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Corporate Board – Minutes**Date:** 2 June 2020**Time:** 14:00 – 17:00**Venue:** By Webex

Present:	Leslie Evans Lesley Fraser Liz Ditchburn Ronnie Hinds Ruairaidh Macniven Hugh McKay Linda McKay Elinor Mitchell Nicky Richards Alyson Stafford Ken Thomson Gordon Wales	Permanent Secretary (<i>Chair</i>) DG Organisational Development and Operations DG Economy Non-Executive Director Solicitor to the Scottish Government Non-Executive Director Non-Executive Director Interim DG Health and Social Care Director, People DG Scottish Exchequer DG Constitution and External Affairs Chief Financial Officer
In Attendance:	Joe Griffin Andrew Watson Sharon Fairweather Robyn Whitelaw-Grant Luke Cavanagh Tim Ellis	Director, Safer Communities (for DG Education, Communities & Justice) Director, Budget and Public Spending Director, Internal Audit and Assurance Head, Governance and Risk Unit Head, Corporate Analytical Services Head, Performance & Outcomes
Secretariat:	Julie Humphreys Becky Robb Pamela Beer Craig Hewitt	Board Secretary Executive Team Support & Governance Office Executive Team Support & Governance Office Executive Team Support & Governance Office
Apologies:	Barbara Allison Janet Hamblin Paul Johnston Annie Gunner Logan	Director Communications, Ministerial Support and Facilities Non-Executive Director DG Education, Communities and Justice Non-Executive Director

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

1. The Chair welcomed everyone to the second Corporate Board (“the Board”) meeting of 2020. Apologies were noted from Barbara Allison, Janet Hamblin, Paul Johnston and Annie Gunner Logan. There were no declarations of interest.
2. The Board agreed the minutes of the meeting on 3 March 2020 and noted the updated Action Tracker.
3. The Chair recorded thanks on behalf of the Board to Gordon Wales, Chief Financial Officer, who was attending his last Board meeting and welcomed Elinor Mitchell in her role as Interim DG Health and Social Care (HSC).

Item 2: Permanent Secretary Overview

4. The Chair provided an overview of events since the last Board meeting in March, noting:
 - The appreciation for, and pride in, the organisation’s rapid, effective and collaborative response to Covid-19, including how it has engaged with public sector partners and stakeholders across Scotland;
 - The professional and personal impact of Covid-19 on the organisation’s people and the challenges of sustaining this as the Scottish Government manages the move from pandemic to epidemic and
 - The significant impact on the economy and society, the implications for the National Performance Framework (NPF) and outcomes and Scotland’s fiscal environment.
5. Five emerging areas the organisation would focus on included:
 - The Scottish Government’s (SG) resources and how to support key parts of the organisation;
 - Retaining the focus on outcomes and collaborative working;
 - The importance of maintaining good governance and effective decision-making;
 - How the SG’s supports Scotland’s ‘renewal’, including safeguarding the reforms made during the Covid-19 response and how this is integrated into the next Programme for Government and
 - The enhanced relationship with Local Government and our Public, Private and Third Sector partners.
6. The Chair also noted that business as usual continues, including EU Exit planning and preparing for the SP Elections in 2021.

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Item 3: Financial StewardshipFinancial management 2019/20

7. The Chief Financial Officer provided an overview of the SG's 2019/20 provisional financial outturn position as at 31 May 2020. In discussion the Board noted:
- Whilst the resource position had improved throughout the year, it had been impacted by Covid-19 spending requirements;
 - Any Capital underspend would be utilised in 2020/21;
 - That Accountable Officers needed to ensure that were cognisant of spending decisions and the relationship between the Public Finance and Accountability (Scotland) Act 2000, Section 15;
 - No changes are expected between the Provisional and Final Outturn position and
 - The Provisional Outturn statement to the SP will be made by the Cabinet Secretary for Finance at a date to be confirmed.
8. The Board agreed:
- That a lessons-learnt exercise on the SG 2019/20 budget process be produced, incorporating the impact of Covid-19 reflecting on the enhancements to financial governance arrangements and controls which should be considered by the Corporate Board at its meeting in September 2020.

Budget 2020/21

9. The Director for Budget and Public Spending provided an overview of the SG budget position for 2020/21 which was due to be discussed by Cabinet shortly. In discussion the Board noted:
- Cabinet will be invited to consider options identified for resource budget savings and priorities;
 - Capital underspends spending will be used to support resource, where appropriate, spend and will be reprioritised to focus on those economic interventions which will make the biggest impact;
 - The position on future funding consequential from HM Treasury remains unclear at present and engagement is ongoing and
 - Public sector pay and SG's resourcing position and associated costs will also be reflected in the Cabinet paper.
10. The Board agreed that:
- A Cabinet paper should be prepared on prioritisation of staffing resourcing as soon as possible;

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- Non-Executive Directors to receive a summary of the 2019/20 capital outturn and the reprioritisation proposals agreed by Cabinet in relation to supporting economic recovery by 12 June and
- A consistent and collective approach should continue to be taken by Accountable Officers (AO) in relation to financial decision-making using the enhanced guidance.

Item 4: Annual Risk UpdateCorporate Risk Register

11. The Chief Financial Officer provided an update on the Corporate Risk Register (CRR) setting out the current risks and actions in place to mitigate.
12. In discussion the Board noted:
 - That essential consideration of the resources required to manage and mitigate concurrent and cumulative risks was underway;
 - The SG's Good Governance Guide was being updated and would be published shortly and reflect the approaches taken in response to Covid-19;
 - The importance of risk management being fully integrated across SG as a tool and function for managing both risks and issues and
 - That further work would be completed before the next presentation of the CRR to the Scottish Government Audit and Assurance Committee (SGAAC) on 22 June.

Top DG Risks

13. DGs provided an update on their top risks:
 - Scotland's economy and finances, and the SG budget, overlaid with EU Exit;
 - Physical and mental health, as well as HSC services, staff and budgets as a consequence of living with Covid-19 going forward;
 - The delivery of existing policies and commitments and NPF outcomes;
 - SG staff wellbeing, both personally and professionally;
 - Resourcing Covid-19, EU Exit and delivering business as usual such as Freedom of Information performance over a sustained period going forward;
 - The ability of SG's corporate systems to continue to provide services required without sufficient additional investment;
 - The ability of the SG's Resilience function to respond if a number of concurrent events occur and
 - Intergovernmental relations and SG's ability to represent, influence and protect Scotland's interests.

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14. In discussion the Board noted:

- Further consideration of the risks within education and the cross-cutting nature of these was required;
- The People: capacity and capability risk was the biggest risk the organisation was facing given the impact of Covid-19, particularly in HSC;
- That the CRR is a snapshot and that risk management tools and guidance should be used and embedded in business and decision-making;
- Assurance meetings had provided effective discussions on the risks DGs were facing;
- SGAAC would be an effective forum to interrogate key cross-cutting risks further, such as financial sustainability and resilience, but there were further mechanisms that can be used to manage risk which DGs and their Senior Management Teams would be using to put mitigations in place to address the risks;
- Work was ongoing in relation to Risk Management project, focussing on the consistency of risk management at Level 2 and a further update will be provided to SGAAC on 22 June and
- The Certificates of Assurance process may be an effective measurement of embedding of active risk management and there may be value in Corporate Board considered this at a future meeting.

15. The Board agreed:

- An updated note on “Good Governance” principles, accompanied by a corporate governance map and associated narrative to be circulated for Corporate Board members’ agreement by 3 June ahead of publication shortly;
- Non-Executive Directors to reflect on DG Assurance meetings in terms of consistency, risk management and challenges following Corporate Board and to engage with their paired DG, as appropriate, on any elements arising ahead of the Scottish Government Audit & Assurance Committee on 22 June by 12 June;
- A paper to be prepared to support a deep dive at either the next, or a bespoke meeting in July, of the Scottish Government Audit & Assurance Committee on the ability of the Scottish Government to manage concurrent risks in the context of resourcing capacity and sustainability;
- Future Corporate Board meetings to include updates on Corporate and DG family risks following DG Assurance meetings going forward;
- To note thanks to colleagues across the organisation, in Corporate Services, in particular, People Directorate and SG Legal Directorate, for their role in enabling core functions to be maintained and
- The Governance and Risk Team would commission further updates to the Corporate Risk Register by 12 June to be considered at SGAAC on 22 June 2020.

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Internal Audit and Risk

16. The Director for Internal Audit and Assurance provided an update on Internal Audit work in relation to risk. The importance of robust documentation in line with the financial governance guidance to underpin effective decision making was noted, as was the need for sufficient central resource to manage the corporate processes. Risk discussions across DG families were, at times, inconsistent and work was required to increase the consistency of approach across SG .

17. In discussion the Board noted:

- It was important to embed risk in the culture of the organisation at all levels and get a consistent, but not necessarily uniform, approach at all levels;
- Archiving of material was ongoing to demonstrate evidence of key decisions and consideration of risk and
- Daily situation reports set out data, evidence and risks and provide information on the responses and an example would be circulated to NXDs .

Item 5: Balanced Scorecard

18. DG ODO introduced this item, acknowledging the work of the Corporate Analytical Services Team and colleagues in finance, procurement and National Performance Unit in producing the Balanced Scorecard.

19. In discussion, the Board noted:

- The position across the organisation in relation to increased annual leave and flexi balances and the associated impact on staff wellbeing. Consideration is being given to incorporating information about the impact of caring responsibilities;
- SG results from the UK Civil Service wide pulse survey are expected shortly and would inform how best to further support staff wellbeing;
- Critical corporate functions had performed effectively in ensuring the continued operation of SG over the period;
- In terms of National Outcomes reporting, the lag in that data means that the impact of Covid-19 was not yet visible, however, it is clear that the economic; societal; diversity and inequalities impacts would be considerable. It was noted, however, that some short-term beneficial impact on the environment were evident;
- Good progress has been made in embedding this data into corporate governance systems and has been discussed at DG Assurance meetings and
- Data on the impact of Covid-19 on SG's NPF deliverables would inform the development of the Renew Programme.

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20. The Board agreed:

- An integrated communications plan should to be developed to support the findings of the Pulse Survey and the findings should be integrated into the work to inform and mitigate the People: Capability and Capacity risk;
- Scottish Government results and initial analysis from the UK Civil Service wide pulse survey to be shared with Non-Executive Directors when they are available.
- To further develop the Balanced Scorecard to embed more consistent alignment between the management of Risk and National Outcomes Performance at a SG and DG level to ensure a connectivity;
- The need for a clear narrative for staff to support wellbeing and sense of purpose whilst adapting to an ever changing landscape.

Next Meeting – Tuesday 1st September 2020

ET Support and Governance Office, June 2020