFC's strategic objectives

10. The SFC's [Corporate Plan 2022-25](#) outlines the SFC's four strategic objectives as follows—
 - To provide robust, independent, official forecasts of Scotland's economy, devolved tax revenues and social security spending,
 - To explain what its forecasts and analysis mean for the Scottish Budget,
 - To analyse and explain the medium- and longer-term risks to the Scottish Budget, and
 - To be an effective and efficient organisation with skilled, knowledgeable people.

¹ [New Commissioners Appointed to Scottish Fiscal Commission – 8 October 2025 | Scottish Fiscal Commission](#)

11. The Annual Report for 2024-25 notes the following key actions in the furtherance of SFC's strategic objectives—

- The SFC undertook a joint project with the University of Strathclyde to develop a new model that is used as an input in the production of forecasts of Gross Domestic Product. The new model “can handle data with a short time span” such as Real Time Information payroll data.
- The expansion of the narrative on the income tax net position Fiscal Update 2024 and the December 2024 forecasts. This included a “more detailed discussion on the ‘economic performance gap’ - a comparison between the net position and an illustrative scenario that estimates, all else being equal, how much more funding the Scottish Budget could receive under current Scottish income tax rates relative to those in place across the rest of the UK”.
- In [August 2024 the SFC published a Forecast Evaluation Report](#) which gives “detailed quantitative and qualitative analysis of how accurate [the] forecasts were” and enables the SFC to “focus on what lessons can be learned to improve future forecasts”. The summary of headline evaluations is as follows—

Figure 1: Summary of headline evaluations

Topic	Forecast	Outturn	Error	Relative error
Economy	Per cent	Per cent	Percentage points	blank
GDP	-1.0	0.0	1.1	blank
Taxes and social security	£ million	£ million	£ million	Per cent
Income tax	13,671	15,169	1,498	11
Devolved taxes	3,928	3,886	-41	-1
Devolved social security	5,244	5,300	56	1

- SFC Commissioners and members of the Senior Management Team held a number of engagement events during the year and gave evidence to Scottish Parliamentary Committees. The SFC has also “continued to have positive relationships with media representatives, maintaining a good attendance at media briefings”.
- During 2024-25 SFC undertook work to produce its “second report on the long-term fiscal sustainability of the Scottish Government’s budget, projecting spending and funding up to 2074-75”.
- The SFC volunteers to comply with the Code of Practice for Statistics which provides a framework on how to approach “a number of operational issues” such as modelling errors and revisions.

Staffing

12. The Annual Report notes that as SFC undertakes its analytical work in-house, its “staff [is] crucial to [its] ability to achieve [its] corporate objectives”. The report

goes on to say that “headcount has remained fairly constant, with 28 staff at 31 March 2025”.

13. During the year the SFC has filled six vacancies, “with one attracting over 100 applicants and another almost 500”.
14. The SFC undertook a staff survey during December 2024. The Annual Report states that “the overall picture was positive with a number of improvements. [...] Staff wellbeing and engagement were high, and there was a good indication that team relationships and relationships with managers are positive. The results of this survey showed that positive action was taken based on the conclusions of the previous survey”.
15. The Annual Report notes that SFC staff have the choice of working in the office, from home, “or a combination of the two”. The [SFC’s Business Plan for 2025-26](#) states that “hybrid working is now embedded in our working patterns”.

Risks

16. The Annual Report for 2024-25 explains that five key risks have been identified, which are detailed below—
 - a) Corporate systems - The SFC’s corporate systems are not sufficient to deliver its work.
 - This risk “remained high amber during the year, reflecting uncertainty around the new Scottish Government HR and finance system and staffing changes in the corporate team”.
 - b) Reputation - The SFC suffers a loss of reputation because of its failure to deal with complex contextual change or the perceived quality of its analysis.
 - The Annual Report concluded that “this risk has remained green and steady throughout the year, with continued positive reception to our reports and the positive OECD review”.
 - c) Independence - The SFC’s political and institutional independence is, or is perceived, to be undermined.
 - This risk “remained steady and green through the year. The results of the [2025] OECD review provided an external perspective, and assurance on our independence and our handling of the August fiscal update and the late policy notification contributed to low scores”.

d) Staff - The SFC cannot deliver its functions effectively because it does not have appropriate staff or Commissioners, or because staff or Commissioners cannot work effectively.

- The risk is expected “to remain amber because of the pressured staffing budget, continued disruption to forecast timetables and recruitment and induction of two new Commissioners”.

e) Partner organisations – a deterioration in relationships with the SFC’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 risk is expected “to remain amber due to a change in our liaison Director General, concern that changing timetables and processes could become a new norm and longer term, a new finance committee after the Scottish Parliament elections”.

17. The table at pages 17–21 of the Report sets out the risks faced by the SFC, how they have affected the SFC’s achievement of its objectives, how they have been mitigated and how this may affect the SFC’s plans and performance.

SFC’s Financial Performance for 2024-25

18. In 2024-25 the SFC “received a budget of £2.636 million [2023-24: £2.485 million] and had net operating costs of £2.552 million [2023-24: 2.331 million], resulting in an underspend of £0.084 million [2023-24: 0.154 million]”.

19. The SFC’s biggest category of expenditure was represented by staff costs of £1.98 million which amounted to 80 per cent of its operating costs. In 2024-25 the total ‘commissioner costs’ amounted to £138,000.

20. The Annual Report provides an analysis of the SFC’s cost structure and efficiency over five years. It notes that the SFC has “far more control” over non-staff costs and that these have been reduced over the last two years.

21. It further states that the SFC has moved “from an annual work cycle of two annual peaks to a sustained and broader workload over the year, with far more public and stakeholder engagement”. Despite the increase in the nature of the work, back office expenses have been kept “relatively static”. The SFC has reduced corporate staff with resources being reallocated to “restructured analytical teams”.

Diversity and inclusion

22. The SFC made specific commitments in its corporate plan to make the organisation more inclusive—

- “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
- plan an internal programme of activities to raise awareness of equalities issues
- start work to recruit our next set of commissioners, with appointments due to be made in October 2025, and reappointments or appointments in June 2026”

23. The Annual Report notes that the SFC is “committed to reporting the gender balance of our appearances at Scottish Parliament Committees”. Of nine witness appearances in 2024-25, 33 per cent were female (compared to 20 per cent in 2023-24).

24. On staff recruitment, the Annual Report explains that the SFC “ran assessment centres in-house with bespoke assessments, ensured a high ratio of assessment centre slots to reduce our reliance on the application form, and ran job advertisements through a gender bias analysis test”.

Next steps

25. This is the last governance session with the SFC during Session 6. The Committee is due to have an evidence session with the SFC during March 2026 on Fiscal Sustainability matters, which will help inform the Committee’s legacy report.

Committee Clerking Team
January 2026