

Corporate Board – Minutes

Date: 01 September 2020

Time: 14:00 – 16:30

Venue: via Webex



Present:	Leslie Evans	Permanent Secretary (<i>Chair</i>)
	Barbara Allison	Director, Communications, Ministerial Support and Facilities
	Liz Ditchburn	DG Economy
	Lesley Fraser	Interim DG Organisation Development and Operations
	Annie Gunner Logan	Non-Executive Director
	Ronnie Hinds	Non-Executive Director
	Paul Johnston	DG Education, Communities and Justice
	Ruaraidh Macniven	Solicitor to the Scottish Government
	Hugh McKay	Non-Executive Director
	Linda McKay	Non-Executive Director
	Elinor Mitchell	Interim DG Health and Social Care
	Nicky Richards	Director, People
	Alyson Stafford	DG Scottish Exchequer
Ken Thomson	DG Constitution and External Affairs	
Kerry Twyman	Interim Chief Financial Officer	
In Attendance:	Anne Aitken	Head of Directorate Support and Delivery, Organisational Readiness
	Jennie Barugh	Director of Performance & Strategic Outcomes
	Luke Cavanagh	Unit Head of Corporate Analytical Services
	Douglas McLaren	Deputy Director, Public Spending
Secretariat:	Julie Humphreys	Board Secretary to the Scottish Government
	Becky Robb	Executive Team Support & Governance Office
	Emma Sinclair	Executive Team Support & Governance Office
	Sean Doohan	Executive Team Support & Governance Office

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

1. The Chair welcomed everyone to the third Corporate Board (“the Board”) meeting of 2020. No apologies were noted. There were no declarations of interest.
2. The Board agreed the minutes of the meeting on 2 June 2020 and noted the Action Tracker.
3. DG Constitution and External Affairs (CEA) noted that the role of the Constitution and Europe Programme Board was under review ahead of reintroduction and consideration would be given to the membership, which would include Non-Executive Director (NXD) representation.

Item 2: Permanent Secretary Overview

4. The Chair provided an overview of events since the last Board meeting in June, noting:
 - The continued professional and personal impact of Covid-19. The Scottish Government (SG) continued to adapt to ensure the right skills, resources and structures were in place to support Scotland’s response and recovery;
 - The Programme for Government for 2020/21, *Protecting Scotland, Renewing Scotland*, set out the priorities for dealing with the economic, health and social crisis as a result of Covid-19, retaining the National Performance Framework and underpinning outcomes as the North Star for SG;
 - Resourcing, wellbeing and financial stewardship each remained key areas that the organisation would be focusing on and were reflected in the Board’s agenda today and
 - Recruitment was underway for critical posts including DG Health & Social Care and Chief Executive of NHS Scotland; the Chief Financial Officer and the Director for Equality, Inclusion & Human Rights.
5. The Chair also noted that business as usual continues, including EU Exit planning and preparing for the Scottish Parliament Elections in 2021.

Item 3: Balanced Scorecard

6. DG Organisational Development and Operations (ODO) and DG Scottish Exchequer, provided overviews of organisational health and performance over the period, noting:
 - The continued impact of Covid-19 on our people in terms of capacity; roles; ways of working and wellbeing, as well as to timescales of SG’s key policy deliverables;
 - The impact of Covid-19 on our national outcomes would not be visible in the NPF data yet but was evident in real time data and anticipated to be significant in many areas;
 - Corporate services continued to perform well to support the organisation to continue to deliver during Covid-19;
 - Freedom of Information performance had worsened, as a result of Covid-19 and

- A number of concurrent risks which were now crystallising.
7. In discussion, the Board:
- Welcomed the quality of the Scorecard which would support ongoing discussions on resources and budget prioritisation;
 - Noted that further data will be gathered following the Pulse Survey and that this will be collected via the People Survey in October which will further improve our understanding of staff experience to inform how SG supports colleagues;
 - Agreed the importance of local tailored support;
 - Noted work was underway, in line with *Scotland's Route Map Through and Out of The Crisis*, to return SG colleagues to the work place;
 - Noted that work was planned to draw together data providing an overarching view of the impact of Covid-19 on the National Outcomes, with the Four Harms Dashboard at its centre, to retain a nation-wide focus on the NPF and support collective understanding of Covid-19's impact, as well as to inform prioritisation decisions and
 - Noted the Performance Board would be meeting in October to consider plans to support SG's aspirations to improve outcomes.
8. The Board agreed:
- The Balanced Scorecard remained an invaluable source of quantitative and qualitative data for Corporate Board to underpin decisions about the resources; budget and prioritisation in SG and
 - Performance Board should meet to consider the impact of Covid-19 on the SG's policy priorities.

Item 4: Concurrent risks

9. DG Health and Social Care and DG Constitution and External Affairs, updated the Board on the SG response to Covid-19 and EU Exit.
10. In discussion, the Board noted:
- The response to Covid-19 was system-wide, with a focus on supporting compliance with the policies and restrictions in place to respond to Covid-19; local outbreak management; Test and Protect; supporting recovery and preparing for winter;
 - Clinical data would remain central to the SG approach;
 - The complexity of both the response to Covid-19 and work to prepare for the end of the EU Exit transition period would increase. Therefore the pressures on resources and budgets would increase which meant that prioritisation needed to underpin decisions at all times, whilst retaining a focus on outcomes. Decisions would have to be carefully balanced and considered;
 - A number of risks had crystallised into issues concurrently and had to be considered alongside significant pressures on staff and financial resources which made medium and longer-term horizon-scanning and planning complex;

- The SG response to risks is being shaped by *Scotland's Route Map Through and Out of The Crisis*, which was cognisant of the implications of the end of the EU Exit transition period;
- The importance of the role that public sector delivery partners, such as Local Government, play in managing these concurrent risks;
- The economic shock of Covid-19 and EU Exit was multifaceted and that a deep dive should take place at the next Board meeting;
- The relationship with the UK Government was crucial to both SG's work on Covid-19 and EU Exit and
- Calibration and prioritisation were critical to putting in place the appropriate measures to address the current risk profile.

11. In discussion, the Board agreed:

- Corporate Board should undertake a deep dive into the economic impact of both Covid-19 and end of the EU Exit Transition period at its next meeting;
- The entries on the Corporate Risk Register should be reviewed by Accountable Officers in light of the Board's discussion and
- A follow-up discussion with Accountable Officers should take place on the Corporate Risk Register to ensure that risks are calibrated; prioritised; resourced appropriately and mitigations in place, to underpin discussions with Ministers on prioritisation of resource and budgets.

Item 5: Financial Stewardship

12. The Interim Chief Financial Officer provided an overview of the SG's budget and the Deputy Director, Public Spending, provided an update on the 2021/22 budget position.

13. In discussion, the Board noted:

- Whilst the resource position had improved slightly, it had been impacted by additional Covid-19 spending requirements and remained in a significant deficit position. Decisions would have to be taken quickly to deliver a balanced budget;
- Appropriate financial governance around all expenditure decisions had been put in place and Accountable Officers had a key role to play in ensuring compliance to support savings;
- Accountable Officers should ensure that, for those budgets for which they are responsible, careful consideration of commitments already made was required when considering expenditure and that prioritisation would be required in order to identify potential resource budget saving options as well as contingency plans which Cabinet will be invited to consider;
- While Finance and Exchequer colleagues could assist in this analysis, it was for Accountable Officers and budget holders to drive forward identification of savings options and ensure effective forecasting;
- Accountable Officers needed to ensure that they were cognisant of spending decisions and the relationship with the Public Finance and Accountability (Scotland) Act 2000, Section 15;

- There is a role for NXDs to provide support to Accountable Officers collectively and in their pairings, in relation to prioritisation and contingency proposals, which was important to ensure that all could discharge their duties accordingly;
- The importance of accurate and realistic forecasting to support decision-making and clarity of discretionary elements within the budget;
- If any resource savings were to emerge from 2020/21, they would be used to reduce the significant 2021/22 budget deficit currently projected and
- A pragmatic, outcomes-based approach would be taken to the 2021/22 Budget process with planned publication in December.

14. The Board agreed that:

- Accountable Officers, with the support of the Interim Chief Financial Officer and Deputy Director, Public Spending, should put in place mechanisms to assure NXDs on financial stewardship. This should include assurance on prioritisation options and associated contingency plans needed given the unprecedented scale of the budget deficit position and the ongoing response to Covid-19;
- The advice to Cabinet should reflect the Board's discussions;
- Accountable Officers should review the budgets for which they are responsible, drawing on their paired NXDs as appropriate, ahead of Cabinet's consideration, to ensure that their forecasting is accurate and that they have identified prioritisation decisions that are clear, balancing options and the impact on outcomes against the need to close the deficit;
- A review of current roles, responsibilities and structures in place in relation to financial management and stewardship in order to consider resourcing constraints and new models as part of the redesign of corporate services, including the centrality of outcomes to any approach;
- Further discussions with all Accountable Officers should take place on in-year financial management challenges and future Budget pressures and
- The Scottish Government Assurance & Audit Committee should undertake a deep dive into Financial Sustainability before the next Corporate Board meeting.

Next Meeting – Tuesday 1st December 2020

**ET Support and Governance Office
September 2020**

END