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Corporate Board – Minutes**Date:** 04 June 2019**Time:** 14:30 – 17:00**Venue:** Room 4E-01, St Andrew's House

Present:	Leslie Evans (Chair)	Permanent Secretary
	Barbara Allison	Director Communications, Ministerial Support and Facilities
	Sarah Davidson	DG Organisational Development and Operations
	Liz Ditchburn	DG Economy
	Annie Gunner Logan	Non-Executive Director
	Janet Hamblin	Non-Executive Director
	Ronnie Hinds	Non-Executive Director
	Paul Johnston	DG Education, Communities and Justice
	Hugh McKay	Non-Executive Director
	Nicky Richards	Director of People
	Alyson Stafford	DG Scottish Exchequer
	Ken Thomson	DG Constitution and External Affairs
	Gordon Wales	Chief Financial Officer
	Malcolm Wright	DG Health and Social Care
In Attendance:	Jennie Barugh	Director Performance and Strategic Outcomes
	Luke Cavanagh	Head of Corporate Analytical Services
	Alan Johnston	Deputy Director, EU Readiness
	Mike Neilson	Director of the Scottish Governments EU office in Brussels
	David Rogers	Director for Constitution and Cabinet
	Jess Rosevear	Corporate Analytical Services
	Vicki Webster	Strategic Insights Unit
Robyn Whitelaw-Grant	Governance and Risk Team	
Secretariat:	Julie Humphreys	Corporate Board Secretary
	Becky Robb	ET Secretariat
	Jo Ward	ET Secretariat
Apologies:	Linda McKay	Non-Executive Director

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Item 1: Welcome, Introductions, Apologies, Declarations of Interest, Minutes and Actions

1. The Chair welcomed everyone to the second Corporate Board (CB) meeting of 2019 and noted apologies from Linda McKay. There were no declarations of interest.
2. The Chair noted that Sarah Davidson would be leaving the Scottish Government (SG) shortly and thanked her for the significant contributions that she had made to CB and to the organisation as a whole.
3. The Board agreed the minutes of the CB meeting on 5 February 2019 and noted the action tracker.
4. The Board Secretary provided an update on Action point 22. A revised Governance Map would be circulated to CB members along with draft letters of delegation for each of the corporate sub-boards following CB's approval of the proposed revisions to its Purpose, Remit and Business.
5. Sarah Davidson provided an update in relation to Action point 28. CB had been provided with the conclusions of the Review of the Wider SG implications of the Social Security Programme in advance of the meeting. The Board thanked Ronnie Hinds for his assistance in relation to the review.

Item 2: Permanent Secretary's Overview

6. The Chair provided an overview of events since the last CB meeting in February, including:
 - The European Parliamentary elections and associated developments at Westminster;
 - The Scottish Leaders' Forum and its focus on the National Performance Framework and collaboration and the National Outcomes Performance Report;
 - The announcement of the Referendum Bill and the Citizen's Assembly;
 - The delivery of the Budget for 2019/20 and the publication of the Medium Term Financial Strategy;
 - Ambitious new Climate Change targets;
 - Developments in the Social Security programme and
 - Reflections on a recent visit to China.
7. The Board agreed that:
 - DG Scottish Exchequer and ET SGO to coordinate discussions on the National Performance Framework Outcomes Report analysis at Executive Team (ET), Cabinet, Performance Board and CB.

Item 3: Financial Stewardship

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8. The Chief Financial Officer (CFO) provided Board members with an overview of the latest financial outlook for 2018-19 and 2019-20.
9. In discussion the Board noted:
 - The Cabinet Secretary for Finance, Economy and Fair Work will announce the 2018-19 provisional outturn position to the Scottish Parliament on Thursday 20 June 2019 which would report underspends in Resource, Capital and Financial Transactions;
 - The 2018-19 Consolidated Accounts will be published by the end of September, following the final audit process, alongside the 2018-19 Final Outturn Report and the preparation of the financial information to support the Accounts is on track to meet agreed Audit Scotland timetabling;
 - The work which had been undertaken to deliver the Budget for 2019/20;
 - Cabinet will be provided with regular updates on the 2019/20 budget position as the year progresses;
 - An assessment of the impact on outcomes should be considered when proposing any changes to the Budget;
 - CB will be informed of developments through regular monthly finance reports and at meetings;
 - Sufficient time should be dedicated to financial stewardship discussions at CB;
 - Updated budget management guidance will be provided to support the 2019-20 budget management process and
 - Directors General (DGs) as Accountable Officers (AO), and with support from Non-Executive Directors (NXDs), should continue to scrutinise and assure the delivery of the spending plans agreed by Cabinet and scrutinise expenditure forecasts throughout the year, ensuring funding is in place to support any new spending proposals.
10. The Board agreed that:
 - The CFO will circulate a report to CB setting out the changes to outturn over the final six months of 2018-19, at Directorate level, before it meets on Tuesday 3 September 2019;
 - The CFO to consider, with DG Scottish Exchequer, how to embed fiscal sustainability into the Spending Review processes and to present options as to how the CB may support and assist the shaping of a revised spending review process and
 - ETSGO to allocate sufficient time for this item at future CB meetings.

Item 4: Financial Stewardship and Risk

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Risk Management in the Scottish Government

11. Robyn Whitelaw-Grant presented an overview of the Corporate Risk Register (CRR) for the Board's consideration and approval as required annually.
12. In discussion, the Board noted:
- Risk was being considered routinely in Director General (DG) Assurance meetings, supported by the Corporate Assurance team in ET SGO and the Governance & Risk Team, which was helping to drive improvements in understanding and management of risk;
 - New risks had been added to the CRR by DG Education, Communities & Justice (DG ECJ) in relation to the prison population and by DG Constitution & External Affairs (DG CEA) in relation to Freedom of Information performance following decisions to escalate these to the CRR at the relevant DG Assurance meetings;
 - DG Economy intended to add a risk in relation to the economic impact of EU Exit, as well as Climate Change and the impact of demographic change, including migration, on the labour market;
 - DG Economy was considering the inclusion of a risk in relation to digital capacity and capability to deliver the Scotland's 2021 Census;
 - Issues relating to the Common Agricultural Policy (CAP) risk would conclude by end July 2019 and this risk would then be de-escalated;
 - The existing risk on economic growth could be more defined and recast in the context of poverty and inequality;
 - An improving picture on Health & Social Care Integration could result in de-escalation in the near future and
 - A number of financial challenges were becoming more apparent in Health & Social Care (HSC), including the requirement for infrastructure investment; the costs of medicines and the impact of migration policy on workforce costs. These were being managed within the DG HSC family at present.
13. The Board noted a range of further improvements to support corporate risk management, including:
- The value of using clear and consistent tests when considering risk. Whilst risk management escalation criteria was available, it could be helpful to consider risk in relation to three tests: whether it has an end date; what the impact is on both the entirety of SG and SG's reputation;
 - The importance of considering all evidence when considering risk, particularly in relation to performance against our national outcomes;
 - An assessment of proximity should also be made;
 - Clarity on the role CB could and should play in relation to managing corporate risks, perhaps through the consideration of strategic cross-cutting risks.

Risk improvement:

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14. Jennie Barugh updated the Board in relation to the Risk Improvement Project which had been discussed with Non-Executive Directors and at Executive Team (ET).

15. The Board:

- Endorsed the proposed improvement priorities, namely: strengthening implementation, augmenting existing arrangements and encouraging positive cultures and behaviours;
- noted that work was underway to set out the structures, functions, resources and capabilities required to deliver these improvements and
- noted that an update would be provided to the SG Audit & Assurance Committee (SGAAC) on 24 June and would return to ET in the Autumn to discuss next steps.

16. The Board agreed that:

- The Governance & Risk Team to work with the Corporate Assurance Team in ETSGO to amend the CRR ahead of SGACC on 24 June 2019.
- Clear and consistent criteria should be developed by the Governance & Risk team to support corporate risk management based on the “three tests” and
- The next phase of the Risk Improvement project must include a focus on roles, responsibilities, structures, resources and capabilities needed to deliver its recommendations.

Item 5: Vision and Strategy

Constitutional Developments

14. DG CEA provided an update on work to date in relation to EU Exit preparedness in the context of changing political circumstances and associated uncertainty up to 31 October 2019.

15. In discussion the Board noted and acknowledged:

- A number of outcomes remain possible, which will require the SG to be flexible, agile, open, capable and responsive;
- The importance of balancing immediate and medium to longer term action;
- There are three concurrent workstreams in place across SG, covering preparations for a “no deal” exit; the future relationship with UK and EU and intra-UK relationships and possible constitutional futures;
- The work undertaken to mainstream this across the SG so that EU Exit has become part of business as usual;
- the challenges arising from matching structures and processes to the requirements of the work, and flexing resource as demands change and the criticality of accountable officers being assured in relation to these challenges and
- there may be challenges ahead in securing additional SG Resilience Room (SGoRR) volunteers.

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16. The Board agreed:

- That Directors General should continue use their DG Assurance meetings as a mechanism to gain formal assurance regarding the implications of EU Exit preparedness on staff, delivery of business and the ability to flex resources for those areas which they are Accountable Officer for.
- Corporate Communications should be ready to support staff to volunteer for SGoRR when required.

Item 6: Organizational Health

Balanced Scorecard

17. Luke Cavanagh presented the latest version of the Balanced Scorecard and the key areas for Board consideration as proposed by the DG Organisational Development & Operations (DG ODO) Senior Management Team in advance of CB. Additional information had been provided at CB's request on procurement and workforce analysis.

18. In discussion the Board noted

- The value of the new workforce metrics, which included improved data on the impact of further growth on the SG estate;
- The apparent affordability gap and the importance of understanding whether SG is living within its budget;
- The implications of accommodating increasing numbers of employees, with growth predicted across most buildings. Further information on accommodation plans, associated investment decisions required and the Place Board would play in the planning of this was required;
- FoI performance is not consistently meeting the 95% target. The next phase of the FoI improvement plan will introduce changes aimed at achieving the target and enhancing SG's transparency and
- Data on procurement could be supplemented by material in the annual SG Procurement report.

19. The Board agreed that:

- The Director for Communications, Ministerial Support & Facilities (CMSF) would provide a note to CB on SG estate plans, investment decisions and role the Place Board will play in relation to these;

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- The CFO would revise the regular CB Finance report to take account of changing and growing fiscal responsibilities;
- The CFO would consider how other currently-available sources of procurement data could be included at the appropriate time;
- DGs to monitor workforce metrics and ensure through DG Assurance processes that realistic and accurate forecasting and budgeting takes place in relation to staffing.

Item 8: AOB: Reflections from the February 2019 CB Development session

20. The Board Secretary presented the revised CB remit as requested at the CB Development Session in February 2019. It proposes that the Board be a source of support to the Permanent Secretary in discharging her duties as Principal Accountable Officer.
21. The Board agreed to consider the revised CB Terms of Reference by correspondence.
22. The Board agreed that:
 - ETSGO to circulate the Corporate Board Reflections paper, by correspondence to Board members to seek their comments and agreement.

Next Meeting – Tuesday 3 September.

**ET Support and Governance Office
June 2019**

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