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Corporate Board – Minutes**Date:** 03 September 2019**Time:** 14:00 – 17:00**Venue:** Room 4E-01, St Andrew's House

Present:	Leslie Evans (Chair) Barbara Allison Liz Ditchburn Lesley Fraser Paul Johnston Ruaraidh Macniven Hugh McKay Linda McKay Nicky Richards Alyson Stafford Ken Thomson Gordon Wales Malcolm Wright	Permanent Secretary Director Communications, Ministerial Support & Facilities DG Economy DG Organisational Development & Operations DG Education, Communities & Justice Solicitor to the Scottish Government Non-Executive Director Non-Executive Director Director of People DG Scottish Exchequer DG Constitution & External Affairs (Items 1 – 3) Chief Financial Officer DG Health & Social Care
In Attendance:	Andrew Bruce Alan Johnston Lucy O'Carroll Andrew Watson Robyn Whitelaw-Grant	Principal Private Secretary to the Permanent Secretary Deputy Director, EU Exit Readiness Director of Taxation Director of Budget and Sustainability Governance and Risk Team
Secretariat:	Julie Humphreys Rebecca Robb Jo Ward	Board Secretary Executive Team Support & Governance Office Executive Team Support & Governance Office
Apologies:	Janet Hamblin Ronnie Hinds Annie Gunner Logan Ken Thomson	Non-Executive Director Non-Executive Director Non-Executive Director DG Constitution & External Affairs (Items 4 – 6 Representing the Permanent Secretary's interests at another engagement)

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

1. The Chair welcomed everyone to the third Corporate Board (CB) meeting of 2019, including Lesley Fraser as interim Director General Organisational Development and Operations (DG ODO). Apologies were noted from Janet Hamblin, Ronnie Hinds and Annie Gunner Logan, from whom comments had been requested in advance. There were no declarations of interest.
2. The Board agreed the minutes of the CB meeting on 4 June 2019 with one correction to the attendance list.
3. The Board Secretary provided an update on the letters of delegation from Corporate Board noting that the Governance Map was being reviewed and the current map would be shared.

Item 2: Permanent Secretary's Overview

4. The Chair provided an overview of events since the last CB meeting in June, including:
 - The Programme for Government, published that afternoon (3rd September);
 - The importance of strong relationships between the Scottish Government (SG) and the UK Government (UKG) to ensure SG is able to advise Scottish Ministers effectively;
 - The agility and flexibility of the SG in responding to and planning for uncertainty whilst supporting Ministers to deliver competent government;
 - The publication of SG's Disability Recruitment & Retention Action Plan and
 - The announcement of the first meeting of the Citizen's Assembly in October.

Item 3: Vision and StrategyConstitutional Development

5. DG Constitution & External Affairs (DGCEA) provided an outline of recent, unprecedented events which would have impact beyond the next six weeks on the Scottish economy, constitutional arrangements, relationships across the Public Sector and on how SG needs to operate in the future.
6. Ministers had approved a No Deal plan and were working with DGs and Directors to agree the resourcing and prioritisation required to operationalise it. To support preparations for EU Exit work was underway on a companion public information campaign. Alongside this, ET had discussed and agreed its role in providing clear and visible leadership and effective communications with staff to support them through the challenges.

Item 4: Financial Stewardship

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Finance and Fiscal update

7. The Chief Financial Officer (CFO) provided an overview of the latest financial position which would be considered at Cabinet shortly and would be set in the wider context of uncertainty around EU Exit and UK Spending Review and risks and opportunities presented by the existing Fiscal Framework.
8. In discussion the Board noted:
 - The key priorities, processes and timelines for the Resource and Capital Spending Reviews, including the proposals to embed fiscal sustainability in both;
 - The emerging fiscal and budgetary risk arising from timing of the UK and Scottish Budgets and the operation of the Fiscal Framework;
 - That the work on fiscal sustainability and the Resource and Capital Spending Reviews needs to be carefully aligned with work on the future of the organisation and our learning from SG2020;
 - The importance of accurate financial information to support Accountable Officers in discussions with Ministers about savings options;
 - The value of information showing budget movements throughout the year and
 - That the CFO was providing monthly briefings for NXDs on the detail of the current and forecast financial position.
9. The Board agreed that:
 - Director Generals (DGs), as Accountable Officers, should continue to scrutinise their current and forecast expenditure as set out in budget management guidance issued in June;
 - The DG Assurance process should be used to supplement existing Directorate scrutiny employed in the monitoring of forecast outturn movements throughout the year;
 - Advice to Ministers should reflect, as appropriate, the impact of fiscal risks including the impact of EU Exit on the economy and Scottish budget;
 - DG Scottish Exchequer should provide appropriately-timed updates to the Board ahead of the publication of the Resource and Capital Spending Reviews;
 - DG Scottish Exchequer should provide advice to the Board on the operation of the Fiscal Framework and the Review process underway;
 - Consideration of fiscal sustainability should be included within the paper being prepared for CB by DG Organisational Development and Operations (DG ODO) on the future of the organisation for consideration in December and
 - The format and focus of the Exchequer update was fully endorsed by Board members for future meetings.

Item 5: Financial Stewardship & Risk2018 – 19 Draft Consolidated Accounts

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10. The CFO updated the Board on the current status of the 2018/19 Draft Consolidated Accounts, noting that a session would be held with Non-Executive Directors (NXDs) in advance of the Scottish Government Audit & Assurance Committee (SGAAC) on 23rd September 2019.
11. The expectation was that Audit Scotland (AS) would provide a draft of their section 22 report week beginning 9 September. The first whole of Scotland Public Sector Accounts for 2017–18 was also with AS for comment. The Chair thanked the CFO and team for their work and emphasised the importance of continuing positive engagement with AS going forward.
12. In discussion the Board noted:
 - The position statement on the external audit of the accounts, issues arising and expected audit reporting, including the accounting treatment of loans to private companies and
 - The opportunity to input and provide further comments by Friday 6 September.
13. The Board agreed that:
 - Subject to any amendments received before 6 September the 2017-18 draft annual accounts should proceed to SGAAC for final consideration.

Governance Statement

14. Robyn Whitelaw-Grant invited the Board to consider the draft Governance Statement, noting that this year's Statement also included a thematic analysis of the Portfolio Accountable Officer (PAO) Certificates of Assurance (CoA). A draft was with AS and feedback from the Board would be incorporated before the Statement's consideration by SGAAC.
15. In discussion the Board noted:
 - What constituted a "significant control issue" in the context of issues for inclusion;
 - How to balance the thematic analysis with the specific issues set out in the Statement;
 - The importance of openness and transparency and
 - The balance of accountability between SG and Executive Agencies in relation to the content of the Statement.
16. The Board agreed that:
 - The draft Governance Statement would be updated to reflect the comments made by Corporate Board by 4 September 2019 and circulated to DGs to review for their

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interests and offer any final drafting suggestions or amendments no later than 6 September 2019.

Item 6: Organizational Health

Balanced Scorecard

17. DG ODO presented the latest version of the Balanced Scorecard and the key areas for the Board's consideration. The Board noted the high quality information set out within the Balanced Scorecard which enabled effective evidence-based discussions, offering thanks to Luke Cavanagh and Jess Rosevear for their work to date.

18. The Board discussed:

- The forecasted growth of SG which did not include contingency or agency workforce such as Social Security Scotland which was expanding significantly;
- The number of agencies and bodies, in addition to SG, for which People Directorate provides core services, totalling approximately 3000 additional people;
- The pressures on corporate systems and the need to use this information to support the proposal for a new Target Operating Model and the investment required to improve corporate support functions;
- That work was underway to implement the Freedom of Information improvement plan in order to help the organisation achieve the 95% target of cases answered consistently on time and reliably;
- The variation between Average Working Days Lost (AWDL) across DG families and the need for further exploration and
- The importance of ensuring that this information is used to inform governance and assurance discussions at all levels of the corporate governance system, including Executive Team (ET), to assure the Board that issues identified are being managed and/ or to provide advice and support to the Board on key organisational performance challenges.

19. The Board agreed:

- That ET should discuss the provision of corporate services and how investment might be maximised;
- To ensure that the Balanced Scorecard is consistently used to support discussions in other governance fora including DG Assurance, People & Finance meetings, Senior Management Team meetings and People Board.
- That there was significant value in the new metrics on procurement, workforce analysis and accommodation and which should remain in the Scorecard and
- That DGs would consider the broader wellbeing and AWDL trends in their People & Finance meetings so that learning could be shared across DG families.

Item 7: AOB

20. No items were tabled. The next CB development session was scheduled to take place on 1st October but may incorporate an additional discussion on constitutional

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developments. The ET Support and Governance Office would confirm arrangements in due course.

Next Meeting – Tuesday 3rd December.

21. Provisional agenda items include: Finance and Fiscal update; Future Shape of the Organisation; Constitutional Developments and the Balanced Scorecard.

**ET Support and Governance Office
September 2019**